



**Policy and Resources Committee
Shetland Islands Council**

**23 June 2014
2 July 2014**

Shetland Islands Council Medium Term Financial Plan

F-030-F

Report Presented by Executive Manager – Finance

Corporate Services

1.0 Summary

- 1.1 The purpose of this Medium Term Financial Plan (MTFP) is to set out the roadmap for Shetland Islands Council to achieve financial sustainability over the term of this Council and to align resources in accordance with the priorities of Members.
- 1.2 The plan asks Members to build upon the progress already made towards reducing expenditure, by agreeing the policies contained within the MTFP in order to allow the Council to develop a sustainable financial model that will ensure that the current level of reserves can be maintained into the future.

2.0 Decision Required

The Policy and Resources Committee RECOMMENDS that the Council RESOLVES to adopt the Medium Term Financial Plan by:

- 2.1 Approving the principles of the plan and the assumptions underlying the plan set out in Section 2.1 to 2.12 of Appendix 1;
- 2.2 Approving the continuation of the budget carry forward scheme as set out in section 2.13 to 2.18 of Appendix 1;
- 2.3 Approving the continuation of the policy of external funding as set out in section 2.19 to 2.21 of Appendix 1;
- 2.4 Approving the continuation of the principle of making spend to save funding available to assist with the budget savings work as set out in section 2.22 to 2.24 of Appendix 1;
- 2.5 Approving the continuation of the Economic Development loans scheme as set out in section 2.25 of Appendix 1;

- 2.6 Approving the proposed reserves policy as set out in section 5.12 to 5.13 which is to maintain the capital value of the reserves in real terms into the future;
- 2.7 Approving to make no adjustment in 2013-14 to the value of the Reserves Equalisation Fund as set out at section 5.15 to 5.18 of Appendix 1;
- 2.8 Approving the proposed capital expenditure policy and capital funding policy as set out at section 6.5 of Appendix 1;
- 2.9 Approving the Housing Revenue Account Financial Policy as set out at section 7.6 of Appendix 1;
- 2.10 Approving the budget model as set out at section 11.1 of Appendix 1 which limits net general fund expenditure at £109.147m in 2015-16, and anticipates a limit of £111.186m in 2016-17, £111.742m in 2017-18, £111.258m in 2018-19 and £107.963m in 2019-20;
- 2.11 Approving the Target Operating Budgets for each directorate for 2015-16 to 2019-20 inclusive, as set out at Section 12.11 of Appendix 1;
- 2.12 Approving the principle of seeking to maximise income from fees and charges as set out at section 12.15 to 12.18 of Appendix 1;
- 2.13 Approving to continue the freeze on Council Tax in 2015-16 and in principle for the medium term;
- 2.14 Approving the proposal to grant delegated authority to the Chief Executive to invoke contingencies measures if required, as set out in section 13.4 of Appendix 1; and
- 2.15 Approving the policy around consultation as set out in section 14 of Appendix 1.

3.0 Detail

- 3.1 The detailed Medium Term Financial Plan has been attached as Appendix 1 to this report.
- 3.2 In order to provide Members with assurance over the robustness of the Medium Term Financial Plan, SOLACE Enterprises undertook a short independent review of the financial modelling that underpins the plan during 2013-14, which they concluded was realistic and deliverable. There have been no changes to the financial model during the update of the current version of the plan.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

The development of a Medium Term Financial Plan contributes to the corporate objective of achieving financial sustainability which is also a

priority work stream in the Single Outcome Agreement. The Target Operating Budgets proposed within the plan are consistent with the priorities in the Council's Corporate Plan.

- 4.2 Community /Stakeholder Issues – Refer to section 14 of the Medium Term Financial Plan which covers consultation.

- 4.3 Policy And/Or Delegated Authority
The Policy and Resources Committee has authority to advise the Council in the development of its strategic objectives, policies and priorities. The determination of new strategies is a matter reserved to the Council.

- 4.4 Risk Management
There are a number of assumptions within the budget model that are based on the best information available to date.

These assumptions are largely around anticipated cost pressures (section 10), income assumptions and return on reserves (section 11). In reality the actual figures will vary from the forecast figures and therefore on an annual basis the Medium Term Financial Plan will be reviewed so that assumptions can be updated.

The largest individual risk is around the income projections from the Harbour Account and from the Shetland Gas Plant as a result of the volatility around levels of throughput and the price of oil and gas. This will be reviewed on an annual basis, to ensure that financial modelling has been performed on the most up to date figures available.

The budget model estimates a 5.3% return on reserves in 2015-16 which results in an estimated return of £12.5m. However, every 1% increase or decrease on the budgeted return on reserves will result in a variance of £2.358m against the budgeted position. As a result, it is important to take a medium term view of the level of returns that might be expected, as opposed to looking at one year in isolation.

- 4.5 Equalities, Health and Human Rights – None.

- 4.6 Environmental – None.

Resources

- 4.7 Financial
The plan sets out the resources available to the Council over the next five financial years. The plan also proposes how these resources should be allocated between revenue and capital, and between directorates, with the overall aim of ensuring the Council becomes financially sustainable and can maintain the capital value of the reserves at their current level in real terms.

- 4.8 Legal – None.

- 4.9 Human Resources – None.

- 4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 This Medium Term Financial Plan sets out the action that needs to be taken in order to ensure that the Council achieves a financially sustainable budget. In doing so, it will safeguard the future service provision, ensuring that there are reserves available to sustain an enhanced level of public services in Shetland.
- 5.2 The plan follows on from the work already undertaken that resulted in the 2014-15 budget being approved on 11 December 2013, which included budget reductions of £6.539m for the year.
- 5.3 There are minimal changes in this plan overall, but the changes that have been introduced have been designed to further strengthen the financial management arrangements in place at the Council, particularly in the area of reserves management and the cost of capital.
- 5.4 The Council has now formally adopted its Corporate Plan and the proposals in the Medium Term Financial Plan compliment that plan and target resources to ensure that it can be delivered.
- 5.5 The medium term future of UK Public Finance remains bleak, but by following this plan the Council will be in a far stronger financial position than it has been for many years, and will be well placed to deal with the financial challenges of the future.

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13/06/2014

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Appendix 1 – Medium Term Financial Plan 2014-2019



Shetland Islands Council

Medium Term Financial Plan

2014-2019

Securing the Best for Shetland

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Purpose

- 1.1 The purpose of this Medium Term Financial Plan (the Plan) is to set out the roadmap for Shetland Islands Council to achieve financial sustainability in the next financial year (2015-16) and then maintain this through the remainder of the life of the current Council. In addition, the plan clearly differentiates the savings requirements between directorates to ensure that insofar as possible, resources are aligned to the priorities of Members, as set out in the Corporate Plan.
- 1.2 The Plan combines all of the resources available to the Council relating to the General Fund, Harbour Account and Housing Revenue Account for both revenue and capital expenditure.
- 1.3 This document therefore acts as a tool for financial planning; setting out the financial resources available to the Council, describing the cost pressures over the period and therefore setting out the level of expenditure that the Council can reasonably afford on an annual basis.
- 1.4 In addition, the document is an integrated budget strategy and reserves strategy for the life of the current Council and beyond, ensuring that there is a clear understanding between the level of expenditure agreed for each year and the impact that this will have on the Council's reserves.
- 1.5 It is important to recognise that the Plan is a live document and will therefore be updated annually to reflect any changes in policy and/or changes in the level of funding available to the Council.

Benefits of the Plan

- 1.6 By taking a longer term view of the Council's finances over a period of five years it allows Members to understand the role that each annual budget setting exercise contributes to the overall strategy of securing a financial sustainable Council.
- 1.7 It improves financial planning and financial management of the Council's revenue and capital resources. This means that Members and Directors have a longer timescale to plan for future changes in budget levels, as they can see what is going to happen to directorate budgets for the next 5 years.
- 1.8 It allows for the clear alignment of resources to the Council's spending priorities. The priorities of the Council will feed into the allocation of revenue and capital resources for each directorate over the period of the Plan and will be focused on the Council priorities set out in the Corporate Plan.
- 1.9 Ensuring that resources are aligned to priorities will ensure that the Council maximises the use of resources at its disposal.
- 1.10 Finally, this integrated Plan will help to ensure the delivery of the Council's Reserves Policy by clearly limiting expenditure to levels that comply with the decisions that Members take with regard to the future direction of reserves.

Principles

2.1 The Plan is to be based on the following principles:

- The Council will determine an option for the future direction of reserve levels – either to deplete, maintain or increase them – and this will drive the maximum contribution that can be made from the reserves each year.
- If the Council wishes to continue to fulfil its Corporate Plan objective of becoming financially sustainable and living within its means, it will need to agree to either maintain or increase reserve levels into the future.
- The approach to reserves will allow the Executive Manager – Finance to forecast the level of incoming available resources for each of the next 5 financial years.
- Members will set the maximum level of capital expenditure that can be incurred each year, recognising that any expenditure over and above what can be funded from Capital Grant and receipts will need to be financed through borrowing.
- Borrowing will create an ongoing revenue cost pressure as a result of the arising capital charges (interest payments and principal repayment of debt), which will reduce the resources available for service delivery.
- The Executive Manager – Finance will determine the level of funding required to manage significant cost pressures such as pay awards. A central allocation of funding will be set aside for cost pressures and will be allocated to directorates as required.
- These decisions will determine the level of expenditure that can be sustainably incurred on services for each of the next five years.
- Members will then be required to determine the level of resources available to each directorate for the next five years based on Council priorities.

2.2 Each directorate will know its target operating budget for 2015-16 and for the following four years.

2.3 Directors, working with their relevant Council Committee, are required to develop resourced directorate and service plans based on the target operating budgets across the Plan's timeframe.

2.4 Members will have the opportunity to review the spending proposals and options for each directorate as part of the budget setting process during Autumn 2014, and through a process of continuous assessment be able to adjust budgets at the margins to ensure that Council priorities are properly reflected.

- 2.5 A budget will be presented to Council in December 2014 which sets out detailed directorate budgets for 2015-16 and indicative budgets for a further four years within the parameters in the Plan.
- 2.6 The Plan will subsequently be updated to reflect the approved 2015-16 budget and refreshed annually by Members during May/June each year to accommodate any shifts in Council priorities.

Assumptions

- 2.7 The starting point for setting a directorate's target operating budget for the year is the prior year budget. In practice what this means is that –
- If a directorate is under spent against its budget in a financial year, it will not be penalised by having the budget reduced by this amount in the next financial year.
 - If a directorate achieves a higher level of recurring savings than budgeted through increased efficiency, these will be applied to the following year's target, thus giving that directorate a head start in the following year and embedding a culture of continuous improvement in service delivery.
 - Similarly, if a directorate overspends against its budget, for the purposes of planning it will be assumed that the starting point for the next year was the prior year budget and not the actual spend. This will in effect mean that a directorate in this position will still be required to make the recurring savings it failed to deliver in the previous year, along with the new savings required for the new financial year.
 - All savings targets to be delivered by each directorate are required to be recurring savings.
- 2.8 The Council sets the target operating budget for each directorate for each year. Directorates are required to prepare their budgets within these parameters. Cost pressures are managed centrally and there is a presumption against growth in budgets, thereby removing the need for directorates to seek additional funding from Members during the budget setting exercise.
- 2.9 The amount of funding made available to each directorate is linked to the priorities of the Council.
- 2.10 If a cost pressure arises during the financial year, there is a presumption against providing that directorate with additional funding. In the first instance the directorate is required to identify a saving to compensate for the additional cost and report this to Council.
- 2.11 There is a presumption that there will be no growth in service cost in the medium term.
- 2.12 In order to ensure that the annual revenue budgets are delivered, contingency measures may need to be put in place.

Budget Carry Forward Scheme

- 2.13 The Plan makes provision for a budget carry forward scheme in order to offer an incentive to services to under spend against their budgets.
- 2.14 If a service achieves a one-off revenue under spend in a financial year, assuming it has delivered its budget in full, it will be permitted to carry 50% of this funding into the following financial year to support approved service priorities.
- 2.15 A 100% revenue carry-forward will be allowable if it relates to a specific contractually committed project that was not completed during the year due to slippage, or relates to ring-fenced funding.
- 2.16 A capital carry-forward is only allowable if it relates to a committed project that has not been completed. In these cases, 100% of the unspent budget can be carried forward if it is required to complete the project. There is no provision for the general carry-forward of capital under spends.
- 2.17 This carried forward funding will be applied to the following year's budget as a one off item and will only be available in line with approved Council service priorities.
- 2.18 The conditions around the scheme are:
- A service will only be granted a revenue carry forward if its directorate had delivered its budget. If a directorate was overspent no budget carry forward would be considered.
 - The under spend will be carried forward as a non-recurring budget i.e. the service would benefit in the next financial year, but it will not receive the funding in future financial years.
 - Services will be required to identify their under spends and make a request for a carry forward at a date to be specified by the Executive Manager – Finance, based on Period 9 information.
 - A carry forward will have to be applied to approved Council service priorities.
 - If a service achieves a higher actual under spend than it forecast at period 9, it will not be able to subsequently seek an increase in its carry-forward request. If a service fails to achieve the level of under spend that it forecast at period 9, it will have its carry-forward request reduced accordingly.
 - A Service's carry-forward request will be reduced by a percentage which is double the percentage difference of period 9 forecast to the actual outturn position for the Directorate as a whole. For example, if at Period 9 the Directorate forecasts an under spend of 5% but the outturn is a 15% under spend, the 10% difference will result in there being a 20% reduction in the value of the carry-forward that was requested based on the

Period 9 data. This provides Services with a strong incentive to ensure that they forecast as accurately as possible at Period 9.

External Funding

- 2.19 Shetland Islands Council will seek all external funding opportunities where there is no additional financial commitment required by the Council.
- 2.20 Where an external funding opportunity is available to the Council, but it requires additional investment by the Council or an ongoing revenue commitment, the following criteria should be met in full –
- The project is consistent with the priorities of the Council; AND
 - The project meets the criteria of a Spend to Save initiative; OR
 - Savings will be identified elsewhere to ensure that the project is cost neutral to the Council.
- 2.21 If these criteria are not met the Council will recognise that by seeking the external funding it is diverting its own resources away from its priorities, and therefore will choose not to pursue the funding.

Spend to Save

- 2.22 The Council approved a Spend to Save scheme as part of recent budget setting exercises. The purpose of the Spend to Save scheme is to provide up front funding to a service in order to effect a change that will result in recurring savings in the future.
- 2.23 One of the key principles of the scheme is that any funding awarded has to be recouped within 3 years from the savings that the scheme generates.
- 2.24 Given the need to make further savings to address the structural deficit over the next 2 years the Plan will make sufficient provision of Spend to Save funds to facilitate the changes necessary to deliver these recurring savings. As a result the plan has made provision for £3m for spend to save projects between 2014-15 and the end of the structural savings programme in 2016-17

Investing Council reserves in Economic Development loans

- 2.25 The Plan is to continue to invest up to £3m per annum in local businesses. However it must be demonstrated that:
- The loan will generate for the Council, a rate of return at least equal to the markets; and
 - Due diligence work has been undertaken to ensure that any loan granted is at an acceptable risk level to the Council.

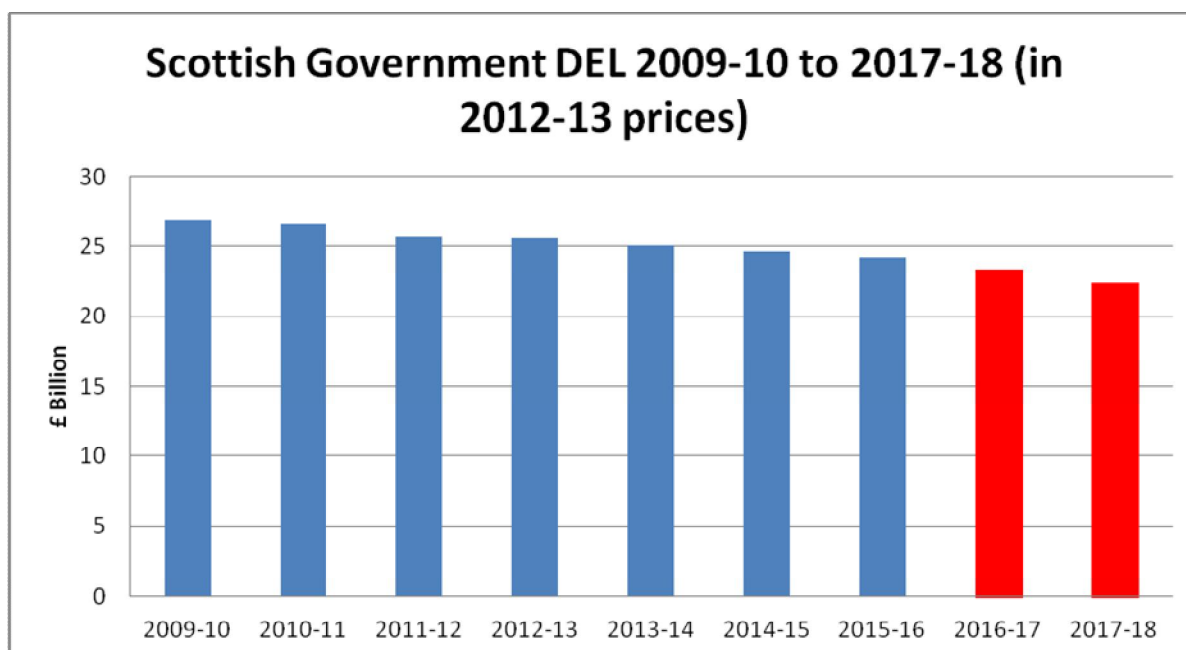
Context

- 3.1 The UK economy is finally starting to show signs of a steady recovery, with the 2014 Q1 GDP figures showing 0.8% growth, which was the 5th successive quarter of economic growth.
- 3.2 However, the UK economy still remains smaller than it was 6 years ago in the spring of 2008. This represents the longest recovery in over a century, surpassing even the Great Depression of the 1930s.
- 3.3 Despite the relative strength of the Shetland economy in weathering the global and UK economic situation, Shetland Islands Council's financial situation continues to be adversely affected as a result of the reducing settlement that it is receiving from the Scottish Government each year.
- 3.4 The UK's Public Finances have not improved at the rate at which the UK Government had projected, and therefore any recovery in Local Government's financial settlement will be well beyond the term of the current Council. When this is coupled with the continuous cost pressures facing the Council, it is clear that further action is required to address the increasing natural drift between expenditure levels and available resources.

Scottish Government General Revenue Grant

- 3.5 The General Fund is the biggest part of the Council's activity. It represents all the revenue expenditure incurred across the Council's five directorates: Children's Services, Community Care Services, Corporate Services, Development Services and Infrastructure Services and the Chief Executive's office. General Fund net expenditure is funded from the Scottish Government General Revenue Grant, National Non-Domestic Rates Income and Council Tax. In addition, Shetland Islands Council draws on reserves to fund its General Fund Expenditure. From 2015-16, the reserves will be enhanced by income received from the TOTAL Gas Plant.
- 3.6 It is important to recognise that the Scottish Government is responsible for determining the overall level of funding available to the Council from General Revenue Grant and National Non-Domestic Rates (NNDR). Therefore, if there were to be an increase in the level of Non-domestic Rates coming into the Council, there would be a corresponding reduction in the level of General Revenue Grant to ensure the overall funding level didn't change. With the introduction of BRIS targets this may in the short term enhance the amount of NNDR income that the Council can retain. However, there is still insufficient clarity to determine what benefit BRIS might bring and the timing of it.
- 3.7 The table below highlights the reduction in expenditure that the Scottish Government has had available to spend on public services in the period from 2009/10 to 2017/18. The current year-on-year reduction in the amount of money that the Scottish Government has to spend has a knock on effect for Shetland Islands Council.

Real Change in Scottish Government Discretionary Expenditure Limit (DEL) Expenditure



- 3.8 The figures in the table were obtained from the Centre for Public Policy for Regions (CPPR), and it can be seen that further reductions in Scottish Government expenditure are forecast for 2016-17 and 2017-18, and these reductions will be proportionately larger than those that have already been seen.
- 3.9 It is now likely to be into the 2020s before Shetland Islands Council starts to see any meaningful increase in its financial settlement resulting from more resources being available to the Scottish Government. However, any increases will be somewhat offset by the continuing reduction in Notional Loan Charge Support that the Council currently benefits from. This benefit, worth around £12.5m will reduce by approximately £0.5m per year until it eventually runs out.

Returns on the Council's Reserves

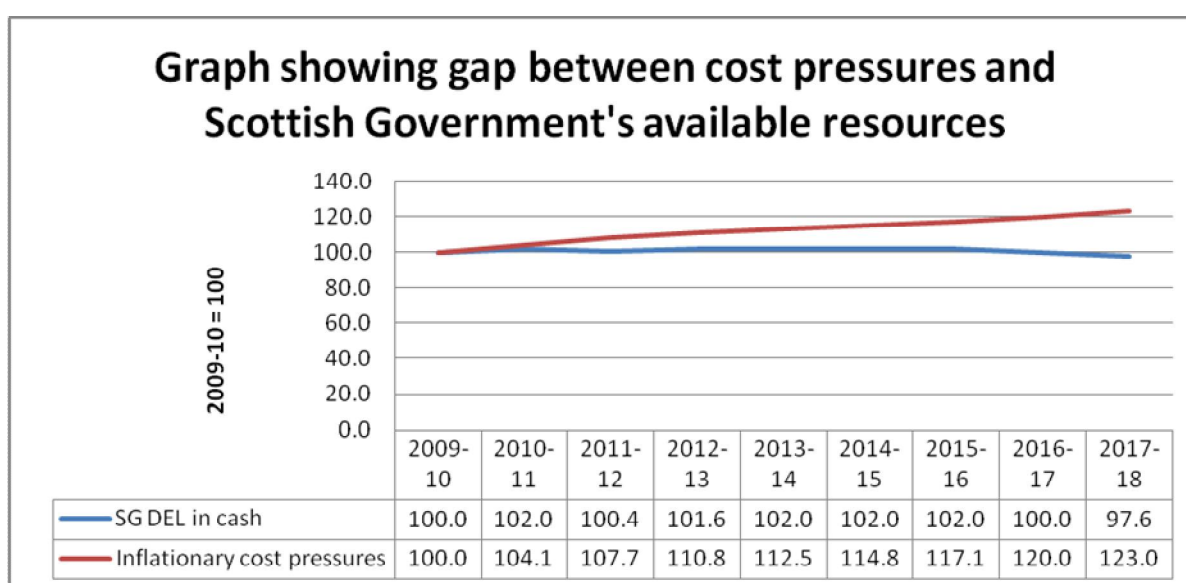
- 3.10 The Council generated reserves during the 1980s and 1990s as a result of the excess income that it generated from the oil industry over the annual level of expenditure that it incurred.
- 3.11 The long term average return made on these reserves (i.e. the amount earned in interest, dividend payments and increases in the value of stocks and shares held by the SIC) over a period of 20 years has been 7.3% per year. However, in order to protect against inflation, it is prudent to assume a real rate of return as being 7.3% less inflation. Therefore, in this plan the annual income available for spending on services from the reserves is estimated at between 4.8% and 5.3% depending on the forecast inflation rate. A real return of 5%

equates to £10m on £200m of reserves so is therefore a significant income stream to the Council.

Budget Gap

3.12 If this plan is adhered to and sets the parameters for an agreed 2015-16 Council budget, it will result in that budget being set at a sustainable level. However, in order to continue to set sustainable budgets and “live within our means” it will mean that future spending will need to be adjusted to reflect the resources available to the Council. in the medium term, this is likely to result in future reductions in spending.

3.13 The table below illustrates the growing gap between rising costs (the red line) and the cash value of Scottish Government spending (the blue line). The growing gap is called the “budget gap”.



3.14 In order for the Council to avoid allowing the budget gap to grow to such an extent that it previously had up until 2012, thus creating a structural deficit, it will be necessary for the Council to bridge the funding gap by reducing expenditure, seeking new income sources or a combination of both.

3.15 This Medium Term Financial Plan sets out a level of expenditure that the Council can afford to spend to ensure that a budget gap does not open up, thus ensuring ongoing financial sustainability.

Council Priorities

- 4.1 The Council approved its Corporate Plan 2013-2017 on 26 March 2014. This sets out the Council's vision and priorities for the remainder of the current term.
- 4.2 The core priorities that have emerged are:
- ***Being a properly led and well managed council, dealing with the challenges of the present and the future, and doing that within our means;***
 - ***Providing vital services for children and adults and the transport services we all need;***
 - ***Mindful of how change could affect vulnerable and disadvantaged people;***
 - ***Encourage strong communities;***
 - ***Helping build a healthy economy;***
 - ***Working with all our partners to achieve the best results possible.***
- 4.3 This Medium Term Financial Plan seeks to compliment each of the priorities above. It sets out a pathway to ensuring that the Council lives within its means, and targets available resources at priority areas.
- 4.4 It is proposed that the core Council services of Children's Services, Community Care and Transport should be relatively prioritised as far as that is possible. This is a reflection on the Council's statutory obligations in these areas, the fundamental scale and cost of these services and the Council's political commitment to sustain key front-line services as a priority.
- 4.5 The proportions of the available budget allocated to Development, Corporate and Executive Services are proposed to decrease to allow as much spend as possible to be directed to the areas above.
- 4.6 These "Directorate Target Budgets" are set out in Section 12. The approved figures will be the ceilings that directorates will be required to plan against to show how services can be reconfigured to sustainably deliver the most effective and efficient outcomes possible in the medium term i.e. covering the next five years.
- 4.7 Service plans will be developed through the planning and budgeting cycle that will start between August and October 2014, and formally reported to Council in December 2014.
- 4.8 These service plans will describe the proposals and options for service delivery within the "Directorate Target Budgets" and will also provide sufficient information for the Council to make any further adjustments between Directorates or Service areas.

4.9 Any such adjustment cannot however change the overall financial envelope; it could only be a movement of budget from one Directorate/Service to another. Any future movement between priorities would have to be done on the same basis.

4.10 These service plans will need to set out how the Council (and each Directorate / Service):

- Continue to meet any legal obligations (do what we must do)
- Seek to sustain, and if possible improve, key outcomes (key services)
- Identify and effectively manage risks (be safe and secure)

4.11 All service plans will be required to cover each of these areas; this work will need to be delivered on the timetable set out below:

- Medium Term Financial Strategy Agreed – 2 July 2014
- Directorates' Target Budgets for 2014- 2019 set – 2 July 2014
- Directorate / Service Priority Planning, Detailed Budget Planning and Strategic Risk Analysis – between August and November 2014
- Resourced and Risk Assessed Directorate / Service Plans for 2014 – 2018 communicated to Members – November 2014
- Resourced Directorate / Service Plans reported to Committees – December 2014
- Resourced Directorate / Service Plans and detailed 2015-16 Council budget reported to Council – December 2014

Reserves Policy – Financial Sustainability

“The Destination”

- 5.1 Shetland Islands Council has been operating on a financially unsustainable basis since the turn of the Millennium, during which time the Council’s reserves have been depleted by 60%. A key objective of the current Council since it started in 2012 has been to address the structural deficit that the organisation has been operating in order to put the Council on a financially sustainable footing and arrest the decline in the Council’s reserves.
- 5.2 By financially sustainable we mean that the annual Council expenditure can be met from the annual resources available to it, without eroding the capital value of the reserves. This means that the value of reserves no longer declines, so that they can be a benefit into the future for the community by providing an continuing income stream to fund services.
- 5.3 The levels of annual expenditure and amount of incoming resources does not remain constant from year to year, so in order to remain financially sustainable, the Council must respond to these external, and largely uncontrollable, factors. Therefore, financial sustainability is a continuous “journey”.
- 5.4 Until now, the focus of the Reserves Strategy has been on setting a “Tolerable Reserves Floor” which is a figure that the Council does not want to see its reserves fall below. However, as the Council moves towards being in a financially sustainable position in 2015-16, the focus for the Reserves Strategy should shift towards a broader concept of maintaining the reserves at current levels (i.e. financial sustainability), seeking to increase the value of the reserves or seeking to reduce the value of the reserves. Therefore there are 3 broad choices available to the Council with regard to its Reserves Strategy.
- 5.5 The 20 year rolling average return on investments has been updated and now stands at 7.3%. Once this is protected against inflation of 2.5%, it means that a sustainable draw on reserves is currently 4.8% per year. This means that to maintain the reserves at their current level, the Council can only budget to spend 4.8% of the value of reserves each year.

The Choices

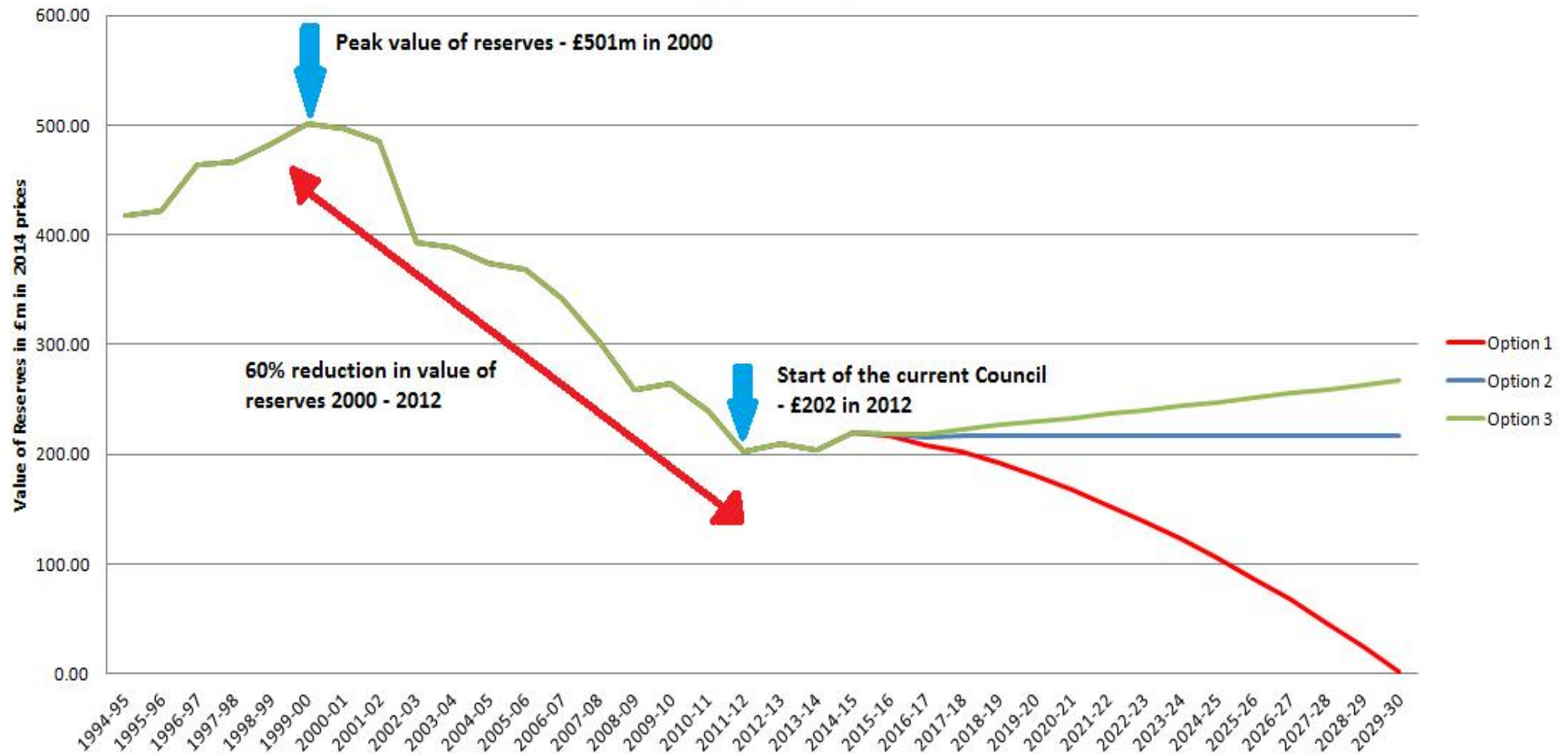
- 5.6 By reaching the “destination” in 2015-16, the Council must make a choice regarding the future direction of travel. There 3 options available to the Council are:
 - 1. **Deplete the Reserves** – Stop making savings after 2015-16 when the Council has reached its “destination”. This will result in a budget gap developing as core grant income reduces and cost pressures build up, with the gap being funded from reserves. However, by depleting the reserves, it will mean that the annual amount that could be sustainably drawn from reserves decreases each year.

2. **Maintain the Reserves** – Continue on the “journey” by ensuring expenditure remains at a level that can be met from all available resources so as not to erode the capital value of the reserves. This means that a draw on reserves of around £10m each year will continue to be sustainable into the future.

3. **Grow the Reserves** – Seek to ensure that expenditure is at a level whereby it can be met from existing available resources, so that the new income stream from TOTAL can be set aside and used to grow the capital value of the reserves. Over a period of time the capital value of the reserves would grow so that a higher annual sustainable draw on reserves could be achieved.

- 5.7 The table on the next page shows the value of the reserves over the past 20 years (in today’s prices) and also the projected value of the reserves to 2030, based on the 3 options set out above.
- 5.8 The key learning point from the graph is that if the Council had operated sustainably since the turn of the Millennium it would have reserves with a value of £500m in today’s prices. That would have meant the Council could have sustainably supplemented its revenue budget with a £25m draw on reserves each year. However, because the Council spent £300m of the capital of the reserves as well as all the investment returns, it means a sustainable draw on reserves is now £10m per year, so the Council is £15m a year worse off than it would have been if the reserves’ capital value had been maintained.
- 5.9 If the Council did decide to continue to spend the capital value of the reserves (option 1), the red line on the graph shows that the reserves would be fully depleted by 2030. If this were to happen, it would mean that the £10m annual draw on reserves that is currently sustainable would disappear, meaning that expenditure on services would be £10m lower than is currently affordable.

Value of reserves 1994-2014 (in today's prices) & forecasts to 2030



Proposed Reserves Strategy

- 5.10 Given that the Council is going through a period of Public Finance austerity, it is not a good time to be looking to grow the capital value of the reserves despite this being the best long term financial option for the Council.
- 5.11 Paragraphs 5.08 and 5.09 demonstrate the value of having reserves to sustain a higher level of annual expenditure, so whilst depleting the reserves has a short term gain, as it did for Councils between 2000 and 2012, the longer term results will be larger cuts in services.
- 5.12 **As a result it is proposed that the Council adopt Option 2, which is to continue on the journey of financial sustainability and stabilise the reserves at current levels.** This will ensure that the Council will be able to supplement core income with a £10m sustainable draw on reserves each year.
- 5.13 **In order to ensure that the policy of maintaining the reserves is managed effectively, this will also require Members to agree that the draw on reserves should match the estimated return on investments each year, but never exceed the estimated return on investment plus 2% of the capital value of the reserves.**
- 5.14 Once the Public Finances improve, and this is filtering through to the Council in the form of an increase in core grant funding, the issue of utilising TOTAL income for current expenditure should be reviewed.

Equalisation Fund

- 5.15 The returns generated on the Council's invested reserves during 2012-13 were exceptionally high at 14.6%, against a long term average of 5.75% (at the time). There have been large returns on this scale in the past, but also large negative returns, which has balanced out to 5.75% over the past 20 years (1992-2012).
- 5.16 As a result of this volatility a Reserves Equalisation Fund was established in 2013-14 which accumulates the returns in excess of the 20 year rolling average return in order that these can be released in the years when the returns fall below the average. The purpose of this is to artificially smooth the investment returns, to provide a higher level of confidence when undertaking financial planning into the future.
- 5.17 A sum of £15m was generated on the reserves in 2012-13, which was in excess of the long term average return. This sum was *therefore* transferred into a separate Equalisation Fund so that it can be released in future years when the returns on investment fall below average.
- 5.18 **The 2013-14 reserves generated a return close to the historic average. Therefore it is not proposed to either make a transfer to or from the Equalisation Fund in 2013-14.**

Capital Expenditure & Capital Funding

- 6.1 The Asset Investment Plan sets out the capital expenditure that the Council plans to incur over a five year period. Capital expenditure relates to spending on significant repairs and maintenance work where the result is to extend the life of a Council asset, or spending on the creation or purchase of a new asset.
- 6.2 Shetland Islands Council receives a capital grant from the Scottish Government each year to spend exclusively on capital, and also receives money from the sale of Council assets known as capital receipts. Any additional spending on capital items above these funding sources effectively has a cost of capital.
- 6.3 In the past the Council has used reserves to fund capital expenditure, which itself had a cost of capital in that by using reserves to fund capital expenditure, those reserves spent were no longer available to generate an investment income. However, this was not recognised as a cost. The Medium Term Financial Plan has essentially ruled out using reserves to fund capital expenditure.
- 6.4 It is important that the Council recognises the cost of capital expenditure so that it is not treated as a “free good” as was previously the case. This is because there is going to be a high demand for capital investment in future years as the Council seeks to maintain its existing asset base which is starting to age. More details on this issue will be presented in the Long Term Financial Plan (LTFP) which should be completed by Autumn 2014.
- 6.5 The LTFP is likely to demonstrate that if the Council wishes to maintain the asset base that it currently has, it will require a significant transfer away from spending money on ongoing service delivery and will instead have to make savings in order to find the money to pay to maintain assets. Therefore in anticipation of that report, the following policy in this Plan is proposed:

Capital Expenditure Policy

- No growth in the asset base.
- All capital expenditure to be focussed on the maintenance of existing assets (with the exception of the previously approved new Anderson High School and high-speed broadband).
- A full business case, including projected future demand, and investment appraisal process should be completed before a project can be considered for inclusion on the Asset Investment Plan.
- No project will be considered for inclusion on the Asset Investment Plan, and existing projects will be removed, unless they have a robust financial estimate of cost. The Executive Manager – Finance will determine whether the financial estimate of cost is robust.

- Focus on selling existing assets that are surplus to requirements to reduce the asset base.
- All capital projects clearly demonstrate the revenue consequences arising from a capital spending decision to assist Members in understanding the full financial impact.

Capital Funding Policy

- Scottish Government Capital Grant will be applied to short life assets (e.g. vehicles, ICT, certain maintenance) as determined by Executive Manager – Finance.
- Capital Receipts will be targeted at core capital maintenance costs.
- Capital Funded from Current Revenue will be used where appropriate to fund low value, shorter life capital expenditure.
- All other capital expenditure will be financed by borrowing. If interest rates are lower than the 20 year average return on investments, external borrowing will be undertaken. If interest rates are higher than investment returns, internal borrowing will be undertaken.
- The service that benefits from the capital asset will be required to make sufficient revenue savings to free up budget to pay debt charges (interest charges and principal repayment of debt) for the borrowing. The only exception to this will be in relation to the New Anderson High School project as the Schools Service who will receive additional funding for debt charges on the basis that it was agreed to borrow for the school prior to the introduction of this policy.
- The level of borrowing required to finance the Asset Investment Plan is called the Capital Financing Requirement (CFR). The Council will be able to manage limits for borrowing based on what it thinks is prudent, affordable and sustainable through annually agreeing Prudential Indicators as part of the Annual Borrowing & Investment Strategy.

6.6 The Capital Expenditure and Capital Funding Policies are applicable to the General Fund, Harbour Account and Housing Revenue Account.

Housing Revenue Account

- 7.1 The 22 elected Members of Shetland Islands Council are collectively the largest landlord in Shetland, responsible for the letting and management of 1,762 properties as at 31 March 2014.

Accounting treatment

- 7.2 The Housing Revenue Account (HRA) is a statutory account that is completely separate from the General Fund. As such, it has to be financially self-sustaining as it is not possible for the General Fund to cross subsidise council house rents. All expenditure is funded by housing rents.
- 7.3 In addition, the HRA can only access its own ring-fenced reserve for repairs and maintenance expenditure, which had a balance of £10.864m at 31 March 2014.

Financial Sustainability

- 7.4 The HRA is now on a financially sustainable footing following the tripartite agreement between the Council, the UK Government and the Scottish Government to address the historic housing debt issue.
- 7.5 As the HRA will only be able to fund capital expenditure in line with the Capital Funding Policy (as set out in Section 6.5) it means that the Prudential Framework will be followed. This will ensure prudence, sustainability and affordability in all future capital investment decisions which should avoid the HRA becoming financially unsustainable in future.

HRA Financial Policy

- 7.6 The HRA must produce a 25 year business plan that is fully costed and demonstrates affordability. The overarching financial aims of the plan must be to –
1. Ensure annual HRA budgets are financially sustainable;
 2. Focus on keeping housing rents at affordable levels;
 3. Focus capital expenditure on maintaining the existing housing stock, ensuring housing quality standards are met in 2015 and beyond;
 4. All capital expenditure funded through borrowing must comply with the Prudential Code and its key principles of prudence, affordability and sustainability; and
 5. Ensure only a sustainable draw is made on the Housing Repairs & Renewals Account each year.

Harbour Account

- 8.1 The Harbour Account primarily represents the activity that takes place at Sella Ness, with the levels of activity dependent on the oil terminal at Sullom Voe. All surpluses generated on the Harbour Account are transferred to the Council's Reserve Fund.
- 8.2 The first priority of the accumulated surpluses in the Reserve Fund is to sustain the Harbour Account. The Zetland County Council Act 1974 states the purpose of the Fund as –
1. To cover any losses on the Harbour Account
 2. To meet any claim or demand against the Council arising from the Harbour Account
 3. To meet any capital expenditure required to maintain the Harbour Account
 4. To meet any repairs and maintenance costs on the Harbour
- 8.3 The final provision in the Act is for the Reserve Fund to be used “for any other purpose which in the opinion of the Council is solely in the interests of the county or its inhabitants”.

Harbour Account Surpluses

- 8.4 It is anticipated that the Harbour Account will begin to make surpluses again from 2015-16 and these could be in the region of £3m - £4m per year. This will be used immediately to support annual general fund expenditure.
- 8.5 The oil industry has recently announced its intention to remain at the Sullom Voe Terminal (SVT) until around 2050, which means the Port will be required to allow for tankers to load at the jetties.
- 8.6 As a result of this announcement, the finance service has undertaken a financial modelling exercise to estimate future revenue streams, costs and the capital investment required to operate the Port until the extended date of 2050. This piece of work has still to be concluded, but some principles being adopted are:
- An Equalisation Fund should be created in the early surplus making years so that some of these surpluses can be set aside and released in the later loss making years;
 - The cost of capital and full lifecycle costs of utilised port assets should be priced into harbour dues to ensure the port achieves full cost recovery plus a surplus in line with the Council's internal rate of return;
 - An assumption has been made that the Port will continue to operate a 24/7 model;
 - The oil industry should never be subsidised by Shetland taxpayers, and the measure of this is that over the whole remaining lifetime of the Port, the total value of the surpluses generated on the capital invested to 2050, should be at least equal to the average rate

of return that would be generated if the capital had been invested with the Council's fund managers.

Reserve Fund Commitments

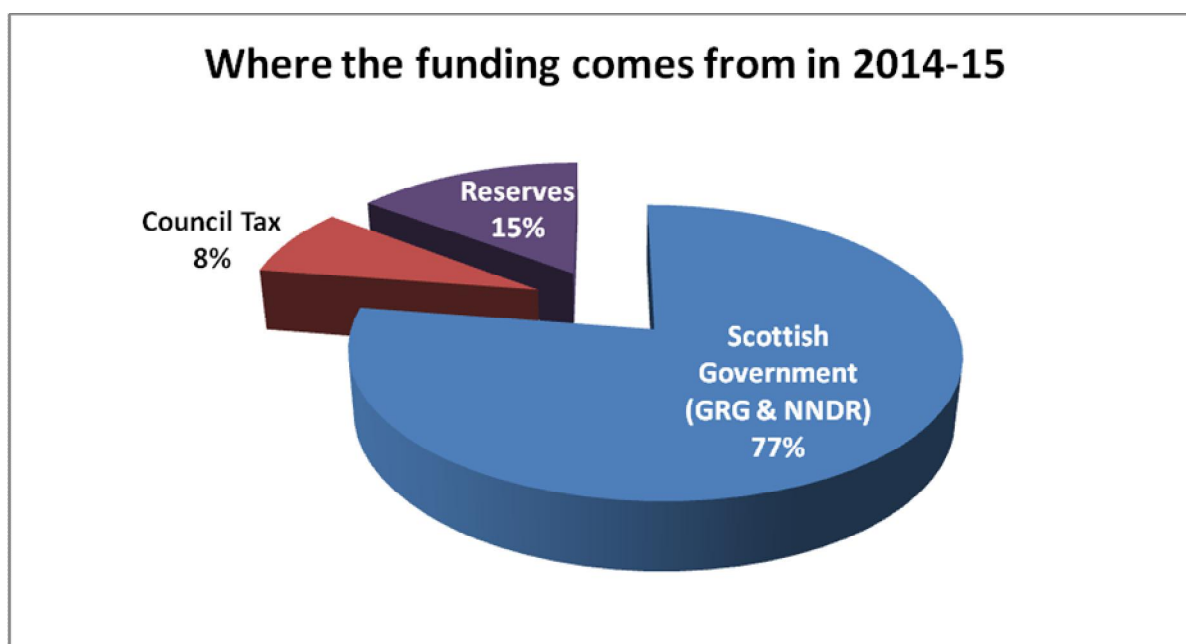
- 8.7 The Reserve Fund balance was £66.436m at 31 March 2014 and as stated above, its first use is to sustain the Harbour Account.
- 8.8 Following the approval of the 2012-2017 Medium Term Financial Plan a figure of £39m has been set aside from the Reserve Fund for future Harbour Account commitments, specifically in relation to port reinstatement costs. This means that the available balance on the Reserve Fund for general use was £27.436m at 31 March 2014.

TOTAL Income

- 8.9 The finance service commissioned a piece of work from leading Oil & Gas analysts to estimate future throughput levels at the Shetland Gas Plant and also future gas prices in order to facilitate the production of an updated financial model for TOTAL income.
- 8.10 It is anticipated that the Council will start to receive an income stream from the TOTAL Gas Plant in 2015-16, and this will pick up in 2016-17 to around £2.5m to £3m per annum thereafter. However, as the actual income stream is linked to throughput and price, it is volatile and therefore will fluctuate from the forecast. These forecasts will be reviewed each year to ensure that they are as accurate as possible with the information available. The income that is received will be processed through the Harbour Account.
- 8.11 As proposed in Section 5, the additional income stream from TOTAL will be fully utilised immediately to support expenditure on general fund services. Once the core Scottish Government revenue grant starts to increase, consideration should be given to setting aside an element of the TOTAL income in order to build the value of the reserves.

Resources

- 9.1 In 2014-15 Shetland Islands Council's general fund will receive approximately 77% of its funding from the Scottish Government. This is made up of the core General Revenue Grant and the element of National Non-Domestic Rates that the Scottish Government grants to the Council.
- 9.2 The pie chart below shows where the funding comes from for the general fund budgeted expenditure in 2014-15:



- 9.3 The chart highlights the extent to which the General Fund requires reserves to make up the funding package. In order to achieve a fully sustainable financial position, reserves should only make up a maximum of 10% of the funding package. It is anticipated that this will be achieved during 2015-16 by reducing expenditure and benefiting from a recovery in the surpluses that can be generated from the Harbour Account, as well as a new funding stream from the TOTAL Gas Plant.

Estimated future resources available to the Council

- 9.4 The table below shows the estimated future resources available to the Council over the period of the Plan:

Source of Income	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	£000s	£000s	£000s	£000s	£000s	£000s
Scottish Government (GRG & NNDR)	-85,732	-85,328	-82,772	-80,270	-79,625	-79,112
Council Tax	-8,686	-8,773	-8,861	-8,949	-9,039	-9,129
Harbour Account Surplus	-2,432	-6,519	-5,417	-5,072	-4,856	-5,470
TOTAL Gas Plant contribution	0	-1,349	-2,864	-2,831	-2,911	-2,694
Total Funding	-96,850	-101,969	-99,914	-97,122	-96,431	-96,405

9.5 A number of assumptions have been made around the resources available to the Council. These are set out below –

- The Scottish Government has indicated the level of revenue support that it will be providing the Council with for 2015-16. The assumption made in the following years is a 2% cash reduction in both 2016-17 and 2017-18, reflecting the CPPR forecasts with regard to Scottish Government DEL. The assumption for 2018-19 and 2019-20 is a cash flat settlement. In addition, because of the diminishing level of notional loan charge support available to the Council, the overall result is that the core grant will reduce by approximately £0.5m year on year after 2014-15.
- The level of National Non-Domestic Rate income has been set by the Scottish Government up to 2014-15. The assumption in this model is that this income stream will remain at the same level in subsequent years on the basis that the economic outlook will remain challenging throughout this decade. However, depending on the timing of the next revaluation, the Council may receive a short-lived windfall from the new TOTAL Gas Plant as part of the BRIS scheme.
- It is expected that Council Tax income will rise by 1% per annum based on the assumption that the Council will continue with the national freeze, but due to natural increases in the property base of 1% per year income from this source will increase by that amount.
- Based on the latest understanding of when the Total plant will open, it is anticipated that this will provide an income stream to the Council from 2015-16. The level of income budgeted in the model reflects our best estimation of throughput and price of gas at that time. It should be noted that as a result of this, there is a certain level of volatility as to when this income will start to flow into the Council, and the exact amount that it might be.
- It is anticipated that the Harbour Account will see a recovery in 2015-16, which will result in a return to surplus, averaging £3m-4m per year. Again however, there is a certain amount of volatility when trying to estimate the income that might be generated from the Harbour Account several years into the future.

Business Rates Incentivisation Scheme

- 9.6 The Scottish Government has created a Business Rates Incentivisation Scheme (BRIS) which provides an opportunity for the Council to maximise its National Non-Domestic Rates income stream.
- 9.7 The way in which the scheme works is that the Scottish Government sets an annual target for the level of Business Rates (National Non-Domestic Rates) that Shetland Islands Council should collect during the year. If the Council collects more than its target, it is able to keep 50% of the additional income, with the other 50% going to the Scottish Government. Therefore, there is an incentive to the Council to generate economic development to increase the tax base. Opportunities should be sought to progress this scheme.
- 9.10 However, the rateable values of Non-Domestic Properties are revalued every five years, and new values are incorporated into the Council's target. Therefore, depending on the timing of the next revaluation, the Council may receive a limited windfall from the new TOTAL Gas Plant and the new hotel in Brae.

Cost Pressures & Financial Risks

- 10.1 Despite the drive to bring down the overall level of expenditure in order to work towards achieving a financially sustainable position, there will be cost pressures each year that put upward pressure on the levels of expenditure incurred by the Council.
- 10.2 It is anticipated that there will be significant cost pressures in 2015-16, with an allowance of £3.899m being budgeted to account for these.
- 10.3 The table below sets out the recurring cost pressures that have been considered for the 2015-16 budget, and the level of provision made for each:

Cost Pressure	Quant-ification	Description	Allowance for Cost Pressure in 2015-16 budget (£)
Pay Award	2%	It is anticipated that there will be a pay award of 2% in 2014-15	£1,751,000
Borrowing Costs – AHS	Interest rates	Cost of debt charges arising on the borrowing for the new AHS and roundabout.	£1,256,000
Bus & Air Contracts	Estimate	There is in-built annual inflation uplifts in both the bus and air services contracts.	£140,000
Demographic Pressures	2.6%	Based on the rate of Shetland's ageing population, it is anticipated that there will be extra demand on Community Care resources.	£302,000
Ferry Fuel	Estimate	Cost pressure arising from anticipated increases in the fuel used by Ferries. This could be an issue over 2 financial years.	£250,000
Utilities	Estimate	This is the anticipated cost increases for Water, Electricity, District Heating and Gas Oil during 2014-15. Where possible Procurement Scotland estimates have been applied.	£200,000
General Inflation	2%	It is anticipated that inflation will be around 2% in 2015-16. No allowance has been made, as corporate procurement efficiencies should off-set this pressure.	£0
Health & Social Care Integration	0%	If the Council and Health Board choose the Body Corporate Model, it is expected that any additional pressures can be met within existing resources, so no allowance has been proposed.	£0
TOTAL			£3,899,000

- 10.4 The budget pressures included in the table above will be reviewed, and adjusted as necessary as part of the 2015-16 budget setting process.
- 10.5 An allowance of 2.5% has been made for budget pressures in all future years covered by the Plan. This reflects the fact that the largest cost to the Council is salaries, and it is anticipated that there will be c.2% pay awards per annum in the medium term. In addition, general inflation (CPI) is forecast to settle at around 2.5% in the medium term.
- 10.6 However, it is likely that there will be specific budget pressures in future years, and as a result, these assumptions will be updated on an annual basis.

10.7 The known potential future budget pressures for specific items are as follows:

- **Abolition of Contracting Out National Insurance Contribution Rates** – The Government has decided to abolish National Insurance Rates for Contracting Out from April 2016. Currently the Council benefits from paying lower National Insurance Employer Contribution Rates (3.4% lower than the standard rate) because it operates a defined benefit pension scheme for staff. As a result, it is anticipated that the Council will be required to start paying an additional £2m each year in National Insurance contributions from 2016-17. This has been built into the Plan.
- **Borrowing to maintain the asset base** – The Long Term Financial Plan will inform Members of the likely cost associated with maintaining the current asset base. The Council has approximately £1.4bn of fixed assets and current annual capital expenditure of approximately £7-8m (Excluding the new AHS) over the next 5 years. At this rate of spending it would take 200 years to replace all existing assets, but given no asset has a 200 year economic life, this level of spending is insufficient to maintain the asset base. Any increases in spending over £7m per year will require to be financed by borrowing, which will subsequently result in a revenue cost pressure. The size of the revenue cost pressure will be determined by Members' decisions regarding the size of the asset base that it wishes to maintain into the future.
- **Pension Auto-Enrolment** – The Council opted to defer the implementation of Pension Auto-Enrolment in 2013 as it was a cost pressure that could be delayed to a future year. However, this cost pressure will now start in 2017, when all officers of the Council will be automatically admitted to the Pension Fund, and the onus will be on staff to opt out if they don't want to become a member of scheme, rather than the current situation whereby there is an onus on staff to complete a form to join the scheme. It is expected this change will result in more staff being in the pension scheme, and as a result the Council will need to make employer contributions on those peoples' behalf. This cost pressure could be in the region of £800,000.
- **Anderson High School** – the current level of maintenance expenditure on the Anderson High School is insufficient to keep the building in sufficient repair beyond the short-term. It is anticipated that a new school will require an increase in repairs and maintenance expenditure of approximately £0.415m from 2016-17 over existing levels to pay for Facilities Management and Life Cycle Costs, therefore this has been added as a specific cost pressure to the 2016-17 budget line over and above the 2.5% allowance. It should be noted that if there was no replacement school, repairs and maintenance expenditure would have to increase by approximately £1m per year to address the backlog maintenance issues at the current school.
- **Welfare Reform** – There are two potential pressures which could arise after the phased introduction of Universal Credit. The first is that there may be additional administrative burdens placed on the Council with regards to the implementation, and ongoing support

of, the new arrangements. The second potential budget pressure is the risk of falling housing rents income to the HRA as a result of the housing element of benefits being paid directly to claimants instead of to the Council. The timing around the introduction of Universal Credit into Shetland still remains uncertain.

- **Demographic Change** – Shetland’s population is aging at a faster rate than Scotland as a whole. It is projected that there will be a 130% increase in the number of people aged over 75 in Shetland within 25 years. It is clear that this will put increasing demand on care for the elderly services, which in turn will put pressure on budgets.
- **Reduction in Shetland Charitable Trust expenditure** –The Shetland Charitable Trust (SCT) is currently reviewing its expenditure choices as it comes to the end of a 3 year budget commitment cycle. At present SCT part funds certain services currently provided by the Council. As a result, any reductions in SCT expenditure on these services, will result in a Council cost pressure if Members wish to continue to provide them to the same level. It is not possible to quantify this at present as SCT has yet not announce the impact of its spending review.

10.8 These pressures will be given an accurate cost as more information becomes available.

10.9 In addition to the recurring cost pressures above, the Plan allows for one-off contingencies, which is equal to 2% of the budget. This figure is based on past experience of actual council expenditure patterns. This budget will manage unforeseen events, and one-off costs such as ER/VR costs.

Financial Risks

10.10A number of financial risks, essentially uncertainties, have been indentified which could result in material changes to the Plan. These are as follows –

- **Public Finance Status Quo Assumption** – the Plan assumes the information available on future projections for core grant materialises. The Scottish Independence Referendum may result in a change to these projections, regardless of the outcome.
- **Health & Social Care Integration** – the Council will need robust arrangements in place to ensure that any increase in resources for services in the HSCI model can be demonstrated as necessary to meet Council statutory service demand and not NHS services.
- **Shetland Charitable Trust Spending Review** – the Plan assumes no changes in funding for 2015-16. However, if SCT informs the Council late on of changes, there will be no time to respond for the purposes of the 2015-16 budget.
- **Maintaining the Asset Base** – the scale of the revenue savings required to support the maintenance of the existing asset base will be so significant that there is a risk of reverting back to unsustainable budgets if Members fail to make the difficult decisions.

Budget Modelling

11.1 Based on the information gathered from the Medium Term Financial Planning process the following budget model has been produced:

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
		£000s	£000s	£000s	£000s	£000s	£000s
Expenditure	Prior year recurring general fund budget	112,317	107,205	107,703	109,773	110,288	109,792
	Structural deficit Correction - Savings requirement	-6,617	-2,145	-1,720		-1,000	-3,800
	Efficiency saving to manage inflationary pressures			-1,264	-1,999	-1,959	-1,920
	Non-recurring general fund budget	4,118	2,188	2,158	2,199	2,210	2,220
	Capital Charges	1,256	1,256	1,256	1,256	1,256	1,256
	Budget Pressures 2.5% plus specific issues	1,505	2,643	5,054	2,514	2,464	2,415
	Net-recharges out	-1,911	-2,000	-2,000	-2,000	-2,000	-2,000
	Total General Fund budgeted expenditure	110,668	109,147	111,186	111,742	111,258	107,963
Core Income	General Revenue Grant & NNDR income	-85,732	-85,328	-82,772	-80,270	-79,625	-79,112
	Council Tax	-8,686	-8,773	-8,861	-8,949	-9,039	-9,129
	Total Core Funding	-94,418	-94,101	-91,633	-89,219	-88,664	-88,241
	(SURPLUS)/DEFICIT ON GENERAL FUND	16,250	15,046	19,553	22,523	22,594	19,722
Deficit Funding	Harbour Account Surplus	-2,432	-6,519	-5,417	-5,072	-4,856	-5,470
	TOTAL Gas Plant contribution	0	-1,349	-2,864	-2,831	-2,911	-2,694
	Draw on Reserves	-13,818	-7,178	-11,272	-14,620	-14,827	-11,558
	TOTAL DEFICIT FUNDING	-16,250	-15,046	-19,553	-22,523	-22,594	-19,722
Council Reserves	Income earned from Reserves (including Harbour debt repayment)	12,346	13,942	12,760	12,533	12,446	12,346
	Less: General Fund Revenue Draw on Reserves	-13,818	-7,178	-11,272	-14,620	-14,827	-11,558
	Less: HRA, Capital and Spend to Save Draw on Reserves	-7,215	-1,450	-950	-450	-450	-450
	Estimated Increase/(Decrease) in Reserves for the year	-8,687	5,314	538	-2,536	-2,831	337
	As a % of the reserves estimated balance	-3.98%	2.44%	0.25%	-1.21%	-1.37%	0.16%

- 11.2 The purpose of the model is to set out the level of expenditure that is affordable each year, based on the total funding available and a desire to ensure that the Council's reserves can maintain their capital value and be protected against inflation to ensure their purchasing power doesn't erode.

Assumptions

- 11.3 The following assumptions have been made in the budget model:

Total General Fund expenditure

- The starting point for each year will be the prior year start point, less savings and then budget pressures added on. For example, the start point for 2015-16 is calculated as follows-

Description	Amount £m
2014-15 General Fund expenditure before savings	112.317
Less: 2014-15 savings	-6.617
Add: 2014-15 Budget pressures	1.505
2015-16 General Fund expenditure before savings	107.205

- The original structural savings requirements total the same as the 2012-2017 plan, the only difference is that they are profiled differently between 2014-15 and 2015-16 because the 2014-15 budget contained a higher level of savings than had been required in the plan. This has meant that the new savings requirement for 2015-16 has been reduced to account for the extra budgeted savings in 2014-15.
- In addition to the original structural savings requirement in the original plan, a further £4.8m of structural savings have been forecast as required over 2018-19 and 2019-20. This is in response to an anticipated reduction in the core capital grant of 2% in 2016-17 and again in 2017-18. These figures have yet to be confirmed by the Scottish Government, so these additional savings are indicative, and there has been no attempt to allocate them to services at this early stage. Once the core grant figures are confirmed and the savings requirement is known, the Council will need to determine how these savings should be made.
- As a result of continuing cost pressures and no corresponding increase in core revenue grant to match these, it is necessary to introduce the requirement for each directorate to

make an annual 2% efficiency saving each year from 2016-17. The only exception to this is Children's Services, where the 2% efficiency saving requirement starts from 2017-18.

- An in-year non-recurring contingency budget of 2% has been allowed for in the Plan. This centrally held budget is to meet one off costs resulting from the restructure of services as well as manage any unexpected items of expenditure that occur.
- An allowance for budget pressures has been built into the model. In 2014-15 this figure has been calculated as £2.761m (including capital charges). In subsequent years, this has been calculated at 2.5% of the in-year General Fund expenditure before the savings figure. Further details of these calculations have been discussed in section 10 of the Plan.
- Any additional budget pressures, such as general inflation will be required to be met from service budgets.
- Net recharges out are estimated to remain constant based on an expectation that there will still be the same level of service delivered to the HRA and Harbour Account and Capital from the General Fund.
- If the plan is followed, it will mean that the 2015-16 Council budget will be sustainable, and the final budget set by this Council in February 2017 will only include a requirement for a 2% efficiency saving, with all the required structural savings having been delivered by that point.

Total funding

- The Scottish Government has indicated the level of revenue support that it will be providing the Council with for 2015-16. The assumption made in the following years is a 2% cash reduction in both 2016-17 and 2017-18, reflecting the CPPR forecasts with regard to Scottish Government DEL. The assumption for 2018-19 and 2019-20 is a cash flat settlement. In addition, because of the diminishing level of notional loan charge support available to the Council, the overall result is that the core grant will reduce by approximately £0.5m year on year after 2014-15.
- The level of national non-domestic rate income has been set by the Scottish Government up to and including 2014-15. The assumption in this model is that this income stream will remain at the same level in subsequent years on the basis that the economic outlook will remain challenging throughout this decade.
- It is expected that Council Tax income will rise by 1% per annum based on the assumption that the Council will continue with the national freeze, but due to natural increases in the property base of 1% per year income from this source will increase by that amount.

- Based on the latest understanding of when the Total plant will open, it is anticipated that this will provide an income stream to the Council from 2015-16. The level of income budgeted in the model reflects our best estimation of throughput and price of gas at that time. It should be noted that as a result of this, there is a certain level of volatility as to when this income will start to flow into the Council, and the exact amount that it might be.
- It is anticipated that the Harbour Account will see a recovery in 2015-16, which will result in a return to surplus, averaging £3-4m per year. Again however, there is a certain amount of volatility when trying to estimate the income that might be generated from the Harbour Account several years into the future.

Reserves

- The budget model builds in a return on investments of 4.8% to 5.3% for each financial year covered in the Plan. The long term average return over the past 20 years has been 7.3% so once inflation is removed from this total, a figure of 4.8% to 5.3% appears prudent.
- The model excludes the £15m that was set aside from the reserves in 2013 to set up a separate Equalisation Fund which will be used to smooth out the impact volatile investment returns in future years. There has been no requirement to draw from, or add to the Fund in 2014.
- The annual set aside for the principal repayment of debt has been excluded from the available reserves, as this money will be required to repay loans upon their maturity date.
- An amount of £0.5m is anticipated to be drawn from the Housing Repairs and Renewals Reserve each year after 2013-14.
- A figure of £3m will be available to fund spend to save projects between 2014-15 and the end of the current savings programme in 2016-17.

Summary

- 11.4 When all these factors are taken into account with forecasted future draws on reserves, it is expected that the value of the reserves in 2019-20 should be within 0.25% of the value of the reserves at the end of 2014-15 (protected against inflation). This demonstrates that their real terms value will be maintained over the period, and the Council is operating a financially sustainable model.

Addressing the Budget Gap

- 12.1 Based on the modelling performed in Section 11, the budget gap for the next 5 years is as follows:

Description	2015-16	2016-17	2017-18	2018-19	2019-20
	£000s	£000s	£000s	£000s	£000s
Original MTFP Structural Savings	2,145	1,720	0	0	0
New 2% Annual Efficiency Saving		1,264	1,999	1,959	1,920
Additional Structural Savings				1,000	3,800
Gap to be met by directorates	2,145	2,964	1,999	2,959	5,720

- 12.2 The budget gap can only be made up through a combination of increasing fees and charges and reducing costs across the Council.

Priorities

- 12.3 It is important that the budget gap is addressed based on Members' priorities. In effect, this means that the priority directorates receive the greatest level of protection against the cuts.
- 12.4 The base year for the Medium Term Financial Plan was 2012-13 and the allocation of savings between directorates has remained unchanged since then. This means that on an underlying basis, the effect of the Medium Term Financial Plan will be to have made the following resource allocation adjustments across directorates as follows:

Directorate	2012-13 % of General Fund (exc Police and Fire)	2017-18 % of General Fund	Movement in % share of funding between 2012-13 and 2017-18
Corporate & Chief Executive	10.98%	10.87%	-0.11%
Children's Services	37.18%	38.46%	1.29%
Community Care	18.79%	19.95%	1.16%
Development	14.41%	11.84%	-2.57%
Infrastructure	18.64%	18.87%	0.23%
TOTAL	100%	100%	0%

12.5 Section 4 of this report describes the themes around Members' priorities, as agreed in the Corporate Plan, and this has been used as the basis for determining the resource allocation as shown in the table above. This means that Children's Services, Community Care and Infrastructure Services will have a proportionately larger share of the budget at the end of the life of the current Council than they did at the start of it, with corresponding reductions in Corporate & Executive Services and Development Services.

Target Operating Budgets

12.6 Based on the priorities set out above, and the reallocation of resources between directorates as set out above, each Directorate has been provided with a Target Operating Budget for each of the next 5 years. These remain based on the original levels of structural savings that were agreed in the first two iterations of the Plan.

12.7 In this third version of the Plan, in addition to the original savings, the Target Operating Budgets incorporate a 2% efficiency saving for each directorate from 2016-17 (2017-18 for Children's Services) and every year thereafter.

12.8 Whilst the Plan has identified that a further £4.8m of structural savings may be required across 2018-19 and 2019-20, these will depend on the financial settlement from the Scottish Government in 2016-17 and 2017-18. Therefore, at present, no attempt has been made to incorporate those indicative savings into the Target Operating Budgets.

12.9 It is important to understand the Target Operating Budgets provide directorates with a financial envelope for developing a budget, but an iterative process will take place throughout the Autumn, whereby Members will have the chance to adjust directorate budgets based on the proposed budgets developed by directorates.

12.10 However, it is important to note that in order to operate within the overall financial envelope that is affordable to the Council, if Members agree to award more funding to one directorate or service, it will have to be at the cost of reducing a budget elsewhere.

12.11 The following Target Operating Budgets and associated budget gaps are proposed for each directorate:

2014-15 £000s	Directorate		2015-16 £000s	2016-17 £000s	2017-18 £000s	2018-19 £000s	2019-20 £000s
10,996	Corporate & Chief Executive	Target Operating Budget	10,629	10,416	10,208	10,004	9,804
		Budget gap	(367)	(213)	(208)	(204)	(200)
40,484	Children's Services	Target Operating Budget	39,769	38,049	37,288	36,542	35,811
		Budget gap	(715)	(1,720)	(761)	(746)	(731)
19,953	Community Care Services	Target Operating Budget	19,551	19,160	18,777	18,401	18,033
		Budget gap	(402)	(391)	(383)	(376)	(368)
13,066	Development Services	Target Operating Budget	12,725	12,471	12,221	11,977	11,737
		Budget gap	(341)	(255)	(249)	(244)	(240)
20,601	Infrastructure Services	Target Operating Budget	20,281	19,875	19,478	19,088	18,707
		Budget gap	(320)	(406)	(398)	(390)	(382)

12.12 The table below shows how the Target Operating Budgets per directorate reconcile back to the Total General Fund expenditure figure included in the budgeting model in Section 11:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	£000s	£000s	£000s	£000s	£000s	£000s
Corporate & Chief Executive	10,996	10,629	10,416	10,208	10,004	9,804
Children's Services	40,484	39,769	38,049	37,288	36,542	35,811
Community Care Services	19,953	19,551	19,160	18,777	18,401	18,033
Development Services	13,066	12,725	12,471	12,221	11,977	11,737
Infrastructure Services	20,601	20,281	19,875	19,478	19,088	18,707
Cumulative unallocated Savings	0	0	0	0	(1,000)	(4,800)
Total directorate budgets	105,100	102,955	99,971	97,972	95,012	89,292
Cumulative Cost Pressures	2,761	5,404	10,457	12,972	15,436	17,851
Fund Manager Fees	600	600	600	600	600	600
Carry-forwards & Contingency	4,118	£2,188	£2,158	£2,199	£2,210	£2,220
Total Spending	112,579	111,147	113,186	113,742	113,258	109,963
Less: Recharges Out	(1,911)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
TOTAL GENERAL FUND EXPENDITURE	110,668	109,147	111,186	111,742	111,258	107,963

Addressing the budget gap

- 12.13 Directorates will be required to address the budget gap set out in 12.11 above, in order to deliver budget proposals that are within the Target Operating Budgets above.
- 12.14 There are 2 options available to directorates to fill budget gaps; identifying savings and introduce or increase existing fees and charges. In practice a combination of both options will be adopted by directorates where there is scope to do so.

Fees and Charges

- 12.15 Shetland Islands Council has budgeted to achieve income of £27.5m from fees and charges levied on customers in 2014-15. This represents a significant amount of income and increasing these charges and creating new charges could make a significant impact on bridging the budget gap within directorates. The table below shows the breakdown of the income:

Category	Amount (£)
Sales	4,103,619
Fees & Charges	9,072,570
Rental Income (excluding Housing)	1,321,500
Harbour Dues	13,018,596
TOTAL	27,516,285

- 12.16 This means that for every 1% increase in fees, charges and rents, based on the current charging bases, almost £275,000 would be raised.
- 12.17 In relation to fees and charges there is an expectation in the Plan that:
- Where these are already levied, consideration will be given to increasing them;
 - Where there are concession fees and charges, consideration will be given to reducing these or scrapping them altogether;
 - Where the Council provides a service that could be provided by the private sector, consideration is given to introducing charging in instances where this doesn't already exist.
- 12.18 Any decisions around fees and charges should be undertaken in compliance with the Council's charging policy. An updated Charging Policy will be presented to Council in Autumn 2014.

Council Tax

- 12.19 It is possible for the Council to increase Council Tax in order to contribute towards bridging the budget gap, but this would be in contravention to the concordat agreement between Scottish local authorities and the Scottish Government.
- 12.20 The Scottish Government provides an element of additional funding to Shetland Islands Council in its financial settlement as an incentive not to increase Council Tax. This funding would be lost if the Council were to increase Council Tax.
- 12.21 Council Tax provides limited scope for generating income for the Council. A 1% increase in Council Tax would generate approximately £86,000, so a significant increase would be required in order to make an impact on the budget gap.
- 12.22 As a result of these factors, the Plan assumes that Council Tax will remain frozen for the remainder of this Council term.

Contingency Measures

- 13.1 There is a risk to any organisation that its budget strategy may not be delivered. It is therefore important to ensure that there are appropriate contingency arrangements in place that can be used in order to help put the organisation back on track for delivering its budget.
- 13.2 This will be important to Shetland Islands Council, particularly over the next 18 months to ensure that by 31 March 2016, the organisation is clearly working on a financially sustainable basis. By that stage, the recurring draw on reserves for the year should be approximately £7m, and the 2015-16 budget should include savings that will ensure that general fund net spending is no higher than £109m.
- 13.3 Therefore this paper sets out a number of options available regarding contingency measures to ensure that the objectives of the Plan are delivered throughout the next five years.

Contingency Measures

- 13.4 The Plan proposes to grant delegated authority to the Chief Executive to invoke the following measures if they are required –
- Taking decisions to make minor alterations to the level of service provision in order to stop the need to recruit to a post;
 - Closing the purchase ledger as required (except for essential payments e.g. utilities);
 - Removing access to ordering systems;
 - Centrally close down non-essential budgets;
 - Cancel training (with the exception of instances where there was a legal requirement);
 - Temporary recruitment freeze (except for essential posts);
 - Ban non-contractual overtime;
 - Stop third party grant payments;
 - Delaying the commencement of contracts or cancelling them;
 - Stopping all capital purchases (such as PCs etc).

Consultation

- 14.1 The Medium Term Financial Plan will drive the Council budget parameters. Following its approval, the 2015-16 budget setting timetable will be developed, and this will incorporate a series of public meetings which will facilitate a participatory budgeting exercise.

Participatory Budgeting

- 14.2 It is proposed to hold public meetings across Shetland during August 2014 where members of the public will be presented information on the Council's current financial position, and a 5 year forecast. The information will largely come from the material included in the Plan. Members of the public will then have an opportunity to ask questions regarding the Council's finances.
- 14.3 Following that, the public will be asked to complete a "build your own council budget" exercise, using the information obtained from the Directorate Budget Activity Sheets, which has been populated into a ICT budgeting tool. This will allow members of the public to determine which activities should be reduced, and which should be stopped, in order to meet the savings requirement agreed in this Plan.
- 14.4 The information gathered from these public meetings will be collated and shared with Directors, so that it can feed into the budget proposals that are presented to Members as part of the draft 2015-16 budget.
- 14.5 Members will also be presented with the feedback from the public Participatory Budgeting exercise, so that they are informed of the collective views of those who took part. This will be done as part of the budget seminar meetings.
- 14.6 The draft 2015-16 budget report presented to Members in December 2014 will set out how the results of the Participatory Budgeting exercise have fed into the proposals presented in the budget.

Service Reviews

- 14.7 The subsequent budget proposals developed, following the participatory budgeting exercise will impact on services, communities and staff. To ensure there is a consistent and robust approach to service reviews, it is vital that consultation is part of the process. The Council has in place and is currently utilising the Community Consultation and Engagement Guide and Communications Plan. This can be found on the Council's website: <http://www.shetland.gov.uk/communityplanning/documents/CommunityConsultationEngagementGuide.pdf>.
- 14.8 Consultation and communication of the Plan and the resulting reviews will be essential if the Plan is to be implemented, and be successful in reducing expenditure but at the same time minimising the inevitable impact on services delivered to the Community.

14.9 Managers have also been provided with an in-depth review guide, which incorporates advice on the appropriate level of consultation. This guide ensures that issues such as risk assessment, equalities impact assessments, environmental and economic impacts etc are properly considered.

14.10 It should be recognised that the over-riding factor, in any consultation exercise is “the Council has to reduce expenditure” and expectations from any consultation exercise needs to bear this in mind.

Conclusion

- 15.1 Good progress has been made since the 2012-2017 Medium Term Financial Plan was adopted by Members in September 2012. The 2015-16 Council budget will be the first that is financially sustainable since the 1990s. Once this has been achieved, the Plan sets out what is required to ensure that the Council continues to “live within its means”.
- 15.2 There are minimal changes in this plan overall, but the changes that have been introduced have been designed to further strengthen the financial management arrangements in place at the Council, particularly in the area of reserves management and the cost of capital.
- 15.3 The Council has now formally adopted its Corporate Plan and the proposals in the Medium Term Financial Plan compliment that plan and target resources to ensure that it can be delivered.
- 15.4 The medium term future of UK Public Finance remains bleak, but by following this plan the Council will be in a far stronger financial position than it has been for many years, and will be well placed to deal with the financial challenges of the future.

**Policy & Resources Committee****23 June 2014**

Single Outcome Agreement 2014-15	
Report No: DV025-F	
Executive Manager – Community Planning and Development	Development Services

1.0 Summary

- 1.1 Shetland's Single Outcome Agreement 2013-16, which was developed by the Shetland Partnership, details eight outcome areas which describe the shared vision for Shetland.
- 1.2 The outcomes and priorities reflect the Shetland context, the community aspirations from scenario planning and the Scottish Government's objectives for Community Planning.
- 1.3 The Single Outcome Agreement has been updated for 2014-15 to take account of progress on actions, emerging issues and new targets.

2.0 Decision Required

- 2.1 That the Policy & Resources Committee RECOMMEND that the Council RESOLVE to adopt and commit to support the delivery of the Single Outcome Agreement 2014 as a partner organisation of the Shetland Partnership.

3.0 Detail

- 3.1 This report presents the Single Outcome Agreement (SOA) 2014-15 to the Council for approval.
- 3.2 It builds on the SOA 2013-14, and has been produced by the Shetland Partnership, in consultation with partner organisations.
- 3.3 The eight outcome areas of the SOA have been updated by strategic partnerships to reflect any emerging priorities, and to take account of actions which have been completed. The SOA 2014-15 is attached at Appendix 1 for information.

3.4 The Single Outcome Agreement outcome areas are:

- a) Shetland is the best place for children and young people to grow up
- b) We live longer healthier lives;
- c) People are supported to be active and independent throughout adulthood and in older age;
- d) Shetland stays a safe place to live, and we have strong, resilient and supportive communities;
- e) Shetland has sustainable economic growth with good employment opportunities and our people have the skills to match, good places to stay and the transport people and businesses need;
- f) We have tackled inequalities by ensuring the needs of the most vulnerable and hard to reach groups are identified and met, and that services are targeted at those most in need;
- g) We deliver all our services in an environmentally sustainable manner to safeguard and enhance our outstanding environment which underpins all our actions and our economic and social well-being;
- h) We have financial sustainability and balance within each sector; and a better balance between a dynamic private sector, a strong third sector and efficient and responsive public services.

3.5 As well as the updates to actions and indicators, the SOA has been cross referenced to quality assurance feedback received last year as part of the Scottish Government's peer review process. At that time the following development priorities were agreed:

3.5.1 *Demonstrating a clearer and more holistic sense of place*

The Community Plan was adjusted to take account of this development priority last year, with the addition of a Shetland in Context section. The introductions to each outcome area were also checked to make sure they provided a foundation for the Partnership's ambitions for each priority theme. The SOA is an accompanying document to the Community Plan. The Community Plan provides the overarching strategic narrative for Shetland.

3.5.2 *Providing leadership and focus behind a limited number of key priorities*

A limited number of key priorities were debated and selected by the Performance Group, and approved by the Board last year. These are:

- Ensuring that Next Generation Broadband is available to 75% of Shetland's population by 2016
- Developing a 5-year plan to attract people to Shetland to live, work, study and invest
- Implementing a bold and innovative project to help the most vulnerable families in Shetland improve their life chances

3.5.3 *Resourcing*

The Shetland Partnership Resources Group was established in March 2014, with the general remit of supporting the work of the Shetland Partnership by helping to deliver the aims of the SOA through joint working and resourcing. One of the Group's key actions is to develop and implement a programme of review and challenge of prevention activity and resources across each of the SOA priorities.

3.5.4 *Embedding and strengthening governance arrangements*

Development work has been ongoing in relation to the governance arrangements of the Shetland Partnership. A performance management framework has now been implemented by the Performance Group, with quarterly performance reporting, and regular presentations on performance by outcome area to the Group. In addition a programme of presentations has been established to the Partnership Board, allowing Members the opportunity to provide leadership and challenge across thematic areas. We are aiming for continuous improvement in this area, with further development work planned for this year. This includes piloting a self assessment process, supported by the Improvement Service, which will further inform our improvement plan. If successful, the self assessment process will be rolled out to the Board and other strategic partnerships. We also intend to develop a link officer support role within Community Planning & Development for each strategic partnership.

- 3.6 The SOA 2014-15 was presented to the Shetland Partnership Board for approval at the meeting of 20 May 2014. The Board resolved to sign-off the SOA 2014-15 at this meeting (minute ref. 17/14).
- 3.7 To ensure the Council can monitor progress on key actions and priorities, it is intended that quarterly SOA performance monitoring reports will be presented to the Policy & Resources Committee for scrutiny and comment.

4.0 **Implications**

Strategic

- 4.1 Delivery on Corporate Priorities – The SOA directly informs the Council's corporate priorities, defined in its corporate plan.
- 4.2 Community / Stakeholder Issues – The Community Plan reflects the priorities identified by the community and stakeholders during the scenario planning exercise in 2011.
- 4.3 Policy And/Or Delegated Authority –In accordance with Section 2.1.3 the approval of any plan which is part of the Strategy Framework is reserved to the Council.

- 4.4 Risk Management – Risks associated with the Single Outcome Agreement are being monitored by the Shetland Partnership Performance Group, and are being mitigated through the 2014-15 SOA.
- 4.5 Equalities, Health and Human Rights – The SOA supports the Council's responsibilities in relation to equalities, health and human rights.
- 4.6 Environmental – None directly arising from this report.

Resources

- 4.7 Financial – None.
- 4.8 Legal – None.
- 4.9 Human Resources – None.
- 4.10 Assets and Property – None.

5.0 Conclusions

- 5.1 The SOA for 2014-15 has been updated by strategic partnerships to reflect progress on actions and any emerging issues. It also takes account of the development actions agreed during the quality assurance peer review which took place last year.

For further information please contact:

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Date Cleared: 12 June 2014

List of Appendices

Appendix 1 Single Outcome Agreement 2014-15

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Outcome A – Shetland is the best place for children and young people to grow up.

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
<p>Effective early intervention and prevention to enable all our children and young people to have the best start in life.</p>	<p>Progress the Early Years Collaborative Work streams</p> <p>The Early Years Collaborative was set up by Scottish Government as a way of helping partners to work together, with quality improvement at its core to make Scotland the best place in the world to grow up in. Doing this involves improving outcomes and reducing inequalities, for all babies, children, mothers, fathers and families across Scotland to ensure that all children have the best start in life and are ready to succeed.</p> <p>The Aims of the collaborative are:</p> <ol style="list-style-type: none"> 1. To ensure that women experience positive pregnancies which result in the birth of more healthy babies as evidenced by a reduction of 15% in the rates of stillbirths (from 4.9 per 1,000 births in 2010 to 4.3 per 1,000 births in 2015) and infant mortality (from 3.7 per 1,000 live births in 2010 to 3.1 per 1,000 live births in 2015). 2. To ensure that 85% of all children within each Community Planning Partnership have reached all of the expected developmental milestones at the time of the child's 27-30 month child health review, by end-2016. 3. To ensure that 90% of all children within each Community Planning Partnership have reached all of the expected developmental milestones at the time the child starts primary school, by end-2017. <ul style="list-style-type: none"> • Progress the Early Years Collaborative work streams • Increase measuring and use of evidence around the Early Years Collaborative Stretch Aims 	<p>March 2015</p> <p>March 2015</p>

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
	<ul style="list-style-type: none"> Identify those most at risk of not achieving the outcomes, through Strategic Needs Assessment, and target resources to support them in achieving positive outcomes 1 area in Shetland will link in to the local development of the Alaskan NUKA programme (a relationship-based system of care, including what we would describe as primary care, which aims to promote wellness and self-empowerment.) Increase access for Looked After Children to activities linked to health, social and emotional wellbeing 	<p>March 2015</p> <p>March 2015</p> <p>October 2014</p>
Effective early intervention and prevention to get it right for every child.	<p>GIRFEC (Getting It Right For Every Child) provides the overarching principles and values for everything we do for our children and young people. It includes a framework for inter-agency assessment and planning.</p> <ul style="list-style-type: none"> Implement the GIRFEC process throughout Shetland Implement Shetland's GIRFEC Quality Assurance framework 	<p>March 2015</p> <p>March 2015</p>

What INDICATORS will be improved in this Outcome Area				
Indicator	Baseline	2013/14 Target	2016/17 Target	2023 Target
<p>Percentage of children within Shetland who achieve the 27-30 month child health review milestones</p> <p>(We need to increase the number of children who <i>undertake</i> the 27-30 month child health review as the current uptake is only 67%, in order to understand numbers who are meeting the milestones,</p>	67%	N/A	85%	100%

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

and therefore improvements required.)				
Percentage of children within Shetland who meet (or undertake) the pre-school child health assessment milestones	TBC	N/A	90%	100%
<p>Rates of attendance at early years pre-school settings for vulnerable children, including Looked After Children.</p> <p>(The Integrated Children and Young People's Services Plan includes a commitment to a strategic level needs assessment, in order to understand more clearly who the vulnerable children in Shetland are, and what their needs are. The findings of this needs assessment will enable us to set a baseline and target)</p>	TBC	TBC	TBC	TBC
% of parents of vulnerable children reporting that parenting programmes have met their and their children's needs	TBC	TBC	TBC	TBC
Proportion of School Leavers in positive destinations	90.90%	91%	92%	100%

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Outcome B – We live longer healthier lives

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will Action be completed
Healthy and Caring: Reducing Health Inequalities and Increasing Physical Activity	Alcohol 1. Drink Better Campaign Led by the Drink Better Steering Group and supported by the Shetland Drug and Alcohol Partnership which have multi-agency representation including Third Sector. <ul style="list-style-type: none"> • Series of targeted campaign in 2013-14 informed by social marketing work and Drink Better survey - complete • Review and evaluation of work in 2013-14 to develop action plan for 2014-15 of further local campaigns • Continuing targeted local campaigns aiming to ultimately change the drinking culture and drinking environment in Shetland 	March 2014 June 2014 March 2015
	2. Redesign Substance Misuse Service <ul style="list-style-type: none"> • Development and approval of a redesigned substance misuse service model to increase efficiency and target work more closely to achieve required outcomes (including both voluntary sector and NHS services) - complete • Implementation of the new model, so that redesigned service is fully up and running by end March 2015 	March 2014 March 2015
Healthy and Caring: Reducing Health Inequalities and Increasing Physical Activity	Smoking 1. Further development of local smoking cessation services to meet HEAT target of 35 successful quits at 12 weeks amongst people living in the 60% most deprived areas of Shetland -	March 2015

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will Action be completed
	<p>including:</p> <ul style="list-style-type: none"> • Further development of work place and community based interventions. • Update smoking cessation protocol for primary care and pharmacies and improve referral processes to specialist service • Work with local pharmacies to develop their service and support implementation of new pharmacy contract. • Develop and implement process for regular follow-up of patients in order to decrease numbers lost to follow-up • Develop/update referral procedures for patients who receive input/NRT from hospital pharmacy service and those during pre-op assessment. <p>2. Implement action plan developed from results of Health Needs Assessment on Smoking and Young people including:</p> <ul style="list-style-type: none"> • Work on second-hand smoke and families • Work on self esteem and assertiveness; • Use of peer education (through OPEN - Our Peer Education Network); • Investigate smoking rates in looked-after children and develop smoking policy for foster carers with SIC • Evaluation of secondary tobacco education pack 	<p>March 2015</p>
<p>Healthy and Caring: Reducing Health Inequalities and Increasing Physical Activity</p>	<p>Physical Activity</p> <p>1. Implementation of physical activity brief interventions in primary and secondary care:</p> <ul style="list-style-type: none"> • Development of a brief interventions programme and training for primary care - complete 	<p>March 2014</p> <p>Dec ember 2014</p>

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will Action be completed
	<ul style="list-style-type: none"> • Full implementation of physical activity brief advice pathway in all primary care settings • Development of a physical activity brief intervention referral pathway into Health Improvement to support primary and secondary care settings which are restricted by time in delivering these • Implementation of physical activity brief advice pathway in secondary care settings <p>2. Implementation of Sports Strategy : continued development of Sports Hubs</p> <ul style="list-style-type: none"> • Setting up of five hubs initially in rural areas (Unst, Yell, Whalsay, North Mainland and West Mainland) - complete • Consolidation and further development work for these five hubs including progressing involvement of young people in the hubs • Projects relating to the Commonwealth Games and Queens Baton Relay. • A priority during the next year will be to develop the remaining three planned Hubs at Clickimin, Central Mainland and South Mainland. • CSH Officer will continue to support clubs within the Hubs to access athlete and coach development opportunities and be involved in facilitating Positive Coaching Scotland courses <p>3. Implementation of Active Lives Strategy, focusing on the aims to 'Maintain, create and provide environments that encourage and support physical activity Shetland –wide, making the best use of assets' and 'Improve partnership working on physical activity'.</p> <ul style="list-style-type: none"> • Building on work with the Health Action Team, development of a multi-agency, multi-sector Shetland Physical Activity Special interest Group to progress specific projects. - complete • Specific projects: The focus of new projects will be that they are aimed at the most disadvantaged and least active communities and individuals; that they benefit mental health as well as physical health; that they are community based. To include: 	<p>December 2014</p> <p>March 2015</p> <p>December 2013</p> <p>March 2015</p> <p>July 2014</p> <p>March 2015</p> <p>March 2015</p> <p>March 2014</p> <p>March 15</p>

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will Action be completed
	<ul style="list-style-type: none"> – Training for care workers in various settings in chair based exercises to support older people to remain active – Development of walking groups and programmes, e.g. training for Walk Leaders through Paths for All 	
Healthy and Caring: Reducing Health Inequalities and Increasing Physical Activity	<p>Mental Health and Wellbeing (New section added for 2014/5 SOA)</p> <p>1. Suicide prevention</p> <ul style="list-style-type: none"> • Suicide prevention planning event (multi-agency, involving a number of third sector partners) - complete • Update Choose Life Strategy following planning event. • Implementation of specific actions e.g. data sharing protocol between police and health re firearms licences. <p>2. Development of an action plan and implementation of the new local Mental Health Strategy: Including a number of areas of work that link to other outcomes:</p> <ul style="list-style-type: none"> • Stigma and Discrimination (Outcome F) • Employability (Outcomes E & F) • Crisis prevention and management (Outcome C) • Self management (Outcome C) • Access to psychological therapies (Outcome C) • Older people (Outcome C) • Children and Young people (Outcome A) • Alcohol and drugs (as above and Outcome D) • Carers (Outcome C) 	<p>December 2013</p> <p>June 2014</p> <p>March 2015</p> <p>2014-2024</p>

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will Action be completed
	<ul style="list-style-type: none"> Offending behaviour (Outcomes C & D) Suicide prevention (as above) 	

What INDICATORS will be improved in this Outcome Area				
Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
<p>Physical activity levels</p> <p>(Until 2011: proportion of adults aged 16 + completing 30 mins of at least moderate exercise 5 days a week. From 2012: proportion of adults completing a minimum of 150mins moderate intensity exercise a week. As measure by the Scottish Health Survey. As only a small proportion of people in Shetland are surveyed, the results are only available every four years. The change in definition has led to a huge increase in the Scottish rate. Using old definition the rate in 2012 was 38%, using new one it is 62%, so it is likely that we will revise our target once we see the next set of figures in 2015)</p> <p>Technical note: http://www.scotland.gov.uk/About/Performance/scotPerforms/TechNotes/physicalactivity</p>	<p>41% in 2011</p> <p>(Men 49%; Women 33%)</p>	N/A	<p>44% by 2015</p> <p>47% by 2019</p>	<p>50% by 2022</p> <p>(for both men and women)</p>
<p>Number of alcohol related hospital admissions</p> <p>(Measured as the number of hospital discharges per 100,000 population where the reason for admission and / or diagnosis was alcohol related. This information is collected from our hospital statistics on at least an annual basis)</p>	<p>689/100k in 2011</p> <p>945 /100k in 2012</p>	<p>600/100k by 2014</p> <p>Performance: 716/100k</p>	<p>500/100k by 2015</p>	<p>300 / 100k by 2022</p>

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		(2013)		
Percentage of adults who smoke (The percentage of adults (16+) in the population who smoke, as measured by the Scottish Household Survey, As only a small proportion of people in Shetland are surveyed, the results are only available every four years.)	15% in 2010	N/A	10% by 2015	5% by 2022
Suicide rate (New indicator added for 2014/15 SOA) (Number of deaths caused by intentional self harm and events of undetermined intent per 100,000 population, 5 year rolling average used to take into account wide fluctuations in rate due to small numbers) <i>Note that suicide rate is a proxy indicator for mental health and wellbeing: we currently do not have another good reliable indicator to measure this on a population level.</i>	24.8 per 100k average per year for 2008-2012	-	Reduce by 25% to 19/100k average per year for 2013-2017	Reduce by 50% to 13/100k average per year for 2018 - 2022

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Outcome C – People are supported to be active and independent throughout adulthood and in older age

What OBJECTIVE within this outcome is being addressed	What (SMART) ACTIONS will be implemented to improve this	WHEN will action be completed
Public Bodies (Joint Working)(Scotland) Bill	<p>Decide a Health and Social Care model for Shetland</p> <ul style="list-style-type: none"> • Work with our partners, communities and Members (council/NHS) to choose the best Health and Social Care model for Shetland • Implement the legislation with the timeframe issued by Government • Health and Social Care Project Board will monitor and implement the governance and legislative framework locally and feed into CHP strategic. <p>Developing Locality based resource allocation and management</p> <ul style="list-style-type: none"> • We will Have locality based engagement events to identify best use of resources per locality • We will develop identifiable locality management in at least 2 localities. • We will identify all current resources within identified localities and map current utilisation. • Develop service plans for each locality area that meets the needs of the local community and sets out the vision and the deliverables of the service within that community. • CHP strategic group will implement localities management and single management and will report back to HSC project board. 	<p>July 2014</p> <p>2014/15</p> <p>2014</p> <p>2014</p> <p>2014</p> <p>2015</p>
Addressing housing support needs/ and the housing needs of an ageing population.	<p>We will seek to review housing stock across Shetland with a view to creating housing that is accessible and fit for a future where are our demographics are changing rapidly.</p> <ul style="list-style-type: none"> • Pilot project in North Isles to develop accessible housing and integrated housing support options. • A Project board will be set up with PID to monitor and oversee the project. This board will feed into CHP strategic group. 	<p>March 2015</p>

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What OBJECTIVE within this outcome is being addressed	What (SMART) ACTIONS will be implemented to improve this	WHEN will action be completed
	<ul style="list-style-type: none"> Re-designing the Housing Support service to provide a more integrated and efficient service on a locality basis. 	March 2015
<p>Developing Self Directed Support Strategy</p> <p>NB: With You For You (WYFY) clearly sets out how we will work with individuals in assessing their needs and improving their outcomes. The ethos and principles of WYFY are in line with those of Self-directed Support (SDS). There is therefore no need to develop a specific strategy for SDS. A number of key activities need to happen and these are shown as bullet points with attached timescales.</p>	<p>Develop and implement a Self Directed Support Strategy to implement the provisions of the SDS (Scotland) Act 2013.</p> <ul style="list-style-type: none"> The four options of SDS are now offered to all new service users and existing service users at the point of review. Individual budgets are provided to those choosing options 1, and 4 (procedures for this already in place) Draft direct payment procedures are being finalised SDS policy / procedure is being developed With You For You website to be updated with new information Training of key staff in relation to legislative and practice changes will continue 	<p>April 2015</p> <p>Completed</p> <p>Ongoing</p> <p>June 2014</p> <p>June 2014</p> <p>Ongoing</p>
Developing Third Sector	<p>We will work with our third sector colleagues to develop a shared understanding of current and future needs in supporting people to remain active and independent.</p> <ul style="list-style-type: none"> Third Sector and Voluntary Sector colleagues are permanent members on CHP strategic group. It is through this key strategic group that visioning, research, developments and decisions are taken on the subject of supporting people to remain active and independent. 20% of change fund money each year must go to fund carers support. This is a government directive and Shetland CHP has met this target every year. This is monitored through the CHP Strategic group. 	April 2015
Dementia Care	Review Dementia services within Shetland to ensure the best possible outcome for Shetland's	

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What OBJECTIVE within this outcome is being addressed	What (SMART) ACTIONS will be implemented to improve this	WHEN will action be completed
	<p>people.</p> <ul style="list-style-type: none"> Implement the findings outlined within 2013 'Dementia Deep Dive' to ensure quality and efficiency within this service area Action plan developed and being implemented. 50% of actions to be implemented by March 2015 	<p>April 2015</p>
Mental Health	<p>Implement findings outlined within 2013s Mental Health review to ensure quality and efficiency within this service area</p> <ul style="list-style-type: none"> Director of Community Health and Social Care will provide leadership for Mental Health Services with appropriate support from the Chief Executives of NHS Shetland and Shetland Islands Council Recruitment of an additional Staff Grade or Consultant Psychiatrist Integrate CMHS and Annsbrae Services to form a single integrated Community Mental Health Service Integrate Adult Social Work & Mental Health Officer functions Increase number of CPN's Create a 24/7 Psychiatric Rapid Response Service (PRRS) from a pool of staff trained in the use of Physical Interventions (C&R) Implement a comprehensive Psychiatric Emergency Plan Identify options for appropriate community crisis support accommodation Establish more appropriate "Place of Safety" in GBH Identify options for accommodation suitable for an Integrated Community Mental Health Service Establish Visiting Adult Psychology Service Address current PTS backlog and meet PT HEAT Target Participation in 3 year EU Funded "Mastermind" cCBT Pilot 	<p>February 2014</p> <p>October 2014 April 2015</p> <p>February 2014 October 2014</p> <p>October 2014 June 2014 March 2015 March 2015</p> <p>March 2015 October 2014 December 2014 September 2014</p>

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What INDICATORS will be improved in this Outcome Area				
Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
End of Life Care	90.60%	91%	93%	100%
Care at Home (people over 65 per 1,000 population living in a care setting or hospital)	36.3 per 1,000 pop'n (Mar 2009)	24.9 per 1,000 pop'n (Dec 2013)	TBC	TBC

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Outcome D – Shetland stays a safe place to live, and we have strong, resilient and supportive communities		
What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
Promote public confidence by decreasing the fear of crime	Police Officers to attend community council meetings; This action will continue to roll over as part of the community consultation process, stretch aim to increase attendance and engagement	March 2015
	Police will continue to increase the number of licensed premise checks and high visibility patrols (statistics to evidence this work will be reported to the Shetland Community Safety Board) – 2013/14 visits up 9.3% on previous year	March 2015
	Maintain and monitor the Pub Watch Scheme to target the outcomes of alcohol abuse and antisocial behaviour	March 2015
	Tackle substance misuse by focusing resources on those involved in the supply and possession of drugs.	March 2015
	Work will include: <ul style="list-style-type: none"> • Increased positive drug searches • Increased educational/public awareness inputs • Increased tasking (searches and educational visits) of the Dogs Against Drugs resources to ensure the maximum use of this community-funded resource • Increase access to substance misuse services and offender work programmes 	March 2015

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Work with partners to support and contribute to reducing offending and prevent victimisation	<p>Reduce 1 year reconviction rates - Reported crime is reducing year on year with a 15.4% drop from 2012/13 to 2013/14. Liaison to take place with Criminal Justice</p> <p>Promote early intervention/ preventative work with 16 & 17 year olds who offend as part of the whole system approach</p> <p>Further develop MARAC (Multi-Agency Risk Assessment Co-ordination) in conjunction with partners focussing in a multi-agency approach to supporting and protecting victims</p>	<p>March 2015</p> <p>Dec 2014</p> <p>Jan 2015</p>
Keep people safe on our roads	<p>The Shetland Community Safety Board and partner agencies will work to achieve the Scottish Government's road casualty reduction targets for 2020 as set out in <i>Go Safe on Scotland's Roads - It's Everyone's Responsibility</i></p> <p>Detection work, related to "road safety" will include:</p> <ul style="list-style-type: none"> • Increase the number of people detected for drink/drug driving offences (2013/14 – decreased 9.5%) • Increase the number of people detected for seat belt offences (2013/14 Increased 88.9%) • Increase the number of people detected for mobile phone offences (2013/14 – increased 33.3%) • Increase the number of people detected speeding and driving inappropriately (2013/14 – increased 3.5%) <p>Support and contribute to the work of the Shetland Road Safety Advisory Panel in delivering road safety initiatives such as the "Driving Ambition" for S5 and S6 school pupils.</p>	<p>April 2020</p> <p>April 2015</p> <p>March 2015</p>
Partnership working to reduce the number of deliberate fires in Shetland	<p>Embed and improve the existing Scottish Fire and Rescue Service and Police Scotland protocols for fire investigation.</p> <p>Key milestones:</p> <ul style="list-style-type: none"> • Implementation of joint fire investigation protocols following the occurrence of any fire, or cluster of fires, which occurs in suspicious circumstances. • Where appropriate, share relevant investigation findings with partners and 	<p>March 2017</p> <p>As required</p> <p>As required</p>

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	<p>develop joint actions for the prevention of similarly occurring fires.</p> <ul style="list-style-type: none"> • Monitor, review and revise the implementation of the current protocols for joint fire investigation and joint fire prevention initiatives. 	March 2015
	<p>Improve existing public and third sector partnership protocols for the delivery of the SFRS Fire Setters Intervention Scheme which seeks to prevent the reoffending of individuals who have been identified as being responsible for wilful fire raising.</p>	March 2017
	<p>Key milestones:</p> <ul style="list-style-type: none"> • Implementation of protocols following the identification of a receptive individual who has been responsible for wilful fire raising. 	As required
	<ul style="list-style-type: none"> • Review current SFRS processes for implementation of the SFRS Fire Setters Intervention Scheme. 	March 2015
	<ul style="list-style-type: none"> • Work with key public sector and third sector partners to develop and implement new protocols. 	March 2016
	<ul style="list-style-type: none"> • Monitor, review and revise the implementation of the new protocols. 	March 2017
	<p>Develop joint public and third sector protocols for the identification and referral of groups/communities that are at risk from deliberate fire setting. Confirm processes for the development and delivery of tailored partnership solutions to fire prevention and education initiatives.</p>	March 2017
	<p>Key milestones:</p> <ul style="list-style-type: none"> • Review current SFRS processes for identifying known at risk groups/communities. 	March 2015
	<ul style="list-style-type: none"> • Work with key public sector and third sector partners to develop and implement protocols for identifying known at risk groups/communities and implementing tailored solutions. 	March 2016
	<ul style="list-style-type: none"> • Monitor, review and revise the implementation of protocols. 	March 2017
Partnership working to reduce the number of accidental fires in Shetland	Deliver free Home Fire Safety Visits (HFSVs) targeted towards the households in Shetland which are most vulnerable to the occurrence and effects of accidental domestic fires. This	March 2017

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	<p>will be achieved as per the SFRS, Highland & Islands LSO Areas, Prevention and Protection Plan 2014/15.</p> <p>Key milestones:</p> <ul style="list-style-type: none"> • Deliver at least 300 HFSVs in 2014-15 • Deliver at least 300 HFSVs in 2015-16 • Deliver at least 300 HFSVs in 2016-17. <p>Improve the existing community, public sector and third sector partnership information sharing protocols for: identifying households that are vulnerable to the occurrence of accidental dwelling fires; and referring them to SFRS for a HFSV.</p> <p>Key milestones:</p> <ul style="list-style-type: none"> • Review the current processes by which community partners identify and share information on households that are vulnerable to the occurrence of an accidental dwelling fire and refer them to SFRS for a HFSV. • Work with community, public sector and third sector partners to develop and implement more effective protocols for identifying and sharing information on households that are vulnerable to the occurrence of an accidental dwelling fire. • Monitor, review and revise the implementation of protocols for identifying and referring households which are vulnerable to the occurrence of accidental dwelling fires. <p>Improve the existing community, public sector and third sector partnership processes for implementing fire risk reduction measures within dwellings where a high risk of accidental domestic fire has been identified.</p> <p>Key milestones:</p> <ul style="list-style-type: none"> • Review the current processes by which partners implement fire risk reduction measures within dwellings. • Work with community, public sector and third sector partners to develop and implement more effective protocols for implementing fire risk reduction measures within dwellings. 	<p>March 2015</p> <p>March 2016</p> <p>March 2017</p> <p>March 2017</p> <p>March 2015</p> <p>March 2016</p> <p>March 2017</p> <p>March 2017</p> <p>March 2015</p> <p>March 2016</p>
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	<ul style="list-style-type: none"> Monitor, review and revise the implementation of protocols for partnership implementation of fire risk reduction measures within dwellings. 	March 2017
	Conduct relevant SFRS Post Domestic Incident Response activities following the occurrence of all domestic fires.	March 2017
	Key milestones: <ul style="list-style-type: none"> Implement appropriate SFRS Post Domestic Incident Response procedures following each domestic fire. Monitor, review and revise the implementation of SFRS Post Domestic Incident Response procedures. 	As required
	Conduct legislative fire safety enforcement activities in “relevant premises” – as defined in Part 3 of the Fire (Scotland) Act 2005. This will be delivered in mandatory premises as per the SFRS, Highland & Islands LSO Areas, Prevention and Protection Plan 2014/15.	March 2015
	Key milestones: <ul style="list-style-type: none"> Deliver 41 Fire Safety Audits and follow on fire safety enforcement activities in mandatory premises during 2014-15. 	March 2015
	Conduct SFRS Post Fire Audit activities following all fires occurring within “relevant premises” – as defined in Part 3 of the Fire (Scotland) Act 2005.	March 2017
Emergency Plans for Communities in Shetland – recognition that community members can provide the solutions themselves	Key milestones: Implement a Post Fire Audit following each fire occurring within “relevant premises”.	As required
	Attend Community Council meetings to promote and help develop emergency plans for communities	March 2015
	Consult with partners on Community Emergency Plans	March 2015
	Develop up to two Community Emergency Plans in Shetland as a pilot	March 2015

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That the new National Contingency Plan for Marine Pollution from Shipping and Offshore Installations is fit for purpose	Ensure that members of the Community Safety Board and other interested parties and organisations (in Shetland) can respond to the consultation on the new National Contingency Plan when it is issued	April 2014
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What INDICATORS will be improved in this Outcome Area

Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
Recorded Crime Rates	300 per 10,000 pop	280	260	240
Perceptions about safety	99%	99%	99%	99%
Reconviction rates	22.40%	2% reduction	2% reduction	2% reduction
Deaths, Serious and Slight Injuries on Shetland's roads	46	TBC	TBC	TBC
Number of Fires	13	10% reduction on national three year average	TBC	TBC
Perceptions of Neighbourhood	97.60%	99%	99%	99%

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Outcome E – Shetland has sustainable economic growth with good employment opportunities and our people have the skills to match, good places to stay and the transport people and businesses need.

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
A more diverse business base	<p>Create and implement an Energy Development Plan 2014-20, by September 2014, which will maximise opportunities for Shetland from the energy sector. These opportunities include:</p> <ul style="list-style-type: none"> ▪ Marketing and promoting Shetland as an energy hub for the next 40 years ▪ Developing strategic relationships with the major operators and Tier 1 contractors ▪ Maximising opportunities for the local supply chain ▪ Maximising community benefit for Shetland ▪ Infrastructure and skills development <p>• Key milestones:</p> <ul style="list-style-type: none"> • Establishment of Strategic Energy Development Group and relevant sub groups with industry and community representation by end March 2014. COMPLETE. • Community Benefit Policy to be finalised by end September 2014. • Energy Development Plan and measurement data/targets to be defined by September 2014. <p>Further develop Shetland as a UK Centre of Excellence for Decommissioning.</p> <p>• Key milestones:</p> <ul style="list-style-type: none"> • Complete two projects to strengthen quaysides and develop key decommissioning infrastructure at Lerwick Port before end March 2017. • Develop skills and capacity in the local supply chain – ongoing until 2020. • Work with partners to promote Shetland as a Centre of Excellence for Decommissioning - ongoing until 2020 <p>Develop Shetland as a Scottish Centre of Excellence for the Creative Industries.</p>	2020

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What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
	<ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • Develop Shetland's Cultural and Creative Industries Strategy 2014-17 by end December 2014. • Implement a multi-agency Mareel Benefits Realisation Plan 2014-17 • Establish the UHI Chair in Creative Industries and Scholarship Team in Shetland, establishing key targets by end December 2014. <p>Create working group and develop a five year plan to attract people to Shetland to live, work, study and invest.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • Consultations with Community Planning Partners to be concluded by September 2014. • Working group to be established by December 2014. • Plan to be published end September 2015. • Implementation plan 2015-16 <p>Ensure partners working on broadband projects co-ordinate to ensure that NGB is available to 75% of the Shetland premises by 2016 and 100% of premises by 2020; and that business and communities are aware of the benefits that this will bring.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • BT Survey Work to be completed by September 2014. • Publication of Shetland Digital Strategy by September 2014. • 75% of Shetland Premises to have access to NGB by end December 2016. • 100% of Shetland Premises to have access to NGB by 2020. • Develop and roll out a campaign to promote the business and community benefits of high speed broadband by December 2014. <p>Develop Master Plans for SIC owned Ports and Harbours to meet the needs of industry (tourism, fisheries and aquaculture; oil and gas, renewable energy) into the future.</p> <ul style="list-style-type: none"> • Key Milestones: 	

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What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
	<ul style="list-style-type: none"> • Development Plan for Scalloway complete by end of June 2014. • Development Plan for Sellaness complete by end December 2014. • Research funding options for developments end December 2015. • Implementation and construction – 2016-2020. <p>Ensure that external transport services meet the needs of business and the economy going forward.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • Consult with business on their needs before end of September 2015 • Present case to Scottish Government in 2016 <p>Work in partnership with the public and private sector to develop housing and accommodation solutions for short, medium and long term workforce in Shetland.</p> <ul style="list-style-type: none"> • Key Milestones: <ul style="list-style-type: none"> • Establish the multi-agency Accommodation Working Group by end September 2013. COMPLETE • Undertake research to understand short and medium term accommodation demands, particularly in the oil and gas industry by end September 2014. • Undertake research to understand general workforce growth over the next 5 years by end March 2015. • Work in partnership to identify creative solutions to challenges posed by the above research by – Ongoing until March 2020. 	
More resilient and sustainable communities and community enterprises across Shetland	<p>Work in partnership with communities to maximise return from community assets.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • SIC to develop a community assets transfer policy by end March 2016 • Public partners to collaborate to support community groups and enterprises seeking to maximise income from community owned assets – ongoing until 2020. • Maximise funding from external agencies and organisations – ongoing until 2020. 	2020

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What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
	<p>Support communities to identify and overcome barriers to employment and development e.g. childcare issues, transport etc. and develop sustainable, creative solutions.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • Review of Community Account Management by HIE by end June 2013. COMPLETE. • Identify the resources that are available to support community development across Shetland by end September 2014. • Develop a shared understanding of the assessment criteria for priority areas by end March 2015. • Develop a Shetland Strengthening Communities Policy by end 2015 • Implement the plan 2015-2020. <p>Work in partnership to provide low cost affordable social housing where a need is identified.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • Increase the supply of new affordable homes by between 53 and 72 per year. • Maximise opportunities and funding to make the current housing stock more energy efficient. Ongoing until 2020. <p>Ensure that our internal transport systems meet business and community needs.</p> <ul style="list-style-type: none"> • Key milestones: <ul style="list-style-type: none"> • Refresh the Shetland Transport Strategy by end March 2015 – this will include establishing whether there is a clear case for developing a programme for fixed transport links to remote island communities. • Develop a 50 year infrastructure investment plan by end March 2015. • Enable the development of viable community transport initiatives throughout the period 2014-2020 	
Sustain high rates of employment	<p>Identify skill and trade shortages and develop action plans to support the unemployed and underemployed to access training in these areas and improve their employment prospects. There will be a specific focus on women and young people.</p>	

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What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
	<ul style="list-style-type: none"> Key Milestones: <ul style="list-style-type: none"> Undertake research to understand the nature of underemployment in Shetland by end March 2015. Develop an evidence base on skills and people shortage in the private sector by end Dec 2014, to ensure skills development is planned and delivered to address need Develop a medium term Strategy to tackle industry skills shortages with key milestones and monitoring plan by June 2014. Strategic Employability Pipeline in place and effective by end December 2015. <p>Undertake a Tertiary Education Review with the aim of ensuring that Shetland's learning providers are fit for purpose and meet demand by end July 2013.</p> <ul style="list-style-type: none"> Key Milestones: <ul style="list-style-type: none"> Implementation Plan by end October 2013. Develop a consistent and streamlined approach to engage with employers by end June 2016. 	

What INDICATORS will be improved in this Outcome Area				
Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
Economic growth	2%	2.70%	2.70%	5%
Businesses start up rate (per 1,000 population)	4.5	4.5	5	5
Employment Rate	82.90%	85%	85%	85%

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Proportion on out of work benefits (JSA or equivalent)	1.50%	1.5%	1.3%	1.2%
Average (Median) Earnings	£546.10	£560.84	£591.54	£712.82
Skill profile of the population (% of 16 - 64 qualified at NVQ1 level or above)	86.10%	87%	89%	92%
Skill profile of the population (% of 16 - 64 qualified at NVQ4 level or above)	31.40%	32%	35%	37%
Youth out of work Claimant Count	3.50%	3.00%	2.00%	1.20%
Females Economically Active	79.7%			
Number of New Homes	77	110	110	110
Number of Social Housing Completions	20	60	60	60
CO2 Emissions per Capita (tonnes)	8.84	8.5	8	7.5

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Outcome F – We have tackled inequalities by ensuring the needs of the most vulnerable and hard to reach groups are identified and met, and that services are targeted at those most in need

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
<p>To Support Households to Maximise their Income</p> <p>Partners involved in delivering this objective: SIC, CAB, Shetland College, JCP, NHS Shetland, Voluntary Action Shetland, COPE, Salvation Army, New Life Church, Community Groups</p>	<p>Support communities, through initial start up, to develop initiatives which enable households to reduce their bills: Key actions:</p> <ul style="list-style-type: none"> • Increase grow-your-own; recycling items and clothing; • Support people to be able access ICT (both physical access and skills) in order to reduce the negative impacts of welfare reform • Use intergenerational work to share and develop skills in activities such as growing, preserving, sewing and using and accessing ICT. <p>Partnership working to address fuel poverty Key actions:</p> <ul style="list-style-type: none"> • Take steps to ensure that national schemes aimed at reducing fuel poverty maximise opportunities in Shetland • Raising Shetland-specific issues around Fuel Poverty at Scottish and UK Government level <p>Partnership working with industry and employers to support households and individuals Key actions:</p> <ul style="list-style-type: none"> • Working with industry, through the Shetland Partnership Board, to understand the value of paying the living wage in Shetland • Working with employers, through the Shetland Partnership Board, to develop more flexible work practices and home working – linked to transport and childcare 	<p>March 2015</p> <p>March 2015</p> <p>April 2016</p>

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What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
<p>To Provide the Right Support at the Right Time to Enable Each Individual to Access Long-Term Employment Opportunities</p> <p>Partners involved in delivering this objective: SIC, Moving On Employment Project, Shetland Community Bike Project, Shetland College, SDS, JCP, NHS Shetland, ZetTrans, VAS, COPE, Community Groups</p>	<p>Delivery of an effective and efficient Strategic Employability Pipeline, maximising opportunities for external funding.</p> <p>The focus will be on developing support at:</p> <ul style="list-style-type: none"> • Stage 2 of the Employability Pipeline: bringing together services working with the most vulnerable people and core employability work to move people into work; • Stage 4 of the Employability Pipeline: providing work experience and supported employment opportunities in the private, public and social enterprise sector. <p>Implementation of Community Transport framework, delivering on the 3 objectives :</p> <ul style="list-style-type: none"> • To provide leadership and coordinated support for the development and delivery of Community Transport throughout Shetland • To develop an effective process of supporting communities to develop solutions that work for them • To provide support to communities to develop and deliver two pilot Community Transport Schemes 	<p>March 2015</p> <p>March 2015</p>
<p>To Work with Individuals to Improve their Life Chances</p> <p>Partners involved in delivering this objective: SIC, NHS Shetland, VAS</p>	<p>Investigate the value of a LIFE type model to support the most vulnerable and chaotic families in Shetland</p> <p>Key actions:</p> <ul style="list-style-type: none"> • LIFE audit – August 2014 	<p>March 2015</p>
<p>To Provide Opportunities to Develop Positive Community Connections, enabling people to feel part of their community take part in activities</p> <p>Partners involved in delivering this objective: SIC, NHS Shetland, VAS, Communities, Community Groups</p>	<p>Building on established Community Connections to support communities to develop informal networks to support the most vulnerable and develop a collective understanding of the issues around quality of life and reducing stigma.</p> <p>Key actions:</p> <ul style="list-style-type: none"> • Developing the responsibility of communities to play a role: involving new people in activities and supporting access to events and opportunities; and • Exploring the role of time-banks and other initiatives to assist in the culture change. 	<p>March 2015</p>

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What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
<p>Greater consistency in the provision and practice of Community Learning and Development across Shetland, with services being delivered in line with local priorities, and focused on improving outcomes</p> <p>Partners involved in delivering this objective: SIC (CP&D), VAS, Communities, Community Groups</p>	<p>Community Learning and Development Action Plan</p> <p>Key actions:</p> <ul style="list-style-type: none"> Action plan to be developed following audit Consultation with communities 	September 2015
<p>Ensure effective leadership is in place to support Community Learning & Development in Shetland</p> <p>Partners involved in delivering this objective: SIC (CP&D), Communities, Community Groups</p>	<p>Community Learning and Development Strategic Plan</p> <p>Key actions:</p> <ul style="list-style-type: none"> Develop effective strategic frameworks across the three national CLD priorities based on a shared vision and agreed outcomes Develop CLD Strategic Plan 	September 2015

What INDICATORS will be improved in this Outcome Area				
Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
Proportion of total population who are income deprived	7%	7%	7%	7%
Proportion of households living in fuel poverty	38.50%	38.50%	38.50%	38.50%
Proportion of children in income deprived families	6.70%	6.70%	6.70%	6.70%

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Percentage of Households Coping Well Financially	64.1	64.1	68	70
Percentage of Adults with some savings	83.2	83.2	83.2	83.2
Proportion of those aged 18-24 long term unemployed (September)	6-12 Months: 5 12 Months+:5	6-12 Months: 5 12 Months+:5	6-12 Months: 5 12 Months+:5	6-12 Months: 5 12 Months+:5
Proportion of those aged 25 – 49 long term unemployed (September)	6-12 Months:10 12 Months+:10	6-12 Months:10 12 Months+:10	6-12 Months:10 12 Months+:10	6-12 Months:10 12 Months+:10
Proportion of those aged 50+ long term unemployed (September)	6-12 Months:10 12 Months+:10	6-12 Months:10 12 Months+:10	6-12 Months:10 12 Months+:10	6-12 Months:10 12 Months+:10
In work poverty	1200	1200	1200	1200
Proportion of local community who feel they can Influence Decision Making	28%	30%	35%	40%

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Outcome G – We deliver all our services in an environmentally sustainable manner to safeguard and enhance our outstanding environment which underpins all our actions and our economic and social well being.

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
Sustainability and balance are achieved through limiting harmful impacts on the environment by Partners using their resources efficiently	Develop and deliver a Carbon Management Plan for Shetland Islands Council and for each of the Shetland Partnership organisations. A publicly available Plan in place for all and action plans being implemented.	December 2015
There is an agreed Plan to protect and enhance the environment in all its aspects	Review and implement the "Towards a Greener Shetland" Environmental Strategy. Publicly available plan in place for all and actions being implemented.	December 2015
Shetland Islands Council and the Shetland Partnership actively engages with the community to achieve the necessary understanding of mitigation and adaption requirements under the Climate Change (Scotland) Act 2009	Shetland wide audit/engagement exercise is delivered to assess the effects (both current and anticipated) of climate change in all of Shetland's communities.	December 2015
Identified effects of climate change are prepared for and tackled through concentrated partnership working	Local Climate Change Implementation Plan developed and delivered with detailed actions on mitigation and adaption for all partners Annual Statement of progress in reduction abatement, adaption and mitigation published.	December 2015
Waste Reduction is being actively addressed and a reduced amount of waste is being sent to landfill	Development and implementation of a new Shetland Waste Strategy to strategically set direction for compliance with Zero Waste Regulations recognising waste as a resource and the role of green jobs within the community Development of recycling services to meet the needs of business to achieve Zero Waste targets.	December 2019
A good environment helps Shetland stays a safe place to live	Voar Redd Up takes place annually Dunna Chuck Bruck Campaign	December 2014

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

and we have a strong resilient and supportive community	developed and local campaign launched to targets roadside litter. Deliver enforcement and education campaigns to reduce dog fouling and litter with reduced staff resources including joint litter/dog fouling enforcement with Northern Constabulary.	
Children and young people understand and value their environment (linked to Early Years and Physical Activity)	Eco School programme is included in all schools Development Plans and all schools become members of the programme.	December 2014
We have the transport that people and businesses need (linked to economy and physical activity)	All partners produce Workplace Travel Plans and car share schemes where appropriate All Partners reduce the carbon generated by their fleet by the use of electric/biofuel/hydrogen vehicles or other carbon reduction measures.	December 2015
We live in well designed sustainable places which reduce the impact of climate change on our lives (linked to physical activity)	Increased use of Network of cycle paths/walking routes currently available. Home Working Strategy agreed and implemented.	December 2015
Energy efficiency measures and renewable energy sources are included in all buildings to reduce carbon emissions, tackle fuel poverty and quality of life/health issues (linked to healthier and fairer)	Home Energy Efficiency Programme and ECO Obligation Funds are highly subscribed to by householders.	December 2014
	Community Energy Projects developed and supported.	December 2014
Partnership working to address Fuel Poverty	Developing a campaign for Shetland to draw attention to available support for maximising household income and reducing energy bills.	March 2015
Increase people's use of the outdoors (linked to health and physical activity)	Increase people's use of the outdoors by maintaining / increasing number of environmental events e.g. guided walks by Rangers / National Nature Reserve wardens, Shetland Nature Festival events, Da Voar Redd Up, community tree-planting days. 10% increase in number of allotment site plots in use.	December 2014

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Maintain good water quality in our burns and lochs (linked to economy)	<p>Achieve good or better water quality in our burns, lochs and coastal waters.</p> <p>A healthy water environment is essential for sustainable aquaculture, provides recreational opportunities such as angling, and supports the diverse wildlife which makes Shetland such an attractive place to visit.</p> <p>Assess water courses and bodies and/ prescribe remedial action through Shetland and Orkney Water Framework Directive Area Advisory Group.</p>	December 2027
Prevent loss of biodiversity and restore damaged habitats and populations and distribution of threatened species	Report on all indicators annually (Biodiversity group)	April 2015

What INDICATORS will be improved in this Outcome Area				
Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
Proportion of journey's made by public or active transport	16.60%	17.00%	17.50%	18%
CO2 Emissions per Capita (tonnes)	8.84	8.5	8	7.5
Waste collected per capita (kg)	597	580	560	540
% Waste recycled or composted	17.00%	15%	17%	20%
Number of people attending environmental events and key nature sites	12,400	13,000	53,000	63,000
Local Environmental Audit and	75	74	75	75

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Management System Index (LEAMS) (Changing from July 2014 to the % of transepts reaching legal compliance in each zone)				
Proportion of water bodies in good or better condition	93%	93%	97%	98%
Eco-Schools programme	98% schools	100% schools	100% schools	100% schools

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Shetland Partnership Resources Group – We have financial sustainability and balance within each sector; and a better balance between a dynamic private sector, a strong third sector and efficient and responsive public services

What OBJECTIVE within this outcome is being addressed	ACTIONS	WHEN will action be completed
Demonstrate commitment to the Agreement and ensure the SOA is the focal point for the planning and deployment of resources locally	Review governance and budget making processes, and ensure reference to the SOA and engagement with the Shetland Partnership is included at key stages	March 2015
Share budget, investment and resource planning information through the Shetland Partnership at an early stage in the decision making process	Align processes and timescales for budget planning across SIC / NHS / SCT	March 2015
Develop a shared understanding of the financial, physical and human resources available across the Shetland Partnership	Production of a straightforward overview of total resources across each main resource heading. Finance / Physical assets / Workforces / IT etc. and how they are aligned with the delivery of the Single Outcome Agreement priorities	March 2015
Develop a shared understanding of the financial, physical and human resources available across the Shetland Partnership	Plan and hold a joint Budget Seminar – to include broad financial parameters, key milestones, how resources already and can further support SOA delivery and the shift towards prevention	Nov 2014
Maximising efficiency and partnership opportunities in our arrangements and use of resources across partners in providing support services	Develop and implement a rolling programme of examination / review / challenge of optimum resource usage in; <ul style="list-style-type: none"> • Financial Management • Asset Management • Procurement • ICT • Human Resources • Planning and Performance Management • Risk Management 	Ongoing – one or two areas by March 2015

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

	<ul style="list-style-type: none"> • Audit • Communications 	
Demonstrate shift of resources towards prevention activity	Update the annual desk top analysis of prevention activity across the SOA Develop guidance for strategic partnerships to carry out a prevention resource analysis by SOA outcome	March 2015
Develop a shared understanding of the financial, physical and human resources available across the Shetland Partnership	<i>Develop / update</i> the joint SIC / NHS workforce strategy to explore how this becomes more aligned	March 2015
Health and Social Care Integration	Health & Social Care transition year programme 14/15	March 2015
Strengthen Community Involvement	Explore options to better align community consultation and engagement across partners in relation to financial planning	March 2016
Building greater understanding about what each partner can do and needs, and greater capacity in the private and third sector to deliver	Participate in the Improvement Service work around improving the impact of Third Sector Interfaces on Community Planning and on better outcomes for the community	March 2015

What INDICATORS will be improved in this Area				
Indicator	Baseline (2012-13)	1 year Target (2014-15)	3 year Target (2016-17)	10 year Target (2023-24)
Quality of life - Survey Results	1st Place	Top 3	Top 3	Top 3
Public / Voluntary / Private sector balance	Pub-38.4%, 3rd - 1.7%, Priv 59.9%	Pub-38.4%, 3rd - 1.7%, Priv 59.9%	Pub 37% 3rd 2.5% Priv 60.5%	Pub 34% 3rd 5% Priv 61%
Percentage of individuals Involved in	34%	35%	36%	40%

Shetland Partnership Single Outcome Agreement 2014-15 (Year 2)

Volunteering				
Satisfaction With Public Services	48.50%	50%	55%	66%

DRAFT



Audit Committee
Policy & Resources Committee
Shetland Islands Council

18 June 2014
23 June 2014
2 July 2014

Assurance and Improvement Plan Update 2014-17

Report No: IP-11-14-F

**Report from: Executive Manager -
Performance and Improvement**

Corporate Services

1.0 Summary

- 1.1 This report enables the Council's External Auditors to present the "Shetland Island Council – Assurance and Improvement Plan (AIP) Update 2014-17" (Appendix 1). Audit Scotland will be in attendance to present the report.

2.0 Decision Required

- 2.1 The Audit Committee should consider this report within their remit and highlight any issues that they feel should be monitored or further addressed through this Committee, one or more other Committees of the Council or by Council Management.
- 2.2 The Policy and Resources Committee should consider this report within their remit and highlight any issues that they feel should be monitored or further addressed through this Committee, one or more other Committee of the Council or by Council Management.
- 2.3 The Council should note the contents of this report and any comments from Audit and Policy and Resources Committees.

3.0 Comments on Content

- 3.1 Overall the 2014-17 AIP confirms steady progress by the Council across the full range of Best Value areas required for sound and effective organisational management. There are now no areas characterised as "scrutiny required" compared to Shetland Islands Councils 8 "Red Cards" in 2010 (Appendix 2).
- 3.2 At the same time Service delivery performance has continued to be sound with almost all service areas achieving the "no scrutiny required

status". That includes significant new developments in Police and Fire arrangements and Health and Social care integration.

- 3.3 There remain however areas where the Local Area Network (LAN) feel there is some uncertainty. In the area of Housing they noted that the Council is still working towards the Scottish Housing Quality Standard and Audit Scotland will continue to monitor the progress of this, as well as progress made by the council since the scrutiny work performed by the Scottish Housing Regulator.
- 3.4 The AIP acknowledges that the Council has made good progress during the year in developing its performance management arrangements as part of its Planning and Performance Management Framework. The Council revised its Standing Orders during 2013 although risk management arrangements are continuing to develop. On this basis, the LAN has concluded that no specific scrutiny is required in relation to performance management and governance and accountability, but risk management is an area where further information is required in relation to the corporate risk register.
- 3.5 It was reported that in terms of asset management, the Council has agreed a five year investment plan totalling £51.6 million, of which £23.5 is to be funded from reserves. The main development planned for the period to 2017 is the new Anderson High School. The expected cost of the school is £42 million, £28 million of which is being contributed by the Scottish Government. The Council is currently considering external borrowing to fund this project. As this is such a substantial development for Shetland, the LAN has continued to assess asset management as an area for which further information is required.
- 3.6 The AIP states that in the area of procurement, in 2012, internal audit highlighted a number of issues of non-compliance with Standing Orders and a possible breach of EU Regulations. A follow-up exercise by internal audit in January 2014 has highlighted the same weaknesses regarding non-compliance. As previously reported to Audit, parts of the Council need to improve procedures within procurement to ensure that there is full compliance with Standing Orders and other regulations. This area has been assessed as further information required.
- 3.7 In addition to the above, the LAN has assessed financial management, people management, information management, joint working, efficiency, equalities, education, social care services and non-regulated services as 'no scrutiny required'.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The accompanying report is an external opinion on whether the Council is delivering on its established Corporate Priorities.

4.2 Community /Stakeholder Issues – NONE

4.3 Policy And/Or Delegated Authority

4.3.1 The Council's constitution – Part C - Scheme of Administration and Delegations specifies that the remit of the Audit Committee includes responsibilities to;

- To promote good performance management practice within the Council;
- To assess the effectiveness of the Council's Performance Management System by reviewing outputs from the system and overview key performance indicators;
- To consider a selection of performance and inspection reports from internal audit, external audit and other relevant agencies;
- To review Best Value arrangements and outcomes, with consideration of both external and internal Best Value reports, strategy/plans and outcomes from Best Value reviews;
- To comment on the effectiveness of the Planning and Performance Management Framework (PPMF), systems and processes; and
- To review the impact of national performance reports from external bodies such as Audit Scotland and consider their impact on future audit plans for performance work to be undertaken by both external and internal audit.

4.3.2 The Council's constitution – Part A - Governance - specifies the Policy & Resources Committee as the managing body for many of the key plans and strategies commented upon in the AIP including the Council's Corporate Plan Budget, Planning and Performance Management Framework, HR Strategy, Asset Management Strategy, Risk Management Strategy.

4.4 Risk Management – Failure to react to issues identified by the Council's external inspections will risk the Council's reputation.

4.5 Equalities, Health And Human Rights – NONE

4.6 Environmental - NONE

Resources

4.7 Financial – No direct implications

4.8 Legal – No direct implications

4.9 Human Resources – No direct implications

4.10 Assets And Property – No direct implications

5.0 Conclusions

- 5.1 This short report introduces an update on the Council's Assurance and Improvement Plan (AIP), put together by a Local Area Network (LAN) of the Council's main inspection agencies. They provide observations on the performance of the Council which continues to show steady improvement.

For further information please contact:

John Smith, Executive Manager Performance & Improvement

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6th May 2014

List of Appendices

Appendix 1 - Shetland Island Council – Assurance and Improvement Plan Update 2014-17

Appendix 2 – Shetland Islands Council – AIP Overview 2010 – 2014

Shetland Islands Council

Assurance and Improvement Plan 2014–17

May 2014

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Introduction

1. This Assurance and Improvement Plan (AIP) sets out the planned scrutiny activity in Shetland Islands Council between April 2014 and March 2017. The AIP is based on a shared risk assessment undertaken by a local area network (LAN). There is a LAN for each council, comprising representatives of all the scrutiny bodies who engage with the council. The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period.
2. This is the fifth AIP for Shetland Islands Council since the introduction of the shared risk assessment process.¹ It is the result of the shared risk assessment which began in October 2013. The process drew on evidence from a number of sources, including:
 - the annual report to the Controller of Audit and elected members for 2012/13 from the council's appointed external auditors
 - evidence gathered from Audit Scotland, Education Scotland, the Care Inspectorate the Scottish Housing Regulator, and Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) (including published inspection reports and other supporting evidence)
 - the Single Outcome Agreement (SOA) and associated development plan for the council area
 - the council's own performance data and self-evaluation evidence
 - analysis of data from the SOLACE/COSLA/Improvement Service Local Government Benchmarking Framework.²
3. The shared risk assessment process was reviewed in 2013, in the context of a significantly changed scrutiny landscape and the evolving public service reform agenda.³ Based on the findings of the review, this year's shared risk assessment focused on identifying the council's current position in implementing the Scottish Government's reform agenda. It also placed more emphasis on scrutiny risk in relation to the council's improvement and transformation agenda. This change in approach is reflected in the structure of the AIP for 2014-17, which covers four areas:
 - local priorities and public service reform
 - corporate assessment
 - service performance
 - improving and transforming public services/public performance reporting.

¹ Assurance and Improvement Plans for each council since 2010 are available on the Audit Scotland website: <http://www.audit-scotland.gov.uk/work/scrutiny/aip.php>

² The indicators used in the framework can be found on the Improvement Service website: <http://www.improvementservice.org.uk/benchmarking/>

³ The review of the shared risk assessment process was one of four work streams taken forward by the Strategic Group for Local Government Scrutiny Co-ordination during 2013.

4. Scrutiny risk is assessed against the following criteria:
 - No scrutiny required - there are no significant concerns, so no scrutiny work is necessary.
 - Scrutiny required - there are concerns about performance, services or outcomes, resulting in the need for scrutiny work.
 - Further information required - there is insufficient information to reach a judgement about performance.
5. The National Scrutiny Plan for 2014/15 is available on the Audit Scotland website. It provides a summary of planned scrutiny activity across all councils in Scotland, based on the AIPs for each council.

Summary

6. Over recent years Shetland Islands Council faced a range of governance, financial and performance challenges and was the subject of Best Value review work carried out by the Controller of Audit and received for consideration by the Accounts Commission. The council has been focussed on addressing the range of issues raised through its improvement plans and the Accounts Commission has recognised the value of the council's developments in a number of areas. In January 2013, the Accounts Commission Statutory follow-up report found that:
 - *'The council has made good progress on its improvement agenda, but needs to ensure that the wide ranging and ambitious improvement plans are prioritised and managed in a sustainable way so that it has the capacity to deliver on its objectives.'*
 - *'The council will need to take some difficult decisions if it is to deliver its medium-term financial plan. This will be challenging for council staff and the residents of the islands who have been used to providing and receiving a high level and quality of services over recent years.'*
7. The council has continued to respond to these challenges and to make good progress during the year in a range of areas, including developing its performance management arrangements as part of its Planning and Performance Management Framework. The council revised its standing orders for contracts during 2013 and risk management arrangements are continuing to develop. On this basis, the LAN has concluded that no specific scrutiny is required in relation to performance management and governance and accountability, but risk management is an area where further information is required in relation to the corporate risk register.
8. Financial management has been a considerable challenge for the council over a number of years. In particular the council's financial commitments had for some time entailed a continuing draw upon its reserves, which would not have been sustainable in the longer term. However more recent developments have been notably positive and the council has recognised the need to focus on achieving a sustainable financial position. The council's Medium-term Financial Plan sets out how the council plans to reduce the draw on reserves over the next few years so that, from 2017/18, a minimum reserve balance of £150 million is maintained, with future draws on reserves being funded by investment returns. Whilst the council still faces the difficulties of achieving its challenging savings targets, the improvement in the council's planning and focus in this area leads the LAN to categorise this area as no scrutiny required. This will of course remain an area where the local external audit team will continue to monitor and report upon developments in the normal course of their work.
9. The 2013-16 AIP assessed a number of areas as 'further information required'. This included housing, performance management, governance & accountability, asset management and procurement. In the area of housing, the council is still working towards the Scottish Housing Quality Standards (SHQS) and we will continue to monitor the progress of this as well as

progress made by the council since the scrutiny work performed by the Scottish Housing Regulator (SHR).

10. Asset management has been an area of challenge for the council, particularly with the requirement to replace its major educational asset, the Anderson High School. This represents a very significant funding and management challenge for the council, as it represents a very high proportion of its planned capital resourcing and capacity. The council has now agreed a five year capital investment plan totalling £51.6 million, of which £23.5 million is to be funded from reserves. The main development planned for the period to 2017 is the above mentioned new High School, which is expected to cost £42 million, £28 million of which is being contributed by the Scottish Government. The council is currently considering external borrowing to fund this project. As this is such a substantial development for Shetland, the LAN has continued to assess asset management as an area for which further information is required.
11. In the area of procurement, in 2012, the council's internal auditors highlighted a number of issues of non-compliance with standing orders and a possible breach of EU regulations. A follow-up exercise by internal audit in January 2014 has highlighted the same weaknesses regarding non-compliance. The council requires to improve procedures within procurement to ensure that there is full compliance with standing orders and other regulations. This area has been assessed as further information required.
12. In addition to the above, the LAN has assessed people management, information management, joint working, efficiency, equalities, education, social care services and non-regulated services as 'no scrutiny required'.
13. Shetland Islands Council's 2013-2016 Single Outcome Agreement (SOA) was quality reviewed and approved by the Scottish Government. The SOA focuses on eight outcomes each of which has detailed objectives and planned specific actions.
14. The Care Inspectorate, in partnership with the Association of Directors of Social Work and the Risk Management Authority, has been undertaking supported self-evaluation activity to assess the initial impact of the introduction of the assessment and case planning instrument LS/CMI across Scotland's criminal justice social work services. This activity started in June 2013 and will conclude with the publication of a national report by May 2014. Action plans arising from this activity will be implemented in 2014

Planned scrutiny activity

15. The Care Inspectorate will carry out an inspection of children's or adult services in the period January to March 2015.
16. Education Scotland will be reviewing the quality of Careers Information Advice and Guidance services delivered by Skills Development Scotland across all council areas over the next three years.

17. The SHR is continuing to monitor the council's progress towards meeting the SHQS and may carry out follow-up work following the council's planned stock condition survey in June 2014.
18. There is some non-risk based scrutiny activity planned across councils in 2014/15, but where scrutiny bodies are yet to determine which specific council areas will be included. This includes the following:
 - The SHR recently carried out a thematic inquiry into the outcomes that councils are achieving by delivering housing options and prevention of homelessness services. A sample of councils were selected to take part in this as case studies. The findings from this work could potentially lead to further engagement with some councils. The SHR will carry out further thematic inquiries between 2014/15 and 2015/16. If a council is to be involved in a thematic inquiry the SHR will confirm this with the council and the appropriate LAN lead.
 - HMICS will be inspecting local policing across Scotland over the next three years. This will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. The geographic areas to be inspected during 2014-15 have yet to be determined.
 - Education Scotland will continue to engage with councils for the purpose of validated self-evaluation (VSE). The scheduling of VSEs will be arranged by negotiation between Education Scotland and individual councils.
 - Education Scotland will be working in partnership with councils to carry out self-evaluation of education psychology services over a two year period beginning in 2014/15.
19. Audit Scotland will follow-up two national performance audits during 2014. This will involve targeted follow-up of *Arm's-length external organisations (ALEOs): are you getting it right?* (June 2011) and *Major capital investment in councils* (March 2013). Audit Scotland will also carry out a programme of performance audits during the period of this AIP that will involve work with councils. The performance audit programme for 2014/15 is available at <http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2014>.
20. Scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively will continue as planned. The individual audit and inspection agencies will also continue to monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will also help to inform future assessment of scrutiny risk.
21. A timetable for the planned audit and inspection activity in Shetland Islands Council between April 2014 and March 2017 is at [Appendix 1](#).

Local priorities and public service reform

22. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda. The Scottish Government's reform agenda emphasises the importance of place, people, partnership, prevention and performance in public services. This year's shared risk assessment identified the council's current position in implementing the Scottish Government's reform agenda, specifically in relation to:
- community planning and new Single Outcome Agreements
 - police and fire oversight arrangements (following the introduction of new national police and fire services)
 - health and social care integration
 - welfare reform.

Community planning and Single Outcome Agreements

23. The Shetland Partnership is the Community Planning Partnership (CPP) for the Shetland Islands Council area. Partners are drawn from across the public, private and third sectors in Shetland and have a responsibility to provide strategic leadership and to ensure that they reflect the priorities detailed in the Community Plan within their own organisations. The Shetland SOA is the delivery plan for the Shetland Partnership Community Plan. It has been developed from the community, agency, directorate and service planning activity of local partners and sets out actions to deliver the Shetland Partnership's key objectives.
24. In July 2013 the SOA 2013-2016 was subject to a quality assurance process by the Scottish Government. A number of strengths and areas for development were identified through that process. Following this, a development plan was agreed and the SOA has now been approved by the Scottish Government.
25. The SOA focuses on eight outcomes each of which has detailed objectives and planned specific SMART actions. The eight outcomes are:
- Shetland is the best place for children and young people to grow up.
 - We live longer healthier lives.
 - People are supported to be active and independent throughout adulthood and in older age.
 - Shetland stays a safe place to live. And we have strong, resilient and supportive communities.

- Shetland has sustainable economic growth with good employment opportunities and our people have the skills to match, good places to stay and the transport people and businesses need.
- We have tackled inequalities by ensuring that the needs of the most vulnerable and hard to reach groups are identified and met and that services are targeted at those most in need.
- To deliver all services in an environmentally sustainable manner to safeguard and enhance the outstanding environment which underpins all actions and the economic and social well-being.
- To have financial sustainability and balance within each partner and a better balance between a dynamic private sector, strong third sector and efficient and responsive public services.

Police and fire

26. The Police and Fire Rescue Reform (Scotland) Act 2012 created a national police force and a national fire and rescue service. Local authorities now have the roles of:
 - Commenting on the strategic plans of Scottish Police Authority (SPA) and the Scottish Fire and Rescue Service (SFRS).
 - Contributing to the preparation and subsequent approval of the local plans for police and fire and rescue.
 - Monitoring the delivery of police and fire and rescue functions in the area and making recommendations for improvement.
 - Providing feedback to the local police commander and the fire and rescue service local senior officer.
27. Each of the 14 territorial policing divisions is in the process of consulting with communities on the content and priorities for the policing plan 2014-17. That process will include local authorities who will give final approval of the plans.
28. HMICS conducted a thematic inspection of the new arrangements for local scrutiny in 2013 and believe that the new arrangements for local scrutiny and engagement (LSE) require more time to bed in and that it is therefore too early to assess the effectiveness of these arrangements.
29. In relation to the wider issue of the delivery of community safety, HMICS has seen no significant changes to partnership arrangements since the creation of a single police service model for Scotland. HMICS is considering community safety as a possible area of focus within its 2014-17 work plan.
30. Fire reform is also still at an early stage and HM Fire Service Inspectorate (HMFSI) has not as yet undertaken any detailed examination of the way in which community safety and engagement activities are delivered across local authority areas in Scotland. HMFSI published *An Overview of the Scottish Fire and Rescue Service (SFRS)* in 2013. In its report, HMFSI

highlighted that local senior officers (LSOs), who have responsibility for overseeing partnership working with local authorities in the delivery of community safety and engagement, are clearly sighted on their responsibilities and are keen to make local partnerships work in an effort to optimise community outcomes.

31. The SFRS is consulting on a suite of local fire and rescue plans. HMFSI is not currently proposing any specific scrutiny on local planning and consultation processes, but may consider this in its future inspection plans.

Health and social care integration

32. The management arrangements for community health and care services have devolved through long-standing partnership arrangements between the council and NHS Shetland. Shetland's Community Health Partnership (CHP) was established in 2005 and the reporting lines for community care services and joint future work were linked to the new CHP. In 2007, approval was given for the CHP and joint future management arrangements to be brought together as the Community Health and Care Partnership (CHCP) for Shetland.
33. The CHCP is a joint NHS and council management structure with five posts at service manager level reporting to the director of community health and care who was jointly appointed by the council and NHS Shetland. As lead CHCP officer, the director of community health and care is responsible for the planning, provision and quality of all community care services provided or commissioned by the council and for a range of primary care services on behalf of NHS Shetland.
34. The council and NHS Shetland have jointly prepared a Health and Social Care Integration action plan. Progress against the plan is reported to meetings of the council's Social Services Committee and to NHS Shetland's CHP Committee. The current position based on the report to the council's Social Services Committee in March 2014 was:
 - Governance - this area still requires to be progressed. In June 2013 NHS Shetland proposed governance arrangements that included a Shadow Board. The council, however, voted not to set up a Shadow Board and requested a full appraisal of all four governance models envisaged by the Bill. It is intended that proposals for 2014/15 shadow arrangements and the options appraisal on the integration model will be presented for decision in June 2014. Finance - the local partnership finance team have discussed and agreed a joint approach for setting 2014/15 budgets. Work on the Integrated Resource Framework is complete for NHS budgets and budget information for the council and the voluntary sector has been provided for inclusion in the final analysis. Work has begun to examine the locality based integrated working and associated cost of localities is to be calculated going forward. A project initiation document (PID) for the locality management arrangements has been agreed.
 - ICT - Work is continuing on all aspects of data sharing linking with colleagues at a national level. A Shetland bid for additional resources has been made to the Scottish Government.
 - HR - Recruitment to the post of director of community health and care is complete.

- Innovation and change - action learning sets are being regularly facilitated for CHCP managers to support the localities project.
- Integrated management structures involving third sector partners - a catalyst group has been established with Voluntary Action Shetland (VAS) to support work on commissioning in partnership with the third sector. The Third Sector Compact has been redrafted by VAS and will be taken forward through the Shetland Partnership.

Welfare reform

35. Audit Scotland's Welfare Reform Update report (published May 2013) considers the impact that the government's reforms will have on councils and the public. The report looked to identify how councils are planning for assessing the risk from welfare reforms and whether they have included welfare reform in discussions with community planning partners.
36. The council's corporate risk register was approved in March 2014 but welfare reform is seen as a low to medium risk. There are 14 departmental risks being monitored which are associated with welfare reform.
37. The council is represented on the Financial Resilience Welfare Reform subgroup (a subgroup of the Fairer Shetland Partnership) which has been implementing an action plan to address welfare reform and financial resilience. The council receives regular reports on progress made by this subgroup. There is a welfare reform page on the council's website which provides details on expected changes, contact details and information on resources.
38. The SHR will seek information from all social landlords to monitor the impact of welfare reform. In 2013-14, the SHR surveyed social landlords and published findings on the early impact of welfare reform on rent arrears. It will continue to gather information on rent and arrears through the annual return on the Scottish Social Housing Charter in order to monitor the impact of welfare reform on social landlords and their tenants.

Corporate assessment

39. The following table provides an assessment of scrutiny risk relating to the council's management arrangements (including how it is meeting its Best Value obligations).⁴

Area	Risk assessment	Current position	What we plan to do
Leadership and direction How the council's vision is designed around its knowledge of its local communities and how this is translated throughout all the council's plans and strategies.	Further information required	<p>The Accounts Commission's findings on the Best Value follow-up report in January 2013 noted that "the early indications are that the new political leadership is providing a clear direction for the council". In June 2013 the council reported completion of around 90% of its Improvement Plan actions and agreed to embed further improvement work into the Corporate Plan and the Corporate and Chief Executive directorate plans.</p> <p>This process has continued although there have been some changes to the Senior Management Team - the director of community care left in June 2013 and the director of infrastructure left in September 2013. A director of community health and social care was appointed in December 2013, and there is a two year interim appointee in the role of director of infrastructure. More time is required to allow these changes to bed in and to evidence their impact on leadership and direction.</p>	No specific scrutiny activity, although the local audit team will continue to monitor developments.

⁴ The Local Government in Scotland Act 2003. Best Value Guidance, Scottish Executive, 2004.

Area	Risk assessment	Current position	What we plan to do
<p>Governance and accountability</p> <p>Whether governance arrangements are working effectively and whether good governance underpins council decisions and supports performance improvement.</p>	<p>No scrutiny required</p>	<p>Audit Scotland reported in its Annual Audit Report 12/13 that overall, the council's governance arrangements in 2012/13 were satisfactory although we highlighted that internal audit had reported significant non-compliance with standing orders for tenders and contracts and small contract procedures. A management action plan has been agreed to address this issue and internal audit will follow-up on this report during 2014.</p> <ul style="list-style-type: none"> • All departmental risk registers have now been updated and the corporate risk register was approved by the Corporate Management Team (CMT) in March 2014. • In January 2013, the Accounts Commission statutory follow-up report found that the council had 'consolidated many of the improvements to its governance and accountability arrangements, including the political management arrangements and agreed a new code of governance.' During 2012/13 the council continued to develop and embed its corporate governance framework • The full council, advised by the Executive Committee, has responsibility for overall strategic direction in terms of setting corporate priorities and allocating resources. The full council is supported by a number of standing committees including the Executive Committee, Audit & Standards Committee and four functional committees (Development, Education and Families, Environment and Transport and Social Services.) The CMT receives regular monitoring reports on all areas of the council 	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
		<p>to identify and address any issues to ensure that the council meets its agreed objectives.</p> <ul style="list-style-type: none"> • The external audit team regularly attends the Audit & Standards Committee meetings and has observed a number of other committee meetings during the year. There is a marked improvement in the way that committee business is run and there is evidence of better decision-making processes by members. • The council has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. These arrangements include: anti-fraud and corruption policy and response plan; a whistleblowing policy; codes of conduct for elected members and staff; and defined remits for committees. • SIC council meeting 11/12/13 - there was a well structured debate on the proposal to close Skerries Secondary School. 	
<p>Community engagement and empowerment</p> <p>Whether the council is giving local people a greater say in local budget decisions and giving communities a</p>	<p>Further information required</p>	<p>This is a challenging period of change for the council, not only in relation to its plans for more stringent budgetary disciplines (and the impacts that these could have for services) but also in a number of key areas of change. Importantly, proposed school closures and plans for the future on how secondary education will be delivered continue to be contentious and sensitive issues for many local people. The council needs to maintain its focus in these areas of community interest.</p>	<p>No specific scrutiny activity although the local audit team will continue to monitor developments.</p>

Area	Risk assessment	Current position	What we plan to do
right to challenge local public service delivery.		<p>The council continues to have consultation meetings with community residents on areas including:</p> <ul style="list-style-type: none"> • Medium-term financial plan (MTFP) and savings required. • Public transport network redesign. • Education and proposed school closures. • Consequences of Welfare Reform Act. <p>These initiatives are currently ongoing and the local external audit will keep these under review as they develop.</p>	
<p>Financial management</p> <p>How effectively the council is planning and managing its budgets.</p>	No scrutiny required	<p>The council's approach to financial management has shown substantial positive developments over recent years with the removal of the previous qualification of the financial statements in relation to Group Accounts, and the development of the Medium Term Financial Plan, with its focus on reducing commitments and achieving the longer term stabilisation of reserves. This has been recognised and welcomed by the Accounts Commission, although key delivery challenges will remain. In this context, the council's MTFP is helping to ensure delivery of its core objectives and to maintain a minimum reserve balance of £150 million by 2017/18. Similar to other council areas, SIC is facing a considerable challenge to reduce its level of spending. The MTFP requires savings of over £23 million over the next four years. In 2012/13 the council spent £179 million on the provision of public services and had an overall deficit of £18.5 million. After taking account of statutory adjustments, the overall draw on reserves was £21.4</p>	No specific scrutiny activity although the local audit team will continue to monitor developments.

Area	Risk assessment	Current position	What we plan to do
		<p>million which was £5 million less than budgeted.</p> <p>The council's usable reserves at 31 March 2013 totalled £223 million, a decrease of £16 million from the previous year - the council is therefore still relying on reserves to support its expenditure. Although the council is facing a significant challenge, there is evidence that the financial performance of the council is more closely monitored now than in previous years and that members are more aware of the impact that decisions taken not to approve cuts have on the overall financial position.</p> <p>The council does not currently have any borrowings, but this is likely to change in the future due to the construction of the new Anderson High School.</p> <p>The council has been reviewing its investment strategy to ensure that there is full compliance with regulations and that Best Value is achieved from investment managers.</p> <p>The council no longer receives government funding to support the management of its HRA debt of £38.6 million. The council continues to discuss this with the Scottish and UK governments but there is a risk that the council may have to write-off at least a portion of the total debt.</p> <p>The council approved a 2013/14 budget of £133 million which required a draw from reserves of £27.8 million. As at 31 December 2013, the council projected an underspend of £5.6 million for the year to 31 March 2014. The projected outturn draw on reserves equates to a daily overspend of £63,000. This is an unsustainable</p>	

Area	Risk assessment	Current position	What we plan to do
		<p>level and will need to be reduced to ensure that the council's reserves are not depleted further in the short-term.</p> <p>However, given the overall improvement in the council's focus on financial planning and management over the past two years, this is not flagged as an area for planned scrutiny. The local audit team will monitor and report on this area.</p>	
People management The effectiveness of the council's workforce planning and management arrangements.	No scrutiny required	<p>The council continues to develop and implement arrangements to manage its staff. A number of policies and procedures are in place covering staff development, performance management and attendance. A workforce strategy is expected to be approved by December 2014. Staff reviews are conducted for each change programme project to address the impact on the workforce. The HR partnership group meets regularly to help manage staff issues.</p>	No specific scrutiny activity
Asset management The council's arrangements for managing assets and how this key resource is used to support effective service delivery.	Further information required	<p>In March 2012 the council agreed a five year asset investment plan totalling £51.6 million, of which £23.5 million was to be funded from reserves. This included:</p> <ul style="list-style-type: none"> Contractually committed expenditure of £7.5 million. Maintenance programme of £23.8 million. New developments of £20.3 million. <p>The financial plan agreed a new asset investment plan that the council adopt a policy of focussing on only maintaining existing assets (with the exception of Anderson High School and the high-speed broadband installation). The capital programme would therefore be funded mainly from the Scottish Government and</p>	No specific scrutiny activity although the local audit team will continue to monitor developments.

Area	Risk assessment	Current position	What we plan to do
		<p>capital receipts and this would reduce the draw on reserves by around £5.6 million per year. Any new asset requiring a draw on reserves is subject to an investment appraisal process.</p> <p>As at 31 December 2013, the council reported that the Asset Investment Plan is projected to be under budget by £598,000.</p> <p>In October 2013, the government appointed building consortium, Hub North Scotland, announced that it had been approved to design and build a new Anderson High School and hall of residence. The council has set aside £14 million to fund the project and the Scottish Government is contributing £28 million. The council does not currently have any borrowings but is considering external borrowing to fund this project.</p> <p>As these significant asset plans constitute such a substantial development for Shetland, the LAN has continued to assess asset management as an area for which further information is required. The local audit team will monitor and report on this area.</p>	
Procurement How effectively corporate procurement contributes to the council maximising value for money in the	Further information required	In 2012, internal audit highlighted significant non-compliance with standing orders and a possible breach of EU regulations in the area of procurement within ferries operations. A follow-up by internal audit in January 2014 has highlighted the same significant issues regarding non-compliance. Disclosure of these weaknesses will be required in the council's 2013/14 governance	No specific scrutiny activity although the local audit team will continue to monitor developments, including in relation to progress on PCA scoring

Area	Risk assessment	Current position	What we plan to do
goods and services it uses to deliver its services.		statement including details of the management action being taken to reduce the risk of reoccurrence.	
Risk management The effectiveness of the council's arrangements for identifying, managing and mitigating risks and how its management of risk contributes to the successful delivery of public services.	Further information required	As part of its governance and management processes, the council continues to develop its risk management arrangements. Departmental risk registers have been established but further work is required to ensure an effective and consistent approach to risk management across the council. This includes identifying risks at an appropriate level; and ensuring departmental risk registers are regularly reviewed and updated. The corporate risk register was approved by the Corporate Management Team in March 2014.	No specific scrutiny activity although the local audit team will continue to monitor developments.
Information management The effectiveness of the council's arrangements for managing information as a key resource in delivering services.	No scrutiny required	The council's ICT Strategy for the period 2013-18 has been approved. This covers the following areas of work: <ul style="list-style-type: none"> • PCs • Schools ICT • SPSNet (Shetland Public Service Network) • Photocopiers The ICT strategy aligns with national strategy, the council's corporate plan and the council's improvement plan which has now been subsumed into the corporate plan. The main project for 2013/14 is the replacement of the pathfinder links to maintain council network connections to premises outside	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
		<p>Lerwick beyond March 2014 when the current contract expires. The council's email system also requires to be upgraded as it will be unsupported after 2014. Virtual desktop technology has the potential to further extend the life of computers, particularly in schools, complementing the council's ability to continue to maintain the infrastructure in a reduced budget regime. Options for this technology will be investigated and trialled. The existing Shetland Smartcard initiatives, Young Scot, leisure centres, library, cashless catering in schools, are planned to be completed. The new ferry ticketing system is due to be completed in 2014.</p>	
<p>Joint working Progress with any significant shared services initiatives, in particular in relation to governance or pace of implementation.</p>	<p>No scrutiny required</p>	<p>Community Planning Partnership governance arrangements were approved by council and partners in May 2012.</p> <p>A Shetland Partnership community plan 2012-20 is in place which aligns the Scottish Government's five national strategic objectives and the 16 national outcomes. The plan was the result of an intensive scenario planning exercise in 2011 to explore and test alternative futures. The Partnership has developed a guide to ensure consistency in the way local organisations involve local communities in Shetland.</p> <p>The council works collaboratively with NHS Shetland and other partners in the public, private and voluntary sectors. The Shetland Partnership is the local Community Planning Partnership for the Shetland Islands Council area.</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
Efficiency How effectively the council is improving its efficiency in response to the budget challenges being faced.	No scrutiny required	<p>In 2012/13 the council spent £179 million on the provision of public services and had an overall deficit of £18.5 million. To contribute to the achievement of its financial plans, the council has made significant savings during the previous two years (£11.8 million in 11/12 and £18.6 million in 12/13). The council plans to make further savings of £23 million by 2016/17 so that it can preserve a minimum reserve level of £150 million and eradicate the present unsustainable draw on reserves to fund the general fund deficit. This is a challenging area for the council, although the LAN notes that the council's approach to the achievement of efficiencies in managing its financial affairs has improved substantially over the last two years.</p> <p>The council's 2012/13 SPIs indicate a mixed picture of performance: 12 areas of improved performance, nine areas of declined performance and three unchanged. Areas where performance has improved include:</p> <ul style="list-style-type: none"> • Sickness absence • Percentage of invoices paid within 30 days • Cleanliness index <p>Areas where performance has declined include:</p> <ul style="list-style-type: none"> • Net cost of refuse collection per premise • Net cost of refuse disposal • Cost of collecting council tax per dwelling <p>The council's approach to the delivery of services has changed</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
		significantly over recent years but, given that, there is still a significant level of draws from reserves	
Equalities Whether the council is providing effective leadership of equalities and is meeting its statutory obligations.	No scrutiny required	The Equality Act 2010 introduced a new public sector duty to ensure equality is mainstreamed into public bodies' core work and that it is not a marginal activity. One of the key requirements of the legislation was for public bodies to publish a set of equality outcomes and an equality mainstreaming report by 30 April 2013. In April 2013, the council, along with its planning partners, published Shetland's Equalities Mainstreaming Report and Equality Outcomes 2013-17. The report sets out the partners' approaches to mainstreaming equality and provides details of quality outcomes.	No specific scrutiny activity

Service performance

40. The following table provides an assessment of scrutiny risk relating to the performance of the council's main inspected public services (education, social care services and housing) and non-inspected services (eg corporate services, culture and leisure services, environmental services).

Area	Risk assessment	Current position	What we plan to do
Education The quality of local education services and the resulting outcomes (including early years).	No scrutiny required	<p>Primary and secondary schools continue to deliver high quality of education. SQA attainment figures show a steady improvement across a number of levels year on year. At all levels the authority scores better than comparator authorities or the national average.</p> <p>Early years learning continues to be of a high standard - an inspection of a pre-school in August 2013 recorded that it scored "very good" across all five quality indicators.</p> <p>The results of inspections of primary schools in 2013 were very positive, with one school being evaluated as "excellent" across all five quality indicators.</p> <p>Shetland College was inspected at the end of October 2013. The outcome was positive, although the current staffing arrangements at senior level were identified as posing a risk to the college's effective performance.</p> <p>Shetland is one of the pilot authorities engaged in a local partnership agreement with Education Scotland. This is resulting in a better coordinated response and more structured engagement from both parties. Education Scotland specialist staff are engaged with the</p>	<p>Education Scotland will liaise closely with the authority to ensure that it fulfils its obligations within the consultation process in formally reporting on the education aspects as per the School (Consultation) (Scotland) Act 2010.</p> <p>Ongoing inspection programmes of schools, centres, colleges and learning communities.</p>

Area	Risk assessment	Current position	What we plan to do
		<p>authority in a support and improvement role on an ongoing basis. Recent examples would include: support with parental engagement and implementation of Curriculum for Excellence, input on quality assurance and moderation, religious and moral education and health and wellbeing. As a result, Shetland is making steady progress towards successful implementation of Curriculum for Excellence.</p> <p>The following areas of concern were identified:</p> <ul style="list-style-type: none"> • Need to resolve long-term strategy for the delivery of secondary education in Shetland given entitlements of Curriculum for Excellence. • Financial challenges faced by council. • Decisions relating to the implementation of savings; proposals under the Blueprint for Education have in some cases been deferred. • Improvements required in the quality of communication between council and parents re Curriculum for Excellence. • Proposed merger of Shetland College, North Atlantic Fisheries College and Train Shetland by 2016. 	<p>Regular/on going contact between the Education Scotland Area Lead Officer and the authority.</p> <p>Ongoing monitoring of Partnership Agreement by Area Lead Officer.</p>
Social care services The quality of local social work and care services and the resulting outcomes (including	No scrutiny required	The Care Inspectorate reported that children's services and community care services performed satisfactorily during 2013. The Care Inspectorate undertook a programme of inspections of regulated services during 2013/14 in accordance with its statutory obligations and annual inspection plan and will continue to do so in 2014/15.	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
adult care, older peoples services, learning disability services, criminal justice services, mental health services, children and families).		<p>There has been no recent scrutiny of social work services.</p> <p>Link inspectors for social work services carried out capacity building work on the invitation of the Child Protection Committee in Shetland in February 2013. This was in line with the findings in both the ISLA and CP2 that self-evaluation was an area requiring improvement. Key strengths identified were:</p> <ul style="list-style-type: none"> • Progress had been made by the Child Protection Committee to develop a robust framework for self-evaluation. • Quality and effectiveness of leadership had improved. <p>Shetland is involved in Level of Service/Case Management Inventory (LS/CMI) an assessment that measures the risk and need factors of late adolescent and adult offenders.</p> <p>Development of a clear framework for self-evaluation of social work services across two different directorates is still at an early stage.</p> <p>The Professional Group has re-affirmed its purpose, agenda and work plan and plays a significant role in the professional leadership of social work. The group is chaired by the chief social work officer and is the main forum to discuss professional social work issues. The group has a key role in quality assurance and in self-evaluation. This has been particularly helpful through the recent period of management re-structuring.</p> <p>Restructuring of council services has left some gaps in key management positions in social work services, both in adult and children's services. Recruitment and retention of social worker posts has been difficult, particularly mental health officers and children and</p>	

Area	Risk assessment	Current position	What we plan to do
		families posts. The situation has been eased with short term interim appointments and officers returning from secondment.	
Housing and homelessness The quality of housing and homeless services and the resulting outcomes.	Further information required.	Progress is still being made but there are risks to the council meeting the SHQS in 2015. During its most recent scrutiny work, the SHR raised these risks with the council. The SHR may follow-up these issues when the council completes its planned stock condition survey work in June 2014.	No specific scrutiny activity
Non-regulated services Particular strengths and challenges in the range of non-regulated services provided by the council, and any significant changes to performance.	No scrutiny required	Shetland shows strength across a number of performance indicators within non-regulated services. The LAN does not consider this an area of scrutiny risk. Areas of good performance were recorded in the number of visits to sports facilities, museums and libraries are all above the national average.	No specific scrutiny activity

Improving and transforming public services/public performance reporting

41. The following table provides an assessment of scrutiny risk relating to how the council is improving and/or transforming public services, and the extent to which it is meeting its public performance reporting obligations under the Local Government in Scotland Act 2003.

Area	Risk assessment	Current position	What we plan to do
Improving and transforming public services The council's arrangements for continuing to deliver services with reducing resources and growing demand, and what impact this is having on service outcomes.	No scrutiny required	<p>The council has gone through a range of changes and developments in recent years, particularly in the context of the Best Value review work undertaken by Audit Scotland. The Accounts Commission has noted that:</p> <p><i>"The council continues to move in the right direction and the clear commitment to improve evident at the time of [the] last report has been sustained. The council's self awareness continues to improve and it understands that it must continue to focus on its priorities and what still needs to improve for the future".</i></p> <p>When the council's Planning and Performance Management Framework (PPMF) was updated in 2012, it was acknowledged that it would have to be updated again when the council developed its Corporate Plan. In June 2013, the council approved an updated PPMF, including the integration of further improvement activity into the Corporate Plan, concluding the operations of the Sounding Board and returning full improvement scrutiny and performance management responsibilities to the Executive Committee.</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
		<p>Council-wide financial performance is reported regularly to the Executive Committee and departmental performance is reported to the relevant functional committee.</p> <p>The council has acknowledged the challenges in having an overly large number of key actions. As a result, the Corporate Plan now lists less than 50 priority actions for 2014, with the Change Programme concentrating on only 30 of those.</p> <p>The council has a mixed level of performance. Some areas, such as invoices paid within 30 days and the condition and suitability of operational accommodation, are showing improved performance. Areas of declining performance include the cost of refuse collection and disposal and the cost of council tax collection. In recent years, there has been a slight decline in overall performance compared to a previous period of ongoing improvement. There is a risk that the overall quality of services continues to decline, particularly as the council aims to deliver significant savings while managing conflicting priorities.</p>	
<p>Public performance reporting (PPR)</p> <p>The progress that is being made by councils in meeting their PPR obligations.</p>	No scrutiny required	<p>The council has a performance page on its website which has all of its key plans monitoring reports and guidance including; SOA, SPIs, corporate and community plans and improvement actions. All committee papers and minutes are available on the council's website.</p> <p>In June 2013, the Accounts Commission considered a report which presented the findings of the Audit Scotland assessment of all 32 councils' PPR arrangements for the 2011/12 financial year in accordance with the Accounts Commission SPI Direction for 2013/14. The review</p>	No specific scrutiny activity although the local audit team will continue to monitor developments in the council's approach to Public Sector Reporting..

Area	Risk assessment	Current position	What we plan to do
		<p>assessed whether each council fully, partially or does not meet the corporate assessment themes and service areas set out in the Direction. The report identified that the council's arrangements for meeting the reporting requirements for SPI1 (Corporate Management) & SPI2 (Service Performance) were as follows:</p> <p>SPI1:</p> <ul style="list-style-type: none"> Fully meeting 0 areas. Partially meeting 4 areas (employees, assets, sustainable development and equalities & diversity). Not meeting 3 areas (responsiveness to its communities, revenues & service costs and procurement). <p>SPI2:</p> <ul style="list-style-type: none"> Fully meeting 0 areas. Partially meeting 10 areas, (benefits administration, community care, cultural & community services, planning, education of children, child protection & children's social work, housing & homelessness, protective services, roads & lighting and waste management services). Not meeting 1 area (criminal justice social work). 	

Appendix 1: Scrutiny plan

SHETLAND ISLANDS COUNCIL 2014/15												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
National or supported self-evaluation work year 1												
Audit Scotland - follow up of Audit Scotland national report, <i>Major capital investment in councils</i> .			X									
Care Inspectorate - Children's services and adult services inspection										X	X	X

SHETLAND ISLANDS COUNCIL 2015/16												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
National or supported self-evaluation work year 2												

SHETLAND ISLANDS COUNCIL 2016/17												
Indicative scrutiny activity for third year						Potential scrutiny bodies involved						

Note: The focus of the AIP is strategic scrutiny activity - that is, scrutiny activity which is focused at a corporate or whole-service level. However, there will also be baseline scrutiny activity ongoing at a unit level throughout the period of the AIP, for example, school and residential home inspections. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will generally be made in relation to care services for vulnerable client groups. The

annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. Education Scotland, through the Area Lead Officer, will continue to support and challenge education services regularly and as appropriate. The Care Inspectorate will continue to regulate care services and inspect social work services in accordance their responsibilities under the Public Services Reform (Scotland) Act 2010.

STRATEGIC RISK ASSESSMENT – SHETLAND ISLANDS COUNCIL CORPORATE PERFORMANCE

2010	2011	2012	2013	2014
Vision & Strategic Direction	Vision & Strategic Direction	Vision & Strategic Direction	Vision & Strategic Direction	Leadership and Direction
Governance & Accountability	Governance & Accountability	Governance & Accountability	Governance & Accountability	Governance & Accountability
Community Engagement	Community Engagement	Community Engagement	Community Engagement	Community Engagement
Financial Management	Financial Management	Financial Management	Financial Management	Financial Management
People Management	People Management	People Management	People Management	People Management
Asset Management	Asset Management	Asset Management	Asset Management	Asset Management
Procurement	Procurement	Procurement	Procurement	Procurement
Risk Management	Risk Management	Risk Management	Risk Management	Risk Management
Information Management	Information Management	Information Management	Information Management	Information Management
Efficiency	Efficiency	Efficiency	Efficiency	Efficiency
Equalities	Equalities	Equalities	Equalities	Equalities
Performance Management	Performance Management	Performance Management	Performance Management	Improving & Transforming Services
Public Performance Reporting	Public Performance Reporting	Public Performance Reporting	Public Performance Reporting	Public Performance Reporting
				Joint Working

STRATEGIC RISK ASSESSMENT – SHETLAND ISLANDS COUNCIL STRATEGIC & SERVICE PERFORMANCE

2010	2011	2012	2013	2014
Community Leadership	Community Leadership	Community Leadership	Community Leadership	Community Planning & SOA
				Health & Social Care Integration
				Police & Fire
				Welfare Reform
				Education
Education	Education	Education	Education	Social Work
Social Work	Social Work	Social Work	Social Work	
Housing and homelessness	Housing and homelessness	Housing and homelessness	Housing and homelessness	Housing and homelessness
Infrastructure & Development	Infrastructure & Development	Infrastructure & Development	Infrastructure & Development	Non-regulated services



Shetland Islands Council



Joint Staff Forum	5 June 2014
Special SIC Employees JCC	10 June 2014
NHS Shetland Area Partnership Forum	12 June 2014
Special Social Services Committee	11 June 2014
CHP Committee	11 June 2014
Note CHP Committee and Social Services Committee to meet concurrently	
SIC Policy and Resources Committee	23 June 2014
Shetland NHS Board	1 July 2014
Shetland Islands Council	2 July 2014

Health & Social Care Integration Options Appraisal

CRP-08-14-F

Director of Corporate Services

1. Introduction

- 1.1 This report presents up to date information regarding the Health and Social Care Integration Project commissioned by Shetland's CHP Committee.
- 1.2 The report includes a brief summary of work in progress under the three main work streams:
 - Governance
 - Management and the single management model
 - Service delivery through multidisciplinary teams in localities.
- 1.3 The report includes an options appraisal of the governance models available under the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) which passed into law in April 2014 with an implementation date of April 2015 for an integrated governance model for all adult social care services and a range of health care services as prescribed by regulations.
- 1.4 The report seeks a decision on the governance model for Shetland to be implemented from 1 April 2015 and approval of interim arrangements from August 2014 through a combined community health and social care committee.

2. Decisions Required

That the CHP Committee and the Council's Social Services Committee and Policy and Resources Committee:

NOTE AND CONSIDER the information presented in this report and

RECOMMEND respectively that Shetland NHS Board (the Health Board) and Shetland Islands Council (the Council);-

- 2.1 RESOLVE TO ADOPT the Body Corporate as the preferred model for Health and Social Care Integration in Shetland under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014;
- 2.2 AGREE that the detailed governance arrangements (the "Integration Scheme") be presented to the Council and Health Board for approval by the end of December 2014, in order to meet the timescale of April 2015 for approval by the Scottish Government;
- 2.3 COMMENT on the draft list of service areas and functions set out in paragraphs 3.18 through to 3.30 for inclusion in the integrated health and social care model for Shetland SUBJECT TO the provisions of the Regulations that are currently published in draft and FINAL CONFIRMATION in Shetland's Integration Scheme;
- 2.4 APPROVE proposals for an interim combined Community Health and Social Care Committee for Shetland as set out in paragraphs 3.71 through to 3.76 with a view to implementation in August 2014;
- 2.5 NOTE that further detail regarding the work required to meet the requirements of the Act is set out in Shetland's Joint Commissioning Strategy and Integration Plan for Community Health and Social Care (the "Partnership Agreement") 2014/15 which is also on the agenda for this meeting for approval, and that the Strategy and Integration Plan for future years will be informed by the outcome of the final approved Integration Scheme;
- 2.6 NOTE that a Transition Programme led by the Council's Director of Corporate Services on behalf of both organisations has been established to co-ordinate and link a number of projects and work streams to ensure the successful implementation of Shetland's chosen model for health and social care integration to meet the deadlines set by the Scottish Government. The programme uses PRINCE2 methodologies with the programme manager reporting directly to the Chief Executives of the Council and the Health Board; and

- 2.7 APPROVE proposals for the Health and Social Care Integration Project Board to become the senior stakeholder group for the programme with additional membership to be determined by partner organisations in line with PRINCE2 standards.

3. Detail

Background

- 3.1 Joint working between the Council and Shetland NHS Board is well established. The first joint appointments in community care were made in 2002 with a joint senior manager for community care services and a joint senior planning officer working across both organisations. The single management structure was developed further in 2008/09, with additional joint management appointments for occupational therapy, mental health and adult services. In February 2014, the senior management post was redesignated Director of Community Health and Social Care reporting directly to the Chief Executives of the Council and the Health Board. Currently, it is assumed that this post will become the joint accountable officer under the Public Bodies legislation subject to confirmation within Shetland's Integration Scheme.
- 3.2 The governance framework that supports Shetland's community health and care joint working arrangements has evolved over the years taking advantage of new government initiatives such as Modernising Community Care, Joint Future and the legislation that established community health partnerships in 2004/05. We are now engaged in work to establish the best option for a new Health and Social Care Partnership for Shetland in terms of the Public Bodies legislation.
- 3.3 Over the past year, the CHCP Agreement which incorporates the vision, mission, aims, objectives, service plans, development priorities, resources, financial framework, budgets, governance and risks for Shetland's CHCP has evolved and become Shetland's Joint Commissioning Strategy and Integration Plan for Community Health and Social Care. This is consistent with the on-going requirement within the Act to produce an annual Strategic Commissioning Plan.

Health and Social Care Integration Project

- 3.4 In 2011/12 a project was established "to identify how the Council and the Health Board can further the integration of health and social care services in Shetland and develop the governance and management arrangements". The project was commissioned by the CHP Committee and the Project Initiation Document (PID) set out the scope of the project,

a number of work streams, the principles for change and perceived benefits, the constraints and deliverables.

- 3.5 The Principles for change agreed in the original PID are:
- A focus on services delivered for customers that make improvements to the customer's experience of services
 - Adherence to evidence based care pathways including reablement
 - Evolution, building on what has been achieved so far
 - Improved efficiency and value for money; providing efficiency savings for the public sector in Shetland
 - Reduction in bureaucracy; eliminating duplication and improving the speed of decision making.
- 3.6 Anticipated benefits to the business of the Council and NHS Shetland identified at that time include:
- Improved outcomes for customers through quicker decision making and reduction in bureaucracy leading to more time to care
 - Efficiency savings
 - Clear lines of accountability for delivery supporting integrated partnership working.
- 3.7 The work has been taken forward through a Project Board chaired by Councillor Cecil Smith in his dual role as chair of the Council's Social Services Committee and chair of Shetland's CHP Committee. There are three main strands of work:
- Governance
 - Management and the single management model
 - Service delivery through multidisciplinary teams in localities.

Governance

- 3.8 Work to explore the options for governance at committee/board level has included a number of informal sessions and joint meetings for Councillors, Health Board members, representatives from partner agencies and managers. Two of the sessions held in March 2014 provided opportunities for stakeholders to hear from other partnership areas regarding their experiences of joint working, the challenges they face and their plans for the future.
- 3.9 Presentations from East Renfrew and Orkney emphasised the need to look at what suits the local context and advocated making early progress by taking steps during the coming year, 2014/15, to begin to move towards integration.
- 3.10 On 21 March we had the opportunity to hear from Highland regarding their

experiences and also from JIT, the national Joint Improvement Team. Again the emphasis was on making sure the model chosen was appropriate for the local context.

- 3.11 More recently there have been short briefing sessions for staff from both the Council and the Health Board with opportunities for staff to express their views.
- 3.12 The information from the seminars, the emerging guidance and previous papers presented to the Social Services Committee and CHP Committee have informed an options appraisal of governance models for Shetland. This is presented below.

Options Appraisal – An Integrated Governance Model for Shetland

- 3.13 The Act identifies two main models for integration:-
1. Body Corporate
 2. Delegation between partners
- 3.14 Within the second model there are 3 ‘sub-models’.
- a. Delegation of functions by the local authority to the Health Board;
 - b. Delegation of functions by the Health Board to the local authority;
 - c. Delegation of functions by the local authority to the Health Board and delegation of functions by the Health Board to the local authority i.e. a mixed model of delegation between both partners; “the Highland model”.
- 3.15 Previous reports and discussions recommended that the options for integration of children’s services that are available in the terms of the Act should be considered separately at a later date. Consequently the options considered here are concerned with creating an integrated governance model for adult health and social care services whilst recognising that for some services this will also include generic services for children e.g. GP services. Consideration of when it would be appropriate to progress integration for children’s services will be kept under review in light of national initiatives for children’s services, the relative priorities and challenges for local children’s and schools services and our experiences of the integration of adult services.
- 3.16 It is standard practice in an options appraisal to consider the “Do Nothing/Status Quo” option. As the proposals in this report are concerned with implementing requirements under new legislation, to “Do Nothing” is not an option or rather if the Council and the Health Board do nothing, the integration model of a Corporate Body will be imposed by the Scottish Government.

Consequently, five options for change are considered in this report:

1. **Option 1** – Body Corporate;
2. **Option 2** – Delegation of functions for adult social care services by Shetland Islands Council to Shetland NHS Board;
3. **Option 3** – Delegation of functions for community health care for adults by Shetland NHS Board to Shetland Islands Council;
4. **Option 4** - A combination of lead agency arrangements with the

Council operating as lead agency for some delegated functions of the health board and vice versa;

5. Option 5 - Single Public Authority

- 3.17 Whichever option is chosen, the service areas and functions that must or may be included in the new Health and Social Care Partnership from April 2015 are set out in the Draft Regulations Relating to Public Bodies (Joint Working) (Scotland) Act 2014 – Set 1¹. These are summarised below.

Draft Regulations

Relating to Public Bodies (Joint Working) (Scotland) Act 2014 – Set 1

3.18 Local authority services that must be included are:

- Social work services for adults and older people
- Services and support for adults with physical disabilities, learning disabilities
- Mental health services
- Drug and alcohol services
- Adult protection and domestic abuse
- Carers support services
- Community care assessment teams
- Support services
- Care home services
- Adult placement services
- Health improvement services
- Housing support services, aids and adaptations
- Day services
- Local area co-ordination
- Respite provision
- Occupational therapy services
- Re-ablement services, equipment and telecare

- 3.19 Other local authority services that may be included are children's social care services, criminal justice, housing and sport and leisure.

- 3.20 Children's social care services are included in the Council's Children's Services Department and managed outwith current joint health and social care management arrangements. Children's social care matters are reported to the Council's Education and Families Committee. There are separate processes and initiatives currently being worked through for the better integration of children's services looking at national initiatives on Early Years and Getting It Right For Every Child (GIRFEC). Locally the

¹ Public Bodies (Joint Working) (Scotland) Act 2014 DRAFT Regulations Set 1, Scottish Government, 12 May 2014

work is being taken forward by the Integrated Children and Young People Strategic Planning Group.

It is proposed that children's social care services will not be included in the new Health and Social Care Partnership.

- 3.21 Sport and Leisure services are part of the Council's Children's Services Department.

It is proposed that sport and leisure services will not be included in the new Health and Social Care Partnership.

- 3.22 Criminal Justice social work is managed by the Director of Community Health and Social Care and reported through the Council's Social Services Committee. National consultation on "The Future of Community Justice" in Scotland is currently being undertaken with a closing date for responses of 1 July 2014. The proposal is that community justice which includes the services currently known as criminal justice social work become accountable to local community planning partnerships.

It is proposed that criminal justice will stay within the Health and Social Care Department and be included in the new Health and Social Care Partnership.

- 3.23 Housing services are managed by the Council's Development Department and reported to the Council's Social Services Committee. Increasingly as part of a redesign programme for care at home services, housing support is an integral part of care at home provided by the Council's Community Care Service. The aim is to provide support to individuals to meet their assessed needs irrespective of type of tenure. Housing support is identified in the Draft Regulations as a service that must be included in the Integration Scheme. Housing is a key determinant of health and well-being and has long been identified as a critical aspect of community care planning and strategy. However, the management of the housing revenue account, tenancies and buildings maintenance were deemed more appropriately aligned to the Council's economic development and planning functions in the Council's management restructure programme completed in 2011 and across Scotland, local authority housing services are linked with a range of different services.

It is proposed that housing services generally should be included in the new Health and Social Care Partnership committee / governance arrangements; housing support would continue to be managed by the housing service however, services would be planned and commissioned within the framework of the partnership.

3.24 Health care services that must be included are:

- Unplanned inpatients
- Outpatient accident and emergency services
- Care of older people
- District nursing
- Health visiting services
- Clinical psychology services
- Services provided by Community Mental Health Teams
- Services provided by Learning Difficulties Teams
- Services for persons with addictions
- Women's health services – well woman, sexual health and family planning services
- Services delivered by allied health professionals
- GP out-of-hours services
- Public Health Dental Service
- Continence services
- Dialysis services delivered in the home
- Services designated to promote public health i.e. Health Promotion activity as delivered by practitioners within integrated services
- General Medical Services
- GP pharmaceutical services

3.25 Other healthcare functions in the “may” be included category include any adult services that do not fall within the “must” category and children's healthcare services unless specified separately in the “may not be integrated” category.

3.26 Functions of health boards that are considered unsuitable for inclusion in a integration scheme relate to matters such as the provision of regional and national health services, education and research facilities of health boards and some specific duties such as the registration of health professionals.

3.27 The Draft Regulations state, *“In terms of operational management within hospitals for these services, the legislation provides flexibility for local decisions that are appropriate to local circumstances. While some aspects of hospital activity and expenditure must be included within integrated strategic planning [], it is our expectation that in many cases day-to-day operational management of hospital services will remain within Health Board hospital management arrangements with close working arrangements in place between the Chief Officer (joint accountable officer) and the hospital sector to assure congruence between operational delivery and services set out in the Strategic Plan”.*

This supports the current management model for health services in

Shetland whereby the redesigned joint post of Director of Community Health and Social Care would become the joint accountable officer for health and social care integration and management of the services provided at the Gilbert Bain Hospital lies with the Director of Nursing and Acute Services reporting to the Chief Executive of NHS Shetland.

- 3.28 The extent of the local health care services that must be included in the integration model at least for strategic planning purposes includes a significant proportion of the hospital service provision at the Gilbert Bain Hospital. Because of the scale of our services, it would be difficult to separate the emergency / unplanned services from the elective / planned services.

It is proposed that for strategic planning purposes, those services designated in the Draft Regulations as “must be” included are initially included in the integration model and that operational management, including financial and staffing resources, of all community health and care services currently included in the CHCP are included in the integration model. Further work that will be undertaken before the Integration Scheme is finalised may increase the services recommended as delegated, in line with the Regulations.

- 3.29 Services that are currently the responsibility of the Director of Public Health, specifically public health and specialist health improvement would remain the responsibility of the DPH.

It is proposed that strategic planning for health improvement as delivered by staff working in integrated services under the integration model would be included in the scope of Joint Strategic Commissioning.

- 3.30 The final detail of those services that will be managed within and outwith the scope of the Director of Community Health and Social Care will be specified in the Integration Scheme.

Option 1 – Body Corporate

- 3.31 The Council and the Health Board would each delegate functions and resources to the Joint Board of the Body Corporate. The Joint Board would have equal membership of elected members of the Council and non-executive members of the Health Board. Representatives of third sector partners, carers and service users would be in attendance.

- 3.32 The Joint Board would be responsible for developing and implementing a Strategic Plan through a Joint Strategic Commissioning Group.

- 3.33 The Joint Board would be required to produce its own accounts and performance reporting framework. The Joint Board would be required to report on performance to the statutory agencies who would remain responsible for the delegated functions.
- 3.34 Service delivery would be through the two statutory agencies with staff remaining with their current employer unless future service redesign resulted in reconfiguration of staffing structures. The Joint Accountable Officer would be responsible for all service delivery and use of the delegated resources and would report to the Joint Board. The Joint Accountable Officer would also fulfil the role of the financial responsible officer taking advice from the Council's Section 95 Officer and the Director of Finance of the Health Board.
Other resources e.g. capital assets would remain with the current owner unless future service redesign commissioned a different arrangement.
- 3.35 A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for Option 1 built up through discussions with a wide range of stakeholders including staff is attached below at Appendix 1. The SWOT is in two parts, the first presenting the analysis of a body corporate with the minimum, "must be in " range of services included and the second based on a wider range of services, which we have called body corporate "maximum". There are potentially a large number of options in between which will depend on the final decision of the service areas that will be included in the integration model.
The main advantages and disadvantages of the body corporate model are summarised below.

Option 1	Advantages	Disadvantages
Body Corporate	<p>1. Staff would initially remain with their existing employer</p> <p>2. The treatment of financial transactions at an operational level would be subject to the financial regulations of the relevant partner making it easier to monitor the use of the resources delegated to the Body Corporate</p> <p>3. The implementation costs would be lower as many of the existing systems in place in Shetland's CHP would be</p>	<p>1. A third legal entity would be established.</p> <p>2. The Body Corporate would be required to produce its own set of accounts.</p> <p>3. Services would continue to be delivered and commissioned by both the Council and the Health Board.</p> <p>4. The Council and the Health Board would delegate functions and resources to the Body Corporate which would in turn purchase services from the two statutory agencies.</p>

	<p>adequate. These could be improved over time to create a single joint set of policies and procedures.</p> <p>4. On-going revenue costs would be least of all options (see Appendix 4)</p> <p>5. The risks are lower. The scale of the changes required for services and staff is less than with a lead agency model. The body corporate would build on the current CHCP arrangements which are well embedded and this is the preferred model of most partnerships across Scotland.</p>	<p>5. Joint managers including the joint accountable officer would work with two sets of policies and procedures and prepare combined reports for the Board of the Body Corporate until such time as the Council and the Health Board agree single systems, policies & procedures.</p>
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Option 2 – Delegation of functions for adult social care services by Shetland Islands Council to Shetland NHS Board

- 3.36 The Council would delegate the management and delivery of all community care services and any other functions/service areas as agreed to the Health Board. The Health Board and the Council would work in partnership through the Strategic Commissioning Group to produce the Strategic Plan. The Health Board as host partner would deliver all the services in the Strategic Plan including services on behalf of the Council as the delegating partner.
- 3.37 The Council would determine the level of resource for the delegated service areas through the annual budget setting process. It is recommended by the Scottish Government that a three year budget is allocated subject to the annual budget process. This would be based on the allocation for community care as set out and agreed in the Council's Medium Term Financial Plan. The detail would be set out in the Partnership Agreement.
- 3.38 There would be an Integration Joint Monitoring Committee established as a joint committee of the Council and the Health Board. The committee would comprise equal membership of councillors and members of the Health Board both executive and non-executive as agreed by the Council and the Health Board. Representatives of third sector partners, carers and service users would be in attendance

- 3.39 Accountable officers of the delegating partner would remain responsible for the functions and resources delegated. There would be a commissioning function in the Council with responsibility for the specification of the delegated functions, the allocation of resources and performance monitoring and reporting.
- 3.40 The integrated budget would be managed using the financial regulations of the Health Board. The Health Board would report to the joint committee who in turn would scrutinise the effectiveness of the integration arrangements on behalf of both the Council and the Health Board.
- 3.41 Staff and other resources could be transferred to the Health Board. TUPE would apply to any staff transferring across to the Health Board.
- 3.42 A SWOT analysis for Option 2 built up through discussions with a wide range of stakeholders including staff is attached below at Appendix 2. The main advantages and disadvantages are summarised below.

Option 2	Advantages	Disadvantages
Delegation of functions for adult social care services by Shetland Islands Council to Shetland NHS Board	<p>1. There would be no requirement to set up a third body as a separate legal entity.</p> <p>2. The treatment of financial transactions at an operational level would be subject to the financial regulations of one organisation, the Health Board</p> <p>3. Services would be delivered by one organisation apart from some specific functions reserved to the local authority e.g. Mental Health Officers (MHOs).</p>	<p>1. Staff may be required to transfer from the Council to the Health Board. There are currently 600+ staff employed in Community Care who may be affected</p> <p>2. The implementation costs would be higher due to the transfer of staff and budgets to the Health Board. The financial implications of each option are attached below at Appendix 4.</p> <p>3. Adult social work would be separate from MHOs and CSWO functions which would remain with SIC</p> <p>4. Elected members of the council would be distanced from the operational delivery of community care services which would be the responsibility of the Health Board.</p>

Option 3 – Delegation of functions for community health care for adults by Shetland NHS Board to Shetland Islands Council

- 3.43 The Health Board would delegate all health care services set out in paragraph 3.26 above and any other functions/service areas as may be included by the Regulations and agreed with the Council. The Health Board and the Council would work in partnership through the Strategic Commissioning Group to produce the Strategic Plan. The Council as host partner would deliver all the services in the Strategic Plan including services on behalf of the Health Board as the delegating partner.
- 3.44 The Health Board would determine the level of resource for the delegated service areas through the annual budget setting process. It is recommended by the Scottish Government that a three year budget is allocated subject to the annual budget process.
- 3.45 There would be an Integration Joint Monitoring Committee established as a joint committee of the Council and the Health Board. The committee would comprise equal membership of councillors and members of the Health Board both executive and non-executive as agreed by the Council and the Health Board. Representatives of third sector partners, carers and service users would be in attendance
- 3.46 Accountable officers of the delegating partner would remain responsible for the functions and resources delegated. There would be a commissioning function in the Health Board with responsibility for the specification of the delegated functions, the allocation of resources, performance monitoring and reporting to the Health Board.
- 3.47 The integrated budget would be managed using the financial regulations of the Council. The Council would report to the joint committee who in turn would scrutinise the effectiveness of the integration arrangements on behalf of both the Council and the Health Board.
- 3.48 Staff and other resources could be transferred to the Council. TUPE would apply to any staff transferring across to the Council.
- 3.49 A SWOT analysis for Option 3 built up through discussions with a wide range of stakeholders including staff is attached below at Appendix 3. The main advantages and disadvantages are summarised below.

Option 3	Advantages	Disadvantages
Delegation of functions for community health care for adults by Shetland NHS Board to Shetland Islands Council	<p>1. There would be no requirement to set up a third body as a separate legal entity.</p> <p>2. The treatment of financial transactions at an operational level would be subject to the financial regulations of one organisation, the Council</p> <p>3. Integrated services would be delivered by one organisation.</p>	<p>1. Staff may be required to transfer from the Health Board to the Council. Given the extent of the acute services that must be included under the Draft Regulations, it would be difficult to separate the emergency / unplanned services from the elective / planned services provided in Shetland and therefore it may be that all local health care services would be included in the integration model. In which case, there would be approximately 500+ staff who may be affected</p> <p>2. The implementation costs would be higher due to the transfer of staff and budgets to the Council. The financial implications of each option are attached below at Appendix 4.</p> <p>3. The delegation of services to the Council would significantly reduce the levels of activity and scope of Shetland NHS Board and there may be a risk that the Board would not be viable. Locally there are fears that this could mean that the health Board would be amalgamated with another health board. However, the Cabinet Secretary has given his assurance that this is not the case.</p>

Option 4 – Delegation of functions – A combination of Lead Agency arrangements

- 3.50 The Council would delegate some functions/service areas as agreed to the Health Board and the Health Board would delegate some functions/service areas to the Council.
- 3.51 This is the model that has been implemented by Highland. In Highland, all adult social care with the exceptions of the specific functions of MHOs and the CSWO were delegated to NHS Highland together with the budget and staff of the Highland Council. All health care services designated for children other than medical staff were transferred to the Highland Council together with the budget and staff. All staff transfers were undertaken under TUPE Regulations.
- 3.52 Locally, children's services are currently managed outwith the joint health and social care arrangements with separate joint planning processes in place. As explained in paragraph 3.20 above, given that there are separate processes and initiatives currently being worked through for the better integration of children's services through the Children and Young People's Strategic Planning Group, a model similar to that implemented in Highland is not proposed for Shetland.
- 3.53 Subsets of the functions and service areas that must be in the integration model could be delegated to either agency. The Health Board and the Council would work in partnership through the Strategic Commissioning Group to produce the Strategic Plan. The Health Board and the Council would each operate as a host partner for parts of the services in the Strategic Plan including services delegated by the other partner agency. To date, no functions or areas of service have been identified where it is thought this would be beneficial.
- 3.54 The Health Board and the Council would each determine the level of resource for the service areas to be delegated to the other partner through the annual budget setting process.
- 3.55 There would be an Integration Joint Monitoring Committee established as a joint committee of the Council and the Health Board. The committee would comprise equal membership of councillors and members of the Health Board both executive and non-executive as agreed by the Council and the Health Board. Representatives of third sector partners, carers and service users would be in attendance
- 3.56 Accountable officers of the Health Board and the Council would remain responsible for the functions and resources delegated to the other partner. There would be a commissioning function in both the Health Board and in

the Council with responsibility for the specification of the functions to be delegated to the other partner and for the allocation of resources, performance monitoring and reporting.

- 3.57 There would be an integrated budget held in each agency which would have to be brought together in order to report on the total of the integrated budgets for all the functions and service areas within the Health and Social Care Partnership. Elements of the integrated budget relating to the functions delegated to the other partner would be managed using the financial regulations of that partner agency. The Joint Monitoring Committee would scrutinise the effectiveness of the integration arrangements on behalf of both the Council and the Health Board.
- 3.58 Staff and other resources could be transferred to either agency. TUPE would apply to any staff transferring.
- 3.59 The implementation costs of this option would be high due to the negotiation of the separation of different service areas, the contractual arrangements required and possible staff transfers.
- 3.60 Unless the combination of lead agency arrangements was proposed along similar lines to that which has been implemented in Highland whereby all adult community health and social care services are included in the model and managed through a single management arrangement, it appears unlikely that the integration scheme would be approved by Scottish Government. Consequently, no detailed work has been done on this option.

Option 5 – A Single Public Authority for Shetland

- 3.61 There have been discussions in the past regarding the possibility of a single public authority for each of the three islands authorities and there are discussions currently regarding the future of the islands authorities through the “Our Islands Our Future” initiative. However, the option of a single public authority is not a viable alternative within the timeframe set for the implementation of health and social integration under the 2014 Act. Consequently, no detailed work has been done on this option.

Options Appraisal Criteria

- 3.62 The Health and Social Care Integration Project Board discussed the merits of each of the options 1, 2 and 3 against criteria drawn from the 2014 Act and our own CHCP Agreement. These were:
- Effectiveness;
 - Efficiency;
 - Economy;

- Staffing implications;
- Clinical / professional governance
- Decision making.

- 3.63 **Effectiveness** - Having considered the information currently available, the Board concluded that any of the three options could work and deliver the required outcomes of integration provided there was a shared commitment building on the long standing, good working relationships between the two agencies.
- 3.64 **Efficiency** – The lead agency model is seen as having advantages in terms of efficiency in operational service delivery with all staff employed by one agency using one set of policies and procedures. However, there is the potential to develop a shared set of policies and procedures in any of the three models.
The contractual relationship of the lead agency model may be less efficient due to the purchaser / provider split of some functions across the two agencies.
- 3.65 **Economy** – An analysis of the financial implications of the three models is attached at Appendix 4.
The implementation costs of the lead agency model would be high if staff were to transfer. This is the expectation in the lead agency model.
There would be additional costs associated with the NHS as lead agency for example due to the treatment of VAT.
The additional costs of the body corporate include the costs associated with preparing a separate set of accounts and the audit requirements.
- 3.66 **Staffing Implications** – The expectation with the lead agency model is that staff would transfer to the lead agency. Depending on the final agreement on the range of functions and services in the integration scheme, this could affect up to 600 people.
Staff would transfer under TUPE. If at some point a decision were made to harmonise terms and conditions, there could not be any detriment for the staff who had transferred. Therefore there would be cost implications.
There are concerns that if staff did transfer, then in future there may be difficulties recruiting to, for example, what is seen as an NHS role if the employer were the local authority and vice versa and there would be issues for continuity of service.
- 3.67 **Clinical / Professional Governance** – The issues of working in a multi-disciplinary environment are not new. Locally the arrangements will be reviewed as part of the work to establish localities in the integration model and it is expected that the arrangements will be essentially the same in any of the three models.

- 3.68 **Decision making** – All three models should facilitate faster and better decision making through the integrated governance and management arrangements and delegation of resources to locality service delivery models.

Options Appraisal Summary

- 3.69 Taking account of the SWOT analyses, the feedback from stakeholders and emerging picture across Scotland, the main conclusions of the Project Board are:

- 1) Any of the three models could work for Shetland and deliver against the required outcomes of the Act.
- 2) The expectation is that in a lead agency integration model, staff would transfer to the lead agency. There are issues with the transfer of staff including with regard to recruitment and retention given the very strong allegiance of many staff to either the NHS as their employer or to local government and also with regard to continuity of employment.
- 3) There are potentially higher implementation costs with the lead agency model and higher recurring costs due to the contractual nature of the relationship between the two agencies. There may be additional costs if NHS were to be the lead agency e.g. with regards to the treatment of VAT although this is being looked at by Scottish Government.
- 4) Currently there is no consensus among stakeholders as to the best model however it appears unlikely that we could reach an agreement on a lead agency model at this time.
- 5) It would be better to agree a model as soon as possible so that the detailed work on the Integration Scheme can begin. If there is no agreement, then a body corporate model would be imposed, however that is unlikely to happen until much later in the year.
- 6) All partnerships who have decided on a model with the exception of Highland have opted for the body corporate. Given that the vast majority of partnerships will be working on a body corporate model, this would appear to be the least risk as there would be opportunities to share experiences and knowledge going forward.
- 7) It would be easier to move to a body corporate from our current position as a CHCP. We could move to a different model at a later date if the situation suggested this would offer greater advantages.

Recommendation

- 3.70 **The recommendation of the Health and Social Care Integration Project Board is for a Body Corporate integration model for Shetland.**

Interim Arrangements 2014/15

- 3.71 Partnerships are required under the terms of the 2014 Act to develop shadow arrangements during 2014/15. It is proposed that a combined committee, based on a concurrent model, is put in place by August 2014. The combined committee would provide an appropriate interim model leading to the implementation of either a body corporate or lead agency model. In the former it would act as a precursor to the Joint Board and in the latter would be developed to become the Joint Integration Monitoring Committee.
- 3.72 The combined partnership committee would bring together the CHP Committee, which is a sub-committee of Shetland NHS Board and the Social Services Committee of Shetland Islands Council. Each of the two committees would retain their current membership, role and remit under the standing orders/constitution of their respective parent body.
- 3.73 The CHP Committee and Social Services Committee would meet together at the same time and in the same place under the banner of "Shetland Health and Social Care Partnership Committee" (the "Partnership Committee").
- 3.74 Essentially the committees of the statutory agencies would be aligned reducing duplication for officers and members and speeding up the decision making process.
- 3.75 Decisions would remain the responsibility of each statutory agency within the combined committee arrangement. If a decision between the agencies could not be agreed, the separate committees would each take a decision on their remit. Either committee would refer decisions to their respective parent bodies in circumstances where they did not have delegated authority.
- 3.76 During the Shadow period and while working as concurrent committees it will be necessary to develop a more integrated approach and protocol for running and supporting the committees while ensuring both committees remain within their current terms of reference and standing orders. It is proposed that the Council's Committee Services would service the concurrent committee arrangements.

Management and the Single Management Model

- 3.77 Shetland is among a small number of partnerships who have had a senior jointly appointed and jointly accountable officer for some time. The role of Director of Community Health and Social Care has evolved from the creation of a joint Community Care Manager post in 2002. This post now has responsibility for a wide range of health care services locally and for all community care.
- 3.78 There are currently a number of vacancies at Executive Manager level in the Council's Community Care Service and a review has started to look at the options for increasing capacity at this level in key areas given recent difficulties in recruitment and retention.

Service Delivery and Multi-disciplinary Teams in Localities

- 3.79 The strand of work to develop Integrated multidisciplinary locality service teams is being taken forward through the CHCP Management Team. Work in this area has been formalized through the development of a PID specific to this work stream. The objective is for closer and aligned working with advantages including:
- Better experiences and outcomes for the individual receiving care & support.
 - More effective & efficient use of resources. Reducing duplication etc.
 - Meeting potential resource issues in more remote/rural communities.
 - Supports the ethos and principles around Self Directed Support – in terms of being able to respond to challenges of 'deep' personalisation.
 - Supporting preventative and proactive care rather than crisis intervention.
 - Supports the reablement philosophy and minimises dependency.
- 3.80 Project outcomes are defined as:
- Improved service delivery to individuals
 - More efficient and effective use of existing resources
 - Support for considered change in use of resources including disinvestment
 - Support Third Sector Partners to deliver appropriate services instead of statutory provision or to enhance provision
 - Break down actual or perceived barriers of integrated working
 - Continue to promote enablement/reablement
 - Support for the Joint Commissioning Strategy
 - Support for implementation and the ethos of Self Direct Support legislation.
 - Full engagement with individuals and other key stakeholders

- 3.81 In order to move towards further integration via locality based service design and provision the following activities have been identified;
- Identifying localities
 - Mapping out current resources, both in situ and uptake of visiting services.
 - Potential ability to use assistive technology for both health and social aspects of care and support.
 - Engagement & Consultation events with current services within each locality to ascertain thinking around improved working and resource management.
 - Locality Plan(s) designed and agreed.
 - Pilot Project initiated – with 6 month review.
 - Learning & Sharing event from the pilot site.
 - Plan to roll out across other localities.

4. Implications

Strategic

4.1 Delivery on corporate priorities

Shetland's CHP has provided the framework for the delivery of a range of community health and care services across Shetland since 2005. The integrated governance and management arrangements have supported significant service redesign projects that have contributed to good progress and performance against national and local priorities, targets and standards.

Further integration is expected to continue to deliver improved outcomes for the most vulnerable members of our community.

The 2014 Act will support integrated service delivery and joint strategic commissioning across a wide range of services facilitating a whole system approach to the challenges of providing quality health and social care services leading to the delivery of the outcomes required.

Key priorities for health and social care are expressed as outcomes in the Shetland's Draft Single Outcome Agreement (SOA). These include:

"We have tackled inequalities by ensuring the needs of the most vulnerable and hard to reach groups are identified and met, and that services are targeted at those most in need.";

"People are supported to be active and independent throughout adulthood and in older age"; and

"We live longer healthier lives".

The SOA identifies financial sustainability as a priority through the outcome, "We have financial sustainability and balance within each partner; and a better balance between a dynamic private sector, a strong third sector and efficient and responsive public services."

4.2 Community and Stakeholder Issues

Feedback from the community during the Council's consultation exercise "Have Your Say" included recommendations for further integration of health and care services to make savings and improve outcomes.

Feedback from service users and carers whether through work on individual cases or through consultation consistently says that people want to be supported at home or as close to home as possible and that they want to be able to tell their story once, that it doesn't matter which agency provides support as long as the support is available to meet needs.

Members of the Social Services Committee and CHP Committee; representatives of the third sector, carers and staff have been able to comment and advise of their views through a series of workshops.

A discussion pack has been circulated to a wide range of stakeholders including community councils. The pack includes a number of briefing papers and a form for comments on the different options being considered for Shetland. The briefings and a SWOT analysis are available on the Council and NHS Shetland websites. All the information received has been considered in the options appraisal.

Opinion is divided regarding which is the best option. In general, those people and groups who have expressed a preference for the NHS as lead agency are from an NHS background and those who would prefer the Council as the lead agency are from the Council.

There are however a growing number of people who are of the view that for Shetland, from the current position of strength through joint working established over many years, the body corporate would be the best model at this time.

4.3 Policy and Delegated Authority

The Health and Social Care Integration Project Board reports to the CHP Committee, which is a sub-committee of Shetland NHS Board.

Social Services Committee is a committee of Shetland Islands Council. In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Social Services Committee has delegated authority to take decisions in relation to those functions within its remit. However, the Council has reserved authority for all matters concerning the introduction, development or variation of new or existing policy or strategy, taking advice from the Council's Policy and Resources Committee.

Reports for decisions relating to the work of the Community Health and Care Partnership require decisions of both the Council and Shetland NHS Board or their proper sub-committees where authority has been delegated.

The proposals in this report seek to change the protocols and future governance arrangements for both the Council's Social Services

Committee and the CHP Committee, and therefore the proposals are recommended to the Council and Shetland NHS Board for decision.

4.4 Risk Management

Risks relating to community health and care services are set out in the CHCP Risk Register, which is included in the CHCP Agreement.

The main risk associated with this report is failure to agree on a model for the integration of health and social care services in which case a body corporate model will be imposed by the Scottish Government.

Failure to agree a model will delay the work on preparing an Integration Scheme for Shetland which will increase the difficulties faced by staff in completing all the work required timeously.

Failure to agree interim arrangements in the form of a combined concurrent committee model would mean that the opportunity to operate as a shadow Health and Social Care Partnership in advance of the changes in legislation planned for 2015 would be delayed or lost and the duplication of effort and delays currently experienced due to dual reporting of CHP business would continue. This would increase the risks associated with implementing and running an effective integrated partnership model in 2015.

The existing CHP Committee is a formal sub-committee of Shetland NHS Board required under the terms of the legislation for community health partnerships which came into force in 2004. In the concurrent model proposed as an interim/shadow arrangement in 2014/15, the CHP Committee will continue to exist until the new legislation on integration is implemented reducing duplication of effort and delays in decision making at that level.

If the Council and Health Board are not prepared to change their systems, policies and procedures to simplify processes and remove duplication to make efficiencies, the full benefits of integration will not be realised. This is particularly important if the Body Corporate model is adopted.

4.5 Equalities, Health and Human Rights

The proposals in this report support the responsibilities of the Council and NHS Shetland with regard to equalities, health and human rights.

4.6 Environmental Issues

None.

Resources

4.7 Financial

An analysis of the financial implications of options 1, 2 and 3 is attached below at Appendix 4.

Work to date on the Health and Social Care Integration Project has been undertaken within existing resources including drawing on short term funding for Reshaping Care for Older people (RCOP) to support workshop activities and for backfill to support specific aspects of the project work streams e.g. localities projects.

From 2015/16, the RCOP change fund will no longer be available however, in 2014/15 there is a £7m fund from the Scottish Government to support the transition to integrated partnerships. Shetland's share of the fund is £66,140 payable in July to the Health Board. The allocation will be used to support the health and social care transition programme and organisational development work associated with the implementation of integration.

In addition to this, from 2015/16 the Scottish Government's draft budget includes a £100M Integration Fund that will be allocated to partnerships. The nature and allocation of this fund across partnerships has not yet been determined.

The financial challenges facing the Council and NHS Shetland are very severe. The better integration of health and social care services is expected to make savings across areas affected by the project. Further work is needed to identify areas where savings made can be attributed to the integration project given that many savings schemes are already delivering significant cash releasing efficiency savings across the CHCP.

Savings are expected from the work on localities management and from the integrated governance arrangements by removing the need to report to multiple committees. However, there will be significant costs associated with the implementation of an integrated solution including work on systems, contractual arrangements, new arrangements for financial accounting, VAT, insurance, audit, risk management and HR policies and procedures. Some of these will be opportunity costs at a time when both agencies are under severe pressure due to the financial context and increasing demands for health and care services.

4.8 Legal

The proposals in this report are compatible with the legislation on health and social care integration.

The Council's Governance and Law service will be required to work on the partnership agreements and contractual issues arising from the

implementation of an integrated model of health and social care for Shetland.

4.9 Human Resources

The Joint Staff Forum will discuss any detailed proposals with regard to management structures and frontline staff as the work on the single management structure and locality models is developed further.

The options for integration presented in this report have been discussed at the Joint Staff Forum, the Council's EJCC and the Area Partnership Forum of NHS Shetland.

Comments and feedback from staff for the most part support the development of option 1 – a body corporate for Shetland.

Additional resources will be required to support the organisational development aspects of integration. If a lead agency model were approved, it is possible that there would be a large number of people who would move from either the Council to the Health Board or vice versa. This would have cost implications and staff are concerned regarding the possible change of employer. Many NHS employees identify very strongly with the NHS and some local government employees feel very strongly about their position as employees of the Council. There are issues regarding continuity of service for some employees and fears that it will be more difficult to recruit to key positions if the employer is not the one usually associated with for example the health service.

4.10 Assets and Property

There are no immediate implications for assets and property arising directly from this report. It is assumed that there would be no initial transfer of assets required by the integration programme.

Currently the Council and NHS Shetland collaborate on capital projects and are developing joint working on buildings maintenance. As integration goes forward, it will be important that we develop the mechanisms for joint strategic planning of capital assets and projects further.

5. Conclusions

- 5.1 The Scottish Government has introduced legislation that requires the creation of a Health and Social Care Partnership (H&SCP) in each local authority area across Shetland. The new H&SC partnerships will replace CHPs and CHCPs. The H&SCPs will deliver integrated health and social care services reporting to a joint accountable officer.
- 5.2 Shetland's CHCP has a single management structure for much of the

business of the CHCP. The CHCP has set up a project to develop this further to improve outcomes, make efficiencies and anticipate the changes pending at a national level.

- 5.3 A number of stakeholder events have been held and there have been discussions with management groups and staff regarding options for changes to the committee and management arrangements.
- 5.4 This report presents an options appraisal of the governance models for integration of a H&SCP for Shetland to meet the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.
- 5.5 The options are confined to adult community health and social care. It is recognised that further work is needed to look at options for integrating children's services. There are advantages and disadvantages associated with each option.
- 5.6 There is a lot of detailed work that must be done between now and April 2015 irrespective of the model that is chosen. It is important to allocate resources to undertake work in the following areas:
 - Governance;
 - Service management and development;
 - Financial management including issues of VAT and insurance;
 - Asset management;
 - Risk management;
 - Information management and data sharing;
 - Performance management;
 - Training and CPD.

As we develop the integrated partnership arrangements, our mechanisms for managing business will need to change. The new partnership model will require changes to strategy and policy development and the budget setting cycles as well as the overall governance arrangements. There will also need to be changes to a range of practical operational arrangements e.g. risk management, financial reporting, communication, consultation and standing orders.

- 5.7 There will be £66,140 allocated by the Scottish Government to NHS Shetland in July 2015 to support the implementation project. It is proposed that the funding is used to support additional resources to work on projects that will lead to the successful implementation of the preferred model for Shetland on time. The projects are being co-ordinated through a work programme led by the Council's Director of Corporate Services.
- 5.8 A decision on the preferred model for Shetland is required to avoid a

solution being imposed by the Scottish Government.

- 5.9 The implementation of interim arrangements, in particular a combined concurrent committee model, would pave the way towards integration and would be a valuable step towards the implementation of either a body corporate or a delegated model.

For further information please contact:
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Date: 28 May 2014

Appendices

Appendix 1 – SWOT Analysis Option 1 Body Corporate

Appendix 2 – SWOT Analysis Option 2 Delegation to NHS Shetland

Appendix 3 – SWOT Analysis Option 3 Delegation to Shetland Islands Council

Appendix 4 – Financial Implications of Options 1, 2 and 3

Health & Social Care Integration: Outline SWOT analysis of Options

Shetland Body Corporate: Minimum of Services Included

A) Introduction & Objectives

This is a high level SWOT analysis of implementing the Body Corporate Model for Integration assuming the minimum level of services are included within the partnership.

The Objectives for Integration against which this SWOT analysis has been developed are:

1. Improve Joint **STRATEGIC PLANNING** for Health & Care services in Shetland
2. Minimise the **BUREAUCRACY** required for Governance to release time and resources for the front line services
3. Improve the **SERVICE** for the local community by increasing the **SEAMLESS PROVISION** of all Health & Care services. This will be delivered through:
 - a. Pooling of Staff & Financial Resources
 - b. Clear accountability and devolved responsibility for the management of service resources
 - c. Flexibility in the use of Resources
 - d. Single set of Support systems for staff working in Health & Care services
4. Supports the **SUSTAINABILITY** of locally provided Health & Care services
5. Supports the future **REDESIGN** of services to address challenges of a growing elderly population
6. Ensures **LOCAL CONTROL** over the provision, strategic planning and resource allocation of Health & Care services
7. Increases the Local **DEMOCRATIC** input to the oversight of Shetland's Health & Care Services

B) Outline of Model – BODY CORPORATE MINIMUM

Governance:

Joint Strategic Committee (Board members and Councillors) provides oversight for the Operational Delivery of all Health & Care services delegated to the Body Corporate.

NHS Shetland and SIC delegate functions (services to be delivered) to the Body Corporate. Body Corporate responsible for delivery using the 2 bodies to operationally support the delivery of relevant services as required.

NHS Shetland and SIC ensure external scrutiny of their relevant services by the Body Corporate.

Strategic Planning;

NHS Shetland and SIC required to develop a Joint Strategic Plan for Shetland's Health & Care services (in conjunction with relevant stakeholders)

Operational Management:

Services Managed on a Day to Day basis through agreed Management arrangements. Joint Line Management arrangements developed wherever possible. Resources identified by each body to be Jointly managed. Joint Resources "aligned" within the Body Corporate with day to day financial control managed by the designated host organisation for each service area/function.

Depending on the draft regulations (published 12th May) would include minimum level of services that are required. Subject to regulations would include all adult Community care services, Primary care & Community Health services but the minimum amount of Acute services or services commissioned from the Scottish Mainland¹.

Over time Body corporate would be expected to identify which support systems from each organisation it would migrate to (i.e. Financial systems, HR policies, Risk Management etc)

It may / or may not be decided that the transfer of staff (using the TUPE principles) is beneficial. This should be part of a separate analysis but is less likely to be relevant than under a Lead agency approach.

C) SWOT ANALYSIS

STRENGTHS

- Clear delegation of Functions to a single legal entity, the Body Corporate, with a single joint accountable officer. Joint planning and monitoring arrangements in place through the Body Corporate.
- Retains ownership of Services within relevant organisation therefore minimising risks to Recruitment & Retention for both NHS & SIC
- Joint Monitoring Committee creates "Joint Ownership" and Democratic input to Jointly managed services

¹ Draft regulations published on 12th May will provide further clarity on what services "MUST" be included. Current indications suggest some Acute services will need to be included. It is not clear how this could be interpreted in the context of the small scale of services in Shetland

- Facilitates redesign of services delegated to Body Corporate (e.g. Community Health & Social Care)

WEAKNESSES

- Day to day operational responsibility for services sits with two agencies
- Creation of potential barrier between core NHS services and NHS services retained under the direct management of NHS Shetland (i.e. some Acute Hospital services)
- Creation of potential barrier between core SIC care services and SIC services retained under the direct management of SIC (i.e. core Housing services, children's services, Chief Social work officer)
- Reduces opportunity for "whole system" redesign to address long term Demographic change since not all relevant services sit within the integrated governance arrangements

OPPORTUNITIES

- To develop current Joint management arrangements to offset impact of operational responsibility remaining with 2 agencies
- Identifying most appropriate / best range of support systems for staff managing / working in the service (i.e. Risk management / Incident reporting, HR. Financial etc)
- Redesign of services across the local Community Health & Care pathway to shift resources between NHS & SIC)
- Increase Councillor Input to the strategic development of all Community health services
- Potential in future to develop this towards a Single Public Authority if appropriate / desirable
- Potential to target areas where transfer of staff between organisations (using TUPE) would be beneficial to service delivery

THREATS

- Reduced opportunity for cross subsidising cost pressures on the joint budget by reallocation of resources from other parts of either Health or Council services
- Reduced capacity within Health Board to sustain structure to provide management of retained functions, commissioned services and scrutiny of Body corporate

Health & Social Care Integration: Outline SWOT analysis of Options

Shetland Body Corporate: Maximum Services Included

D) Introduction & Objectives

This is a high level SWOT analysis of implementing the Body Corporate Model for Integration assuming the maximum level of services are included within the partnership.

The Objectives for Integration against which this SWOT analysis has been developed are:

8. Improve Joint **STRATEGIC PLANNING** for Health & Care services in Shetland
9. Minimise the **BUREAUCRACY** required for Governance to release time and resources for the front line services
10. Improve the **SERVICE** for the local community by increasing the **SEAMLESS PROVISION** of all Health & Care services. This will be delivered through:
 - a. Pooling of Staff & Financial Resources
 - b. Clear accountability and devolved responsibility for the management of service resources
 - c. Flexibility in the use of Resources
 - d. Single set of Support systems for staff working in Health & Care services
11. Supports the **SUSTAINABILITY** of locally provided Health & Care services
12. Supports the future **REDESIGN** of services to address challenges of a growing elderly population
13. Ensures **LOCAL CONTROL** over the provision, strategic planning and resource allocation of Health & Care services
14. Increases the Local **DEMOCRATIC** input to the oversight of Shetland's Health & Care Services

E) Outline of Model – BODY CORPORATE MAXIMUM

Governance:

Joint Strategic Committee (Board members and Councillors) provides oversight for the Operational Delivery of all Health & Care services delegated to the Body Corporate.

NHS Shetland and SIC delegate functions (services to be delivered) to the Body Corporate. Body Corporate responsible for delivery using the 2 bodies to operationally support the delivery of relevant services as required.

NHS Shetland and SIC ensure external scrutiny of their relevant services by the Body Corporate.

Strategic Planning;

NHS Shetland and SIC required to develop a Joint Strategic Plan for Shetland's Health & Care services (in conjunction with relevant stakeholders)

Operational Management:

Services Managed on a Day to Day basis through agreed Management arrangements. Joint Line Management arrangements developed wherever possible. Resources identified by each body to be Jointly managed. Joint Resources "aligned" within the Body Corporate with day to day financial control managed by the designated host organisation for each service area/function.

Depending on the draft regulations (published 12th May) would include maximum level of services that are allowed. Where possible would include all adult Community Care services and Health care services provided on Island (Primary / Community and Acute / Hospital services and services commissioned from the Scottish Mainland².

Over time Body corporate would be expected to identify which support systems from each organisation it would migrate to (i.e. Financial systems, HR policies, Risk Management etc)

It may / or may not be decided that the transfer of staff (using the TUPE principles) is beneficial. This should be part of a separate analysis but is less likely to be relevant than under a Lead agency approach.

F) SWOT ANALYSIS

STRENGTHS

- Clear delegation of Functions to a single legal entity, the Body Corporate, with a single joint accountable officer. Joint planning and monitoring arrangements in place through the Body Corporate.
- Retains delivery of Services within relevant organisation therefore minimising risks to Recruitment & Retention for both NHS & SIC
- Joint Monitoring Committee creates "Joint Ownership" and Democratic input to Jointly managed services
- Facilitates redesign of services delegated to Body Corporate (i.e. across all Health & Social Care)

² Draft regulations setting out potential services to be included (and those specifically excluded) to be published on 12th May

WEAKNESSES

- Day to day operational responsibility for services sits with two agencies
- Creation of potential barrier between core NHS services and small number (if any) of NHS services retained under the direct management of NHS Shetland (to be identified)
- Creation of potential barrier between core SIC care services and SIC services retained under the direct management of SIC (i.e. core Housing services, childrens services and Chief Social work officer function)

OPPORTUNITIES

- To develop current Joint management arrangements to offset impact of operational responsibility remaining with 2 agencies
- Identifying most appropriate / best range of support systems for staff managing / working in the service (i.e. Risk management / Incident reporting, HR. Financial etc)
- Redesign of services across the whole Health & Care pathway to shift resources between NHS & SIC, support a shift in the Balance of care and address the challenges associated with expected changes to the elderly population.
- Increase Councillor Input to the strategic development of all health services
- Potential in future to develop this towards a Single Public Authority if appropriate / desirable
- Potential to target areas where transfer of staff between organisations (using TUPE) would be beneficial to service delivery
- Potential to integrate / link Body Corporate and day to day running of Health Board resulting in both an effective Health & Social Care Partnership on Shetland and a recognised need for an identified body on Shetland responsible for local health services

THREATS

- Reduced opportunity for cross subsidising cost pressures on the joint budget by reallocation of resources from other parts of either Health or Council services
- Significant reduction in the capacity within Health Board to sustain structure to provide management of retained functions, commissioned services and scrutiny of Body corporate
- Potential impact on future sustainability of a Local Health Board leading to transfer of Board functions to a Mainland Scottish Board (i.e. NHS Grampian) and the loss of local decision making over overall health resource allocation to Shetland

Health & Social Care Integration: Outline SWOT analysis of Options

NHS Shetland as Lead Agency

A) Introduction & Objectives

This is a high level SWOT analysis of implementing the Lead Agency Model for Integration based on NHS Shetland as the Lead Agency.

The Objectives for Integration against which this SWOT analysis has been developed are:

1. Improve Joint **STRATEGIC PLANNING** for Health & Care services in Shetland
2. Minimise the **BUREAUCRACY** required for Governance to release time and resources for the front line services
3. Improve the **SERVICE** for the local community by increasing the **SEAMLESS PROVISION** of all Health & Care services. This will be delivered through:
 - a. Pooling of Staff & Financial Resources
 - b. Clear accountability and devolved responsibility for the management of service resources
 - c. Flexibility in the use of Resources
 - d. Single set of Support systems for staff working in Health & Care services
4. Supports the **SUSTAINABILITY** of locally provided Health & Care services
5. Supports the future **REDESIGN** of services to address challenges of a growing elderly population
6. Ensures **LOCAL CONTROL** over the provision, strategic planning and resource allocation of Health & Care services
7. Increases the Local **DEMOCRATIC** input to the oversight of Shetland's Health & Care Services

B) Outline of Model – NHS SHETLAND as LEAD AGENCY

Governance:

Integration Joint Monitoring Committee (Board members and Councillors) provides oversight for the Planning and Operational Delivery of all Health & Care services.

SIC specifies Level of Service and Budget to be devolved to the Partnership for the services for which they have statutory responsibility. SIC uses internal scrutiny / commissioning process to monitor provision of services by partnership against required service / budget allocation (method and level of scrutiny to be developed / agreed).

Strategic Planning:

Joint Strategic Committee responsible for developing Integrated Strategic Plan for Shetland's Health & Care services (in conjunction with relevant stakeholders)

Operational Management:

Would include all NHS services, all Community Care resources and adult Social work (with exception of Chief Social Work officer and Mental Health Officers)¹.

NHS Shetland would be responsible on a day to day basis for the Operational management and delivery of all services. Joint Line Management arrangements developed. All Resources delegated to NHS Shetland to manage in year. Some services maybe contracted out to a third party as at present.

It may / or may not be decided that the transfer of staff (using the TUPE principles) is beneficial. This should be part of a separate analysis.

C) SWOT ANALYSIS**STRENGTHS**

- Easy to Include all Health & Care Services in single management structure – from Tertiary services Commissioned on Scottish Mainland to Community Services in smallest Islands
- Clear responsibility for Operational delivery of services sits with Single body (NHS Shetland)
- Simple to develop and agree clear lines of Management Accountability for services
- Single focus & priority of NHS Shetland on Health & Care services
- Reinforces role of NHS Shetland and therefore sustains Local decision making for Health services in Shetland
- Retains NHS Services within wider NHS in Scotland, maximising opportunities for Recruitment & Retention of staff from other NHS systems

WEAKNESSES

- Creation of potential barrier between core SIC Care services and other SIC services (i.e. Housing)

¹ Other council services maybe included depending on the regulations. Draft regulations due to be published on 12th May.

- Separation of Social work function across two agencies². Separation of MHOs from other adult social work.
- Potential impact on Recruitment of Social work staff
- Less visible commitment; both managerial and political by SIC to Care services

OPPORTUNITIES

- Easier to develop of single set of Internal Governance systems (i.e. Clinical (Quality), Staff and Audit to operational management of services
- Easier to develop single set of support systems for staff managing / working in the service (i.e. Risk management / Incident reporting, HR. Financial etc)
- Potential to maximise and easily redesign services across the whole Patient pathway (maximising opportunity to shift resources from Scottish Mainland to Shetland and Acute to Community services)
- Increase Councillor Input to the management and strategic development of all local health services
- Creates an effective Health & Care partnership based on Shetland with local Democratic input. Potential in future to develop this towards a Single Public Authority if appropriate / desirable

THREATS

- Creation of negative “oversight” culture between NHS & SIC
- Potential for a loss of democratic accountability and ownership for Community care as services become less “visible” to Councillors (potentially offset through close involvement of Councillors in Locality planning)
- Loss of day to day responsibility for operational service delivery and “visibility” from the Council leads to a lower priority given to Investment in Care services
- Reduced opportunity for cross subsidising cost pressures on the joint budget by reallocation of resources from other parts of either Health or Council services
- Industrial relations issues depending on decisions made around transfer of staff, application of TUPE pay equality issues

² Need to ensure effective professional oversight from Chief Social Work officer
Need to ensure robust 24/7 Social work service is maintained

Health & Social Care Integration: Outline SWOT analysis of Options

Shetland Island Council as Lead Agency

A) Introduction & Objectives

This is a high level SWOT analysis of implementing the Lead Agency Model for Integration based on Shetland Island Council (SIC) as the Lead Agency.

The Objectives for Integration against which this SWOT analysis has been developed are:

1. Improve Joint **STRATEGIC PLANNING** for Health & Care services in Shetland
2. Minimise the **BUREAUCRACY** required for Governance to release time and resources for the front line services
3. Improve the **SERVICE** for the local community by increasing the **SEAMLESS PROVISION** of all Health & Care services. This will be delivered through:
 - a. Pooling of Staff & Financial Resources
 - b. Clear accountability and devolved responsibility for the management of service resources
 - c. Flexibility in the use of Resources
 - d. Single set of Support systems for staff working in Health & Care services
4. Supports the **SUSTAINABILITY** of locally provided Health & Care services
5. Supports the future **REDESIGN** of services to address challenges of a growing elderly population
6. Ensures **LOCAL CONTROL** over the provision, strategic planning and resource allocation of Health & Care services
7. Increases the Local **DEMOCRATIC** input to the oversight of Shetland's Health & Care Services

B) Outline of Model – SHETLAND ISLAND COUNCIL as LEAD AGENCY

Governance:

Integration Joint Monitoring Committee (Board members and Councillors) provides oversight for the Planning and Operational Delivery of all Health & Care services.

NHS Shetland specifies Level of Service and Budget to be devolved to the Partnership for the services for which they have statutory responsibility. NHS uses internal scrutiny / commissioning process to monitor provision of services by partnership against required service / budget allocation (method and level of scrutiny to be developed / agreed)

Strategic Planning;

Joint Strategic Committee responsible for developing Integrated Strategic Plan for Shetland's Health & Care services (in conjunction with relevant stakeholders)

Operational Management:

SIC responsible on a day to day basis for the Operational management and delivery of all services. Joint Line Management arrangements developed. All Resources delegated to Shetland Island Council to manage in year. Some services maybe contracted out to a third party as at present.

Depending on the draft regulations (published 12th May) this may include most NHS services, just Primary care & Community Health services or a balance within this to be determined / agreed (between NHS Shetland and SIC). Would include all Community care & adult social work services.

It may / or may not be decided that the transfer of staff (using the TUPE principles) is beneficial. This should be part of a separate analysis.

C) SWOT ANALYSIS**STRENGTHS**

- Easy to Include most Health & Care Services in single management structure – from Tertiary (specialist medical) services Commissioned on Scottish Mainland to Community Services in smallest Islands
- All adult social work services kept together including MHOs and in the same agency as the CSWO.
- Clear responsibility for Operational delivery of services sits with Single body (SIC)
- Simple to develop and agree clear lines of Management Accountability for services
- Retains SIC Services within Local Authority system maximising opportunities for Recruitment & Retention of staff from other Local Authorities
- Consistent with aspirations for a Single Public Authority
- Provides Local democratic influence and accountability for local healthcare services

WEAKNESSES

- Creation of potential barrier between core NHS services included in the strategic partnership and any NHS services retained under the direct management of NHS Shetland (depends on detail within regulations to be published on 12th May)
- Potential impact on Recruitment of NHS staff (particularly key clinicians and professional staff)
- Potential distancing of NHS Scotland from local Health services
- “Core” NHS services retained unable to support resources required to justify / sustain local Health Board leading to transfer of Health Board functions to mainland NHS Board (i.e. NHS Grampian)
- Possibility that the allocation of Shetland’s Health resources would be subsumed within NHS Grampian’s (or another larger Health Board’s allocation)

OPPORTUNITIES

- Easier to use single set of support systems for staff managing / working in the service (i.e. Risk management / Incident reporting, HR. Financial etc)
- Easier to develop single set of Internal Governance systems (i.e. Clinical (Quality), Staff and Audit to operational management of services)
- Redesign of services across the Health & Community pathway to shift resources from Acute to Community services)
- Creates an effective H&SC partnership based in Shetland with local democratic input across all community health and social care services.
- Potential in future to develop this towards a Single Public Authority if appropriate / desirable

THREATS

- Potential loss of NHS Shetland as a local Health board consequently resulting in different decisions being made, particularly around secondary and tertiary care and therefore the balance of Acute services provided on Shetland
- Inability to recruit to key, particularly Single handed posts, due to the loss of NHS identity results in increased risk to the future of small services (i.e. Remote GP practices and senior medical staff providing acute hospital care)
- Creation of negative “oversight” culture between NHS & SIC rather than Partnership approach

- Potential for disputes between SIC & NHS regarding delegated services and contractual position
- Reduced opportunity for cross subsidising cost pressures on the joint budget by reallocation of resources from other parts of either Health or Council services
- Industrial relations issues depending on decisions made around transfer of staff, application of TUPE pay equality issues

Appendix 4 – Health & Social Care Integration: Financial implications, risks and costs associated with Options 1, 2 and 3

Costs & Financial Risks

Option 1 Body Corporate Model		Option 2 - Delegate Functions to a Health Board		Option 3 - Delegate Functions to Local Authority	
Known Financial Costs/savings per year					
TOTAL Potential additional annual cost	c.£25,000 p.a. depending on approach taken		Up to £1.7m in year 1, falling to £1.3m in future years depending on approach taken		Up to c.£100,000 depending on approach taken but could be lower
Joint Board (Travel & Subsistence)	C.£10,000	Joint Monitoring Committee (Travel & Subsistence)	C.£10,000	Joint Monitoring Committee (Travel & Subsistence)	C.£10,000
		SIC would have to establish a team to manage the contract with NHS Shetland to ensure the Council Follows the Public Pound effectively. NHS would need to set aside resources to provide the information required by the Council as part of the contract.	c.100,000 - £200,000 (Estimated SIC cost)	NHS would need a team to monitor the contract, and the Council would need a team to produce the performance and financial information that the NHS required.	c. £50,000 - £100,000 (Estimated SIC cost)
Audit Committee & Audit Costs (assumes SIC internal audit to avoid additional fees from Scott Moncrieff)	c.£15,000	NHS unable to recover VAT as effectively as Local Authority. If this is not managed appropriately, this is the potential tax leakage that could arise. VAT specialists will be required – potentially £15k of up-	c.£260,000	Potential savings depending on agreement reached between SG & HMRC. This is because SIC could recover VAT on NHS non-business activities.	Unknown

Option 1 Body Corporate Model		Option 2 - Delegate Functions to a Health Board		Option 3 - Delegate Functions to Local Authority	
		front costs.			
		Depreciation – assumes existing assets relating to Community Care transfer to NHS, there is a potential cost as NHS has to recognise depreciation as a real cost, whereas there is statutory mitigation in Local Authority.	c.£330,000	Holiday Pay – potential one-off rebate to NHS if staff transferred to SIC as council can benefit from statutory mitigation	NHS would need to quantify.
		Holiday Pay Accrual – assuming staff are TUPE transferred across to NHS, there will be a one off holiday pay accrual cost as NHS has to recognise this, whereas there is statutory mitigation in Local Authority.	c.£400,000		
		IAS 19 Pension Costs – Assuming SIC staff transferred to NHS. NHS would have to pay full actuarial costs each year for those staff. This is a real cost pressure for NHS as it does not receive statutory mitigation for IAS 19 Pension costs, whereas the Council does.	Ranges widely – a bad year might be an additional £500,000, because its based on actuarial assumptions, it will be difficult to budget for.		

Option 1 Body Corporate Model	Option 2 - Delegate Functions to a Health Board	Option 3 - Delegate Functions to Local Authority
Financial Risks		
Agreeing a baseline – if the subsequent budget is not delivered, how do you separate out poor management vs poor baseline in order to address the overspend, and ensure Best Value is being delivered.	Agreeing a baseline – if the subsequent budget is not delivered, how do you separate out poor management vs poor baseline in order to address the overspend, and ensure Best Value is being delivered.	Agreeing a baseline – if the subsequent budget is not delivered, how do you separate out poor management vs poor baseline in order to address the overspend, and ensure Best Value is being delivered.
Perception risk – the Public may feel that SIC Councillors would have an element of responsibility for NHS services, which again could result in political pressure to put more resources into the Joint Board to improve NHS services such as Lerwick Health Centre.	Budget Overspends – it is potentially harder to manage down overspends if the management responsibility lies with another organisation.	Cost Pressures/Service Levels – NHS facing significant above general inflation cost pressures, and currently provide service levels that draw criticism from the public. There is a risk that the Council comes under significant community pressure to provide more resources to this area to improve service levels e.g. Lerwick Health Centre. This could result in increased draws on reserves if the Council acceded to this pressure.
Budget Setting – NHS has a culture of setting budgets that are not fully funded, by creating “unidentified savings” to balance. This is a high risk approach to budget setting and increases the likelihood of the budget not being delivered, which could result in further SIC resources being required through the joint board arrangement.	Management of Reserves – NHS cannot carry forward reserves. If there was an underspend and it was not identified/managed correctly, it could result in the money being lost. In order to ensure that the money can be carried forward it would have to be transferred to the Council, but if NHS Shetland’s financial management arrangements were weak, there is a potential that this might not happen.	Additional Management Responsibility – if the Council becomes responsible for more service delivery/staff/assets/budget there is the inherent risk that things could go wrong e.g. litigation, trade union issues, building issues, budget overspends etc. The Council could end up having to spend more to address these issues, if the Council was responsible for the issues. Similar to previous example such as HIAL – SIC managing a service on behalf of another public sector organisation but could still be financially out of pocket as a result of legal action.
Budget Overspends – if one side was overspending and the other side under-spending, how would this be managed, and how can accountability for the Council’s public pound be followed.	Cost Pressures/Service Levels – NHS facing significant above general inflation cost pressures, and currently provide service levels that draw criticism from the public. There is a risk that NHS might seek to divert resources from “Council” services into NHS services.	Budget Overspends – a budget overspend would physically sit with the Council until such a time that the NHS agreed to transfer over more money. This gives the Council a weaker negotiating position with the NHS in agreeing who should pay.

Option 1 Body Corporate Model	Option 2 - Delegate Functions to a Health Board	Option 3 - Delegate Functions to Local Authority
	<p>Budget Setting – NHS has a culture of setting budgets that are not fully funded, by creating “unidentified savings” to balance. This is a high risk approach to budget setting and increases the likelihood of the budget not being delivered, which could result in further SIC resources being required.</p>	
	<p>Contract Management – the Council would retain accountability for its existing services regardless of whether responsibility for delivery lay with another body. In order to manage the contracts, and also for the S95 Officer to meet statutory duty regarding council expenditure, a team would need to be established to monitor the Partnership Agreement to ensure that it meets agreed targets within agreed budget parameters. There would be a cost to the Council in setting this up, either with additional staff, or an opportunity cost arising from taking staff away from other productive work.</p>	
	<p>Reducing Council flexibility for asset management – if assets transfer to NHS in defined Partnership Agreement, it may reduce the Council’s ability to manage its asset management strategy effectively if certain assets were “off-limits”.</p>	

Details of the key financial implications for each of the 3 Options

AREA	OPTION 1	OPTION 2	OPTION 3	COMMENTS / ISSUES
	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Financial Model	<p>The Health Board and Local Authority will delegate functions and make payments to the Integration Joint Board in respect of the delegated functions, and the Health Board will also set aside amounts in respect of large hospitals for use by the Integration Joint Board.</p> <p>The Integration Joint Board will produce the Strategic Plan for the use of these resources and give direction and make payment where relevant to the Health Board and Local Authority for delivery of the services in line with the Strategic Plan.</p>	<p>The partners will delegate functions and resources between each other.</p> <p>The legislation allows delegation from Health Board to Local Authority; Local Authority to the Health Board; and delegation by both to each other.</p> <p>In this case, Payments are made to the Health Board in respect of the delegated functions.</p> <p>Arrangements would have to be put in place to ensure that the Council could still effectively follow the public pound for purposes of Best Value and good financial management.</p>	<p>The partners will delegate functions and resources between each other.</p> <p>The legislation allows delegation from Health Board to Local Authority; Local Authority to the Health Board; and delegation by both to each other.</p> <p>In this case, Payments are made to the Local Authority in respect of the delegated functions.</p> <p>Arrangements would have to be put in place to ensure that the Health Board could still effectively follow the public pound for purposes of good financial management and accountability for public money.</p>	<p>Option 1 is an extension of current CHP practices and therefore is the least disruptive model with regard to the financial arrangements that would need to be in place. There are issues associated with having to deal with three bodies, as opposed to two. However, the two organisations may easier be able to maintain effective financial control if functions are delegated to the Joint Board (Option 1). Options 2 & 3 are likely to require a greater lead in time to implement, particularly if it involves the transfer of staff and or other assets.</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Integration Scheme and Strategic Plan	<p>The Integration Joint Board will lead the preparation of the Strategic Plan with other stakeholders. The Strategic Plan will describe the capacity required by the partnership population along the spectrum of care and the resources available to deliver the outcomes. The Integration Joint Board will be able to allocate resources between these three components (local authority payment, health board payment, hospitals) in line with the Strategic Plan.</p> <p>Key stakeholders to be engaged in scheme development Minister & Scottish Parliament approval required</p>	<p>The Health Board will produce the Strategic Plan which will describe the capacity required by the partnership population along the entire pathway of care. The Health Board will deliver the services within scope of the Strategic Plan, including those on behalf of the Local Authority. The Strategic Plan will be approved by the integration joint monitoring committee.</p> <p>The Health Board will be able to allocate resources between these three components (local authority payment, health board payment, hospitals) in line with the Strategic Plan.</p> <p>Key stakeholders to be engaged in scheme development Minister approval required (Scottish Parliament approval not required)</p>	<p>The Local Authority will produce the Strategic Plan which will describe the capacity required by the partnership population along the entire pathway of care. The Local Authority will deliver the services within scope of the Strategic Plan, including those on behalf of the Health Board. The Strategic Plan will be approved by the integration joint monitoring committee.</p> <p>The Local Authority will be able to allocate resources between these three components (local authority payment, health board payment, hospitals) in line with the Strategic Plan.</p> <p>Key stakeholders to be engaged in scheme development Minister approval required (Scottish Parliament approval not required)</p>	<p>The strategic plan will need to include a significant amount of information to cover all the variations that currently exist between the two organisations, i.e. Budget Setting Managing budget variances Virements, Managing carry forwards, Reserves, Financial Reporting, Insurance, Risk, Accountability, Defining activities, volume and price and Following the Public Pound.</p> <p>The document will need to be carefully worded and it may be difficult to agree between the two organisations. This is likely to be a substantial document but it will be required whatever option is chosen.</p> <p>The SIC MTFP and the SHB financial plan will also need to provide more detail in respect of the services forming part of Integration.</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Financial Assurance	<p>The Integration Joint Board will need to put in place systems to establish good governance arrangements, including: Financial regulations; Risk management, insurance provision; and Internal audit arrangements.</p> <p>The equivalent arrangements in the Health Board and Local Authority will need to be reviewed and revised to incorporate any changes brought about by the integration arrangements.</p>	<p>The Health Board will need to review and revise governance arrangements, including; financial regulations; Risk management, insurance provision; and Internal audit arrangements to include the delegated services.</p>	<p>The Local Authority will need to review and revise governance arrangements, Including; financial regulations; Risk management, insurance provision; and Internal audit arrangements to include the delegated services.</p>	<p>Arrangements will have to be reviewed and revised regardless of which option is chosen.</p> <p>There may be difficulties in agreeing joint arrangements for the Joint Board, i.e. Financial Regulations, given the number of differences between the two organisations. There may also be issues with insurance.</p>
Localities	<p>The Integration Joint Board will devolve appropriate responsibility and accountability for resources to localities so that they are empowered to make decisions that achieve shifts in outcomes in line with the Strategic Plan.</p> <p>Locality arrangements</p> <ul style="list-style-type: none"> • based on natural communities • to involve professionals, staff, 3rd / independent sector, carers, service users 	<p>The Health Board will devolve appropriate responsibility and accountability for resources to localities so that they are empowered to make decisions that achieve shifts in outcomes in line with the strategic Plan.</p> <p>Locality arrangements</p> <ul style="list-style-type: none"> • based on natural communities • to involve professionals, staff, 3rd / independent sector, carers, service users 	<p>The Local Authority will devolve appropriate responsibility and accountability for resources to localities so that they are empowered to make decisions that achieve shifts in outcomes in line with the strategic Plan.</p> <p>Locality arrangements</p> <ul style="list-style-type: none"> • based on natural communities • to involve professionals, staff, 3rd / independent sector, carers, service users 	<p>Currently SIC general ledger is not set up to capture cost information on a locality basis. A piece of work would have to be undertaken to ensure that the requirements of the legislation can be met.</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Chief Officer & Proper Officer for Finance	<p>A Chief officer and financial responsible officer needs to be appointed to the joint board. The chief officer will be the Accountable officer of all matters except finance.</p> <p>The Integration Board must make arrangements for the proper administration of its financial affairs and appoint an officer with this responsibility.</p> <p>The Chief Officer may be appointed to this role if the joint board deems it appropriate. The Chief Officer will also hold an operational role in the partner Health Board and Local Authority, for the management of the operational delivery of the services as directed by the Integration Joint Board.</p>	<p>The Chief Executive of the Health Board will be jointly accountable to the Health Board and Local Authority for the management of the integrated services using its financial regulations and controls. The joint committee scrutinises the effectiveness of the integrated arrangements on behalf of the Local Authority and Health Board, including financial management of the Integrated Budget.</p> <p>The role of the joint committee is to:</p> <ul style="list-style-type: none"> • Hold the host partner to account for use and management of the agreed resources and budgets on behalf of both partners; and • Report to both partners in relation to those matters, using a robust reporting mechanism specified in the Integration Scheme. <p>It is recommended that the Finance Directors from both the Health Board and Local Authority will sit in attendance at the joint committee.</p>	<p>The Chief Executive of the Local Authority will be jointly accountable to the Health Board and Local Authority for the management of the integrated services using its financial regulations and controls. The joint committee scrutinises the effectiveness of the integrated arrangements on behalf of the Local Authority and Health Board, including financial management of the Integrated Budget.</p> <p>The role of the joint committee is to:</p> <ul style="list-style-type: none"> • Hold the host partner to account for use and management of the agreed resources and budgets on behalf of both partners; and • Report to both partners in relation to those matters, using a robust reporting mechanism specified in the Integration Scheme. <p>It is recommended that the Finance Directors from both the Health Board and Local Authority will sit in attendance at the joint committee.</p>	<p>Option 1 requires the identification of the Chief officer and the financial responsible officer. This will likely be existing officers of the LA/HB.</p> <p>For Options 2 & 3 the Accountable officers for Finance already exist; namely the Chief Executive for the Health Board and the Section 95 Officer for the Local Authority.</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Resources within the scope of the plan	<p>The Strategic Plan will incorporate a medium term financial plan for the resources within the scope of the Strategic Plan.</p> <p>The resources within the scope of the plan comprises:</p> <ul style="list-style-type: none"> • The payment made to the Integration Joint Board by the Local Authority for delegated adult social care services • The payment made to the Integration Joint Board by the Health Board for delegated primary and community healthcare services and for those delegated hospital services which will be managed by the Chief Officer. • The amount set aside by the Health Board for delegated services provided in large hospitals for the population of the Integration Joint Board. <p>The Integration Joint Board will publish annual financial statements setting out the total resources included in the plan for that year.</p>	<p>The Strategic Plan will incorporate a medium term financial plan for the resources within the scope of the Strategic Plan.</p> <p>The resources within the scope of the plan comprises:</p> <ul style="list-style-type: none"> • The payment made to the Health Board by the Local Authority; and • The Health Board budgets for the services to be managed in conjunction with the delegated services. <p>An annual financial statement will be published setting out the total resources included in the plan for that year.</p>	<p>The Strategic Plan will incorporate a medium term financial plan for the resources within the scope of the Strategic Plan.</p> <p>The resources within the scope of the plan comprises:</p> <ul style="list-style-type: none"> • The payment made to the Local Authority by the Health Board; • The Local Authority budgets for the services to be managed in conjunction with the delegated services; and • The amount set aside by the Health Board for services provided in large hospitals used by the partnership population. <p>An annual financial statement will be published setting out the total resources included in the plan for that year.</p>	<p>Regardless of the options the resources will have to be identified and agreed.</p> <p>A new plan will require to be drawn up for Option 1, the existing plans under Options 2 & 3 will have to be revised.</p> <p>Option 2 may require the use of some additional funding to meet holiday pay for LA staff if transferred in Year 1 (holiday pay is a real cost to the HB but not to the LA due to statutory mitigation)</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Financial Governance & Accountability	<p>The Integration Joint Board must appoint an Officer to be responsible for the administration of its financial affairs. The financial officer of the Integration Joint Board is responsible for the administration of the financial resources delegated to it.</p> <p>The Health Board Accountable officer and the Local Authority Section 95 Officer discharge their responsibility, as it relates to the resources that are delegated to the Integration Joint Board, by the provisions in the Integration Scheme.</p> <p>The financial resources allocated to the Health Board and the Local Authority by the Integration Joint Board for the delivery of services are the responsibility of the Health Board accountable officer and the Local Authority Section 95 Officer; and the Chief Officer is accountable to them for the use of financial resources in his/her operational role in the Health Board and Local Authority.</p>	<p>The Chief Executive is the Accountable officer for financial matters relating to the integrated budget.</p> <p>Financial governance will be provided by an Integration Joint Monitoring Committee which will be accountable to both the Health Board and the Local Authority. It will review and report on the effectiveness of the integration arrangements including the financial management of the integrated budget. Membership of the integration joint monitoring committee will be determined by the full council and the Health Board (some members appointed by the Health Board and others by the Local Authority), and the joint committee will report to the full council and the Health Board. The number of voting members will be x elected members from the Local Authority and y members of the Health Board (both non executives and executives).</p>	<p>The S95 Officer is the Accountable Officer for financial matters relating to the integrated budget.</p> <p>Financial governance will be provided by an Integration Joint Monitoring Committee which will be accountable to both the Health Board and the Local Authority. It will review and report on the effectiveness of the integration arrangements including the financial management of the integrated budget. Membership of the integration joint monitoring committee will be determined by the full council and the Health Board (some members appointed by the Health Board and others by the Local Authority), and the joint committee will report to the full council and the Health Board. The number of voting members will be x elected members from the Local Authority and y members of the Health Board (both non executives and executives).</p>	All options fit within the existing legal framework for financial governance and accountability.

		The Accountable officer of the Local Authority discharges their responsibility, as it relates to the resources that are delegated to the Health Board, by setting out in the Integration Scheme how the money is to be used in the integrated arrangement and the systems and monitoring arrangements for financial performance management.	The Accountable officer of the Health Board discharges their responsibility, as it relates to the resources that are delegated to the Local Authority, by setting out in the Integration Scheme how the money is to be used in the integrated arrangement and the systems and monitoring arrangements for financial performance management.	
	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Audit Committee	The IJB should make appropriate and proportionate arrangements, for consideration of the audit provision and annual financial statements, which are compliant with good practice governance standards in the public sector. This should include any reports from internal audit, external audit and the annual accounts. It will be the responsibility of the IJB to agree the membership having regard to the agreed remit, skills and good practice for a public sector audit committee. It is anticipated that members of the Integration Joint Board will serve in this capacity.	Continue with existing arrangements	Continue with existing arrangements	Option 1, there may be some additional admin costs and expenses. Options 2 & 3 should cost neutral.

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Internal Audit	<p>It is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This will include determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.</p> <p>It is recommended that the Chief Internal Auditors for the IJB, LA and HB share information and co-ordinate activities with each other, external providers of assurance and consulting services to ensure proper coverage and avoid duplication of efforts.</p> <p>It is recommended that internal audit service should be provided by the LA as this can be done within existing resources, whereas the HB receives internal audit services from a firm.</p> <p>The arrangements for the internal audit service provided to the IJB should be set out in a service level agreement.</p>	<p>It is recommended that the Health Board should review and revise the scope of the existing internal audit arrangements to include the delegated functions.</p> <p>The Local Authority internal audit team should provide information to the Health Board as required to develop the arrangements.</p> <p>The Chief Internal Auditor will report on the integration arrangements to the Chief Executive of the Health Board and the relevant committee in line with agreed governance arrangements of the Health Board.</p>	<p>It is recommended that the Local Authority should review and revise the scope of the existing internal audit arrangements to include the delegated functions.</p> <p>The Health Board's internal audit team should provide information to the Local Authority as required to develop the arrangements.</p> <p>The Chief Internal Auditor will report on the integration arrangements to the Chief Executive of the Local Authority and the relevant committee in line with agreed governance arrangements of the Local Authority.</p>	<p>Option 1 needs a Service Level Agreement of who will provide the service (ie HB internal audit or LA internal audit) but it should be cost neutral if performed by the LA team using existing resources.</p> <p>No additional cost for Options 2 & 3.</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Statutory Reporting / External Audit	<p>The legislation requires that the Integration Joint Board is subject to the audit and accounts regulations and legislation of a body under Section 106 of the Local Government (Scotland) Act 1973. This determines that the Integration Joint Board will produce audited accounts, that the external audit will be undertaken by auditors appointed by the Accounts Commission and that the financial statements will be prepared according the Code of Practice in Local Authority Accounting in the UK.</p> <p>The overall governance arrangements for the Integration Joint Board will determine who is responsible for signing the financial statements and will be specified in regulations.</p> <p>The Integration Joint Board financial statements must be completed to meet the audit and publication timetable specified in regulations (Regulations under section 105 of the Local Government (Scotland) Act 1973).</p>	<p>No Requirement to prepare separate accounts.</p> <p>The partner authorities will continue to use the existing guidance for the preparation of their financial statements. However, depending whether the lead authority is the Local Authority or the Health Board certain accounting treatments may lead to issues under the integration arrangements.</p> <p>The reporting in the financial statements of the Local Authority and Health Board should follow the existing accounting treatments.</p> <p>The external auditor of the Health Board will be responsible for the audit of the delegated services as part of the statutory audit of the authority.</p> <p>The reporting in the financial statements of the Local Authority and Health Board should follow the existing treatments. The Local Authority and Health Board</p>	<p>No Requirement to prepare separate accounts.</p> <p>The reporting in the financial statements of the Local Authority and Health Board should follow the existing accounting treatments.</p> <p>The external auditor of the Local Authority will be responsible for the audit of the delegated services as part of the statutory audit of the authority.</p> <p>The reporting in the financial statements of the Local Authority and Health Board should follow the existing treatments. The Local Authority and Health Board will need to include appropriate disclosure of the lead agency arrangement. The payment from the delegating partner may be shown as expenditure in its accounts and will be shown as income in the lead partner accounts together with the associated expenditure.</p>	<p>Under option 1, there will be a cost in terms of preparation of statutory accounts, staff time dealing with external audit and the associated audit fee. This will be minimal due to the low level of transactions involved.</p> <p>Options 2 & 3 will cost more initially in the host organisation due to the new arrangements with higher audit fees and staff time dealing with the audit.</p> <p>Local Authority and Health Boards work to different deadlines for the production of annual financial statements. The timetable for when financial information is required for the accounts needs to be clear. Options 1 & 3 would be end of June whereas Option 2 is May.</p>

	<p>The timetable should also ensure that the Health Board and Local Authority can meet their statutory audit and publication requirements for their individual and group financial statements as appropriate.</p> <p>It is recommended that the timetable is agreed in advance with the external auditors of the Local Authority, Health Board and the Integration Joint Board.</p> <p>The Local Authority and Health Board will need to include additional disclosures in their accounts to reflect their formal relationship with the Integration Joint Board. It is anticipated that the Health Board and Local Authority will need to disclose their interest in the Integration Joint Board as a joint arrangement under IAS31 and comply in their annual accounts with IAS27.</p>	<p>will need to include appropriate disclosure of the lead agency arrangement. The payment from the delegating partner may be shown as expenditure in its accounts and will be shown as income in the lead partner accounts together with the associated expenditure.</p>		
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	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Following the Public Pound	Current guidance for Local Authorities where funding is provided by one partner to another body to deliver services which would otherwise be provided by the funder, requires arrangements to be in place to maintain control and clear public accountability over the public funds. This will apply in respect of:• the resources delegated to the Integration Joint Board by the partner Local Authority and Health Board; and• the resources paid to the partner Local Authority and Health Board by the Integration Joint Board for use as directed and set out in the Strategic Plan.	Current guidance for Local Authorities where funding is provided by one partner to another to deliver services which would otherwise be provided by the funder, requires arrangements to be in place to maintain control and accountability over the public funds. This applies to the resources delegated to the Health Board.	Current guidance for Local Authorities where funding is provided by one partner to another to deliver services which would otherwise be provided by the funder, requires arrangements to be in place to maintain control and accountability over the public funds. This applies to the resources delegated to the Local Authority.	<p>Whatever the options, following the Pound is applicable.</p> <p>There may be an issue over time when there are reserves accumulated under Options 2/3 i.e. application of reserves in future years may not necessarily be applied in line with their original purpose.</p> <p>Strategic plan will need to clearly set out how FtPP is achieved.</p>

	Body Corporate Model	Delegate Functions to a Health Board	Delegate Functions to Local Authority	
Central Returns	The Health Board (SFR) and the Local Authority (LRF3) currently submit returns to the Scottish Government relating to health and social care services. Proposals will be developed by the Scottish Government to revise the returns to reflect the integration arrangements. Information on the revised arrangements for the LFR3 will be issued by Scottish Government. Guidance on the SFR will continue to be provided in Unified Board Accounts Manual.	The Health Board (SFR) and the Local Authority (LRF3) currently submit returns to the Scottish Government relating to health and social care. Proposals will be developed by the Scottish Government to revise the returns to reflect the integration arrangements. Information on the revised arrangements for the LFR3 will be issued by Scottish Government. Guidance on the SFR will continue to be provided in Unified Board Accounts Manual.	The Health Board (SFR) and the Local Authority (LRF3) currently submit returns to the Scottish Government relating to health and social care. Proposals will be developed by the Scottish Government to revise the returns to reflect the integration arrangements. Information on the revised arrangements for the LFR3 will be issued by Scottish Government. Guidance on the SFR will continue to be provided in Unified Board Accounts Manual.	Unknown the impact of this for all options as the return revisions are not yet available.
Whole of Government Accounts	The ONS classification of the Integration Joint Board will determine the requirements for submission for the Whole of Government Accounts. Further advice will be provided when available.	The partner authorities will continue to use the existing guidance for their submissions to the WGA process, noting that there will be additional adjusting entries in respect of the payment to the host authority.	The partner authorities will continue to use the existing guidance for their submissions to the WGA process, noting that there will be additional adjusting entries in respect of the payment to the host authority.	Unknown impact re option 1. Options 2 & 3 appear to be minor but as yet unknown.

<p>Integrated Budget</p>	<p>The resources in the first year should be based on the due diligence carried out during the shadow period. The due diligence process is vitally important and it is recommended that it should be based on the existing financial plans of the Local Authority and Health Board, including planned efficiencies, on the financial performance during the shadow period and on past financial performance in recent years.</p> <p>It is recommended that the financial performance of the Integrated Budget is monitored during the shadow period with full transparency so that all partners have a clear understanding of the cause and type (recurrent/non-recurrent) of variances and the remedial actions taken by the Local Authority and Health Board.</p> <p>They should have a clear understanding of the adequacy of the budgets in the financial plan for the following year and the assumptions on which they are based.</p>	<p>The resources in the first year should be based on the due diligence carried out during the shadow period. The due diligence process is vitally important and it is recommended that it should be based on the existing financial plans of the Local Authority and Health Board, including planned efficiencies, on the financial performance during the shadow period and on past financial performance in recent years.</p> <p>It is recommended that the financial performance of the Integrated Budget should be monitored during the shadow period so that the Local Authority and Health Board have a clear understanding of the cause and type (recurrent/non-recurrent) of variances and the remedial actions taken by them.</p> <p>The Local Authority and Health Board should have a clear understanding of the adequacy of the budgets in the financial plan for the following year and the assumptions on which they are based.</p>	<p>The resources in the first year should be based on the due diligence carried out during the shadow period. The due diligence process is vitally important and it is recommended that it should be based on the existing financial plans of the Local Authority and Health Board, including planned efficiencies, on the financial performance during the shadow period and on past financial performance in recent years.</p> <p>It is recommended that the financial performance of the Integrated Budget should be monitored during the shadow period so that the Local Authority and Health Board have a clear understanding of the cause and type (recurrent/non-recurrent) of variances and the remedial actions taken by them.</p> <p>The Local Authority and Health Board should have a clear understanding of the adequacy of the budgets in the financial plan for the following year and the assumptions on which they are based.</p>	<p>For all options, some of this work has already carried out as part of CHP and the Director of Community Care is a joint post and has been involved in setting the budget for each organisation.</p>
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Managing Financial Performance	<p>The partners should include in the Integration Scheme provisions for managing in-year financial performance of the Integrated Budget.</p> <p>It is recommended that the Health Board and Local Authority Directors of Finance and the Integration Joint Board financial officer establish a process of regular in-year reporting and forecasting to provide the Chief Officer with management accounts for both arms of the operational budget and for the Integration Joint Board as a whole.</p> <p>It is recommended that the Health Board and Local Authority agree a consistent basis for the preparation of management accounts, i.e. accruals vs. cash basis; this is a matter for local decision.</p>	<p>The Local Authority and Health Board should set out in their Integration Scheme the process for managing in-year financial performance for the Integrated Budget, including treatment of under/overspends.</p> <p>The financial management process of the host partner will apply to the delegated resources. Within a short period, it is likely that the delegated services will be integrated with host partner services and will not be separately reported in the host partner accounts.</p>	<p>The Local Authority and Health Board should set out in their Integration Scheme the process for managing in-year financial performance for the Integrated Budget, including treatment of under/overspends.</p> <p>The financial management process of the host partner will apply to the delegated resources. Within a short period, it is likely that the delegated services will be integrated with host partner services and will not be separately reported in the host partner accounts.</p>	<p>Reporting to chief officers will need to be consistent in terms of format and detail.</p> <p>It will need to be agreed whether a cash or accruals basis will be used for Option 1</p> <p>Option 2 will be on a cash basis as is currently the position.</p> <p>Option 3 will be on an accruals basis as is currently the position.</p>
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Reserves	<p>The legislation empowers the Integration Joint Board to hold reserves and these should be accounted for in the books of the Integration Joint Board.</p> <p>The Integration Joint Board will allocate the resources it receives from the partner Health Board and Local Authority in line with the Strategic Plan; in doing this it will be able to use its power to hold reserves so that in some years it may plan for an under-spend to build up reserve balances and in others to break even or to use a contribution from reserves in line with the reserve policy.</p> <p>This will be integral to the medium term rolling financial plan. It is recommended that the Integration Joint Board has a reserves policy and reserves strategy, which include the level of reserves required and their purpose.</p> <p>This should be agreed as part of annual budget setting and reflected in the Strategic Plan agreed by the Integration Joint Board.</p>	<p>Health Boards cannot hold reserves, so where the Health Board is the host partner, the Local Authority would need to carry forward resources on behalf of the Health Board through its reserves.</p> <p>Partners should ensure a clear audit trail for transfers between the Health Board and Local Authority for reserves.</p>	<p>Local Authorities can hold reserves including an earmarked reserve in the General Fund. The use of reserves by Local Authorities is set out in the Code and CIPFA guidance.</p> <p>It is recommended that the Local Authority reserves strategy is amended to include the Integration Authority reserve where the Local Authority is the host partner and to facilitate a reserve where the Health Board is the host partner.</p>	<p>The Council and a body corporate organisation can hold reserves, but a health board cannot. This presents issues with Option 2 if functions are delegated to the Health Board. Reserves will need to be held by the Local Authority. A procedure will need to be developed to account for this and adjustments to the accounts for both HB/LA to take account of this.</p>
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Budget Variances	<p>The Integration Scheme should include provisions for the treatment of in-year under and overspends. It is recommended that if an overspend is forecast on either arm of the operational Integrated Budget, the Chief Officer and the relevant finance officer should agree a recovery plan to balance the overspending budget.</p> <p>In addition, the Integration Joint Board may increase the payment to the affected body.</p> <p>If the recovery plan is unsuccessful and there are insufficient general fund reserves to fund a year end overspend, then the partners have the option to:</p> <ul style="list-style-type: none"> • Make additional one-off payments to the Integration Joint Board; or • Provide additional resources to the Integration Joint Board which are then recovered in future years, subject to scrutiny of the reasons for the overspend and assurance that there is a plan in place to address this. 	<p>The joint committee should ensure that the Integrated Budget at least breaks even. The Integration Scheme should include provisions for the treatment of in-year under and overspends. Over time it will not be possible to disaggregate variances within the Integrated Budget between those attributable to the delegated resources and those attributable to host partner resources.</p> <p>If, following remedial management actions, an overspend is still forecast for the Integrated Budget, the Chief Executives and Directors of Finance of the host partner and delegating partner, will consider additional expenditure reductions on targeted areas and/or use reserves.</p> <p>If savings are unsuccessful and there are insufficient reserves to fund the forecast overspend, then the Local Authority and Health Board will make additional in-year allocations to the Integrated Budget.</p>	<p>The joint committee should ensure that the Integrated Budget at least breaks even. The Integration Scheme should include provisions for the treatment of in-year under and overspends. Over time it will not be possible to disaggregate variances within the Integrated Budget between those attributable to the delegated resources and those attributable to host partner resources.</p> <p>If, following remedial management actions, an overspend is still forecast for the Integrated Budget, the Chief Executives and Directors of Finance of the host partner and delegating partner, will consider additional expenditure reductions on targeted areas and/or use reserves.</p> <p>If savings are unsuccessful and there are insufficient reserves to fund the forecast overspend, then the Local Authority and Health Board will make additional in-year allocations to the Integrated Budget.</p>	<p>The Strategic Plan regardless of which option will need to clearly address issues such as:</p> <ul style="list-style-type: none"> • Virement Limits / Boundaries • what is considered to be significant • how variances will be reported and dealt with • what remedial action is considered to be appropriate, for example, savings in other areas, reserves, additional contribution? <p>so that they are understood and are followed by both the LA and HB.</p> <p>Any year end underspend treatment will need to be clearly stated to ensure following the public pound continues particularly for Options 2/3.</p> <p>The Medium Term may need</p>
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	<p>In-year underspends on either arm of the operational integrated budget should be returned from the Local Authority and Health Board to the Integration Joint Board and carried forward through the general fund. This will require adjustments to the allocations from the Integration Joint Board to these bodies for the sum of the underspend.</p> <p>in-year underspends on either arm of the operational integrated budget should be returned from the Local Authority and Health Board to the Integration Joint Board and carried forward through the general fund. This will require adjustments to the allocations from the Integration Joint Board to the these bodies for the sum of the underspend</p>	<p>It is recommended that an underspend on the Integrated Budget is retained and carried forward to the next year. The exception is for underspends that arise due to fortuitous material differences in the assumptions used in setting the respective contributions to the Integrated Budget. In these cases, the Directors of Finance and Chief Executives of the Health Board and Local Authority may make adjustment to the payment and the host partner contribution. In the event of a projected in-year overspend elsewhere in the host partner's non-integrated budgets, it is recommended that the host partner should contain the overspend within the non-integrated resources and would normally not require the use the Integrated Budget to contribute to any remedial action. .</p>	<p>It is recommended that an underspend on the Integrated Budget is retained and carried forward to the next year. The exception is for underspends that arise due to fortuitous material differences in the assumptions used in setting the respective contributions to the Integrated Budget. In these cases, the Directors of Finance and Chief Executives of the Health Board and Local Authority may make adjustment to the payment and the host partner contribution. In the event of a projected in-year overspend elsewhere in the host partner's non-integrated budgets, it is recommended that the host partner should contain the overspend within the non-integrated resources and would normally not require the use the Integrated Budget to contribute to any remedial action.</p>	<p>to be amended to take account of the Strategic Plan policy on underspends. MTFP currently only permits 50% if directorate is meeting target.</p>
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Financial Risk	In the event of a projected in-year overspend elsewhere in the delegating partner's budgets, it is recommended that the delegating partner should contain the overspend within the non-integrated resources and would normally not require to reduce the payment to contribute to any remedial action.	Financial risk will be managed through the use of reserves and the financial management process noted above. In addition, some parts of the Integrated Budget that are subject to high risk or uncertainty (e.g. Prescribing) may require separate risk pooling arrangements. These should be subject to local consideration.	Financial risk will be managed through the use of reserves and the financial management process noted above. In addition, some parts of the Integrated Budget that are subject to high risk or uncertainty (e.g. Prescribing) may require separate risk pooling arrangements. These should be subject to local consideration.	Option 1 is perhaps clearer on treatment of risk sharing / financial risk but a good Strategic Plan which clearly sets out the treatment can overcome this in Options 2 and 3.
Notional Budgets for Directed Hospital Services	There are options as to how this area should be dealt with, i.e. Include or exclude from integration. IRAG recognise that this section requires further development and it is our intention to develop this aspect of the guidance through the shadow period.	<p>The legislation will require that this budget will be within scope of the Strategic Plan, but will not ordinarily be included in the Integrated Budget. It is possible, where the Health Board is the host partner that the partnership agrees to include this in the Integrated Budget within the Health Board, but that is a local decision.</p> <p>IRAG recognise that this section requires further development and it is our intention to develop this aspect of the guidance through the shadow period.</p>	<p>The legislation will require that this budget will be within scope of the Strategic Plan, but will not ordinarily be included in the Integrated Budget.</p> <p>IRAG recognise that this section requires further development and it is our intention to develop this aspect of the guidance through the shadow period.</p>	It is yet unclear how this will operate in practice. Further guidance will be released to address this point.

Risk Sharing	<p>The Integration Scheme should consider provisions to address the key risks inherent in integration and include:</p> <ul style="list-style-type: none"> • Governance, management and strategy; • Financial management; • Asset management; • Information management; • Performance management; and • Customer management. <p>As well as the arrangements for risk management.</p>	<p>The Integration Scheme should include provisions to address the risks inherent in integration such as:</p> <ul style="list-style-type: none"> • Governance, management and strategy; • Financial management; • Asset management; • Information management; • Performance management; and • Customer management. <p>As well as risk management arrangements.</p>	<p>The Integration Scheme should include provisions to address the risks inherent in integration such as:</p> <ul style="list-style-type: none"> • Governance, management and strategy; • Financial management; • Asset management; • Information management; • Performance management; and • Customer management. <p>As well as risk management arrangements.</p>	<p>Same for all 3 options.</p>
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VAT (Revenue)	<p>HMRC have confirmed in writing that there is no VAT registration requirement for the Integration Joint Board. This is on the basis that the Integration Joint Board is not delivering any supplies that fall within the scope of VAT. Although the Integration Joint Board will be responsible for producing the Strategic Plan for the delivery of services by the Local Authority and Health Board, the Integration Joint Board will not be responsible for the actual delivery of delegated services and as there is no consideration received by the Integration Joint Board for the production of the plan this will not alter the VAT registration position. It is possible that the VAT Act 1994 may be amended to include Integration Joint Boards as Section 33 or Section 41 eligible bodies; if the Integration Joint Boards are not given special VAT status it may be possible for them to effectively ignore their independent VAT status and be treated as lead agents on behalf of the Local Authority or Health Board as principals. Scottish Government intends to discuss these options</p>	<p>HMRC guidance will apply to Scotland which will allow a VAT neutral outcome. In this method, the host partner invoices the delegating partner for their element of the VAT which would have been recovered by the delegating partner, if the functions had not been delegated. The recoverable VAT would be notified to the Local Authority on a monthly basis for inclusion in the Local Authority's VAT return. This will include goods/consumables and services. In order to establish the amount of VAT to be charged, the partners will analyse the Local Authority's expenditure for the year prior to integration and split the input VAT incurred by the Local Authority on the delegated adult services between:</p> <ul style="list-style-type: none"> • Value of VATable expenditure which would have been recoverable had the COS rules been applied; and • Value of expenditure on which VAT was incurred which would not have been recoverable under COS. <p>The value of non COS expenditure is then expressed as a percentage of the total outturn for the delegated adult services</p>	<p>If the Local Authority is the host partner, the Local Authority may act as agent for the delegated services and the apportionment method noted above used to recover VAT. Alternatively, it is possible, for the Local Authority to act as principal rather than agent in respect of the delegated services. This would result in the delegated services being treated as Section 33, if they were categorised as non-business for VAT purposes and all VAT incurred associated with this activity would be recovered; HMRC have acknowledged that VAT recovery under this approach may improve VAT recovery compared to the pre-integration position. This potential alternative is being considered further by Scottish Government and HMRC and guidance will be updated in due course.</p>	<p>Joint Board: The Integration Joint Board, Local Authority and Health Board should be aware that, due to their different VAT status, the total VAT reclaimed by them will change over time as the profile of services provided by the Health Board and Local Authority respectively, changes in line with the Strategic Plan.</p> <p>This is not such a big issue for a joint board if the amount going into the partnership is the same value as the services commissioned. Problems arise when the amounts are different.</p> <p>Significant VAT implications for Option 2. Highland currently invoices the Council for VAT and the council claims it back.</p> <p>Professional advisers are required to help with this area which will be an additional cost. Each partnership will have to go</p>
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	<p>with HMRC and HM Treasury and the professional guidance will be updated in due course.</p>	<p>for the year. The annual value of VAT to be invoiced to, and recovered by, the LA would be calculated by:</p> <ul style="list-style-type: none"> • Applying 5.07% to the annual budget transferred to the Health Board; and • Applying the current VAT rate to this calculated value. 		<p>through the exercise to establish the recovery percentage which applies to their arrangements. The calculation will need to be revised periodically and the Scottish Government is negotiating with HMRC on the likely/reasonable review period.</p> <p>If the standard approach agreed with HMRC and outlined above is not used then individual partners will be required to use actual expenditure and perform the calculation on an annual basis; partners will not be permitted to switch back and forth between the standard approach and actual basis.</p> <p>Discussions with HMRC are nearing conclusion and a fuller description of the agreed process will be provided in the second draft of the guidance. Check this?</p>
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VAT (Capital)	<p>In the short term the Integration Joint Board will not be empowered to own capital assets and the VAT regimes of the Local Authority and Health Board will apply to capital assets used to provide the delegated services. Should the Integration Joint Board be empowered in due course, the VAT status of the Integration Joint Board will determine the VAT implications for capital expenditure.</p>	<p>There is a fundamental difference in the VAT recovery position of Health Boards and Local Authorities in respect of property expenditure. Health Boards are not allowed VAT recovery on the purchase of goods or property assets. Local Authorities will typically be allowed full VAT recovery on all capital and revenue expenditure on both new construction and repairs/extension/maintenance of property. Health Boards are not allowed VAT recovery on new construction and limited recovery in other scenarios. In the submission to HMRC regarding VAT recovery on delegated budgets it has been considered that on-going revenue expenditure in respect of property assets used to deliver delegated services should be calculated on the same basis as all revenue expenditure i.e. if the VAT recovery is not allowed under Section 41 rules but would have been permitted under Section 33 rules then the VAT will be identified on the memorandum invoice to allow VAT recovery under Section 33.</p>	<p>There is a fundamental difference in the VAT recovery position of Health Boards and Local Authorities in respect of property expenditure. Health Boards are not allowed VAT recovery on the purchase of goods or property assets. Local Authorities will typically be allowed full VAT recovery on all capital and revenue expenditure on both new construction and repairs/extension/maintenance of property. Health Boards are not allowed VAT recovery on new construction and limited recovery in other scenarios. In the submission to HMRC regarding VAT recovery on delegated budgets it has been considered that on-going revenue expenditure in respect of property assets used to deliver delegated services should be calculated on the same basis as all revenue expenditure i.e. if the VAT recovery is not allowed under Section 41 rules but would have been permitted under Section 33 rules then the VAT will be identified on the memorandum invoice to allow VAT recovery under Section 33.</p>	<p>As above but will depend on how assets are dealt with ie retained/transferred/jointly built etc.</p>
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<p>Use of Assets</p>	<p>The Chief Officer will consider all of the resources which are required to deliver the integration outcomes including the relevant non-current assets owned by the Heath Board and Local Authority. The Integration Joint Board should identify the asset requirements to support the Strategic Plan. This will enable the Chief Officer to identify capital investment projects, or business cases to submit to the Health Board and Local Authority for consideration as part of the capital planning processes, recognising that partnership discussion would be required at an early stage if a project was jointly funded. The Integration Joint Board, Health Board and Local Authority are recommended to undertake due diligence to identify all non-current assets which will be used in the delivery of the Strategic Plan. This will allow all the partner authorities to identify non-current assets within localities and their revenue and future capital liabilities.</p>	<p>In delivering the integrated services the host partner will require the use of non-current assets owned or leased by the delegating partner to deliver the outcomes specified in the Strategic Plan. A number of options are available to the partners to facilitate the use of resources. The capital assets owned (or leased) by the delegating body will be used to provide the integrated services together with the lead agency's capital assets. This can be achieved by the transfer of assets between the Health Board or Local Authority, but where assets are not transferred, a number of options are available to facilitate the use of capital assets by the lead agency; each of these options has different financial implications.</p> <p>Purchase:The Local Authority may transfer, at market value, or at a value which is determined to be best value, assets to the Health Board. The sale of relevant residential property (RRP) is likely to be exempt for VAT purposes or potentially zero-rated, so VAT will not be due on the supply. If the</p>	<p>In delivering the integrated services the host partner will require the use of non-current assets owned or leased by the delegating partner to deliver the outcomes specified in the Strategic Plan. A number of options are available to the partners to facilitate the use of resources. The capital assets owned (or leased) by the delegating body will be used to provide the integrated services together with the lead agency's capital assets. This can be achieved by the transfer of assets between the Health Board or Local Authority, but where assets are not transferred, a number of options are available to facilitate the use of capital assets by the lead agency; each of these options has different financial implications.</p> <p>Purchase:It is mandatory for a Health Board to ensure the disposal of assets at market value. Therefore the Local Authority would require capital funding to purchase the asset. Examples of the type of assets which may transfer from a Health Board to a Local Authority include</p>	<p>Where the Local Authority is the host partner a service level agreement or operating leasing arrangements result in minimal financial impact. Where the Health Board is the host partner the preferred option is the service level agreement specifying the right of use.</p> <p>For Option 1, there is likely to be no change Unless the commission of services changes.</p> <p>The most straightforward basis to begin with will be a SLA for use of assets for options 2 & 3.</p> <p>Financially it is likely to be difficult for options 2 & 3</p> <p>To find resources to meet the cost of asset purchase.</p> <p>Leasing does not appear to have any advantages for Option 3 other than VAT recovery for both Finance or Operating Lease.</p>
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		<p>supply is exempt then there may be a “claw-back” of VAT previously recovered required by the Local Authority. This is a complex area and the VAT treatment will depend on certain factors. an annual depreciation charge would be incurred by the Health Board, resulting in an additional burden to the Integration Budget. The Local Authority does not have a budget for depreciation due to the accounting treatment prescribed in the statutory mitigation for capital accounting which could meet this annual cost.</p> <p>Lease: It is possible for a host partner to enter into an operating lease arrangement for the use of non-current assets. The income and expenditure associated with the operating lease in the partner authorities should be adjusted through the partner contributions to the Integrated Budget. Where the leasing arrangement is considered to be a finance lease the asset would need to be capitalised and the financial implications for the partners are similar to out-right purchase of the asset. Where the Health</p>	<p>community hospitals and specialist equipment. There are two options for capital funding for the Local Authority, loan funding or capital grant. Typically the sale of any property asset by a Health Board will be a business activity and potentially subject to VAT. It is not envisaged that the Local Authority will suffer this VAT as a cost, however the use of the property will need to be considered in detail. If the use by the Local Authority is non-business then any VAT incurred on the supply from the Health Board would be recoverable under Section 33, VAT Act 1994. Typically it will be advantageous for the Health Board to make a supply subject to VAT and this is achieved by making an option to tax on the relevant property. The option to tax is disregarded on certain types of property, e.g. residential. Advice should be sought when considering making the option to tax to establish if it is valid.</p> <p>Lease: It is possible for a host partner to enter into an operating lease arrangement for the use of non-current assets. The income</p>	<p>For Option 2, a finance lease will have cost implications in that it will result in unfunded le an annual depreciation charge will be incurred by the HB which cannot be met by the LA due to Statutory mitigation.</p>
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		<p>Board is the host partner the capital cost of the leased assets are charged against their annual capital resource limit, which may be fully committed. As the Local Authority has not sold the asset there is no capital receipt available to provide the funding for a capital grant to the Health Board. In addition an annual depreciation charge would be incurred by the Health Board, which cannot be funded by the Local Authority as a consequence of the statutory mitigation for capital explained in 6.2.2.</p> <p>Therefore, a finance lease where the host partner is a health board is likely to result in unfunded capital and recurring revenue cost for the health board. Where the Health Board is the host partner, similarly the cost of the lease payments can be adjusted through the partner contributions to the Integrated Budget. However, the VAT element cannot be recovered by the Health Board and would not be offset in the adjustment to contributions to the Integrated Budget. A Local Authority is permitted to charge peppercorn</p>	<p>and expenditure associated with the operating lease in the partner authorities should be adjusted through the partner contributions to the Integrated Budget. Where the leasing arrangement is considered to be a finance lease the asset would need to be capitalised and the financial implications for the partners are similar to out-right purchase of the asset. Where the host partner is the Local Authority the financial impact is minimal. The leased property will appear as an asset within the Local Authority balance sheet and a corresponding liability will be recognised in respect of the minimum lease payments due over the term of the lease. A Local Authority would have the value of the asset in the balance sheet with additional depreciation charges incurred annually. However, statutory mitigation would be available to offset any implications. The Health Board will derecognise the asset in its balance sheet and instead recognise a long term debtor in respect of the minimum lease payments (the principal element</p>	
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		<p>rents, but a Health Board is not permitted to enter into concessionary leases with a Local Authority.</p> <p>Service Level Agreement: The host partner may enter into a service level agreement (SLA) which specifies the right of access to use the assets owned or leased by the delegating partner for the delivery of the services specified in the Strategic Plan. The ownership rights and control of the long term future of the assets remain with the delegating authority. The agreement should cover the right to use the assets and services relating to its operation e.g. maintenance, utilities, etc. and include the costs for these. The agreement should be prepared with relevant professional advice and the interpretation of leasing arrangements. The costs resulting from the SLA should be adjusted through the partner contributions to the Integrated Budget.</p>	<p>of which will be treated as a capital receipt.)Where the Local Authority is the host partner there are no net financial implications. The cost of the lease payments should be adjusted through the partner contributions to the Integrated Budget. The VAT charge can be recovered by the Local Authority. A Local Authority is permitted to charge peppercorn rents, but a Health Board is not permitted to enter into concessionary leases with a Local Authority</p> <p>Service Level Agreement: The host partner may enter into a service level agreement (SLA) which specifies the right of access to use the assets owned or leased by the delegating partner for the delivery of the services specified in the Strategic Plan. The ownership rights and control of the long term future of the assets remain with the delegating authority. The agreement should cover the right to use the assets and services relating to its operation e.g. maintenance, utilities, etc. and include the costs for these. The agreement should</p>	
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			be prepared with relevant professional advice and the interpretation of leasing arrangements. The costs resulting from the SLA should be adjusted through the partner contributions to the Integrated Budget.	
Capital Funding and Budget Allocations	The Integration Joint Board will not receive any capital allocations, grants or have the power to borrow to invest in capital expenditure. The Health Board and Local Authority will continue to own any property and assets used by the Integration Joint Board and have access to sources of funding for capital expenditure. It is recommended that the Chief Officer develops business cases for capital investment for consideration as part of their respective capital planning processes.	The two partners will continue to provide the funding for capital assets, either through capital expenditure or from revenue. This will be funded from a number of sources. The main source of funding for a Health Board will be the annual capital grant allocation from the Scottish Government Health Directorate, while the majority of capital investment required by a Local Authority will be met by additional borrowing under the Prudential Code to supplement the general block capital grant from the Scottish Government. It is recommended that the capital investment needed to deliver the Strategic Plan is included in the lead agency's capital plan. If funding is required from the delegating body, the Chief Executive of the lead agency should prepare a business case as required by the delegating body.	The two partners will continue to provide the funding for capital assets, either through capital expenditure or from revenue. This will be funded from a number of sources. The main source of funding for a Health Board will be the annual capital grant allocation from the Scottish Government Health Directorate, while the majority of capital investment required by a Local Authority will be met by additional borrowing under the Prudential Code to supplement the general block capital grant from the Scottish Government. It is recommended that the capital investment needed to deliver the Strategic Plan is included in the lead agency's capital plan. If funding is required from the delegating body, the Chief Executive of the lead agency should prepare a business case as required by the delegating body.	

Repairs and Maintenance	<p>The Integrated Budget may include payments from the Local Authority and Health Board to cover the revenue costs of assets e.g. rents, repairs and maintenance, rates, cleaning, property insurance etc. This should be agreed as part of the budget negotiations.</p>	<p>The Local Authority should identify the running costs of the properties transferring as part of the payment into the Integration Budget e.g. rents, repairs and maintenance, rates, cleaning, property insurance etc. The service agreement between the partners should determine the costs to be met by the host and the delegating partners. Revenue property costs which are deemed landlord costs will remain with the delegating partner. Revenue costs of the host should be met from the Integrated Budget.</p>	<p>The Health Board should identify the running costs of the properties transferring as part of the payment into the Integration Budget e.g. rents, repairs and maintenance, rates, cleaning, property insurance etc. The service agreement between the partners should determine the costs to be met by the host and the delegating partners. Revenue property costs which are deemed landlord costs will remain with the delegating partner. Revenue costs of the host should be met from the Integrated Budget.</p>	<p>The implications will be the same whatever option is chosen (taking into account decisions on assets above).</p> <p>The Health Board and Local Authority should undertake due diligence to identify all non-current assets which will be used in the delivery of the Strategic Plan. This will allow the partners to identify non-current assets within localities and their revenue and future capital liabilities.</p> <p>There are currently a number of budgets that are centrally controlled within LA, i.e. maintenance and energy budgets. This arrangement may need to change in order to integrate the budgets.</p>
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Depreciation	Arrangements continue as normal	<p>No statutory mitigation. There are no requirements for a Local Authority to fund depreciation due to statutory mitigation. Where there are proposals for the transfer of assets from the Local Authority to Health Board there will be issues with the accounting for Fixed Assets in terms of depreciation. The statutory mitigation affects the budget which is available to the Local Authority to transfer to the Health Board under the integration arrangements. Therefore, there is a risk that an asset or liability which is planned to be transferred does not have full budget cover.</p>	<p>Statutory mitigation available. There are no requirements for a Local Authority to fund depreciation due to statutory mitigation.</p>	<p>Depending on the approach taken with assets, this may have a cost impact for Option 2 only.</p>
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Annual Leave Accrual	<p>Arrangements continue as normal</p>	<p>No statutory mitigation. Under the provisions of the legislation the employee liability for untaken annual and flexi leave will transfer with staff under the integration arrangement. Where staff transfer from the Local Authority to the Health Board the reverse position arises and there is a one-off budget requirement to meet the accrued employee benefit costs which is unfunded in the Local Authority.</p> <p>There is no specific provision in the financial memorandum to provide additional funding for the cost of the employee benefits. The cost of the accrual should be considered as part of the implementation budget of the Integration Authority, noting that there is no material recurring impact.</p>	<p>Statutory mitigation available. Under the provisions of the legislation the employee liability for untaken annual and flexi leave will transfer with staff under the integration arrangement. Staff transferring from the Health Board to the Local Authority may have accrued annual and flexi leave which is accrued in the Local Authority accounts but subsequently reversed under the statutory mitigation for funding purposes. The statutory mitigation for Local Authority means that the funding for the liability is not required under the integration arrangements.</p>	<p>The budget implications for transferred staff should be part of the wider planning for integration. This needs to include consideration of how to make effective use within the Integration Authority of the one-off funding available by the integration arrangements and mitigation of potential additional costs.</p> <p>Therefore, it is recommended that there is an early assessment of the potential budget commitment/gain and its constituent parts. This may include:</p> <ul style="list-style-type: none"> • Impact of the timing of different leave years; • Levels of outstanding holiday pay; and • Levels of outstanding flexi leave <p>and a review of specific actions which may be taken to reduce the liability including:</p> <ul style="list-style-type: none"> • Potential to align leave years to 31 March; and • Management of annual
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				<p>and flexi leave levels within existing policies and guidelines.</p> <p>There may be a cost for Option 2 but this will be dependent on the leave outstanding at the end of the financial year.</p>
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IAS Pensions	Arrangements continue as normal	<p>No statutory mitigation. IAS19 specifies the reporting requirements of defined benefit and defined contribution pension schemes. Local Authorities and Health Boards both apply this standard but are subject to public sector adaptations which are different for each authority. Local Authority apply IAS19 in full but have a statutory mitigation Where there are proposals for the transfer of staff from Local Authority to Health Board employment, there will be issues with the accounting for employee benefits under International Accounting Standard 19. Three possible options for the pension arrangements on staff transfer have been considered. These are:</p> <ul style="list-style-type: none"> • Staff remain in their existing pension scheme (A); • Staff transfer to the host partner scheme (B); and • Staff freeze their pension rights in their existing scheme to the date of transfer and then join the new employee partner scheme (C) <p>Current advice from Scottish Public Pensions Agency is that options (B) and (C) are unlikely to meet the comparability test</p>	<p>Statutory mitigation available. IAS19 specifies the reporting requirements of defined benefit and defined contribution pension schemes. Local Authorities and Health Boards both apply this standard but are subject to public sector adaptations which are different for each authority. Local Authority apply IAS19 in full but have a statutory mitigation. Three possible options for the pension arrangements on staff transfer have been considered. These are:</p> <ul style="list-style-type: none"> • Staff remain in their existing pension scheme (A); • Staff transfer to the host partner scheme (B); and • Staff freeze their pension rights in their existing scheme to the date of transfer and then join the new employee partner scheme (C) <p>Current advice from Scottish Public Pensions Agency is that options (B) and (C) are unlikely to meet the comparability test without additional budget to protect existing accrued pension rights and may require legislative change to implement. It is not recommended that options (B) and (C) are used for staff transfers under the integration</p>	<p>Insufficient budget is available to meet the liability of the historic scheme deficit relating to the pension liabilities of the transferred staff. Insufficient AME budget to meet the cost of the annual pension scheme valuations allocated to the Health Board.</p> <p>Scottish Government has insufficient total AME budget to meet the annual pension provision due to UK budgetary constraints.</p> <p>For options 2 & 3 decisions on whether or not Staff will transfer needs to be agreed.</p> <p>Costs will arise in Option 2 should staff transfer to the HB but remain in the LA scheme.</p> <p>There are no costs associated with transfers to the LA in Option 3 due to statutory mitigation.</p>
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		<p>without additional budget to protect existing accrued pension rights and may require legislative change to implement. It is not recommended that options (B) and (C) are used for staff transfers under the integration arrangements. Option (A) would meet the TUPE requirements and any budgetary impact may be mitigated using the accounting arrangements described below. This is the recommended option.</p> <p>Where Local Authority staff transfer to the Health Board, but wish to remain with the Local Government Pension Scheme, the Health Board should apply to be an Admitted Member of the relevant Local Authority pension scheme under the new regulations. There accounting issues where the health board is the host partner. . The Health Board will be required to recognise in its accounts the share of any deficit/surplus on the Local Authority pension fund that is attributable to the transferred staff and that arises after the date of transfer. This will be a non-recurrent provision in the first year with subsequent</p>	<p>arrangements. Option (A) would meet the TUPE requirements and any budgetary impact may be mitigated using the accounting arrangements described below. This is the recommended option.</p> <p>Where NHS staff transfer to the Local Authority but remain in the NHS pension scheme, partners need to apply for a direction to allow Local Authority staff to be members of the NHS superannuation scheme. There are no accounting issues when the local authority is the host partner. The Local Authority will need to disclose its membership of the NHS superannuation scheme as a defined benefit scheme in its financial statements as permitted under the application of IAS19 for the public sector.</p>	
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		<p>annual adjustments based on actuarial estimates. The Local Authority statutory mitigation directs that the IAS19 pension charges against the general fund are reversed and charged against unusable reserves. For funding purposes the general fund is charged with the cost of the pension contributions. Consequentially there is no budget available in the Local Authority to transfer to the health board to meet the cost of the share of any deficit for the transferred staff.</p>		
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**Employees Joint Consultative Committee
Policy & Resources Committee**

**17 June 2014
23 June 2014**

Vehicle Fleet Review – Use of Council Vehicles Policy

Report : IP-17-14-F

Performance & Improvement Adviser

Corporate Services

1 Summary

- 1.1 The purpose of this report is to obtain approval for a Use of Council Vehicles Policy.

2 Decision Required

- 2.1 The Policy & Resources Committee RESOLVES to approve the Use of Council Vehicles Policy

3 Detail

- 3.1 This Policy is an outcome from the ongoing Vehicle Fleet Review Project.
- 3.2 A key issue highlighted by an Internal Audit report in August 2013, was the lack of a Comprehensive Fleet Vehicle Policy. The report identified vehicle usage as being one of the issues which needed to be addressed.
- 3.3 The Policy outlines the responsibilities of Executive Managers and Authorised drivers and deals with the circumstances when Council Vehicles can be used. It covers the need for staff to be formally authorised before driving, and ensures that Council Vehicles are used in the most cost effective and economical manner.
- 3.4 The policy also gives guidance to Executive Managers on when it is appropriate to authorise employees to take vehicles home. Specifically, all Executive Managers must compile a business case for each vehicle they authorise to be taken home. This will ensure fairness, transparency and Best Value.

- 3.5 One key change from previous arrangements is Driver Training. The new Policy makes it mandatory (rather than recommended) that drivers must complete Driver Development training in their first year.

4 Implications

Strategic

- 4.1 Delivery on Corporate Priorities – Section 4 of the Corporate Plan: Organising Ourselves Better is supported by the approval of this policy.
- 4.2 Community /Stakeholder Issues – The recognised trade unions have been informally consulted on a draft of this policy and their comments have been addressed.
- 4.3 Policy And/Or Delegated Authority – The Policy & Resources Committee has delegated authority for all matters relating to organisational development and staffing
- 4.4 Risk Management – The lack of a fleet vehicle policy is a key issue which was identified by Internal Audit in Aug 2013. This gap means that there is no common understanding across the organisation of how vehicle assets are used, what checks need to be in place for staff and thus the systems and procedures that are in place to ensure that vehicles are used in an effective and economical manner. It is recognised that the implementation of this project may result in some concerns amongst staff, and work may be required to manage and mitigate that risk.
- 4.5 Equalities, Health and Human Rights – None
- 4.6 Environmental – The adoption of a “business case” approach to all vehicle usage will contribute to the Council’s carbon reduction measures. It maybe that with adoption of the Policy more vehicles will return to depots which may create parking capacity issues.

Resources

- 4.7 Financial – There are no additional financial implications arising from this report and this policy aims to deliver Best Value in the use of Council resources.
- 4.8 Legal and Administration – None
- 4.9 Human Resources – There may be some Human Resources issues if previous long-standing arrangements, i.e. individuals taking vehicles home, are found not to comply with the new Policy.
- 4.10 Assets And Property – None

5 Conclusions

- 5.1 The purpose of this report is to obtain approval for a Use of Council Vehicles Policy. The Policy outlines the responsibilities of Executive Managers and Authorised drivers, and deals with the circumstances when

Council Vehicles can be used, taken home, covers the need for staff to be formally authorised before driving, and ensures that Council Vehicles are used in the most cost effective and economical manner.

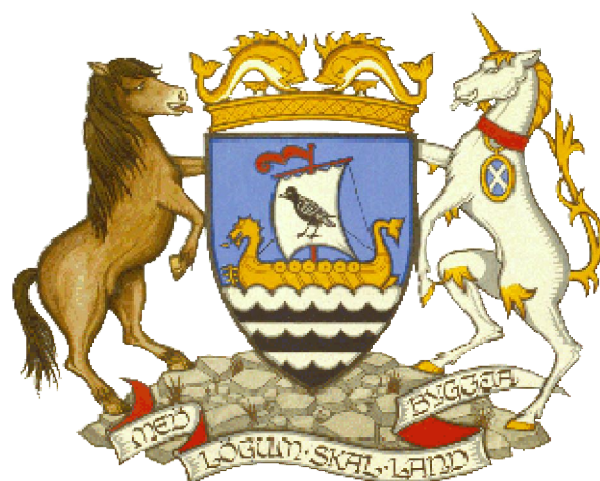
For further information please contact:
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11 June 2014

Appendixes

Appendix1 – Use of Council Vehicles Policy

Shetland Islands Council

Use of Council Vehicles Policy



Applies to: All staff who use Council vehicles
Effective from: 1 September 2014
Review Date: 2017

1 Introduction

This Policy covers the use of Council vehicles by Shetland Islands Council employees and others. The policy deals with the circumstances when Council vehicles can be used, covers the need for staff to be formally authorised before driving, and ensures that Council vehicles are used in the most cost effective and economical manner.

All employees, managers and users of Council vehicles must comply with all aspects of this policy.

It is important that this policy is enforced to protect the Council and individuals against “benefit in kind” tax liabilities.

For the purposes of this policy “council vehicles” includes vehicles owned, hired, leased or otherwise operated by the Council.

2 Scope of Policy

This policy applies to all users of all Council vehicles.

3 Policy Statement

The Council operates a fleet of vehicles to enable employees or contractors to deliver a wide range of services.

Council vehicles should only be used for business journeys, and should never be used for private journeys. In some circumstances, Executive Managers responsible for the vehicle can authorise an employee to take a council van or commercial vehicle home when it is in the interests of the council to do so (see below). Council cars must not be taken home.

Council vehicles must not be used to carry passengers unless they are Council employees working on legitimate Council business. In very exceptional circumstances, for example, to assist employees on standby to make child care provisions when called out, Council vehicles may be used. The reasons for this exception should be recorded in the vehicle log or vehicle tracking/driver behaviour system (where fitted) at the time of the journey.

Employees who receive an Essential Car Users Allowance should only have the use of a Council vehicle in circumstances where specific conditions require it, e.g. carrying hazardous materials, access to specialist equipment etc.

4 Responsibilities

4.1 Executive Managers with responsibility for Council vehicles must:-

4.1.1 Ensure that authorised drivers have a valid and current licence including one that is appropriate for the vehicle category to be used.

4.1.2 Ensure that employees who are required to drive Council owned vehicles, obtain authorisation to do so by completing the Driver Insurance Application form, attaching a copy of their licence including paper counterpart, and submitting it to the Council's Insurance Section. A notice will then be issued by them within five working days either authorising or rejecting the application. Failure to receive authorisation from Insurance Section will mean that the individual is not insured to drive a Council vehicle. <http://intranet.shetland.gov.uk/services/safety-risk/documents/driverapplic.pdf>

4.1.3 Arrange for authorised drivers to complete Driver Development training as soon as is reasonably practicable but in any event within a year of receiving authorisation to drive Council Vehicles by the Safety and Risk (Insurance) Section.

4.1.4 Monitor the use of the vehicles to ensure compliance with this policy, record their business justification for authorising take-home use and have take-home use calculations authorised and signed off by their Director and available for periodic audits of compliance with this policy.

4.1.5 Notify the Council's Insurance section as soon as any incident/accident or change in driver's circumstances has been reported to them.

4.1.6 Monitor high mileage and/or car allowance claims to evaluate whether Council owned vehicles would be more cost effective.

4.1.7 Where individual vehicles are allocated to individuals, justify the allocation on business grounds.

4.1.8 Ensure that Council owned cars are not taken home.

4.2 Authorised drivers must:-

4.2.1 Hold a valid and current licence, appropriate for the vehicle category to be used.

4.2.2 Ensure they have completed a driver insurance form, attaching a copy of their licence including paper counterpart, and submitting it to the Council Safety and Risk (Insurance) Section. A notice will then be issued by them to confirm whether they are

permitted to drive Council owned vehicles. Failure to do so will mean that the individual is not insured to drive a Council vehicle.

<http://intranet.shetland.gov.uk/services/safety-risk/documents/driverapplic.pdf>

4.2.3 Report, as soon as it is practicable to do so, any change in circumstances which may affect insurance cover and/or their ability to drive a vehicle such as motoring convictions or health matters, to the Council Safety and Risk (Insurance) Section and the Executive Manager with responsibility for the vehicle.

4.2.4 Report, as soon as it is practicable to do so, all motor vehicle incidents and near misses using the Motor Accident Form, (copies of which are kept in every vehicle), to the Council Safety and Risk (Insurance) Section via the Executive Manager with responsibility for the vehicle. The form is also available online:

<http://intranet.shetland.gov.uk/services/safety-risk/documents/motorform.pdf>

4.2.5 Ensure vehicles are in a clean and safe condition, carrying out routine checks such as oil, coolant, windscreen wash, tyres, lights etc., reporting defects, and presenting the vehicle for maintenance when required.

4.2.6 When requested to provide information to the Police as a result of them driving a Council vehicle, advise the Council Safety and Risk (Insurance) Section as soon as possible, of the reason for the Police request and to provide them with further details upon request

4.2.7 Keep a record of all journeys, including mileages, in the vehicle log book or vehicle tracking/driver behaviour system (where fitted).

5 Employees allowed to take vehicles home

Employees may be authorised by their Executive Manager to take a vehicle home where:

5.1 The employee is on standby and the Executive Manager with responsibility for the vehicle is satisfied that it is in the interests of the Council for the employee to take a Council vehicle home with them. The Executive Manager should take into account:

Speed of callout response required

Likely frequency of callouts requiring travel

Time/cost to pick up vehicle/tools if not at employee's home

Or where

5.2 The employee has no fixed place of work and the Executive Manager with responsibility for the vehicle is satisfied that it is more cost effective to the Council for the employee to travel direct to their place of work without having to collect a vehicle from a central location (See Policy Guidance Note 1 for example calculations).

Or where

5.3 Where the vehicle will be used to collect other Council employees, with no fixed place of work, to work on the same site as the driver and it is more cost effective to the Council for the employee to start the journey from their home without having to collect a vehicle from a central location.

Or where

5.4 There is a need for an employee to make use of a special vehicle.

Implications due to vehicles taken home

5.5 An employee's start-time and end-time at their place of work is not affected by whether or not they have a Council vehicle home with them. All employees should comply with the Council's time & attendance policies at all times.

5.6 Where an employee is authorised to take a vehicle home, the Council will pay the employee's "benefit in kind" tax to HMRC, this cost will be met by the employee's Service, for the current "benefit in kind" tax level, see HMRC website at www.hmrc.gov.uk.

6 Legislation

6.1 The driver is legally responsible to ensure they are properly licensed to drive the vehicle. For insurance purposes, and good practice, the council will check driving documentation, but the legal responsibility for having an appropriate licence lies with the driver of the vehicle at all times.

7 Links to other policies

- Policy on Managing Smoking at Work
- Lone and Vulnerable Worker Policy
- Employee code of conduct
- Health, Safety and Welfare policy
- Carbon Management
- Council's Retention and Destruction Schedule

Policy Guidance Note 1 – Example calculations to authorise take-home of vehicle

For purposes of these calculations, average speed can be taken as 60mph. Actual average speeds will always be lower than 60mph. If anticipated speeds are significantly less (e.g. very rural roads), this should be allowed for in the calculation.

Use current HMRC mileage rates (45p/mile at 2013/14 rates) for vehicle wear & tear and fuel.

Therefore overall cost is 75p/mile or 75p/minute, these figures are the same when a speed of 60mph is used.

Example A) Employee works and lives in an area centred about 30 miles from depot. Employee picks up material/paperwork 3 times per week from depot.

Option 1) Vehicle stays at depot overnight:

Every day, the employee makes their own way to/from the depot on their own time using their own transport. During the working day, the employee will make 10 journeys per week to/from depot to work location @ 75p/minute-mile
 $10 \text{ journeys} \times 30 \text{ miles} \times 75\text{p} = \text{£}225$ 44 (working) weeks $\times \text{£}225 = \text{£}9,900$
per year

Option 2) Vehicle returns home with employee:

a) Assuming the material/paperwork pick-up is done **during** the working day:

Every week, the employee does 3 journeys to depot to pick up paperwork/materials, during the working day @ 75p/mile
 $(3 \times 2) = 6 \text{ journeys} \times 30 \text{ miles} \times 75\text{p/mile} \times 44 \text{ working weeks} = \text{£}5,940$
Benefit in kind paid = £1,478
TOTAL $\text{£}5,940 + \text{£}1,478 = \text{£}7,418$ **per year**

b) Assuming the material/paperwork pick-up is done at the **start** of the working day:

Every week, the employee does 3 journeys to/from the depot to pick up paperwork/materials, arriving at the depot at the start of the working day. The journey to the depot is done on the employee's time, the journey back from the depot to the work area is during the working day.

$\text{journeys} \times 30 \text{ miles} \times 45\text{p (vehicle)} \times 44 \text{ weeks} = \text{£}1,782$
 $3 \text{ journeys} \times 30 \text{ miles} \times 75\text{p (vehicle+time)} \times 44 \text{ weeks} = \text{£}2,970$

Benefit in kind paid = £1,478

TOTAL $\text{£}1,782 + \text{£}2,970 + \text{£}1,478 = \text{£}6,230$ **per year**

Therefore, in this scenario, It is more cost effective to the council for the employee to take their vehicle home each night and for the employee's work to be managed so that the material/paperwork pickup is done first thing in the morning.

Managers should use the following “minute costs” for 2014/15:

	Cost per Minute £
SSA101	0.16
SSA202	0.17
SSB101	0.17
SSB202	0.18
SSC101	0.18
SSC202	0.19
SSD101	0.19
SSD202	0.20
SSE101	0.20
SSE202	0.21
SSF101	0.21
SSF202	0.22
SSG101	0.23
SSG202	0.24
SSH101	0.26
SSH202	0.27
SSI101	0.30
SSI202	0.31
SSJ101	0.33
SSJ202	0.35
SSK101	0.37
SSK202	0.39
SSL101	0.41
SSL202	0.43
SSM101	0.45
SSM202	0.47
SSN101	0.50
SSN202	0.52
SSO101	0.55
SSO202	0.57



**Shetland College Board
Executive Committee
Shetland Islands Council**

**29 May 2014
23 June 2014
02 July 2014**

Shetland College Fees 2014/2015	
Report No. SCB067-F	
Irene Peterson, Acting Principal	Development Services, Shetland College

1.0 Summary

- 1.1 The purpose of this report is to provide the Board with the proposed course fees for academic session 2014/2015 (Appendix 1).

2.0 Decision Required

- 2.1 The Shetland College Board and the Executive Committee recommend that the Council approve the course fees for Academic Session 2014/15.

3.0 Detail

- 3.1 Whilst some of the college's course fees are set by the awarding body, the Scottish Qualifications Authority (SQA) and by UHI centrally, the college reviews the course fees which it can set on an annual basis. In line with national benchmarks and ongoing budgetary constraints, course fees which the college can set have been increased by 10% for 2014/15 to try to ensure that the college covers its operating costs. Historically fee increases have been levied below the rate of inflation, and given the financial pressures facing the college in 2014/15 and beyond, it is felt that this increase on a number of courses represents catch-up.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

Shetland College's fees structure links to the corporate priority of maximising the opportunity for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning.

4.2 Community /Stakeholder Issues

None.

4.3 Policy And/Or Delegated Authority

The role of the Shetland College Board, as set out in Section 2.8 of the Council's Scheme of Administration and Delegations, is to support the Principal of Shetland College in carrying out her/his roles and to monitor progress against objectives which have been set by the Council in relation to the following:

- (a) strategic direction for Shetland College
- (b) ascertaining the needs of users and promoting access between school, work and higher education
- (c) resources to support the learner
- (d) staffing to meet needs and provision for staff development and career review
- (e) quality assurance and improvement
- (f) sound financial management
- (g) liaising with the University of the Highlands and Islands and other appropriate learning bodies

The Executive Committee is responsible for making recommendations to the Council regarding charges for services, and the decision on the level of fees stands referred to the Council.

4.4 Risk Management

Although the overall amount of SFC and SIC funding for 2014/15 is likely to reflect the 2013/14 levels, the possibility of continuing reduced student numbers in 2014/15 necessitates increased fees, for courses which the college has discretion in setting. Financial implications flow from not increasing these discretionary fees above the rate of inflation if the college is to be viable.

4.5 Equalities, Health And Human Rights

None.

4.6 Environmental

None.

Resources

4.7 Financial

This charging proposal will deliver income which is required to ensure that the service meets its approved budget which will continue to the overall delivery of the Council's 2014-15 budget in line with the Medium Term Financial Plan.

4.8 Legal
None.

4.9 Human Resources
None.

4.10 Assets And Property
None.

5.0 Conclusions

5.1 The Shetland College Board course fees, for the Academic Session 2014/15, are presented for consideration and onward recommendation to the Executive Committee and Council.

For further information please contact:
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List of Appendices
App 1 - Shetland College Fees 2014/15

SHETLAND COLLEGE COURSE FEES 2013/14

£

2014/15

FE Fees set by Funding Council:

FE Full-Time	1008	
FE Part-Time per 40 hour module	56.40	

HE Fees set by Funding Council (for students living in Scotland or EU):

Degree - New Students from 2006/07	1820	
HN Full-Time (8 Modules or 15 HN Credits)	1285	
HE Part-Time per Module (Degree) (unstructured per 15 credit module)	161	
HE Part-Time per Module (Degree) (unstructured per 20 credit module)	215	
HN Part-Time per HN Credit	86	

Other Courses:

Alternative to Higher English (3 modules)	169.20	
Assessor Awards	765	
Care Higher	360	
College Certificate Computer Aided Draughting and Design	100	
Early Years Higher	360	
Fish and Shellfish	145	(10 weeks course plus weekly charge for ingredients)
Introduction to Counselling	275	
Maths Int 1	360	
Maths Int 2	360	
Meat and Poultry	145	(10 weeks course plus weekly charge for ingredients)
Preparing for Christmas	55	(3 weeks course plus weekly charge for ingredients)
Professional Development Award (HN Credit cost x Number of Credits)	0	
PDA's in Business & Management (3 credits)	258	
PDA's in Business & Management (4 credits)	344	
Psychology Higher	360	
Psychology Intermediate 2	360	
Social Care HNC (9 x HN unit plus SVQ 3 Social Work at prevailing SLA R	774	(plus SVQ 3 Social work charged as SVQs SLA below)
Sweets and Puddings	145	(10 weeks course plus weekly charge for ingredients)

Evening Classes

Classes of 20 hour duration (non-certificated) (£4/hr)	80	
Classes of 40 hour duration (non-certificated) (£4/hr)	160	
Hospitality courses have smaller grp sizes so calculated at higher rate ph		

Room Hire

Half day	77	
Full day	115	
VC Suite (arrange through Bob Brandie)	77	per hour during working hours
VC Suite (arrange through Bob Brandie)	115	per hour outside working hours

SVQs

Registered Managers Award	2600	
SVQ4 Care	2600	
SVQ2 Care - Skillseekers (6xFE unit cost + £1625)	1963.4	
SVQ2 Care (not Social Work dept)	1625	
SVQ2 Childcare Learn & Dev (underpinning knowledge & IV)	550	
SVQ2 Childcare Learn & Dev (Lerwick based - Full Award)	1575	
SVQ2 Childcare Learn & Dev (outwith Lerwick - Full Award)	1890	
SVQ3 Childcare Learn & Dev (underpinning knowledge & IV)	550	
SVQ3 Childcare Learn & Dev (full award)	2050	
SVQ4 Childcare Learn & Dev (full award)	2050	
SVQ2 Childcare Learn & Dev - Skillseekers (6xFE units + £1625)	1963.4	
SVQ2 STLS (Classroom Assistants)	540	
SVQ Professional Cookery (Hospitality)	2600	
SVQ 1 Food Prep & Cooking	690	(new 2009/10)
SVQ2 Food & Drink	2600	
SVQ (2/3/4) Business & Administration	1300	
SVQ4 Management	1300	
SVQ5 Management	1300	
SVQs IT	1950	
SVQs Construction	2435	
SVQ2 Plant Operative	1530	
SVQ Roads and Streetworks (through Train Shetland)	485	
SVQ2 Social Work (SIC Social Work department)		charged by Admin Manager as part of monthly journal for SLA
SVQ3 Social Work (SIC Social Work department)		charged by Admin Manager as part of monthly journal for SLA

European Computer Driving Licence

Level 1 Open Learning (includes materials - no classes)	145	
Level 1 All Inclusive (materials and drop in classes)	215	

Level 2 Open Learning (includes materials - no classes)	200	
Level 2 All Inclusive (materials and drop in classes)	260	

Level 1&2 Combined Registration and Tests Only (no materials provided)	220	
Level 1&2 Combined Open Learning (includes materials - no classes)	290	
Level 1&2 Combined All Inclusive (materials and drop in classes)	445	

Advanced European Computer Driving Licence - per unit

Registration and Tests Only (no materials provided)	115	
Open Learning (includes materials - no classes)	205	
Drop in Classes (includes materials)	245	



Employees Joint Consultative Council Policy and Resources Committee

17 June 2014
23 June 2014

Scottish Local Government Living Wage - Update	
HR-03-14-F	
Report Presented by Executive Manager - Human Resources	Corporate Services / Human Resources

1 Summary

- 1.1 The Scottish Joint Negotiating Committee (SJNC) Employers side made a formal and final pay offer in October 2013, which applied to employees whose terms and conditions of service come within the framework of the Scottish Joint Council (SJC) for Local Government Employees (LGE). The pay offer gave a 1% pay uplift in 2013-14 and 1% in 2014-15. It also introduced the Scottish Local Government Living Wage, set at £7.50 per hour for 2013-14 and £7.65 for 2014-15.
- 1.2 Executive Committee agreed on 17 March 2014 to apply the Living Wage exclusive of Distant Islands Allowance. The method of implementation of the Living Wage is a matter for each council to determine. Executive Committee agreed that it should be applied to Council staff as a supplement on an interim basis, while Human Resources explored with Trades Unions whether it could be brought into the Council's Pay and Grading model for Local Government Employees
- 1.3 This report provides an update following work done during May 2014 with the assistance of a specialist adviser on pay and equalities matters. Following consultation with Trades Unions representatives it is proposed to pay the Living Wage as a supplement in the longer term. Further consideration of incorporating the Living Wage into the pay and grading model will be given following the completion of outstanding work to ensure the Job Evaluation (JE) scheme is maintained, the review of catering and cleaning which includes the greater number of posts in grades A and B, and agreement of the Council's Workforce Strategy,

2 Decision Required

- 2.1 That the Policy and Resources Committee RESOLVES that:-

- 2.1.1 The Scottish Local Government Living Wage is applied to Shetland Islands Council employees paid in the form of a supplement to an employee's hourly rate, until otherwise agreed.

3 Detail

3.1 The final settlement agreed by COSLA was:

- A 1% uplift of pay on all SJC spinal points in 2013-14 and a further 1% uplift in pay on all SJC spinal points on 1 April 2014
- Implementation of a Scottish Local Government living wage of £7.50 per hour from 1 April 2013
- An uplift in the Scottish Local Government living wage to £7.65 per hour from 1 April 2014 (as recommended by the Living Wage Foundation).

3.2 COSLA noted that the method of implementation of the Living Wage is for each council to determine. At its meeting on 17 March 2014 Executive Committee agreed that it should be applied to Shetland Islands Council exclusive of Distant Islands Allowance, and that it be paid as a supplement to an employee's hourly rate whilst HR explore what is the most appropriate way to deliver it.

3.3 Human Resources engaged an external adviser with specialist skills in this area who carried out four days work in Shetland during May. This included meeting with Trades Union representatives and managers, provision of technical advice on the pay and grading model, including costed options taking account of current evaluations, grade boundaries, gaps and regression analysis. The external adviser also took account of the Equality Impact Assessment completed on the current pay and grading model.

3.4 The Council's pay and grading model has two points in each grade from A – O inclusive, beginning at £6.79 basic at the first point of A. From 1 April 2014, the pay grades affected by the Living Wage are A, B and the first point of C, which is £7.64 basic. Paying the Living Wage as a supplement will bring all employees on these grades up to £7.65 per hour basic. The supplement is treated as pensionable pay and is paid for all purposes except voluntary overtime. There are approximately 270 contracted employees in grades A-C, and over 600 reliefs in these pay bands.

3.5 Taking account of the work carried out with the help of the external adviser, trades union representatives from Unison, Unite and GMB agreed that the Living Wage should continue to be paid as a supplement to the hourly rate rather than be incorporated in pay scales, while Human Resources carry out outstanding maintenance of the Job Evaluation scheme following organisational changes. This is set out in the current HR Service plan by which time the Council's Workforce Strategy will be complete, as will be the review of the Council's Catering and Cleaning service which includes many of the staff at the current level of the Living Wage.

3.6 Trades Union representatives were mindful of potential detrimental impact on jobs should the pay bill increase and noted support to maintaining the goals of the medium term financial plan and the Council being a sustainable organisation.

4. Implications

Strategic

- 4.1 Delivery on Corporate Priorities – The Shetland Single Outcome Agreement for 2012/15 has a local indicator in the measurement set to reduce income inequality between individuals. The implementation of the Living Wage, exclusive of the Distant Islands Allowance, assists in the delivery of this objective.
- 4.2 Community /Stakeholder Issues – The views of employees are sought through the Employee Joint Consultative Committee. Trades union representatives took part in meetings with HR and the external adviser, and proposed paying the Living Wage as a supplement while outstanding JE maintenance, the review of Catering and Cleaning and the Workforce Strategy are completed. Progress on these matters will be reported to the Human Resources Partnership Group.
- 4.3 Policy and/or Delegated Authority – Policy and Resources Committee has delegated authority for the development and operation of the Council as an organisation and all matters relating to organisational development and staffing.
- 4.4 Risk Management – There is a risk that applying the Living Wage as a supplement to the first 3 grades of the Council's pay and grading structure may result in challenges from employees within a higher grade who may consider themselves to do more demanding work and to feel aggrieved if they are paid the same hourly rate.
- 4.5 Equalities, Health and Human Rights – The original pay and grading model was equality impact assessed by an external consultant and was judged to provide pay equality. By paying as a supplement employees in grades A to C1 will have their earnings lifted to the level of the Living Wage, thus increasing the earnings of those employees at the lower end of the payscale, who are predominately part-time female employees. There is no negative impact on any employees and therefore no negative impact on any of the protected groups.
- 4.6 Environmental – None.

Resources

- 4.7 Financial – The cost to the Council of implementing a 1% pay award for 2013-14 and a further 1% in 2014-15 is estimated to be approximately £1.8m. This represents an ongoing financial commitment and a significant investment in the Council's staff, as it is being awarded in the face of cash reductions in the financial settlement received from Scottish Government. In the same period as the proposed pay settlement, 2013-14 and 2014-15, the Council will have had a £2m annual cash reduction in core funding from Scottish Government.

In addition to the 1% pay award across both years, the cost of implementing the Scottish Local Government living wage at £7.50 per hour (before DIA is applied) represents a cost pressure of between £60k and £120k dependent on the number of hours worked by staff between grades A1 and B2.

The Council's 2013-14 budget, combined with the updated Medium Term Financial Plan 2013-2018, has factored in this pay award into its budgets, and therefore, no further service cuts will be required to implement these proposals.

- 4.8 Legal – Employees whose terms and conditions of employment come within the framework of the SJC for LGE are awarded pay increases in line with decisions of the Scottish Joint Council. The terms of this report sets out that decision and the decision required in relation to the Scottish Local Government Living Wage.
- 4.9 Human Resources – The collective agreement implementing the Single Status agreement includes a local grading structure underpinned by a JE scheme approved by unions and the Equality and Human Rights Commission. Representatives from the recognised trades unions for employees covered by the SJC for LGE were invited to take part in meetings on the options to consolidate the Living Wage into the grade structure and the proposal to continue paying as a supplement meantime was made in partnership with Trades Unions representatives.
- 4.10 Assets and Property – None.

5 Conclusions

- 5.1 As noted at Executive committee in March 2014, the pay settlement for 2013-14 and 2014-15 stretches the Council as far as possible with regard to affordability. Applying the Living Wage as a supplement within the current pay and grading model ensures that those employees at the lower end of the payscale receive the Living Wage.
- 5.2 Determining that the Living Wage will be paid as a supplement in the longer term provides stability in financial and employee relations. Following completion of the outstanding activities set out in paragraph 1.3 further consideration will be given to whether the living wage can be incorporated into the Council's pay and grading structure.

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2014

END



Employees JCC
Policy and Resources Committee

17 June 2014
23 June 2014

Travel and Subsistence Policy

Report from: Executive Manager
Report No : CE-03-14F

Service: Executive Services

1.0 Summary

- 1.1 Feedback received from senior management, administrators and travellers has, for some time, indicated a need to improve the way travel and subsistence is administered in this Council.
- 1.2 The new policy and procedure, which are attached as Appendix 1, have been developed, to seek to address these issues and deliver a greater level of consistency across all services.
- 1.3 The new documents are being presented to the Policy and Resources Committee for formal agreement.

2.0 Decisions required

- 2.1 Policy and Resources Committee is asked to:-
 - 2.1.1 AGREE the attached policy and procedure for introduction across all Council services, subject to discussion with the LNCT and College Lecturers' JCC. Should the outcome of those discussions result in significant changes to the document, it will be remitted back to the Employees JCC and Policy and Resources Committee for further consideration.

3.0 Detail

- 3.1 The current Travel Procurement Procedure was developed several years ago and has been kept up to date by staff in Finance Services. This document has provided practical guidance for staff and members travelling and claiming subsistence.

- 3.2 Feedback received from staff and elected Members some time ago indicated that there were a number of improvements that could be made to existing arrangements. The team working on this new policy has used them as the business case and objectives for the review. They are listed below:
- There is a need for a set of “policy” statements. Once endorsed by the Council, they will provide staff and members with clarification on the standards, responsibilities and expectations when travelling and claiming subsistence.
 - Travel co-ordinators must use these to ensure greater consistency in booking travel arrangements, managers must use these to ensure greater accountability.
 - There is a need to reinvigorate the current procedure, to take account of modern business needs, reinforce best practice and deliver cost savings.
 - There is a need to streamline existing practices to deliver maximum efficiency.
- 3.3 A working group was formed to review the current procedure and develop the new document. That involved assessing other Councils’ travel policy arrangements, seeking input from staff and elected Members and analysing travel patterns and costs over the past few years.
- 3.4 The attached document consists of a short policy document, which sets the standards for travel and subsistence arrangements. Attached to that is an operational procedure, which establishes the rules through which the policy will be applied.
- 3.5 One of the recurring pieces of feedback received during this project has been a suggestion that we should look at consolidating the administration of travel bookings into one ‘hub’. If there is support for that as a concept, and a strong business case for doing so, it will be pursued as a distinct project.
- 3.6 This report seeks agreement for the new policy and procedure and will provide a platform on which to develop further improvement work. Other initiatives being actively pursued, to complement the introduction of this policy/procedure include:
- Improved co-ordination of travel for training purposes.
 - The rolling out of electronic authorisation forms, following a successful pilot involving elected Members.
 - Exploration of discounted hotel room rates.
 - The introduction of an electronic expenses claim process.

4. Implications

Strategic

4.1 Delivery on corporate priorities

A priority from the Council’s Corporate Plan is:

“Being a properly led and well-managed council, dealing with the challenges of the present and the future, and doing that within our means”

This policy and procedure seeks to improve the existing arrangements for administering travel and subsistence across the Council, delivering greater consistency and a more efficient way of working.

4.2 Community and Stakeholder Issues

The draft document has been shared with all Travel Co-ordinators across the Council and comments taken on board wherever possible. Comments from Insurance, HR and the Corporate Management Team are also reflected in this final draft. Owing to timing issues, the document has not yet been considered by the LNCT and College Lecturers' JCC. As reflected in para. 2.1.1, if those discussions results in significant changes to the document, it will be remitted back to the Employees JCC and Policy and Resources Committee for further consideration.

4.3 Policy and Delegated Authority

All matters that relate to staffing are referred to the Employees' Joint Consultative Committee prior to a final decision by Policy and Resources Committee. The Policy and Resources Committee has delegated authority from the Council for all decisions regarding organisational development, and for securing the co-ordination, control and proper management of the financial affairs of the Council.

4.4 Risk Management

There is a risk that if the new policy and procedure is not agreed, the opportunity to deliver the business objectives set out at paragraph 3.2 will be lost. Internal Audit are due to carry out an audit of travel later this year, as part of their scheduled auditing activity. This policy and procedure will help to set clearer standards which should result in fewer audit anomalies in future years.

4.5 Equalities, Health and Human Rights

There are no equalities issues arising from this report.

4.6 Environmental Issues

None.

Resources

4.7 Financial

It is acknowledged that this is an area where savings could be made. This policy and procedure will contribute to that objective by:

- Tightening up on authorisation arrangements.
- Streamlining administration.
- Making good practice, like early booking, compulsory practice.
- Allowing travel co-ordinators to book accommodation direct, reducing the need for travellers to pay and then reclaim. As a result of this simple change, the Council will be able to reclaim the VAT element of the booking, which should produce a 20% saving on every booking.

- Putting travel co-ordinators in charge of all travel and accommodation bookings. This should reduce any anomalies in the standards of accommodation being booked.

4.8 Legal
None

4.9 Human Resources
None

4.10 Assets and Property
None

5. Conclusions

- 5.1 This report introduces a new policy on travel and subsistence, together with an operational procedure.
- 5.2 It comes as a result of a need to improve the way this area of our business is conducted.
- 5.3 Agreement of this will allow immediate implementation across services and delivery of the intended business benefits set out at para 3.2.

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Date: 10 June 2014



Travel & Subsistence Policy

Applies to: All staff and elected Members
Effective from: 23 June 2014
Review Date: June 2017

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PART 1 – Travel & Subsistence Policy

1.1 INTRODUCTION

The purpose of this policy and attached procedure is to set clear standards for all travel undertaken by staff and elected Members within and outwith Shetland, ensuring clear and consistent rules on travel and subsistence payments.

It also aims to simplify and streamline the administration process for booking and claiming expenses, to reduce processing costs and secure savings.

This policy must be read in conjunction with the attached procedure as that provides detail on requirements and will help to explain how the policy will be applied in practice.

1.2 POLICY STATEMENTS

As an organisation, the Shetland Islands Council (the Council) is committed to achieving best value in the way it books all travel.

This means:

Travel co-ordinators will:

- Always source the most effective travel method, taking cost and convenience into account, to ensure staff/elected Members arrive at their destinations on time and at the lowest possible cost.
- Ensure that our systems for booking and processing travel and subsistence are efficient and effective and administration time is kept to a minimum.

This means:

Staff/Elected Members who are requesting travel will:

- Only request travel where there is a clear business case for doing so and personal attendance will add value to the business of the Council.
- Submit travel requests at the earliest opportunity in order to secure the cheapest available fares.
- Actively pursue the use of teleconferencing and video conferencing as alternatives to travel.
- Share information and skills with colleagues, having attended events outwith Shetland, to improve internal communication and further enhance the benefits to the organisation of attendance.

(continued from previous page)

Staff/Elected Members who are requesting travel will:

- Seek to make best use of travel – combining several meetings into one trip wherever this is possible.
- Be mindful of impact on the environment when travelling, as part of our commitment to reduce our carbon footprint.
- Always use public transport wherever it is available, avoiding the use of more expensive methods of travel like taxis.
- Not use travel for business purposes to subsidise private trips – unless it can be demonstrated that this does not cost any more or can help to get a better price for business travel.
- Only change travel arrangements if absolutely necessary to do so – for instance, the meeting is cancelled or another unforeseeable event intervenes – such as illness. Changes will not be made simply to arrive/depart earlier/later.
- Accept the role of the Travel Co-ordinators to make all arrangements for booking travel and accommodation. This includes deciding on the most appropriate accommodation, method and times of travel.
- Always be aware when they sign any request for travel or claim, that they are confirming compliance with this policy and procedure and will be held personally accountable for the validity of that request/claim.

This means:

Managers authorising travel / subsistence will:

- Only authorise travel where there is a clear business case for doing so and personal attendance will add value to the business of the Council.
- Not allow more than one person to attend the same event, unless there is a clearly set out business need for doing so.
- Ask for further information where travel is not fully justified and refuse to authorise where that cannot be provided.
- Always ensure that the terms of this policy and procedure are being upheld by staff and elected Members.

1.3 APPROACH THAT WILL BE TAKEN

Travel co-ordinators will be responsible for making all travel arrangements, selecting travel methods and times of travel, to meet the aims of this policy.

Travel co-ordinators will always be helpful and work with staff/elected Members to seek the most effective method of travel, taking the terms of this policy into account. Equally, staff/elected Members submitting claims for reimbursement of expenses have a responsibility to ensure they are aware of the terms of the policy and procedure and follow them.

The success of this approach will depend on the development of mutual respect, strong working relationships and co-operation.

The requirements in this policy and procedure have been assessed and are considered to be necessary to achieve the Council's aim of delivering best value, clear accountability and ensuring that the Council adheres to Her Majesty's Revenues and Customs (HMRC) rules as they apply to business expenses.

1.4 SCOPE OF POLICY AND PROCEDURES

This policy and the attached procedure apply to all staff and elected Members of the Shetland Islands Council (the Council).

It will also apply to any organisation which makes use of the Council's HMRC dispensation on the reimbursement of expenses for tax purposes.

Note: Travel co-ordinators will only arrange travel for individuals external to the Council where proper approval has been given to pay for that travel. Properly authorised documentation to support external individuals' travel should also be submitted along with the non-Council members and officials' travel request form.

For the avoidance of doubt, this does not include consultants, external trainers or others who should have a contract with the Council for the provision of services as they will be responsible for billing the Council direct for travel and subsistence connected with their contract.

Any request for travel or subsistence, that that does not meet the terms of this policy will be referred to the Executive Manager – Finance for further consideration.

1.5 ACCOUNTABILITY

Staff/elected Members will be required to complete a declaration when requesting travel – the travel request form. Managers (or in the case of elected Members, the Chief Executive, or designate) will be required to authorise to demonstrate compliance with this policy.

The Finance Service will take an overall monitoring role on this policy to ensure compliance and HMRC rules are adhered to. However, the operational responsibility for implementing the terms of this policy lies with staff/elected Members who are travelling/submitting claims and their managers.

In order to streamline the authorisation process and ensure both travel requests and claims for reimbursement of expenses are submitted right first time, authorisation is limited to Team Leader (or equivalent) and above.

The council's Internal Audit service will check on compliance with this policy, as part of their cyclical audit plan. Any discrepancies will be reported through the normal channels as part of the audit plan reporting to the Audit Committee.

The council's external auditors will also periodically examine the travel request / claims forms and test compliance with this policy and procedures.

Freedom of Information (Scotland) Act requests are regularly submitted seeking information on the nature of Council travel. This provides another layer of public accountability that staff/elected Members should be mindful of.

Elected Members' expenses for each financial year to 31 March must be published by 1 June each year. Officer travel will also be monitored on a quarterly basis through Corporate Management Team, so timely submission of expenses is essential.

PART 2 – Travel & Subsistence Procedure

2.1 INTRODUCTION

The purpose of this procedure is to give staff/elected Members and travel co-ordinators clear standards and rules to apply. This will help ensure that best value is being achieved by ensuring the money the Council spends on travel and subsistence is reasonable and always justifiable, staff/elected Members are helped to do what's required of them and everything gets done right first time – without the need for time consuming checking and re-processing.

Although this policy and procedure has had input from staff and Members, we are always keen to improve things. It won't meet every situation, but, it is important that the rules are applied consistently and any deviations are the exception rather than the norm.

The rest of this procedure will refer to "you" as in the employee / elected Member travelling or making a claim for reimbursement of expenditure.

2.2 TRAVEL

Step 1 - Requesting Travel

In light of the current financial climate, the council must seek to minimise the amount of travel outwith Shetland. This will mean that managers must feel empowered to use discretion to challenge travel requests, where that is necessary. Clearly, personal attendance at some meetings will be required. However, a reason why this is necessary must be set out in the travel request form to avoid any unnecessary delays.

If you are intending to travel outwith Shetland you must complete the electronic travel request form as soon as you know about a trip. The more notice you can give, the more chance travel co-ordinators will be able to find cheaper deals on flights and accommodation. Copies of these forms – for staff and elected Members – are available on the Council's intranet site at **(insert relevant link once live)**.

The form has been streamlined to ensure that only the information that is essential for processing the request is included. You must complete all relevant sections of the form before submitting. This will allow the authorising manager to make a decision with all the information to hand.

Useful things to know when completing your form:

The Council will only pay the cheapest available price for the minimum period of time to allow you to attend the event, unless there is a clear business reason for doing otherwise.

In order to minimise subsistence costs, day return travel arrangements must be made wherever possible.

If you want to stay away additional nights, for example over a weekend, this will only be allowed if it reduces the cost to the Council or is cost neutral to the Council. If there is a cost, you meet this yourself, in line with Step 2. No subsistence will be payable for these additional nights as you will not be deemed to be on council business.

Before choosing to travel by sea, you must consider the amount of time away from work as this is a cost to the Council.

Step 2 - Authorising Travel

Once complete, you will submit the form to the appropriate travel co-ordinator by email.

The travel co-ordinator will check flights and accommodation availability and then send the form to the appropriate person for authorisation. Once authorised, the form will be sent back to the travel co-ordinator for booking.

It is acknowledged that not all staff have access to email and electronic forms. Where that is the case, paper forms can be used.

For clarity, authorisation levels are as follows:

Travel being requested by	Authorised by	Backup if authoriser is unavailable
Elected Member	Chief Executive, or designate	Director – Corporate Services
Chief Executive	Political Leader	Convener or Leader
Director	Chief Executive	Monitoring Officer or nominated Deputy
Executive Manager	Director to whom the Executive Manager reports	Another Director or nominated Deputy
Team Leader, or equivalent	Executive Manager to whom the Team Leader (or equivalent) reports	Relevant Director or nominated Deputy
All staff below Team Leader, or equivalent	Relevant Team Leader, or equivalent. For example, Head Teacher.	Relevant Executive Manager
All staff travel outwith the UK must be authorised by the relevant Director and then must be considered and approved by the Chief Executive in consultation with the Leader prior to the journey taking place. In the case of the Chief Executive, this must be passed to the Leader or Convener for consideration and approval. All travel outwith the UK for elected Members must be considered and approved by the Leader in consultation with the Chief Executive, prior to the journey taking place. This is to meet the requirements of the Council's Financial Regulations. Travel will still be booked by the travel co-ordinator.		

To help travel co-ordinators book travel at the lowest possible cost, authorisation must not be delayed. It is an aim of this procedure that the

authorisers of travel will respond to all requests for authorisation **within 2 working days of the request being sent**. You will be told by your travel co-ordinator if your request to travel has been authorised.

Only in exceptional circumstances, where there is a clear business case for doing so, should authorised travel be changed.

Booked travel will not be changed to accommodate personal travel arrangements. If an employee / elected Member wants to change travel that has already been booked, to accommodate their personal travel arrangements, they must make any alterations in their own time and pay any additional cost. Travel co-ordinators should not be requested to make these arrangements.

If travel bookings take into account personal travel arrangements at the time of booking, any additional cost must be paid by the employee / elected Member before the booking is confirmed. Payment should be through cash, cheque or debit card.

Step 3 – Booking Travel

Commitments to staff/elected Members travelling:

Once the travel request has been authorised, your travel co-ordinator will commit to ensuring the travel arrangements will get you to your destination – with accommodation as required – in the most cost effective and efficient way possible. It is important that you do not apply undue pressure to your travel co-ordinator as they must have the freedom to find the best deals available.

The following standards will apply to travel:

AIR

Within Shetland:

All arrangements for inter-island air travel should be made through your travel co-ordinator, although it can be useful and save time if you check on the flight availability beforehand. The travel co-ordinator will contact Direct Flight's office by telephone to make the booking. You will then be given a purchase order to take with you to the Tingwall Airport. When you hand over the purchase order, Direct Flight's office will give you your tickets and will then invoice your Service. You don't have to complete a travel request form for this type of travel.

Outwith Shetland:

Economy (lowest price) fares will be booked as the first preference wherever these are available. Only in exceptional circumstances, if there is a significant likelihood that the trip may be cancelled, will economy (flexible ticket) fares be used. Business class tickets will never be booked unless in exceptional circumstances where there is a clear business case for doing so.

SEA

Within Shetland:

If you are travelling on a regular basis, speak to your travel co-ordinator and arrange for a multiple journey book of tickets (10 return journey tickets) to be bought. In order to avoid any perception that the book is being used for personal travel, you must keep the receipt you will be given on the ferry and note on the back what the trip was for. They will then be checked before a new book is issued and can be reconciled against expenses claims.

If you do buy a ticket on board a ferry, you must keep your receipt and reclaim the cost through your expenses claim form.

In order to cut down on the costs of processing receipt-based claims, you can make use of the swipe card facilities in your Service. The costs are charged to Services at the end of each month and this removes the need to submit receipts.

Outwith Shetland:

Bookings can include the cost of the exclusive use of an outer two-berth cabin. However, the travel co-ordinator will apply discretion at the time of booking, to make sure the most efficient option is chosen.

When deciding on the cheapest method of transport, the cost of the ferry will be compared to an economy (lowest price) air fare, not a full fare ticket.

If you want to take a vehicle you will have to pay for it yourself, unless it is to be used for business travel and there is a clear business reason that makes private car travel necessary (for example, traveller disability issues, lack of available public transport connections, inability to reach your destination in time for the event if public transport is used).

RAIL

All rail journeys will be made using standard class fares. In order to secure the best fares, all rail travel should, where possible, be booked in advance by your travel co-ordinator. This also removes the need to keep tickets as proof of expenditure.

BUS (within and outwith Shetland)

You should buy the ticket yourself, on the bus or at the bus station, and get a receipt in case the ticket is kept at the end of the journey. Receipts/tickets must be kept and used to reclaim the expenditure through your expenses claim form.

TAXI (within and outwith Shetland)

Travel by taxi will be considered to be a last resort and will be for short journeys where public transport is not an option.

If a taxi is used, your receipt must be kept and used to reclaim the expenditure through your expenses claim form.

PRIVATE CAR

Within Shetland:

When using your own vehicle on Council business, you must be able to demonstrate that it was appropriate and that your journey was planned in the most logical and cost effective manner.

When deciding to use your own car, take account of the total cost to the Council in terms of ferry fares, mileage and time away from work.

Current mileage rates for elected Members and staff who earn salary grades up to and including grade O are set out below.

Car Allowances / Mileage Rates

All Engine Capacities

(a) Essential Users

Lump Sum £822.00

Per mile - first 8500 miles 35.1p

Per mile - after 8500 miles 12.6p

Petrol element 7.846p

Amount of VAT per mile in petrol element 1.169p

(b) Casual Users

Per mile first 1000 miles 53.65p

Per mile - next 7500 miles 43.65p

Per mile - after 8500 miles 12.6p

Petrol element 7.846p

Amount of VAT per mile in petrol element 1.169p

Staff earning salary grades Grade P and above will be paid the current maximum HMRC approved mileage rate of 45p per mile for the first 10,000 miles driven while on Council business; and 25p per mile thereafter.

Before using your own car for Council business travel, you need to ensure you are appropriately insured. The cost of this must be met by you. If requested, you must be able to provide policy documents to confirm that this insurance cover is in place. The Council's Insurance Section can provide further advice and guidance on this if you need it.

When agreeing to make payments for use of a private car, the Council may require you to take equipment or passengers who may be going to the same location / event. No extra payment will be made for this.

Outwith Shetland:

When using your own vehicle on Council business outwith Shetland, you must be able to demonstrate that it was appropriate and that your journey was planned in the most logical and cost effective manner.

Similar to taxis, this will be on an exceptional basis and there is a clear business reason that makes using your own car outwith Shetland necessary (for example, traveller disability issues, lack of available public transport

connections). Intention to travel using your own car must be added to your travel request, so that your manager can seek clarification on the reasons for it.

There is a substantial difference between mileage payments and the price of fuel. Tying in with the travel policy statements, reimbursement for car travel on the mainland will therefore only be made in respect of fuel used rather than on a mileage basis. It is important to obtain valid petrol receipts and reclaim through your expenses claim form.

The same conditions apply, as outlined above, to insurance and any requirement to carry equipment or passengers.

You will be able to claim for parking at actual and reasonable cost. You need to keep your receipts and reclaim through your expenses claim form.

You can also claim toll charges (Bridges, Tunnels and Roads). The same rule as above applies regarding receipts.

For the avoidance of any doubt, you cannot claim for any parking fines and any expenses as a result of other traffic offences.

HIRE CAR (within and outwith Shetland)

Car hire will also only be used in exceptional circumstances, where there is a clear business case and/or it is the most cost effective method of transportation.

Reasons could include: where sharing a hire car is most cost effective; it would be in the interest of personal safety; when time is constrained or where suitable public transport is not available or is not cost effective.

Any request for car hire must be entered on the travel request form. You must not hire a car yourself and claim this back, as the Council can get a better rate by going through its corporate account.

The accounts the Council holds with the hire car firms have had the excess entered as £0 as the Council insurance does not cover car rentals. You do not need to ask for this to be done each time you make a booking. If you have a query in relation to insurance requirements you should contact the Insurance Section for advice.

Also, you are advised to agree with the company before you take the car, that the Council will pay for fuel used and the company will be required to fill up the tank. This will save you filling the tank, keeping the receipt and having to claim it back through expenses. It will also avoid any surcharge applying for a car that's returned without a full tank of fuel.

2.3 ACCOMMODATION

Accommodation outwith Shetland but within the UK

Travel co-ordinators will book and pay for accommodation once the travel request form has been authorised. This will ensure that staff/elected Members no longer have to book and reclaim their accommodation expenses and lower rates can be secured.

The maximum overnight rates are detailed below and are deemed to cover a continuous period of 24 hours and are to cover the cost for Bed and Breakfast.

➤ Within Central London	£131
➤ Elsewhere	£110
➤ Friends & Family Rate	£35

Travel co-ordinators will seek to ensure that all accommodation:

1. Is clean and comfortable.
2. Has an appropriate room temperature.
3. Is safe and secure.
4. Provides breakfast.
5. Provides en-suite facilities.
6. Is within a reasonable distance of your meeting and is fairly accessible to public transport.

In exceptional circumstances, it may be the case that accommodation is not available within the rates outlined above. It may also be the case that accommodation at an event venue is cheaper than the combined cost of an overnight stay in another location and travel to/from the venue. If that is the case, travel co-ordinators should seek advice from the Executive Manager – Finance before any booking is made. The decision to apply an exemption will be at the discretion of the Executive Manager – Finance.

In the case of staying with friends & family, you must claim the round sum allowance (£35) through your expenses claim form. HMRC no longer permits an allowance of this sort to be reimbursed tax free.

Accommodation outwith the UK

These costs will be met on an “actuals” basis. e.g. the full cost of the accommodation will be met by the Council. It is very important that travel co-ordinators make thorough checks for available accommodation to ensure that the final booking is in line with the terms of the travel policy costs are minimised as far as possible.

Accommodation within Shetland

This will be on an exceptional basis where there is a clear business reason that results in you requiring accommodation within Shetland.

(Examples could include: adverse weather results in you being stranded on an island other than the island you live on. You live on an island, other than the Shetland mainland, and restricted ferry timetables mean you can't catch a morning flight if not staying on Shetland mainland).

The maximum overnight rate would be £110. This would be deemed to cover a continuous period of 24 hours and is to cover the cost for Bed and Breakfast.

Situations of this sort may be known in advance and therefore accommodation could be booked by your travel co-ordinator. Where it is not known in advance (for example adverse weather results in ferries not running), you need to obtain a receipt and claim through your expenses claim form.

2.4 REIMBURSEMENT OF EXPENSES – THE RULES

Staff and elected Members are entitled to claim for expenses incurred whilst on Council business. In order to comply with the Council's Financial Regulations, all Authorising Staff must ensure that expenses claims are fully completed and submitted timeously each month. All claims relating to a given financial year must be submitted within one month of 31 March.

Expenses Claims are paid one month in arrears.

Claims that are over six months old won't be paid except in very exceptional circumstances. Where a request for payment is being made that exceeds six months, this should come from the person who authorised your travel request (as per page 8 of procedure) and be sent to the Executive Manager – Finance, explaining the reason for the delay in submitting the claim form. The decision to pay will be at the discretion of the Executive Manager – Finance.

Under no circumstances should the Council be paying for a spouse, partner, or any other person who may have travelled with an employee/elected Member of the Council.

In order to comply with HMRC rules, claims for reimbursement of expenses must only relate to the individual concerned. Expenses claim forms should not be used to claim reimbursement of group expenditure.

Any expenses relating to ZetTrans or Shetland Charitable Trust should be submitted on those organisations' own expenses claim forms. When making a claim for reimbursement, you must ensure that dates, times, journey and detail of approved duties have been fully completed before submitting the claim for payment.

SUBSISTENCE

The current **maximum** subsistence rates are:

Meals – outwith Shetland and outwith UK

Breakfast (where no overnight subsistence is claimed)	£8.00 per day
Lunch	£12.00 per day
Dinner	£25.00 per day

The cost of alcoholic drinks will not be reimbursed, nor will incidental expenditure on teas/coffee and snacks.

Overnight subsistence will not be payable for nights spent aboard ship. However, the cost of meals will be reimbursed up to the maximum levels shown above.

Meals – within Shetland

Meal allowances can only be claimed where an employee is required to be away from home and normal place of work for a period greater than 24 hours and incurs additional expenditure on meals.

Hospitality

The Convener, Leader and Chief Executive will be entitled to extend hospitality in connection with approved Council business when entertaining guest(s) external to the Council up to £500 (excluding VAT) per occasion. The provision of such hospitality is subject to budget availability and must be evidenced by appropriate receipts up to an annual maximum as agreed during the budget setting process. Payment of this sort will be made using the Council credit cards issued to the Convener, Leader and Chief Executive and will be processed through the Council's Creditor System. VAT will not be recoverable on hospitality.

2.5 INSURANCE FOR BUSINESS TRAVEL

The Council no longer purchases year-round business travel insurance for all staff and elected Members. In place of the formerly purchased insurance, the Council has approved the following procedure:

2.5.1 Insurance Cover

2.5.1.1 Losses incurred by the Council

Covered – Anywhere in the world

All costs incurred by the **Council**, regardless of destination, will be self-insured from the Council's insurance fund as administered by the Insurance section. This includes legitimate and reasonable costs which would have normally been refunded by an insurer, such as cancellation of flights and accommodation or loss or damage to Council property or

equipment. Any such claims or incidents should be logged and forwarded to the Insurance section in the normal manner.

2.5.1.2 Losses incurred by the **traveller**

Not Covered – Travel within the UK

It is unnecessary for a department to purchase insurance for trips within the UK. The Council is not obliged to provide insurance for loss, damage or theft of an individual's personal belongings regardless of where they are travelling or what task they are undertaking on behalf of the Council, whether it be within Shetland or anywhere else in the UK. Insurance for personal possessions are widely available for individuals. For example, it is possible for an individual to extend their household contents insurance to cover their personal effects whilst away from home and many others have their own Annual Travel Insurance, covering all trips for both business and pleasure. Also, medical costs are not an issue whilst in the UK and need not be insured by the Council.

Covered – Travel outwith the UK

- Issues of healthcare and/or repatriation can lead to significant costs being incurred by the traveller and potentially by the Council, depending on what country the employee or elected Member travels to on business. It is therefore necessary for the Council to ensure that cover is in place for this type of event.
- The department's travel co-ordinator is required to purchase, via a broker or insurer, online or otherwise, an insurance policy for the trip.
- The traveller benefits from this arrangement by also receiving cover for their personal effects.
- Costs of such insurance policies for "worldwide" cover can vary and can be relatively low, (eg less than £20) depending upon a number of factors.
- Although travel co-ordinators are free to arrange the insurance via whichever method they wish, the Insurance section recommend the online facility offered by the Post Office at <https://www.postoffice.co.uk/single-trip-travelinsurance> due to its ease of use. Their 'Classic' cover should be selected. The Insurance section have assessed this cover as the most appropriate.
- The traveller should be given copies of the travel policy and any supporting documentation and advice provided by the insurer.

- Please note that declarations relating to any pre-existing medical conditions or the undertaking of hazardous activities during the trip will have to be made known to the insurer. If doing this online, just follow the instructions.
- The Insurance section can be contact at any time during this process for assistance.

2.5.2 Claims and Incidents

2.5.2.1 Any incidents that occur during a trip, regardless of whether or not insurance has been purchased, still requires to be logged with our Insurance section via the Nominated Person for Insurance for the traveller's department. Please contact Insurance Section if you are unsure who this may be. Insurance Section can also provide advice and assistance to any employee, elected Member or department that may have to make a claim under a policy arranged by the department, employee or elected Member for an incident that occurred whilst travelling on business for the Council.

2.5.3 Travel Database

2.5.3.1 The travel database should continue to be updated with travel details for insurance purposes and risk analysis. Training on how to use this database will be given to travel co-ordinators and should be passed on to all new staff within departments, who are responsible for organising travel.

2.5.4 Liability

2.5.4.1 The Council's liability insurance will automatically remain in place for all trips, regardless of destination, for any incidents that result in damage to third party property or injury to other persons due to the negligence of the Council traveller. Cover also remains in place where any injury to the traveller or loss or damage to their personal possession results from the negligence of the Council (and not the negligence of the traveller or another party).

2.6 OTHER USEFUL TRAVEL INFORMATION

Left luggage

If you are delayed, you might need to use 'left luggage' facilities. You can claim for this, but must ensure that you keep your receipts and attach them to your expenses claim form.

Lost or excess baggage

Airlines are responsible for retrieving and compensating lost baggage. The Council will not reimburse travellers for personal items lost while travelling on business except for journeys outwith the UK where such losses fall within the terms of the Personal Effects and Money section or equivalent of the Travel Insurance Policy arranged by the Travel Co-ordinator.

The Council will not normally reimburse you for carrying excess personal baggage. However, it is possible if any of the following apply:

- You are travelling with heavy or bulky materials or equipment necessary for Council business.
- The excess baggage consists of Council records or property.

Compensation

Airlines occasionally offer free tickets or cash allowances to compensate travellers for delays and inconveniences due to overbooking, flight cancellations, changes of equipment, etc.

You should not volunteer for denied boarding compensation when on Council business. However, if you are denied boarding, and financial compensation is offered, you can accept it. If you have not suffered any financial detriment, you must return the compensation to the Council.

Delay/Cancellation

Should an airline delay mean that you have an overnight stay, the airline will in almost all cases be legally obliged to provide travellers with complimentary meals and accommodation (including transport to and from that accommodation). The Air Transport Users Council website (www.auc.org.uk) has guidance about passengers' rights when a flight is cancelled or delayed (look under air Travel Advice), and they deal with complaints if those rights are not honoured. If free accommodation and meals are provided by the airline, the Council will not provide reimbursement.

If, in the event of a flight cancellation/delay, the airline offers you the alternative of travelling by ferry, they will normally pay for your journey only, without a cabin. In these circumstances the Council will refund you up to the cost of the exclusive use of an outer two-berth cabin. You must keep your receipts and use them to reclaim expenditure with your expenses claim form. You do not have to take up the offer of travelling by ferry, you can wait until they can fly you to your destination, but you must be mindful of the cost to the Council if you are missing days when you would have been at work.

Refunds

When a trip has to be cancelled, after the ticket has been issued, you should contact the airline and then inform your travel co-ordinator as soon as possible. Past experience has shown that refunds can be received if the

traveller speaks to the staff at Sumburgh face-to-face. It can also be useful if you to seek written confirmation that the flight was delayed / cancelled as this this can be beneficial when a refund claim is being made.

If you happen to be off sick on the day you are due to travel, tell your travel co-ordinator as soon as possible. If the airline is not notified before the time of travel you will be deemed to have been a non-appearance and the amount of refund available is significantly reduced.

It's also worth noting that, if a full fare ticket has been booked, it can be changed at no extra cost. Travel co-ordinators will be able to provide further advice in each situation.

Also, if a flight is not being used, Flybe will hold the ticket for a specific period and it can be allocated to another person with a charge for changing the name. Again, let your travel co-ordinator know as soon as flights are being altered and they can check on alternatives to ensure any cost to the Council is minimised.

Disabled traveller

If you have a disability that means you need to put special arrangements in place – that do not meet the terms of the travel & subsistence policy and procedures – you need to make this clear on your travel request form. This will be dealt with on a case by case basis, ensuring a sensitive and pragmatic approach is taken.

Concessionary/Discounted Fares

Some staff/elected Members may be entitled to concessionary or discounted fares for travel. If this applies to you, you must declare that this is the case and any claims will be adjusted accordingly.

Insurance for business travel

The Council no longer purchases year-round business travel insurance for all staff and elected Members. In place of the formerly purchased insurance, Council has approved the following procedure:

2.7 SOURCES OF HELP AND FURTHER ADVICE

All general travel queries

Travel co-ordinators are based in Services. For ease of reference, the following offices deal with travel:

Elected Members – Members' Support, Town Hall

Children's Services - Resources Section at Hayfield House

Infrastructure Services – Director’s Personal Assistant, Gremista

Ports and Harbours / Ferry Operations – Administration Team at Sella Ness

Corporate Services - Business Support Team at 8 North Ness

Community Care Services – Director’s Personal Assistant / PA to Executive Managers

Development Services - Business Support Team at Solarhus
Workforce Development Team, Human Resources at 8 North Ness

Insurance queries

Insurance Section, 8 North Ness Business Park, Lerwick

Tel: 01595 744597 or 01595 744572

Email: stan.semple@shetland.gov.uk or leona.leslie@shetland.gov.uk

Further guidance on insurance procedures can be found on the Council’s Intranet under Insurance Procedures for Nominated Persons and Authorised Assistants.



**Policy & Resources Committee
Shetland Islands Council**

**23 June 2014
2 July 2014**

Clickimin Path Upgrade

SR 11-14-F

Road Safety Officer

Safety & Risk

1.0 Summary

- 1.1 This report sets out the Clickimin Path upgrade project, whereby the paths surrounding the Clickimin Loch and proposed new Anderson High School (AHS) will be upgraded partly using funding granted by Sustrans.

2.0 Decision Required

- 2.1 That the Policy & Resources Committee recommends that the Council **RESOLVES** to accept the Sustrans funding on offer for this project and approves the project implementation.

3.0 Detail

- 3.1 The new Anderson High School project includes a requirement to upgrade some the path network at Clickimin, for which budgetary provision is included within the new AHS project budget. To upgrade all of the paths at Clickimin was outwith the scope of the new AHS project, however the Scottish Futures Trust confirmed that the budgetary provision could be used as match funding for a bid to Sustrans to allow the Council to upgrade all paths at no additional cost to the Council.
- 3.2 Sustrans Scotland is a Charitable organisation which works closely with communities, the Scottish Government, local authorities and other partners to ensure that the people of Scotland have access to a network of safe walking and cycling routes.

- 3.2 Sustrans Scotland have approved a funding request from the Council for £0.5 million towards upgrading 1.5km of paths surrounding the Clickimin Loch. Match funding from the AHS project was agreed so that all the paths around the Loch could be upgraded to current design standards. A condition of the New AHS planning application may be that the paths should be upgraded so the opportunity to utilise this funding source was taken.
- 3.3 The paths to be upgraded are from Westerloch to the Leisure Centre and from the Tesco roundabout right up past the Leisure Centre to the proposed new roundabout at North Lochside.
- 3.4 The paths will be upgraded to 3m wide with a smooth tarmac surface. New lighting along the entire length of the path will be installed. New monitoring equipment will be installed to gather accurate data on pedestrian and cyclists using the path. It is hoped the funding can include planting in the area, benches and interpretive boards.
- 3.5 The detail of the Business Case for this project is attached as Appendix A to this report.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – Upgrading of these paths helps to achieve the following aims:

Single Outcome Agreement

- Outcome 6 To improve the life chances for children and families at risk – indicator 21 to Increase physical activity
- Outcome 7 To reduce key risk factors for poor health outcomes
 - 7.1 Improve overall health
- Outcome 11 To have a strong voluntary sector and social enterprises, encouraging community enterprise and cooperatives, with increased capacity to deliver services based on needs and aspirations of local communities
 - 11.1 To work with community groups to improve standards and facilities in their community.
 - 11.2 Community regeneration.
 - 11.9 Community Engagement.
- Outcome 12 To live in well designed, sustainable places

- 4.2 Community /Stakeholder Issues – Lerwick Community Council, Sandveien Neighbourhood Centre, Sound Tenants Association and the 2 local Primary schools all helped with the formation of the bid for the funding of this project.

Information from previous consultations in the community highlighted the need for an upgrade to the paths around the loch. The surface of the path is poor with the lighting in a poor state and in desperate need of repair.

- 4.3 Policy And/Or Delegated Authority – Approval of any variations to the content of the Asset Investment Plan is a matter reserved for the Council, having taken advice from the Policy and Resources Committee.
- 4.4 Risk Management – Timescales on this project are quite tight so to ensure funding is obtained before the end of the financial year, actions must be in place to start the upgrade work once the planning permission for the new school is approved.
- 4.5 Equalities, Health And Human Rights – None
- 4.6 Environmental – None

Resources

- 4.7 Financial – An upgrade to the Clickimin Path is required under the new Anderson High School project, so an opportunity was identified to maximise this upgrade using the new AHS project funding for this purpose as match funding and accessing external funding in the form of a grant from Sustrans amounting to approximately £0.5m. Acceptance of this funding will allow the Council to substantially improve the whole access path at Clickimin, at no additional cost. The estimated cost of the project will be just over £1 million, funded 50:50 from Sustrans and the New Anderson High School Project. Scotland Future Trust and HubCo are aware of this 50:50 funding arrangement and are in agreement with it.
- 4.8 Legal – Where the paths cross land not owned by the Council, consent of the owners to the widening may be required.

Procurement Legislation will need to be followed when determining the contractor to do the upgrading works.

- 4.9 Human Resources – None
- 4.10 Assets And Property – This project will significantly improve the amenity and functionality of the network of paths in the Clickimin area.

5.0 Conclusions

- 5.1 Funding has been secured to upgrade the paths around Clickimin Loch. The planning permission for the New AHS may have conditions that the path be upgraded so the Council can make use of the funding available to upgrade the path.

For further information please contact:
Elaine Skinley, Road Safety Officer
744560, Elaine.skinley@shetland.gov.uk
10th June 2014

List of Appendices

A: Business Case Clickimin Paths Upgrade

END

Business Case Clickimin Paths Upgrade

1. Executive Summary

- 1.1. 1.5km of paths surrounding Clickimin Loch are in a state of disrepair and need upgrading.
- 1.2. The Community Links Programme is Sustrans Scotland's grant scheme for infrastructure works for the financial years 2014/15 and 2015/16. An application for funding was submitted and subsequently approved for the upgrading of these paths.

2. Introduction

- 2.1. Since 2012 the residents in Sound have been requesting that the path behind the Clickimin Loch be upgraded. (Sound Choices questionnaire Community Works consultation).
- 2.2. The path is very narrow (less than 1m wide), made of concrete which has eroded and has subsequently been covered in a thin layer of tarmac. The lighting running alongside the path is dangerous and some posts have been covered in Duct tape and propped up with fence posts.
- 2.3. To improve safety in the area the path needs to be upgraded with new lighting.
- 2.4. New monitoring equipment to provide accurate data on pedestrian and cyclist use will be installed at the same time.
- 2.5. Signage may be installed at the end of each leg of the path to give clear information to all users. Planting of bushes and trees may also be possible if funding allows.
- 2.6. Funding of £507,500 has been awarded from Sustrans to upgrade these paths to current best practice standards.
- 2.7. The New AHS planning application may require the SIC to upgrade all the paths surrounding the new school and extending the full length of the paths (1.5km)
- 2.8. The funding from Sustrans will save the SIC money towards this upgrade.

3. Statutory Requirements

- 3.1. This project is not driven by any statutory requirement.

4. Reference to Corporate and Service Plans

4.1 Shetland Islands Council Corporate Plan

- All children and young people deserve the best life chances and we are determined that all our young people will have the best chance to be successful learners, confident individuals, effective contributors and responsible citizens.

4.2 Shetland Single Outcome Agreement 2012/15

- Outcome 6 To improve the life chances for children and families at risk – indicator 21 to Increase physical activity
- Outcome 7 To reduce key risk factors for poor health outcomes
 - 7.1 Improve overall health
- Outcome 11 To have a strong voluntary sector and social enterprises, encouraging community enterprise and cooperatives, with increased capacity to deliver services based on needs and aspirations of local communities
 - 11.1 To work with community groups to improve standards and facilities in their community.
 - 11.2 Community regeneration.
 - 11.9 Community Engagement.
- Outcome 12 To live in well designed, sustainable places

5. Benefits to Other Services (Internal/External)

- 5.1. This project will save the Project Team for the new AHS from adding the path upgrade onto their project plan.
- 5.2. It will save on maintenance costs to the Council, who have a responsibility for maintaining the paths, which are in a poor state at the moment.
- 5.3. It will help The Scottish Government meet their target of 10% of journeys to be made by bicycle by 2020, as set out in CAPS (Cycling Action Plan for Scotland)
- 5.4. Will help meet the SIC aims for a healthier community.

6. Definition and Justification of Service

- 6.1. To improve the path and install new lighting to make the area safer.

- 6.2. To encourage a more active lifestyle to Shetland communities.
- 6.3. To encourage school pupils to cycle and walk to the leisure centre and beyond.
- 6.4. The planning application for the new AHS may require the paths be upgraded to current best practice standards as set out in "Cycling by Design".
- 6.5. The lower sections of the paths are to be completed by March 2015 to make use of the Community Links funding from Sustrans.

7. Socio- Economic Considerations

- 7.1. Funding is available for the next 2 years from the Community Links funding distributed by Sustrans. We have been awarded funding towards the project:
 - £495,000 for the year 14/15
 - £12,500 for the year 15/16
- 7.2. The AHS project team may be required to upgrade all these paths as part of the planning application for the new AHS. If we make use of the Community Links funding source we will potentially save the Council £507,500.

8. Stakeholder and Client Consultation

- 8.1 Stakeholders that have been consulted with are:
 - Scottish Natural Heritage
 - Historic Scotland
 - Core Paths team
 - Planning Development
 - Sandveien Neighbourhood Centre
 - Sound Tenants Association
 - Lerwick Community Council
 - Shetland Amenity Trust
- 8.2 Schedule of consultation to date:
 - 2012 Community consultation "Sound Choices"
 - 2014 community event to inform the community of what we are hoping to do and when.

9. Participation by Others

- 9.1. Roads Service
 - They will provide design and development advice for the upgrading of the paths to current design standards and conforming to current legislation.

9.2. Shetland Amenity Trust

- Initial contact would suggest they are willing to assist in the development of the amenity of the area.

10. Project Options to Meet Identified Service Needs

10.1 Do nothing

Positives

- No need to manage and coordinate contract alongside the new AHS build.

Negatives

- Rejecting Sustrans funding results in net loss of income to the Council
- Paths left in poor state
- AHS project team may have to find more funding to upgrade the paths if this becomes a condition of the planning permission
- SIC objectives in Single Outcome Agreement not met

10.2 Approve use of funding and upgrade the path

Positives

- Path upgraded to 3m wide with smooth tarmac surface
- Lighting installed along 1.5km length of path
- Data monitoring equipment installed to collect accurate data on useage of the path sections
- Improve amenity of the area by improving signage, adding in planting and benches, if funding allows.
- Saving SIC £0.5 million by using the funding from Sustrans
- Saving on future maintenance costs of the paths, since the path will be designed to a higher standard and will be wide enough for maintenance vehicles to travel across for any necessary repairs.
- Meeting SIC Single Outcome Agreement objectives
- Realising Community aspirations for the area

Negatives

- Need to manage and coordinate contract alongside the new AHS build

11. Funding (Capital and Revenue)

Funding from the Community links funding from Sustrans would amount to:

- £495,000 in year 14/15
- £12,500 in year 15/16
- No additional demand on Asset Investment Plan as AHS funding is committed. This investment will reduce revenue costs to the Council.

12. Risk Analysis

There will be a loss of funding if no action taken.

13. Timing

- 13.1 Timing of contractors on site – works will need to be coordinated with the main AHS project so that there are no programme conflicts.
- 13.2 Every effort will be made to begin work as soon as possible so that the path contractor can complete the 2 sections (marked BLUE on the Plan – Appendix1) ahead of the school contract beginning; this would ensure that works can be complete within the funding timescale. Section marked in green will be completed with the new AHS.

14. Brief for Future Study

Not needed

15. Third Party Review

Not needed

16. Conclusions

- 16.1. This report details the funding granted to the SIC from the Community Links funding Programme and how we can use it to upgrade the 1.5km of paths around the Clickimin Loch.

17. Recommendations

- 17.1. It is recommended that the funding granted by Sustans Scotland, is accepted and that:
 - The paths be upgraded to current best practice
 - New lighting be upgraded and installed the entire length of the 1.5km of path.
 - New monitoring equipment be installed to obtain accurate data on cyclist and pedestrian use of the path.

- Any remaining funding may be used to improve the amenity of the area, i.e. installation of clear signage and planting of trees and bushes.
- The works are tendered as soon as possible to ensure as far as possible that there is no conflict with the AHS works contract.

18. Appendices

Appendix 1 - Map of area

The use of this data by the recipient acts as an agreement of the following statements. Do not use this data if you do not agree with any of the following statements.

All drawings are based upon information supplied by third parties and as such their accuracy cannot be guaranteed. All features are approximate and subject to verification by a detailed topographical survey. Stationary service enquiries and confirmation of the legal boundaries.

The completed version of this drawing should be viewed in DWG or PDF format not DWG or other formats.

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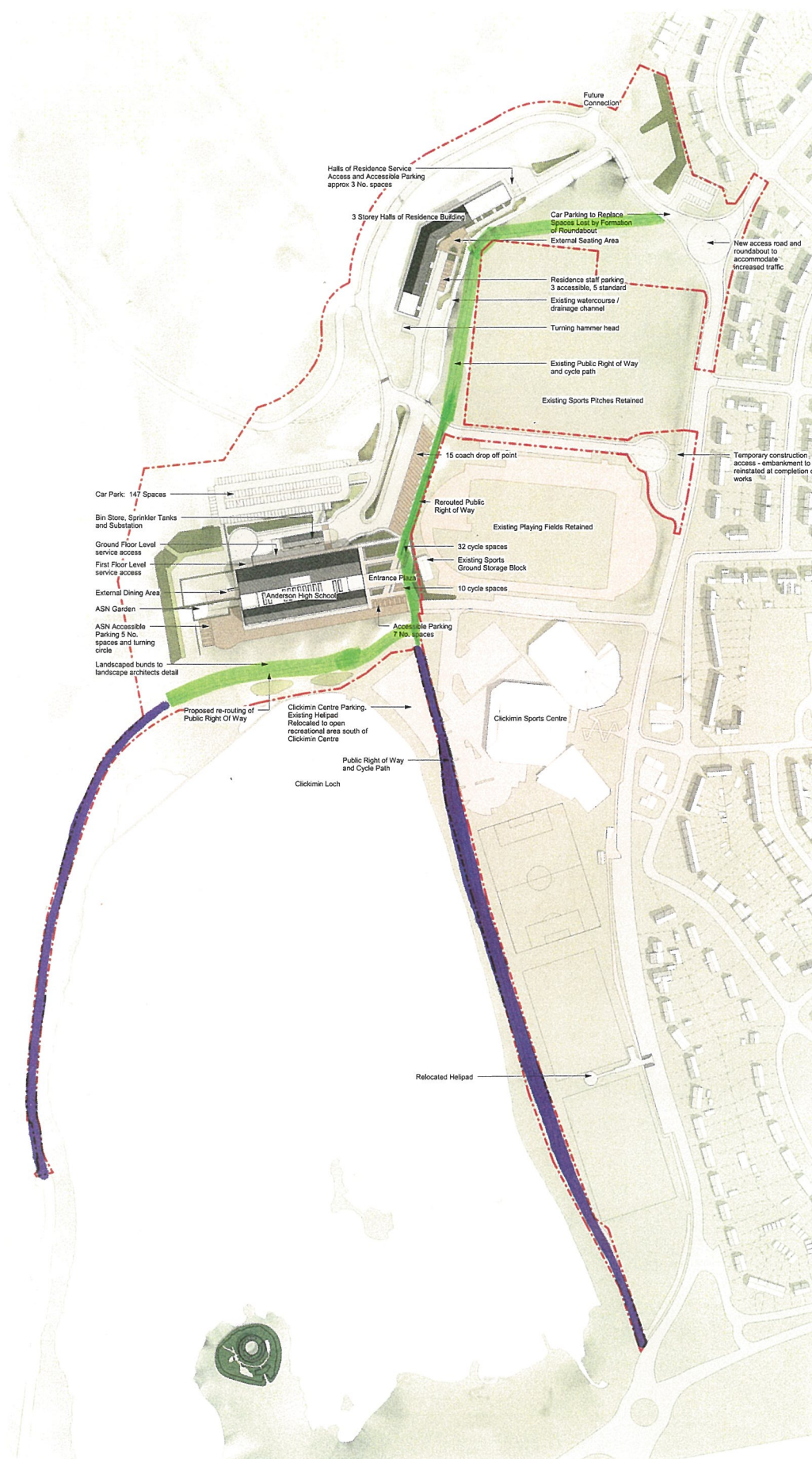
Do not scale the drawing. Use figured dimensions in all cases. Check all dimensions on site. Report any discrepancies in writing to Ryder before proceeding.

Scale (m)
0 10 20 30 40 50 60 70 80 90 100 110 120



NOTE: Refer to TGP Landscape Architects drawing LO1 for details of external landscaping.

--- Planning Application Boundary



Proposed Location Plan with Project Boundary
1: 1500

03	03	24/04/2014	Drawn by LBAI
Issued for Planning Amendment			
Status Preliminary			
Project Anderson High School and Halls of Residence Lerwick, Shetland			
Drawing Proposed Location Plan with Project Boundary			
Project No. 2647	Drawing No. 110-03-Rev03		
Scale at A1 As indicated	Drawn By LBAI		



**Social Services Committee
Policy and Resources Committee
Shetland Islands Council**

**23 June 2014
23 June 2014
2 July 2014**

Review of the Plans for Day Service Provision for Adults with Learning Disabilities, Autistic Spectrum Disorders and Complex Needs

CC-19-14-F

**Report from: Simon Bokor Ingram,
Director of Community Health and Social Care**

**Directorate:
Community Health and Social Care**

1.0 Summary

- 1.1 A report from the review of the plans for day service provision for adults with learning disabilities, autistic spectrum disorders and complex needs was presented to Social Services Committee on 27 March 2014.
- 1.2 The review had been conducted in response to the decision made by the Council in June 2012, *"To review the feasibility study and proposals for day services for people with learning disabilities to ensure that any new build is affordable in terms of both capital and revenue and meets the needs of this care group in a way that is effective and sustainable in the longer term."*
- 1.3 The report presented options in outline in terms of buildings to provide day services for this care group, including options with regard to the facilities and services currently provided at the Eric Gray Resource Centre and at Gressy Loan. Members noted that further work was needed in order to be able to present a detailed appraisal of the options.
- 1.4 This report presents additional information regarding the options and seeks a decision on the way forward.
- 1.5 Paragraphs 3.1 through 3.40 below set out the background and context for the review. These were included in the earlier report to Social Services Committee on 27 March 2014 and are replicated here for ease of reference. The rest of section 3 from paragraph 3.41 has been updated to include additional detail on the options under consideration.

2.0 Decision Required

That the Social Services Committee:-

- 2.1 NOTES the information presented in the options appraisal for the future provision of day services for adults with learning disabilities, autistic spectrum disorders and complex needs.
- 2.2 NOTES the immediate pressures on the services for this care group and that work to find a solution is on-going.
- 2.3 DECIDES on the Committee's preferred option for the longer term from the four options presented in this report:-
 - 1) Option 1 – Do Minimum
 - 2) Option 2a – Refurbish and extend Eric Gray Resource Centre
 - 3) Option 2b – Refurbish and extend Gressy Loan
 - 4) Option 3 – New Build on the old hockey pitch site.
- 2.4 RECOMMENDS the Committee's preferred option to the Policy and Resources Committee and the Council for inclusion in the Council's Asset Investment Plan and;
- 2.5 ADVISES the Policy and Resources Committee and the Council of the Committee's preferred solution for funding the Committee's preferred option.

3.0 Detail

Statutory Requirements

- 3.1 There are a wide range of legislative provisions which impose powers and duties on the local authority with regard to the care and support of people with learning disabilities. The main statutory duties are contained in Sections 25 and 26 of the Mental Health Care and Treatment (Scotland) Act 2003.
- 3.2 For the purposes of this Act a mental disorder includes learning disabilities and autistic spectrum disorders.
- 3.3 Section 25 provides that a local authority is obliged to provide or arrange the provision of care and support to people who have or have had a mental disorder. Section 26 provides that the local authority shall provide services which promote the social development and well being of persons with a mental disorder. This includes services which provide the following:
 - (a) Social, cultural and recreational activities;
 - (b) Training for such of those persons as are over school age;
 - (c) Assistance for such of those persons as are over school age in obtaining and in undertaking employment:

- 3.4 The provision of day services is one way of meeting this statutory obligation.
- 3.5 The National Care Standards for Support Services apply to day services for adults with learning disabilities. The standards are not prescriptive in respect of the shape of the service, they focus more on attitudes and upholding the key principles of; dignity, privacy, choice, safety, realising potential, equality and diversity.

National Strategy

- 3.6 “Keys to Life” is a new learning disability strategy in Scotland, following on from and building on, the principles of the “Same as You”, the original review of services for people with a learning disability, published in 2000. It recommends that local authorities and higher education providers work in partnership to provide earlier, smoother and clearer transition pathways for all children with learning disabilities to enable them to plan and prepare for the transition from school to a post school destination.
- 3.7 The Scottish Strategy for Autism - A number of initiatives have developed over the past decade to address the needs of people with autism. In 2011 it was recognized as a national priority and the Scottish Government and COSLA launched the Scottish Strategy for Autism, to ensure progress in Scotland in delivering quality services to people with autism and their families.
- 3.8 ‘Opportunities for All’ brings together a range of existing national and local policies and strategies as a single focus. It clarifies the Scottish Government's expectations for delivery and the roles and responsibilities of the partners involved in supporting young people's participation in post 16 learning or training, and ultimately employment, through appropriate interventions and support. For those with additional support needs on account of, their learning disabilities or autistic spectrum disorders, Eric Gray Services provides post school provision for this group, to advance learning through training for work opportunities, enhancing the personal development and experience of young adults with learning disabilities and autistic spectrum disorders.
- 3.9 Nationally, the patterns of service delivery are changing. For people with learning disabilities who are more able, traditional day centres are developing as resource centres, encouraging participation in activities in the wider community and there is less use of institutionalised care settings such as day care.
- 3.10 For people with profound learning disabilities and complex needs, and for some people with autism, national statistics show continued reliance on day care services up to five days per week to meet their assessed needs.

Eric Gray Resource Centre

- 3.11 In Shetland, day services are provided for this care group by the Council. There are currently no local private or third sector providers of day services for people with higher and complex levels of need and no

accessible buildings that can fully accommodate the care needs of this group. In addition to maintaining and developing skills, the majority of families and people receiving this service, where they are able to express a preference, have clearly emphasised the importance and benefits of access to day services and meaningful activity out with the home environment to maintain broader relationships, access community and social inclusion and sustain personal wellbeing.

- 3.12 In 2004/05, a multi-agency group led by the Council and NHS Shetland developed a comprehensive Disability Strategy for Shetland¹. The Strategy included population projections and likely numbers of people with different types and levels of disability including learning disability.
- 3.13 The action plans in the strategy included work to replace the Eric Gray Resource Centre. The proposals in this regard were repeated in the Report of the Social Work Task Force which was presented to the Council on 27 March 2006. A detailed review of day services for people with learning disabilities had already started and was completed in the summer of 2006. Families of people with learning disabilities were involved throughout the review.
- 3.14 The findings of the Review of Day Services for People with Learning Disabilities² identified four strands of service provision;
1. Complex Needs Service - for people with high levels of need due to physical disabilities and/or health needs in addition to severe learning disabilities. A new build was proposed to meet the needs of this care group. This was the priority work stream from the review. This service is currently provided by EGRC at Gressy Loan
 2. A Highly Structured Service – for people with autistic spectrum disorders who require a highly structured service to meet their needs. Initially, a separate new build was proposed to provide services for people with this type of disability. Plans were later reviewed to incorporate this and complex needs provision in one purpose built facility. This is the service currently provided at EGRC Kantersted.
 3. A “New Eric Gray Resource Centre Model” – for people with learning disabilities who are more able. The new service model would provide support for those who needed pre-work opportunities combined with education and social activities. It was proposed that several bases would be required as the number of service users expanded. This is the service currently provided at EGRC and also through their Forward Directions programme and at Shetland College.
 4. Community Based Jobs – for people with learning disabilities or autistic spectrum disorders who could be supported in employment. This is facilitated in conjunction with COPE and

¹ Shetland Disability Strategy 2005-2020

² Eric Gray Feasibility Study May 2006

Moving On Employment Project (MOEP). COPE and MOEP also provide additional services through Service Level Agreement arrangements with the Council.

- 3.15 In addition to the 4 strands identified in the feasibility study, there is now a 5th strand of service in the provision of day care for older people with learning disabilities and autistic spectrum disorders. This is currently provided for by the Growing Old with Learning Disabilities (GOLD) group which runs 3 days per week at Newcraigielea, using staff there. It is proposed through this review that the GOLD Group integrates with day services provided by EGRC. This will have an additional benefit of releasing staffing resources at Newcraigielea to meet the increasing demand for short break and respite provision under current eligibility criteria.
- 3.16 A business case and feasibility study for the replacement of the Eric Gray Centre was prepared and approved through the capital programme procedures in October 2006 (this was prior to the Gateway process now followed for all projects in the capital programme). The project went forward through to the design stage and detailed plans for a new build to provide day services for those with complex needs was drawn up. Families of people with learning disabilities worked with staff to develop the plans for the new building. In November 2009 Education and Social Care Committee approved the Seafield site as preferred site for the new EGRC.
- 3.17 When the feasibility was carried out in 2006 and when the Council committed to the new build Eric Gray Resource Centre in 2009, plans were still being prepared for a new Anderson High School at the Knab site. These plans involved integrating the current ASN building at Gressy Loan with the new school to provide support for children and young people attending the high school. Consequently, the ASN building at Gressy Loan was not included at that time in the review and option appraisal for services for adults.
- 3.18 The plans were revised over the period to 2011 resulting in the current plan which provides one purpose built facility on the site of the old hockey pitch at Seafield designed to meet the needs of all those who would attend a day centre facility as part of their support plan including those with complex needs and those requiring highly structured services. The project was included in the capital programme with an expected start date of 2012/13 and a 20 month timescale for the new build to be completed. Planning in principle has been obtained which expires in October 2014.
- 3.19 In June 2012, the council agreed, *“To review the feasibility study and proposals for day services for people with learning disabilities to ensure any new build is affordable in terms of both capital and revenue and meets the needs of this care group in a way that is effective and sustainable in the longer term.”*

The review was needed to ensure that the plans were affordable given the changing financial situation faced by the Council and also to ensure that the models of service delivery were still appropriate to meet the

needs of this care group given the delay that had occurred since the plans were drawn up.

Self Directed Support

3.20 The Social Care (Self-directed Support) (Scotland) Act 2013 came into force on 1 April 2014. The legislation gives people four options which the local authority must offer each person who is assessed as requiring support and is eligible to receive such support.

- 1) Support is provided by a Direct Payment. The agreed individual budget (a cash payment) is paid directly to a person or their representative and they use this to purchase services from care and support providers or employ their own staff.
- 2) The agreed individual budget is monitored and controlled by the local authority or a third party. The person tells the local authority or third party what they want to support their choices.
- 3) The individual can choose a council arranged service. In agreement the person's support is planned and provided by the local authority. This option is similar to traditional models of providing support services.
- 4) The individual can choose a mix of options 1, 2 and 3 to meet different parts of the support plan.

3.21 Policies and procedures have been updated to implement the provisions of the Act. The Act supports "personalisation" and "co-production". Personalisation is the term used for a person-centred and individual approach to support for anyone with support needs.

Co-production is used in this context to mean developing solutions and taking decisions with customers in equal partnership. Both these concepts and principles are at the heart of social work philosophy and practice. They are given a new emphasis in the Act through the introduction of individual budgets and the requirement for local authorities to discuss with service users how that budget is to be used and to enable them to control their budget.

3.22 Work is underway to explore with service users and families whether or not the provisions of the Act and the availability of different models of care using new technology will change the type of service and support that they choose.

The Day Services Review Working Group have unanimously indicated that families would continue to choose Eric Gray Centre as their provider after introduction of the Self Directed Support Act and personal budgets. They believe that the service provided by the experienced and skilled staff at Eric Gray and the continuity of support could not be replicated through other means in Shetland.

3.23 The Working Group also recognise that as the parents of adults with learning disabilities grow older, there is an increasing need for support

for them as carers. Day services such as those provided at the Eric Gray Centre are seen as an important part of that support. Currently 53% of the people accessing EGRC services live in the parental home.

- 3.24 Early indications locally suggest that a shift to non local authority care arrangements will be limited as a result of the introduction of Self Directed Support Act. In addition, the workforce available to take on a personal assistant role for this care group is restricted. This is particularly so for people with more complex needs and people with profound and multiple learning disabilities. For this care group building based day services with appropriately accessible and specialist facilities will continue to be an important part of their overall support arrangements.

Services at Gressy Loan

- 3.25 In December 2003, the Council approved works to refurbish premises at Gressy Loan to provide adapted spaces for pupils attending the Anderson High School who had a range of disabilities including learning disabilities. The new space allowed older children who had continued to receive support at Bells Brae School beyond primary school age to move to the Anderson High School. The space was also designed to support a small number of young adults with high levels of complex needs who could not be supported at the Eric Gray Centre due to issues of capacity and also because the building was not suited to people with high levels of physical dependency alongside more able service users. This was to be an interim measure until such time as the replacement for the Eric Gray Centre was available.

- 3.26 In late 2013, the Schools Service discussed with staff in Community Care that there were pressures on the facilities and space at Gressy Loan due to increasing numbers of pupils with complex needs.

Staff from community care and the schools service are looking at options within existing building resources for the different groups involved with a view to minimising the disruption for service users.

- 3.27 Continuing support for those adults currently attending Gressy Loan is part of the overall plan for services for people with learning disabilities, however, it is recognised that an alternative interim solution is required until such time as new models of service delivery including any new build are available.

Community Based Activity

- 3.28 Locally, there are limited alternative day and community based activities to those delivered by the Council. COPE and Moving On Employment Project (MOEP) are the two main alternative providers for more able people in this care group. Both organisations receive funding from the Council through Service Level Agreements to maintain the level of service. Any reduction of funding to these social enterprises in the future does carry the risk of a reduction in placements and those people affected would become eligible for alternative support services.

- 3.29 COPE as a social enterprise company relies on participants working to contribute to the business output and is therefore generally not suitable for people with substantial and high needs.
- 3.30 COPE underwent a major business restructure in 2013 in addition to a reduction in funding from the local authority. This resulted in 15 people with learning disabilities and/or autistic spectrum disorders being affected; 11 of whom were eligible for and chose services from EGRC; 2 others who were eligible for and chose to attend the GOLD group; the remaining 2 had supported tenancies and increased social care hours were required to support these people in their homes.
- 3.31 There are 45 people known to the local authority with learning disabilities and/or autistic spectrum disorders in employment who do not access day services.

Current Situation

- 3.32 A timeline showing more recent decisions of the Council affecting the plans for the replacement of the Eric Gray Centre is attached as Appendix 1.
- 3.33 In December 2013, concerns were raised by families of the service users of both Eric Gray Centre and Gressy Loan regarding the delays to the plans for a replacement new build for the Eric Gray Centre and the proposal to move those adults currently attending Gressy Loan to another location. The families were also concerned about reports in the media regarding alternative uses for the Seafield site which had previously been identified for the new build.
- 3.34 On 11 December 2013 the Council, “RESOLVED that any continuing negotiation with the Caravan Group should not include the hockey pitch at Seafield and the Council agrees that this site is set aside for the replacement Eric Gray”. Planning in principle has been obtained for a new centre on the site of the hockey pitch at Seafield.
- 3.35 The Community Health and Social Care Directorate Plan 2014/15 was reported to Council on 13th March 2014 setting out the strategic and operational objectives that will be delivered in the coming year, including key actions that have been developed in parallel to the Council’s Corporate Plan and the agreed Medium Term Financial Plan.
- 3.36 The Directorate’s Vision is: ‘To ensure that everyone in Shetland is able to live and participate in a safe, vibrant and healthy community’ and its mission includes ‘to work together to deliver a range of quality support services, which are:
- based in local communities;
 - designed in partnership with our customers;
 - based on assessed needs.

The plan identifies that all health and social care projects must:

- be developed in partnership with the public;

- demonstrate beneficial outcomes for the people who receive services;
- be evidence based;
- demonstrate health gain;
- have clear costed, timetabled action plans for change management;
- demonstrate value for money.

Aggregate Need and Population Projections

3.37 The following section provides detail of the profile and spread of need of people with learning disabilities, autistic spectrum disorders and complex needs and the increasing number of people being born with these conditions and surviving into adulthood.

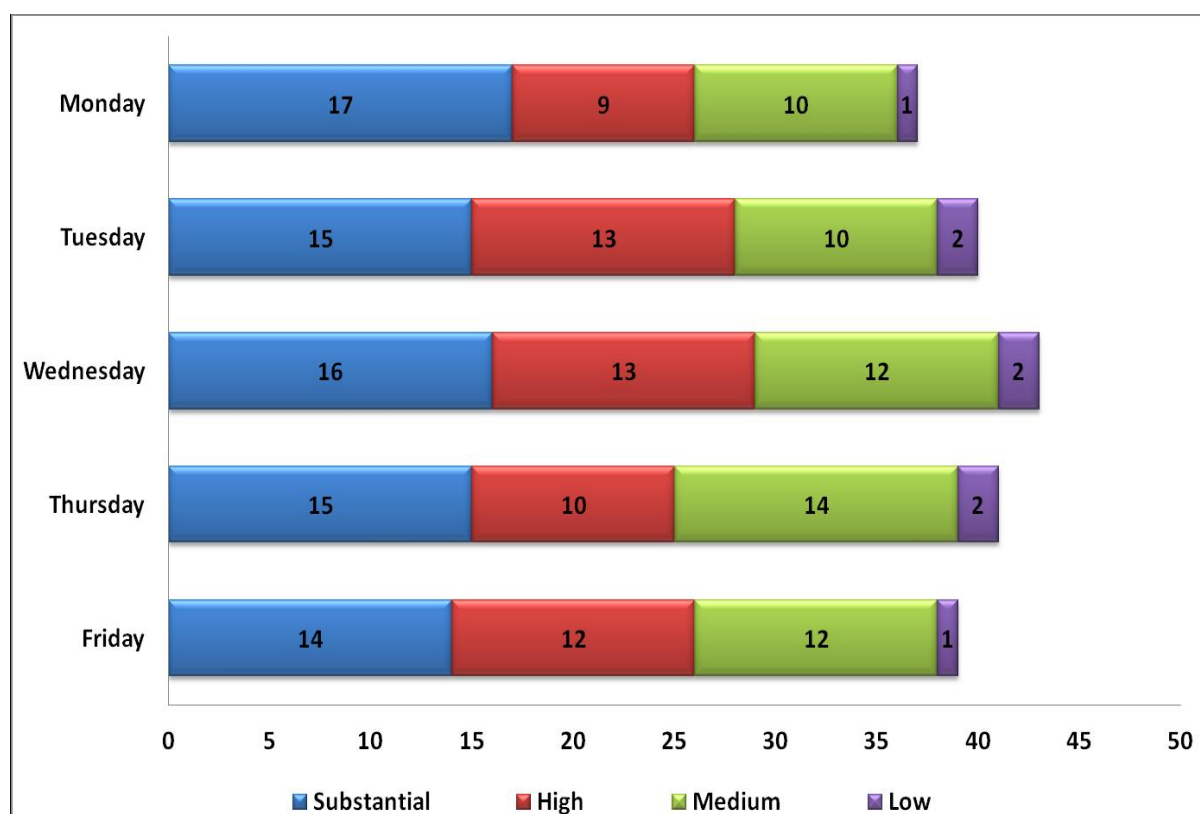
3.38 The number of transitions from education and the profile of the needs of individuals transferring in the near future mean that EGRC will be at capacity in terms of staffing and buildings within the next 12 – 15 months.

3.39 Capacity at EGRC will be reached sooner if any unplanned transitions arise over the period. The GOLD group is already at capacity.

3.40 There are 50 people with learning disabilities/ autistic spectrum disorders /complex needs who currently receive support from EGRC.

The following chart (*Table 1.*) shows the profile of assessed needs of people currently receiving support from EGRC day services.

Table 1



- 3.41 It is difficult to accurately project the numbers of people with learning disabilities/ autistic spectrum disorders in the longer term. Current numbers in the age group 10 to 25 show that in the past, over a period of 15 years, on average 8.8 people per year were born with a learning disability/ autistic spectrum disorder with approximately one third i.e. 2.9 people likely to require day services. Currently, mortality rates for this care group are not significantly higher than for the rest of the population (2-3 per year of whole learning disabilities/ autistic spectrum disorders population).
- 3.42 In the following diagram (Table 2), projections have been made to give indicative figures for future years on the assumption that these prevalence rates would continue for the foreseeable future. This is by no means certain. More detailed information regarding the needs in the short to medium term is based on individuals known to the local authority. This has been attached as an Exempt Appendix (Appendix 2) to maintain confidentiality where there are low numbers and potentially identifiable individuals. This more detailed information would indicate that the numbers would reduce in the longer term, however, this would depend on the context at the time, particularly with regard to mortality rates.

In Table 2 below,

- For the period to 2014, the total includes 50 people currently attending EGRC; plus 10 people assessed as eligible for service who will access service during 2014 (a combination of transitions from school and community referrals); plus 8 people currently attending the GOLD Group.
- For the period up to and including 2019 more detailed information is known about young people with learning disabilities/ autistic spectrum disorders that will transfer from education with a need for day service involvement. Data is given in detail in the spreadsheet attached in Appendix 2, which is exempt from publication.
- For the period to 2020 - 2028 – a detailed profile of needs information is not generally available. Data known to the local authority has been included in Table 2 and is reflected in Appendix 2. This information is best estimates at this time.
- From 2029 – 2033, the total includes existing day service users plus assumed projected numbers at 33% of population trend of adults with learning disabilities/ autistic spectrum disorders. No data is available for individuals at pre-school or early primary year stages (also unborn).
- Decline from day services (mortality) is built in at 4 individuals per 5 years.

Table 2

A	B	C	D	E
	All adults with LDs/ASDs Ages Known to the LA	Of those in Column B, the Potential day service users	Projected Service Users (Mortality at 4 people every 5 years)	% increase in projected demand from 2014
2014	156	68	68	
2015 - 18	191	84	80	17.65%
2019 - 23	235	95	91	33.82%
2024 - 28	279	104	100	47.06%
By 2033	323	119 (Based on 2.9 people per annum increase)	115	69.12%
By 2038	367	133	129	89.71%

3.43 Other factors that are important in preparing plans to meet the future needs of this care group include the accommodation status of people attending EGRC services;

- 53% live in the parental home
- 43 % live in a Supported Accommodation tenancy
- 4% have their own independent tenancy

and the age profile of parent carers of people who live in the parental home. This range is from early 40's to post 70 years.

Detailed Analysis

3.44 People with learning disabilities have a significant, lifelong, condition that started before adulthood, which affected their development and which means they need help to: understand information; learn skills; and cope independently. Some people with learning disabilities are also on the autism spectrum, however, people on the autism spectrum do not necessarily have learning disabilities.

3.45 The National Autistic Society describes autism as a lifelong developmental disability that affects how a person communicates with and relates to other people whilst also affecting how they make sense of the world around them. It is a spectrum condition, which means that while all people with autism share certain difficulties, their condition will affect them in different ways. Some people with autism are able to live relatively independent lives but others may have accompanying learning disabilities and need a lifetime of specialist support.

Day opportunity. What does a 'having a good day' include?

3.46 **Personal Outcomes include and are not restricted to the following;**

- doing things that have a purpose
- engagement in meaningful activities
- being in ordinary, non-segregated places,

- doing things that most members of the community would be doing
- participation
- doing things that are right for you
- receiving support that meets your needs
- being in touch with other people, meeting people, developing friendships and relationships
- being included not excluded or isolated
- having choice
- maintaining skills and abilities
- developing new skills and abilities
- increasing knowledge
- maintaining an identity and valuing 'me' as an individual
- improved quality of life

3.47 Community Outcomes measures include and are not restricted to the following;

- evidences strong, fair and inclusive society
- our young people are successful learners, confident individuals, effective contributors and responsible citizens
- improves the life chances for young people and families at risk
- supports people to achieve their full potential at all life stages
- tackles inequalities
- sustains quality of life
- improves the skill profile of the population
- increases physical activity
- improves mental wellbeing
- improves people's perceptions of their neighbourhood

3.48 Representatives of Eric Gray Services User group have expressed their sadness and distress at the continued delay in providing the group with new adequate day support facilities. The group have voiced their concerns on certain aspects relating to their environment, which can cause them considerable personal anxiety on a daily basis. In relation to their current accommodation they have highlighted; substantial problems with the level of noise due to inadequate soundproofing between rooms; insufficient space for people to walk around safely; lack of general space in rooms; inadequate bathroom areas and point to significant problems for those who are wheelchair users, who struggle to manoeuvre around very tight corridor spaces. Collectively the group have voiced the need to have an appropriate building, with larger, appropriate rooms and areas to afford them quiet personal space and somewhere where they can continue to enjoy their day activities safely with friends. Extracts from the Minutes of the Eric Gray Service Users Group meetings on 6th Feb and 10th April 2014 are attached in Appendix 3.

National statistics and Benchmarking with other Local Authorities

3.49 Statistical information relating to people with learning disabilities and autistic spectrum disorders in Scotland is available through the eSAY (electronic Same as You) Statistical Reports. Data collection is co-

ordinated on behalf of The Scottish Government by the Scottish Consortium for Learning Disability (SCLD).

- 3.50 The Scottish Government also monitor local authority expenditure annually through the Local Financial Returns (LFR) and produce outturn statistics from these.
- 3.51 For the purpose of this review and benchmarking, neither source gives full or equivalent information that can be directly compared with Shetland's provision as there is no standard model of service delivery for this care group. Variables in relation to aggregated data per client group; local priorities; eligibility for service thresholds; geographical circumstances and data quality issues result in information which is unsuitable for use in 'like for like' evaluation.
- 3.52 Since the last report was presented to Social Services Committee in March 2014, a detailed analysis has been undertaken of the age and profile of needs for people in Shetland with learning disabilities/ autistic spectrum disorders/ complex needs known to the local authority. This analysis is presented in Appendix 2. It identifies the numbers of people expected to use day services year on year over the next 15 years. It also shows which strand of service individuals are expected to access. It should be noted that at the age of 10, more detailed information on an individual's profile of needs is available and this is reflected in the information presented for years 2014 - 2019.

Other Key Considerations

- 3.53 The national assumption is that numbers of people in this care group will increase. This is evidenced in the figures provided in Appendix 2.
- 3.54 There are more boys and men with learning disabilities and autistic spectrum disorders than girls and women, although at older ages the gender distribution is more equal, as women typically live longer than men.
- 3.55 The population as a whole is experiencing increased longevity and this applies as much to people with learning disabilities as it does to the general population as a consequence of improving health and social care. This signifies that this group will encounter many of the conditions associated with ageing and this will include dementia.
- 3.56 Although studies vary, it is recognised that people with learning disabilities experience higher rates of dementia than the general population. Figures suggest that prevalence rates are 4 times higher regardless of the cause of learning disability and that onset of the condition is about 10 years earlier than in the general population³.

³ Kerr,D. Dementia in people with intellectual disabilities. Centre for Research on Families and Relationships.University of Edinburgh

- 3.57 Some people with learning disabilities and autistic spectrum disorders are able to use generic services including those for older people, while others will require specialist services and support to meet their needs and outcomes. There is no consistent approach across local authorities with regard to which team supports the needs of older people in this care group with some continuing in the learning disability service (Orkney; Argyll + Bute; East Renfrewshire) some moving to Older People services (Aberdeen; Borders; Fife) and some decided on a case by case basis (Perth + Kinross, North Ayrshire). Generally this is seen as a growing issue that will need to be monitored.
- 3.58 'The Keys to Life' recognises that day centres should continue to play a part in people's support arrangements as part of a person centred approach that enables people to make choices and engage in meaningful activities.
- 3.59 eSAY collects information on whether or not adults with learning disabilities attend a day centre and the number of hours they attend each week, however the provisos mentioned earlier in this section should be noted when considering the following information.
- 3.60 Nationally, of those adults who attended a day centre, around 1 in 7 (14.0%) attended fewer than 10 hours per week. Almost half (48.0%) of adults who attended a day centre in 2012 did so for between 10 and 30 hours per week. Nearly one in six (17.9%) adults who attended a day centre did so for thirty hours or more per week.
- 3.61 Direct approaches to other local authorities and use of the most recent eSAY statistical data (2012) resulted in the following (patchy) information regarding adults, including 16 and 17 year olds who are not in full-time education;

LA/ Council	Pop ulati on 2012 (000)	Adults per 1000 of pop. with LD/ASD/CNs known to LA (Yr 2012)	Number of adults with LD/ASD/CNs receiving services (Yr 2012)	Attends Day centre less than 30hpw	Attends Day centre more than 30hpw	Not recorde d+/or time not known	Does not attend day centre	Need /Spend per day/ access to service per week			Older people support 65+
Aberdeen shire	255	5.8	1183	206	16	873	88	Low	£35/dy	3 min	Generally pass to older peoples services + monitor
								Med	£42/dy	3 min	
								High	£50 to £50+ /dy	Up to 5	
Dundee City	147	9.2	1132	133	47	180	772				
Dumfries + Galloway	150	6.3	792	121	10	203	458				
Eilean Siar	27	6.7	154	41	18	25	70				
Highland	232	5.9	1132			753	379				
Orkney	21	4.8	79	29	5	40	12	Low	Signpost +/-or social enterprise		Stay in LD services
								Med	Up to 3 days		
								High	Up to 4 (5 in exceptional circumstances)		
Perth and Kinross	147	3.9	479	64	59	0	356	Eligibility and points system used to allocate budget and tailor provision (SDS model)			Case by case assessment
Shetland	23	7.3	137	59	0	4	74	Low	1-3 days		Stay in LD services
								Med	3 days		
								High	4 – 5 days		

Orkney Model.

- 3.62 Orkney is underway with a whole learning disability/autistic spectrum disorder service review to develop an All Age Learning Disability Service.
3. 63 Currently Orkney Islands Council (OIC) provide day services in two buildings based centres; one provides services for people with profound and multiple learning disabilities (complex needs) and the other supports people with low to moderate needs. Orkney also uses out of Orkney placements to support people with profound and complex needs and are now underway with a programme of repatriation.
- 3.64 Developing from the review is the proposal of a new Lifestyle Service at the Pickaquoy Centre in Kirkwall part funded by OIC and NHS Orkney. It is planned that the Lifestyle Service will become the centre point of Orkney's new approach to day services and day opportunities for people with learning disabilities and will provide a service base in Kirkwall alongside community facilities used by members of the public and all age groups.
- 3.65 In Orkney, it is proposed that clients with complex needs will transition to the new Lifestyle service in addition to some people who currently attend St Colm's Day Centre for people with low to moderate needs.
- 3.66 OIC are also hoping to support more individuals into education opportunities or work opportunities instead of attending a day centre.

Shetland Model

- 3.67 Comparing the level of day service locally with elsewhere in Scotland has been difficult as there is no national standard model of service and Shetland is relatively unique in the level of direct provision by the local authority. Other areas generally have a combination of local authority commissioned services; local authority provided services and independent/third sector providers.
- 3.68 There is increasing momentum across all local authorities for creating local and/or centralized 'Hubs' as they provide effective, flexible and adaptable models to meet individual outcomes by better integrating people into the community, facilitating socially supportive engagement and by providing an opportunity to participate in meaningful activity while maximizing and consolidating the skills and resources of providers.
- 3.69 The principles of a hub approach are already being experienced in Shetland through joint working across health and social care services; the development of a Locality Model as part of the local response to the Public Bodies (Joint Working) Act 2014 and the Adult Service Supported Living 'Core and Cluster' accommodation model and would work as part of day opportunity provision for adults with learning disabilities, autistic spectrum disorders and complex needs.
- 3.70 Success is dependent on a suitable fit for purpose centre being available to draw together a currently dispersed service; to reduce the barriers that

segregate this group and to make the necessary infrastructure to deliver positive outcomes available on Shetland.

- 3.71 With reference to projected numbers and range of support needs, an increased space is required to meet the future day opportunity needs of this care group. In the longer term, it is estimated that 1800m² would be required. A staged approach to providing this amount of space would mean continuing to use dispersed locations for part of the service provision and intervals of disruption to services in the short to medium term because decants would be required as staged works were taken forward. If a new build with the full 1800m² capacity is the preferred option, the underused space in the short to medium term would provide the opportunity to explore joint arrangements with appropriate hub partners, for example social enterprise, skills development, health and well-being.

Interim Day Service Arrangements

- 3.72 There is no immediate alternative facility available that can provide an interim solution to the pressures on the services provided at the Eric Gray Centre and Gressy Loan. There are a number of buildings in Lerwick that are or will become vacant in the near future however, none of these can provide the facilities required to meet the needs of this client group without significant alterations to the building.
- 3.73 Special requirements include good accessibility including wheelchair user access both internal and external; tracking hoists; exclusive use/protected space; accessible toilets; Changing Place toilet facilities (i.e. adult changing facilities); and other infrastructure services (e.g. cafe/canteen).

Alternative Day Opportunities

- 3.74 An “alternative day opportunity” is a regular and pre-planned non-centre based activity which the person has chosen to take part in. Alternative opportunities include but are not limited to, lifelong learning, training (but not training for employment), sport or leisure, recreation and voluntary work. Alternative opportunities may include episodes where the person drops in to a centre and then goes to a regular day opportunity outside the centre. Day trips out-with the centre to local places are not counted as alternative day opportunities.
- 3.75 There has been insufficient time during the preparation of this report to conduct a detailed analysis of the uptake of alternative opportunities to day services in Shetland.

Employment

- 3.76 The Scottish Government is committed to removing barriers which stand in the way of effective transitions into employment. It has developed, together with COSLA, a Supported Employment Framework for Scotland. Its aim is to provide the mechanisms necessary to support a move into paid employment in the open-labour market in a systematic

and effective way. At its heart is the desire to see a more consistent, person-centred approach to supporting those who want to work.

- 3.77 Employability encompasses all the things that enable people to increase their chances of getting a job, staying in and progressing further in work.
- 3.78 Shetland's Employability Pipeline (*Appendix 3*) is a support framework used to identify the stages a person has to achieve in order to gain employment and support them on their path to employment. Some clients will move from start to finish of the pipeline, whereas others may start later in the process and miss steps out. One of the main functions of the assessment is to develop a plan for the client that includes the most appropriate service to them at the right time.
- 3.79 Some individuals with learning disabilities and autistic spectrum disorders will benefit from a time limited period of tailored support from local authority services (i.e. EGRC or BRIDGES) and/or third sector agencies (i.e. COPE or MOEP) as part of their support plan as they develop skills and move along the Pipeline towards employment.
- 3.80 Typically, a small number of individuals with an assessment of low to moderate needs accessing EGRC's Forward Direction's group will access the Pipeline and move through to employment.
- 3.81 The Community Health and Social Care Department are underway with review work to ensure that local authority and third sector providers work cohesively to support individuals who are able move through the pipeline to sustainable employment,

Summary of Options

- 3.82 The options assessed are:

Option 1 – Do minimum – i.e. to continue to use the EGRC at Kantersted and the ASN building at Gressy Loan. The maintenance costs would include significant repairs and lifecycle replacement/upgrade works at EGRC.

Option 2 – Extend one of the existing facilities - To modify and extend an existing building to meet projected needs; i.e. either EGRC(Option 2a) or Gressy Loan (Option 2b) or potentially another building. Separate assessments would be needed for each building considered.

Option 3 – New Build – To develop a new facility. Currently the Seafield site (old hockey pitch) is set aside for this purpose.

The options are summarised in tables 3 and 4. The figures in the tables are based on similar levels of service provision in future years.

- 3.83 The information contains indicative costs for each of the options. Capital costs relating to Option 2a and 2b, i.e. to extend one of the existing

facilities, are for basic construction works only and do not include recharges, fees and any site specific uplift. Capital costs for Option 3, a new build are based on previous estimates for the new build on the hockey pitch site.

- 3.84 The cost estimates relating to Options 2a and 2b are based on notional floor areas and historic rates from previous projects. In order to compare these estimates with the costs provided for Option 3, much more information would be required. Specifically, a feasibility study would be required for each option, which would take account of the existing site constraints, the design of the existing buildings and the practicalities of the extension and alteration works required. This would verify the brief and ensure that the options are viable and can meet the projected needs of these care groups. These studies would produce scheme designs for each project, which would in turn enable a cost plan to be prepared for each one.
- 3.85 Feasibility studies of this nature would typically take approximately 5 months to complete, and cost £20K for each study. Further work would be required after the feasibility study was completed, assuming the options were viable, in order to get the project to the same stage as Option 3, New Build, for which we already have detailed plans. This would cost approximately £120K for each option and the work would typically take 18 months to complete. If options 2a and 2b were taken to this stage, the work could run concurrently and there may be a reduction in the cost if the design work on both options were tendered as a single package.
- 3.86 The Capital Programme Service have reviewed the cost estimates produced as part of the design work on Option 3, New Build, completed in 2012. These have been assessed against industry cost indices and tenders received for recent building projects in Shetland. Taking these market conditions into account, the cost information from 2012 is considered to remain realistic. It should be noted however that whilst tender prices have been relatively stable over the last two years, the Building Cost Information Service (BCIS) predicts that prices will start to rise in the second half of 2014.

Table 3
Summary of Future Demand, Building Size, and Costs:

Projected Future Demand and Building Size	Option 1 Do minimum – maintain and use the buildings in their existing form	Option 2a Modify and extend existing Eric Gray	Option 2b Modify and extend existing Gressy Loan	Option 3 New Build
Service Information: Projected Increase in Demand				
2023	+33.83%	+33.83%	+33.83%	+33.83%
2028	+47.06%	+47.06%	+47.06%	+47.06%
2033	+69.12%	+69.12%	+69.12%	+69.12%
2038	+89.71%	+89.71%	+89.71%	+89.71%
Service Information: Size of Proposal on completion of costed works i.e. from 2016/17				
Size (M2)	1,805	1,863	1,866	1,800
Increase in floor space (%)	+75.8%	+81.4%	+81.7%	+75.3%
Capital: Construction Costs and Potential Demolition Costs*				
Capital Cost (£000)	1,200	3,600	2,600	5,650
Demolition Costs (£000)	N/A	150	100	250
Revenue: Revenue Implications of Proposals				
Current Budget (2014/15) (£000)	1,357	1,357	1,357	1,357
Revenue Budget of Proposal (£000)	1,585	1,751	1,686	1,874
Annual Increase in Revenue (£000)	+228	+393	+329	+516
Net present Value:				
NPV (£000)	23,201	27,498	25,776	30,950
Additional cost (£000)	+5,846	+10,152	+8,430	+13,604

*Note the costs of any alterations to buildings that would be required for decant in options 1,2a and 2b are not included. The cost of the refurbishment of Gressy Loan in 2004 was £1.2M.

Table 4
Assessment of Criteria:

	Option 1 Do minimum – maintain and use the buildings in their existing form	Option 2a Modify and extend existing Eric Gray	Option 2b Modify and extend existing Gressy Loan	Option 3 New Build
Fit for purpose building	Partially Met (subject to further investigation)	Met (subject to further investigation)	Met (subject to further investigation)	Met
Accommodate Demand over the Short Term (Current Eligibility Criteria) - 12-15 months	Not Met	Not Met	Not Met	Not Met
Accommodate Demand over the Medium Term (Current Eligibility Criteria) - 2023	Met - Assuming continued use of EGRC, increased use of GL + use of Kantersted office(or other). Requires further investigation	Partially Met (overprovision)	Partially Met (overprovision)	Partially Met (overprovision)
Accommodate Demand over the Long Term (Current Eligibility Criteria) To 2038	Partially Met assuming continued use of EGRC, increased use of GL + use of Kantersted office(or other). Also that older people with LD are supported in alternative care services.	Met	Met	Met – assuming older people with LD are supported in alternative care services.
Affordable	Met	Not Met	Not Met	Not Met
Sustainable	Met	Not Met	Not Met	Not Met
Service Users and Families Preferred Option	Not Met	Not Met	Not Met	Fully Met
Timescale	Construction period 2017-2019 Decant required	Construction period 2017-2019 Decant required	Construction period 2017- 2019 Decant required	Construction period 2015-17

Decant options

3.87 Options 1, 2a and 2b would all require the existing services to be decanted during the construction phase. There are no council properties available that could support all the existing service users without significant alterations which would affect cost and timescales. The refurbishment of Gressy Loan cost £1.2M in 2004. Given the cost and likely timescale for the level of adaptations/refurbishment required,

consideration should be given as to whether or not any of these sites should be considered as a further option for a long term solution.

3.88 Buildings that may be available are:

Train Shetland (606m2 GIFA)

Note GIFA is Gross Internal Floor Area

(Plus ongoing use of either EGRC Kantersted or GL)

Pros

- Mostly usable floor area
- Modern efficient building
- Ability to subdivide the space easily
- Good sound isolation
- Possible integration with Shetland College

Cons

- Could not accommodate all service users in the longer term
- Accommodation is over 2 levels
- No outside space
- Not owned by SIC – Landlord Consent required
- Currently in use; availability will depend on plans for the College Phase 3 development and the review of Tertiary Education

Conclusion -The Train Shetland building could be adapted and used as a decant option or as a partial solution in the longer term subject to the landlord's consent.

Bressay School (625m2 GIFA)

(Plus ongoing use of either EGRC Kantersted or GL)

Pros

- Soon to be vacant and in Council ownership
- Secure outdoor space
- Accommodation on one level
- Ensures ongoing use of the building

Cons

- Could not accommodate all service users in the longer term
- Transport issues
- Current layout effectively reduces usable floor area
- Not easy to adapt
- Significant additional costs in relation to staff and client travel and safety
- Significant logistical considerations

Conclusion –Bressay School could be adapted and used as a decant option or as a partial solution in the longer term.

Viewforth House (1145m2 GIFA)

Pros

- Sufficient space for all service users in the medium term
- Central location
- Secure outdoor space
- Council owned
- Reasonable DDA access and corridor widths

Cons

- Accommodation is over a number of levels
- The property poses significant issues for any client group with support need due to the layout of the building
- Not easy to adaptCurrently in use
- More suited to alternative, commercial use / housing
- Minimal accessible off-street parking
- Would require change of use from Class 4 to Class 10.

Conclusion –Viewforth could be adapted and used as a decant option or as a medium term solution.

Old Finance Offices at Montfield (850m2 GIFA)

– Lease to BP ends 30 June 2015

Pros

- Large, adaptable building
- Modern and efficient building
- Central location
- Adequate parking
- Council owned

Cons

- Would require change of use from Class 4 to Class 10
- Not immediately available
- Current layout unsuitable
- No secure outdoor space
- More suited to alternative, commercial use

Conclusion –The old finance offices at Montfield could be adapted and used as a decant option or as a partial solution in the longer term.

Brevik House (800m2 GIFA)

– Currently in NHS ownership and up for sale

Pros

- Central location
- Outside space
- Good public access
- Mostly on one level
- Vacant
- Good parking

Cons

- Not in Council ownership
- Current layout unsuitable but adaptable
- Expensive to adapt
- High revenue costs: inefficient building and high maintenance requirements

Conclusion –Brevik House could be adapted and used as a decant option or as a partial solution in the longer term.

- 3.89 All of these buildings would require substantial alterations in order to be used as decant accommodation and/or as a (partial) solution in the longer term. The cost of these works has not been estimated. The

design of the alterations would need to form part of feasibility studies as described above. Prices would form part of the cost plans in the feasibility studies.

- 3.90 It is unlikely that any of the decant options could be made available in less than 12 months, once designed and with consents in place. In some cases this would involve a Planning Change of Use. Therefore we are looking at a delay of approximately 2-3 years for options 1, 2a and 2b. This is reflected as a minimum timescale in Table 4.

Interim Solutions to increasing needs

- 3.91 It can be seen from table 4 above that there is an issue in the short term with needs not met. This is due to increasing numbers of school pupils with complex needs creating pressure on the facilities and space at Gressy Loan which means that there is insufficient space to accommodate both education and community care groups in the short/medium term.
- 3.92 There are no other properties available that could meet the needs of the adults currently supported at Gressy Loan and the costs and timescales for adapting another building are significant.
- 3.93 Some of the increasing numbers of children with additional support needs who would ideally use the Gressy Loan facility could potentially be supported elsewhere as they do not have the same level of need for accessible buildings and the type of equipment and space available at Gressy Loan.
- 3.94 Therefore alternative accommodation is being jointly investigated for the more able children and young people attending Gressy Loan.
- 3.95 Assuming that Gressy Loan is still available to adult services for the adults who are currently supported there, alternative solutions will need to be considered for some of the more able service users at Eric Gray Resource Centre to meet demands in the short term or service levels will have to be reduced.
- 3.96 Using the old Kantersted offices has been considered in this regard The accommodation at Kantersted is far from ideal, however it would provide an immediate stop gap measure adjacent to the existing services at Eric Gray. Some alterations to the building would be needed. The initial estimated cost is £5k assuming the most able service users from the Eric Gray "Forwards Directions" group would use this area. The space would still be very restricting and there may be some additional staffing costs to ensure the safety of service users and an appropriate level of support.
- 3.97 Therefore, ongoing and possible increased use of the Gressy Loan building would be the preferred short term option. This would mean finding alternative accommodation for some of the children and young people who use this space.

Options Appraisal

Option 1 Do minimum

- 3.98 The 'Do minimum' option assumes continuing use of the buildings at EGRC and Gressy Loan in their current form. It assumes that from 2016/17 when the new Anderson High School is built on the Clickimin site, the whole of the building at Gressy Loan would be available for use by adults with learning disabilities.

Advantages include:

- Makes use of the existing buildings.
- Location of EGRC is close to existing associated facilities.
- Gressy Loan is adapted for high levels of need and fully accessible to wheelchair users.
- Most affordable option in terms of capital and revenue.
- Potential to increase floor space at a lower capital cost to meet demands in the longer term and to tailor the works in light of more up to date projections of need as works undertaken at a later date as and when required.

Disadvantages include:

- Location of Gressy Loan is remote from other associated facilities. There would be ongoing dependency on transport for access to other locations.
- Continuation of a dispersed service.
- Insufficient space to accommodate both education and community care demand in the short term.
- Insufficient space to accommodate future demand in the long term without additional expenditure on extensions and/or another location.
- Physical limits of EGRC regarding wheelchair access and equipment for complex needs
- Ongoing high maintenance costs to maintain EGRC including large lifecycle projects e.g. new roof.
- For the larger projects within planned maintenance the building would have to be decanted for several months at a time with associated costs.
- Gressy Loan building is currently occupied by the school and will not be available until late 2016.

- 3.99 Further work needs to be done to identify decant options and the costs associated with the decant. People with moderate learning disabilities can be co-located for the immediate future with those with complex and /or substantial needs; however some of those in need of a highly structured service are physically boisterous or have challenging behaviour. They present a risk to frailer people and therefore some degree of separation is required.

Capital Costs

- 3.100 The table below shows the estimated capital costs of Option 1.

£1,200k capital funding has been included in this option to fund large scale maintenance/life cycle costs of Eric Gray Centre and an extension in the longer term, which has been calculated based on capital programme costing assumptions.

Capital Cost for Option 1	£000
Modify Existing EGRC and Extend Gressy Loan	1,200
Decant costs	TBA
Demolition costs for Surplus Buildings	0
Total	1,200

3.101 The estimated capital cost is £1,200k. If this was funded from borrowing, it would result in an additional revenue cost of £78k per annum for the next 25 years. This has been built into the revenue costs below.

Revenue Costs

3.102 The table below shows the estimated ongoing revenue costs of Option 1, compared to current budget. It is estimated that this option will cost an additional £228k per annum in Year 1. This is mainly due to increased staffing costs to meet future service provision, as well as the annual borrowing costs to fund the capital expenditure.

Ongoing Revenue Costs for Option 1 compared to current budget	Current Revenue Budget 2014/15 £000	Estimated Budget for Option 1 £000	Additional Cost £000
EGRC	1,323	1,481	-158
Gressy Loan Contribution	9	0	9
Newcraigielea	25	25	0
Borrowing Costs	0	79	-79
Total Ongoing Cost	1,357	1,585	-228

Net Present Value:

3.103 The Net Present Value of Option 1 is shown in the table below.

NPV for Option 5	£000
Modify EGRC and Adopt Gressay Loan	23,201

Option 2a Development of current EGRC 'make good' building, modify internal space and extend to meet future need.

3.104 Option 2a assumes that the existing Eric Gray building will be modified and extended to meet the future needs of the service. It also assumes that service provision will be based on current eligibility criteria, therefore resulting in a growth in service.

3.105 Further detailed work is required to determine what modification and extension work would be required to bring the building up to standard to

meet the needs of the care group and to verify that there is sufficient room on the Kantersted site to expand the building.

Advantages include:

- Will accommodate future demand.
- Makes use of an existing building.
- Location close to existing associated facilities.
- Using an existing building will place a lesser cost pressure on the service.

Disadvantages include;

- Insufficient space to accommodate increase in demand in the short term.
- Timescale for completion of work.
- The building would require decant during renovation, modification, extension work. Decant option decided on will have associated costs.
- Capital required will place additional cost pressure on the Service and the Council's Medium Term Financial Plan.

Capital Costs

3.106 The table below shows the estimated capital costs of Option 2a – 'Modify Existing EGRC and extend to meet Future Provision'.

Capital Cost for Option 2a	£000
Modify and Extend Existing EGRC	3,600
Decant costs	TBA
Demolition costs for Surplus Buildings	150
Total	3,750

3.107 The estimated capital cost is £3.6 million. If this was funded from borrowing, it would result in an additional revenue cost of £234k per annum for the next 25 years. This has been built into the revenue costs below.

3.108 This option assumes that there will be a surplus building at Gressy Loan which will have potential demolition costs of £150k if an alternative use is not identified.

Revenue Costs

3.109 The table below shows the estimated ongoing revenue costs of Option 2a, compared to the current budget. It is estimated that this option will cost an additional £393k per annum. This is mainly due to increased staffing costs to meet future service provision, as well as the annual borrowing costs to fund the capital expenditure.

Ongoing Revenue Costs for Option 2a compared to current budget	Current Revenue Budget 2014/15	Estimated Budget for Option 2a	Additional Cost
	£000	£000	£000

EGRC	1,323	1,492	-168
Gressy Loan Contribution	9	0	9
Newcraigielea	25	25	0
Borrowing Costs	0	234	-234
Total Ongoing Cost	1,357	1,751	-393

Net Present Value:

3. 110 The Net Present Value of Option 2a is shown in the table below.

NPV for Option 2a	£000
Modify and Extend EGRC	27,498

Option 2b Use of existing stock – Gressy Loan – modify for use of care group and extend to meet future need.

3.111 Option 2b assumes that the existing Gressy Loan building will be modified and extended to meet the future needs of the service. It also assumes that service provision will be based on current eligibility criteria, therefore resulting in a growth in service.

3.112 Further detailed work is required to determine what modification and extension work would be required to bring the building up to standard to meet the needs of the care group.

Advantages include;

- Will accommodate future demand.
- The building will become available in the future.
- Makes use of an existing council asset.
- The building is accessible to wheelchairs
- Using an existing building will place a lesser cost pressure on the service.

Disadvantages include;

- Insufficient space to accommodate increase in demand in the short term
- Location is remote from other associated facilities. There will be a dependency on transport for access to other locations.
- The building is currently occupied by the school and will not be available until late 2016.
- Capital required will place additional cost pressure on the Service and the Council's Medium Term Financial Plan.

Capital Cost Summary:

3.113 The table below shows the estimated capital costs of Option 2b – 'Modify Existing Gressy Loan and extend to meet Future Provision'.

Capital Cost for Option 2b	£000
Modify and Extend Existing Gressay Loan.	2,600
Decant costs	TBA
Demolition costs for Surplus Buildings	100

Total	2,700
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3.114 The estimated capital cost is £2.6 million. If this was funded from borrowing, it would result in an additional revenue cost of £169k per annum for the next 25 years. This has been built into the revenue costs below.

3.115 This option assumes that there will be a surplus building at Eric Gray which will have potential demolition costs of £100k if an alternative use is not identified.

Revenue Costs:

3.116 The table below shows the estimated ongoing revenue costs of Option 2b, compared to the current budget. It is estimated that this option will cost an additional £329k per annum. This is mainly due to increased staffing costs to meet future service provision, as well as the annual borrowing costs to fund the capital expenditure.

Ongoing Revenue Costs for Option 2b compared to current budget	Current Revenue Budget 2014/15	Estimated Budget for Option 2b	Additional Cost
	£000	£000	£000
EGRC	1,323	1,492	-169
Gressy Loan Contribution	9	0	9
Newcraigielea	25	25	0
Borrowing Costs	0	169	-169
Total Ongoing Cost	1,357	1,686	-329

Net Present Value:

3.117 The Net Present Value of Option 2b is shown in the table below.

NPV for Option 2b	£000
Modify and Extend Gressy Loan	25,776

Option 3 – New Build

3.118 Option 3 is the development of a purpose built single storey facility to accommodate all care groups. This option assumes that service provision will be based on current eligibility criteria, therefore resulting in a growth in service.

Advantages include:

- Will provide quality accommodation to latest specifications
- Fully accessible to all care groups, including those with highest of level of needs
- Will meet the future level of demand and range of needs of this care group assuming some older people with learning disabilities will be supported through mainstream community care service provision
- Location close to existing associated facilities.

Disadvantages include:

- Does not make the best use of existing assets.
- Timescale for completion of New Build. Additional space will not be available to accommodate increase in demand in the short term
- Most expensive option in terms of capital and revenue costs.
- Capital required will put additional cost pressure on the Service and the Council's Medium Term Financial Plan.

Capital Costs

3.119 The table below shows the estimated capital costs of Option 3 – 'Purpose Built New Build'.

Capital Cost for Option 3	£000
Purpose Built New Build	5,650
Demolition costs for Surplus Buildings	250
Total	5,900

3.120 The estimated capital cost is £5.65 million. If this was funded from borrowing, it would result in an additional revenue cost of £367k per annum for the next 25 years. This has been built into the revenue costs below.

3.121 This option assumes that there will be surplus buildings at both Eric Gray and Gressy Loan which will have potential demolition costs of £250k if an alternative use is not identified.

Revenue Costs:

3.122 The table below shows the estimated ongoing revenue costs of Option 3, compared to the current budget. It is estimated that this option will cost an additional £516k per annum. This is mainly due to increased staffing costs to meet future service provision, as well as the annual borrowing costs to fund the capital expenditure.

Ongoing Revenue Costs for Option 3 compared to current budget	Current Revenue Budget 2014/15	Estimated Budget for Option 3	Additional Cost
	£000	£000	£000
EGRC	1,323	1,481	-158
Gressy Loan Contribution	9	0	9
Newcraigielea	25	25	0
Borrowing Costs	0	367	-367
Total Ongoing Cost	1,357	1,874	-516

Net Present Value:

3.123 The Net Present Value of Option 3 is shown in the table below.

NPV for Option 3	£000
Purpose Built New Build	30,950

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

The proposals in this report support the aims and priorities of the council, its partners and the Shetland community as set out in the Community Health and Social Care Directorate Plan 2014/15, Community Health and Care Partnership Agreement (CHCP Agreement), Shetland's Single Outcome Agreement (SOA) and the Council's Corporate Plan

The CHCP Agreement states that, "We will support and protect the most vulnerable members of the community, promoting independence and ensuring services are targeted at those most in need."

This supports the SOA priority which states, "People are supported to be active and independent throughout adulthood and into old age" and the council's priorities as set out in the Corporate Plan which include that we will "Be mindful of how change could affect vulnerable and disadvantaged people" and "Work with partners to achieve the best possible results".

The SOA and the Council's Corporate Plan also have priorities regarding financial sustainability. These are, from the SOA, "We have financial sustainability and balance within each partner and a better balance between a dynamic private sector, a strong third sector and efficient and responsive public services" and in the Council's Corporate Plan to, "Be a properly led and well managed council dealing with the challenges of the present and the future and doing that within our means".

4.2 Community /Stakeholder Issues

People with learning disabilities, autistic spectrum disorders and complex needs and their families have been closely involved over a number of years in discussions and plans for future service provision to meet the needs of growing numbers of people in this care group.

The model of service provided by EGRC has changed radically over the 30+ years that the service has been operating.

Human rights of people with disabilities, recognises that, "Disability is an evolving concept and that disability results from the interaction between persons with impairments and attitudinal and environmental barriers that hinders their full and effective participation in society on an equal basis with others"⁴.

People with learning disabilities, autistic spectrum disorders and complex needs and their families see the provision of a fully accessible building as fundamental to their rights as citizens of Shetland. They would see a purpose built facility in the right location as a hub which could offer more

⁴ UN Convention on the rights of persons with disabilities.

flexible support and one which the wider community can be welcomed into.

Families have worked alongside staff to develop plans for a new build on the site of the old hockey pitch at Seafield.

They understood and accepted the delays in the provision of replacement facilities for the Eric Gray Centre and Gressy Loan in the context of the severe financial pressures faced by the council however, they have been extremely disappointed by the possibility that the site previously identified for new build day centre for people with learning disabilities could have been used instead as a camp site.

4.3 Policy And/Or Delegated Authority

In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Social Services Committee has delegated authority to take decisions in relation to those functions within its remit.

Approval of the financial strategy and budget framework and of the Asset Investment Plan are matters reserved for the Council, having taken advice from the Policy and Resources Committee.

The recommendations in this report require consideration by the Policy and Resources Committee and a decision of the Council.

4.4 Risk Management

The current day service provision for adults with learning disabilities relies on facilities at the Eric Gray Centre and Gressy Loan. There are issues with these buildings in terms of capacity as numbers increase and at the Eric Gray Centre, regarding the building itself which has limitations and is not ideally suited for those with high levels of physical disability as well as having some maintenance issues. There is a pressing need to resolve the pressure on the use of the Gressy Loan building due to increasing numbers of children with complex needs.

Consequently there is a risk of failure to meet the needs of the growing numbers of adults with learning disabilities, autistic spectrum disorders and complex needs.

The Council approved its 2014/15 budget on 11 December 2013. The delivery of this budget is key to ensuring that the Council continues to work towards delivering the Medium Term Financial Plan. Failure to reduce the net ongoing running costs of the Council carries a significant risk of the Council's financial policies not being adhered to and will require a further draw on reserves which is not sustainable.

There is a risk of overprovision in the medium term in the options identified as the projected demand indicates that capacity will not be reached until 2028. This will result in increased ongoing revenue costs which are not required until a later date.

- 4.5 Equalities, Health And Human Rights – The community care service supports and promotes equalities, health and human rights through all its activities and plans.
- 4.6 Environmental – There are no environmental issues arising directly from this report.

Resources

- 4.7 Financial – The services currently provided at the Eric Gray Centre and Gressy Loan are included in the approved budgets for community care. There is currently no provision for a new build day centre for people with learning disabilities in the council's approved Asset Investment Plan (AIP). There is also no provision for growth in the Community Care revenue budget, so any changes to service will create a cost pressure.

From a financial point of view, the creation of an additional asset, which demand projections show will be under-utilised for at least 20 years, does not demonstrate Best Value, when there are other alternative options that make use of existing assets. This is especially relevant at a time when the Council has affordability issues with regard to maintaining its existing asset base.

All the options set out in this report require capital works to be undertaken. These could be funded in the following way –

Displacement – The Council could remove existing project(s) from the Asset Investment Plan. The amount that would need to be removed would depend on the option chosen by the Council, but the more expensive the option the more that would have to be removed. For example, cancelling life extension work on the Geira, Fivla, Leirna and Hendra ferries would save £5.8m which would almost be enough to fund the new build option.

Borrow – the Council could borrow the money over a period of 25 years at an interest rate of around 4.2%. This creates a revenue pressure for the service as interest has to be paid on the loan, and the amount actually borrowed also has to be repaid, and this has to come from service expenditure. This means that the more expensive the option chosen, the more will need to be saved from the directorate's revenue budget to free up money to repay the borrowing with interest.

Use of Reserves – the Council could fund the asset with a draw on reserves. However, this would result in the lost investment income of 7.3% per year on the amount taken out of reserves. For example, a £5.9m new build funded from reserves would result in lost investment income of £430,700 per year. This would mean that to continue to operate a sustainable budget, the Council would have to reduce its annual spending by £430,700, which means additional service budget reductions. This option would not be the Best Value option as the lost income from using reserves is higher than the interest of 4.2% that would be paid on borrowing.

CFCR (capital from current revenue) – if the directorate were to under-spend its revenue budget in 2014-15, 2015-16 or 2016/17 a contribution could be made to the capital expenditure arising from the option chosen.

A combination (excluding Use of Reserves on grounds of Best Value) – the Council could decide a combination of dropping existing projects from the plan, borrowing and making revenue contributions.

However, under any of the options there is a real cost to the Council as capital spending is not a free good.

- 4.8 Legal – The legislation that applies to this area of service provision is summarised in section 3 of the report.
- 4.9 Human Resources – There are no human resources issues arising directly from this report. Staffing issues are considered as an integral part of all service developments and project work in line with the council's policy on structural change.
- 4.10 Assets And Property – The proposed new build to provide day services for people with learning disabilities, autistic spectrum conditions and complex needs has been delayed due to the pressure on the council's finances and to allow time for a review of the proposals in the context of changing patterns of service delivery both nationally and locally.

Strategic Objective 1 in the Council's Asset Strategy states that "Over the next four years we will continue to review our property holdings and explore all options for underused, costly and inefficient assets".

Any decision to extend an existing building or to commit to a new build should therefore take account of existing buildings that are surplus or about to become surplus.

5.0 Conclusions

- 5.1 In July 2012, the council agreed, "*To review the feasibility study and proposals for day services for people with learning disabilities to ensure any new build is affordable in terms of both capital and revenue and meets the needs of this care group in a way that is effective and sustainable in the longer term.*"
- 5.2 The review was needed to ensure that the plans were affordable given the changing financial situation faced by the Council and also to ensure that the models of service delivery were still appropriate to meet the needs of this care group given the delay that had occurred since the plans were drawn up.
- 5.3 There is increasing pressure on the services provided for people with learning disabilities, autistic spectrum disorders and complex needs. There is an immediate issue for the services at Gressy Loan due to increasing numbers of school pupils with complex needs. This means that there is insufficient space to accommodate both education and

community care groups in the short/medium term. This is currently being reviewed in order to determine a solution until such time as new models of service delivery are available. The Eric Gray Centre is also expected to reach capacity by 2015 in terms of staffing and the space available for increasing numbers of service users. Given the costs and timescales associated with making any other space/building suitable to meet the needs of the adults who currently use Gressy Loan and additional numbers anticipated in the immediate/short term, continuing use of the Gressy Loan building by adult services is required. Therefore alternative solutions for children with additional support needs are being researched in order to meet the needs until the new Anderson High School complex is completed.

- 5.4 The proposals in this report include options for change to meet the needs of people with learning disabilities, autistic spectrum disorders and complex needs in the longer term. The option of a new build on the old hockey pitch provides the best solution in terms of the facilities and timescale however, the cost is higher than adapting and extending either the Eric Gray Centre or Gressy Loan although the difference in cost of the options would be reduced depending on the final costs of any decant required.
- 5.5 The recommendations in this report, if approved, will require a change to the Council's Asset Investment Plan.

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Date: 12th June 2014

Appendices

Appendix 1 - Eric Gray Resource Centre Timeline 2012-2014

Appendix 2 – Projections and Needs Profile (Exempt)

Appendix 3 – Extracts of minutes of Eric Gray Service Users Group meetings

Appendix 4 – Shetland Employability Pipeline Diagram

Background documents:

Community Health and Care Partnership Agreement 2013 – 2016

http://www.shetland.gov.uk/community_care/documents/13-16Draftv2.pdf

Community Health And Social Care Directorate Joint Strategic And Integration Plan 2014/15

Shetland's Single Outcome Agreement

http://www.shetland.gov.uk/about_performance/documents/ShetlandSingleOutcomeAgreement.pdf

Shetland Islands Council Corporate Plan

http://www.shetland.gov.uk/documents/Final5Corporate_Plan_Publisher_14_Aug_2013.pdf

Report No: SC-01-09F

Eric Gray Resource Centre Feasibility Study – Phase 1 Complex Needs Service

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=8566>

Shetland Disability Strategy 2005-2020

<http://www.shetland.gov.uk/education/documents/AppendixADisStratSummary.pdf>

National Care Standards – Support Service without Care at Home.

<http://www.nationalcarestandards.org/89.html>

The main goal of support services is to allow individuals to plan and achieve their preferred lifestyle. To achieve this, support services are required to:

- work with individuals to provide an appropriate level of care and support when wanted;
- provide the support needed to help the individual develop;
- provide guidance, direction and assistance to commensurate to need

The Keys to Life, Improving quality of life for people with learning disabilities.

<http://www.scotland.gov.uk/Resource/0042/00424389.pdf>

The Same As You? A review of Services for People with Learning Disabilities.

<http://www.scotland.gov.uk/Resource/Doc/1095/0001661.pdf>

The Scottish Strategy for Autism.

<http://www.scotland.gov.uk/Resource/Doc/361926/0122373.pdf>

UN Convention on the rights of persons with disabilities

<http://www.un.org/disabilities/convention/conventionfull.shtml>

The Scottish Strategy for Autism. Menu of Interventions.

<http://www.scotland.gov.uk/Resource/0043/00438221.pdf>

(Additional Support for Learning) (Scotland) Acts 2004 & 2009

<http://www.scotland.gov.uk/Publications/2009/11/03140104/0>

Scottish Consortium for Learning Disability

<http://www.sclld.org.uk/home>

KEY TO ABBREVIATIONS

ASD	Autistic Spectrum Conditions
CFCR	Capital from Current Revenue
COPE	Community Opportunities for Participation in Enterprise
EGRC	Eric Gray Resource Centre
GIFA	Gross Internal Floor Area
GOLD	Growing Older with Learning Disability
LA	Local Authority
LD	Learning Disability
MOEP	Moving On Employment Project
NCL	Newcraigielea
SDS	Self Directed Support
SLA	Service Level Agreement

Appendix 1. Eric Gray Resource Centre Timeline

Review of Day Service for Adults with Learning Disabilities, Autistic Spectrum Disorders and Complex Needs.

2006 October. The Capital Programme – CPMT Report. October 2006 – Half Year. Report No: F-048-F

Appendix A

Report No: F048-F

3. Feasibility Studies

3.9 Eric Gray Centre: An interim update on progress with the feasibility study has been submitted to CPMT. It is presented for CPMT to report on this to Council, however the present position will be reported to a future meeting of Services Committee for further guidance on the way forward.

2009 Feb 5th Committee Document: Item Minute - 05 February 2009

01/09 Eric Gray Resource Centre Feasibility Study – Phase 1 Complex

Approval given (subject to funding being made available) to progress the Stage 1 proposals for Complex Needs (minute reference 01/09).

2009 June 18th

Report to Service Committee

GCA0237 Eric Gray Replacement 290 Feasibility Study approved by Services Committee February 2009. Funding allocated by Council 20 May 2009. Tender documents & EU Adverts being prepared for Consultant appointment (Design stage)

2009 Aug 3rd

GENERAL FUND CAPITAL PROGRAMME

Approved Budget 2009/10 Status as at August 2009

GCA0237 Eric Gray Replacement 290 Feasibility Study approved by Services Committee February 2009. Funding allocated by Council 20 May 2009. Tender documents & EU Adverts being prepared for Consultant appointment (Design stage). Site to be identified and approved by Council. (Design)

2009 Oct 8th

GENERAL FUND CAPITAL PROGRAMME Approved Budget 2009/10

Status as at September 2009 Change from previous report (03 September 2009)

GCA0237 Eric Gray Replacement 290 Feasibility Study approved by Services Committee February 2009. Funding allocated by Council 20 May 2009. Seafield site being investigated as preferred location, existing car park being reviewed. Ongoing discussions regarding site

<http://www.shetland.gov.uk/coins/viewDoc.asp?c=e%97%9Db%95iz%8B>

2009 Nov 26th

Committee Document: ESCD-102-F.doc

REPORT

To: Services Committee 26 November 2009

From: Executive Director – Education and Social Care

SITE FOR ERIC GRAY RESOURCE CENTRE

the preferred site for the new Eric Gray Resource Centre, for the complex needs service, is agreed as the former hockey field at Seafield.

2010 May 6th

CPS-10-10-F Appendix 4

Principal Capital Projects

Status update as at 21 April 2010

Listed by Committee

Services

29th May 2014.

Appendix1. EGRC Timeline

Review of Day Service for Adults with Learning Disabilities, Autistic Spectrum Disorders and Complex Needs

New Eric Gray Resource Centre

Feasibility study complete

Awaiting legal advice on zoning of preferred site

Detailed design can then begin – funding in 2010/11 capital programme

2010 Sept 2nd

Social Services Committee CPS-15-10 Appendix 1

– Tendering underway

13 June 2012

Social Services Committee – CHCP Agreement 2012-2015

Approval given for 2012/13 development priorities including:

“To review the feasibility study and proposals for people with learning disabilities to ensure any new build is affordable in terms of both capital and revenue and meets the needs of this care group in a way that is effective and sustainable in the longer term.”

31 October 2012

Extract from Report to Social Services Committee – Capital Programme Projects

“Eric Gray Resource Centre

- 3.1 New Eric Gray Resource Centre (EGRC) is still on the Capital Programme but has a delayed start date, as agreed in last year’s activity on prioritising.
- 3.2 Architectural, structural and mechanical & electrical works are all detailed to planning level.
- 3.3 No planning application has been lodged due to the delayed commencement, due to risk that there will be possible changes.
- 3.4 A final budget estimate has been undertaken and at time of proceeding would require a final check calculation.
- 3.5 The project is still within the current programme, with associated fees budgeted for 2014/15 and capital for 2015/16.”

20 February 2013

Special Shetland islands Council – Proposed 5-Year Asset Investment Plan

“1 Summary

- 1.1 At the Council meeting on 20 September 2012, Members agreed their Medium Term Financial Plan which included an Asset Investment Policy.
- 1.2 By adopting this policy, Members agreed:
 - 1.2.1 That all capital expenditure to be focussed on the maintenance of existing assets rather than the creation/purchase of new assets, (with the exception of a new Anderson High School and high speed broadband;”

Appendix A reports on Community Care capital projects and the status for the Eric Gray Resource Centre is reported as: “Project was put on hold at end 11/12, but slippage of £36K previously reported to pay outstanding fees – querying one outstanding fee.”

3 June 2013

Extract from Executive Committee –

“54/13 Capital Projects Progress Report”

“.... It was confirmed that the new Eric Gray Resource Centre project in its original format is not included in the current programme, however it is understood that dialogue is ongoing within the Service to discuss other options.”

3 July 2013

Social Services Committee – CHCP Agreement 2013-2016

Approval given for 2013/16 development priorities including:

“To review the feasibility study and proposals for people with learning disabilities to ensure any new build is affordable in terms of both capital and revenue and meets the needs of this care group in a way that is effective and sustainable in the longer term.”

30 September 2013

EXEMPT ITEM - Executive Committee – Proposed Lease of Land, report from Director of Children’s Services

Executive Committee resolved to:

- support the use of the old hockey pitch at Seafield and shared use of the pavilion facilities as an alternative campsite;
- delegate authority to the Executive Manager – Capital Programme, in consultation with the Director of Children’s Services and Executive Manager – Governance and Law, to enter into negotiations with the Shetland Caravan and Camping Development Group with a view to entering into a lease arrangement; and
- agree that a report be presented back to the Committee for determination, should the Seafield Site be deemed by the Group to be a viable option.

20 November 2013

Extract from Community Care 6 month performance update report – reported to Social Services Committee

“Item - To review the feasibility study and proposals for day services for people with learning disabilities to ensure any new build is affordable in terms of both capital and revenue and meets the needs of this care group in a way that is effective and sustainable in the longer term.

Progress as at end September 2013 -

Eric Gray Resource Centre new build was removed from the Capital Budget in 2012. SOFIE findings reported – ‘Eric Gray Centre is a building which is unfit for purpose and therefore the lack of appropriate environment places additional pressure to ensure the safe management of the service for both service users and staff’. The service operates from three buildings; Eric Gray Centre, Gressy Loan Additional Support Needs Department and Islesburgh (since closure of Shetland Youth Information Service). Shetland Youth Information Service closure placed additional pressure on services delivery. Provision of service at Gressy Loan (complex needs) is currently under review as a result of increased need within education.

Due Date - 30 March 2014 – Amber”

11th December 2013.

Shetland Islands Council Meeting

Committee Document: Item Minute - 11 December 2013

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=15934>

Agenda Item No. 13 115/13 **Notice of Motion – Use of the Hockey Pitch at Seafield**

Decision:

The Council **RESOLVED** that any continuing negotiation with the Caravan Group should not include the hockey pitch at Seafield and the Council agreed that this site is set aside for the replacement Eric Gray.

27th March 2014

Social Services Committee

CC-08-14-F Review of the Plans for Day Service Provision for Adults with Learning Disabilities, Autistic Spectrum Disorders and Complex Needs

The Committee **RESOLVED** to:

- Note the options that are currently being considered for the future provision of day services for adults with learning disabilities, autistic spectrum disorders and complex needs;

- Note that further work is required to complete the analysis of the current situation and future projections for the service in order to complete the detailed appraisal of the options identified; and
- Advise that Option 3 should be fully investigated and included in a further report to the Committee.

Review of the Plans for Day Service Provision for Adults with Learning Disabilities, Autistic Spectrum Disorders and Complex Needs

Appendix 3

Extract of the Minutes of the Eric Gray Service Users Group (6th Feb + 10th April 2014).

“I am sad as the centre is too peerie for everyone who comes as there is not enough room for everyone. The toilets are also too small.”

“The present toilets are like changing rooms rather than toilets, also the kitchen is too small for everyone who would like to use it”.

“ People in wheelchairs and people with frames cannot get round the corridors safely as they are too small. You cannot get passed each other.

“ If we had a bigger building we could have room for more computers, pool table, couches and maybe a tuck shop”.

“I thought it was bit dangerous with tiles coming off the roof so we could not use the greenhouse and the workshop. That made the centre very busy. “

“There is not enough room to grow and plant plants in the greenhouse and the garden.”

“There are not enough rooms to be able to do lots of different activities.”

“The changing rooms here at the centre are not big enough for the service users who need to use them and this is not right.”

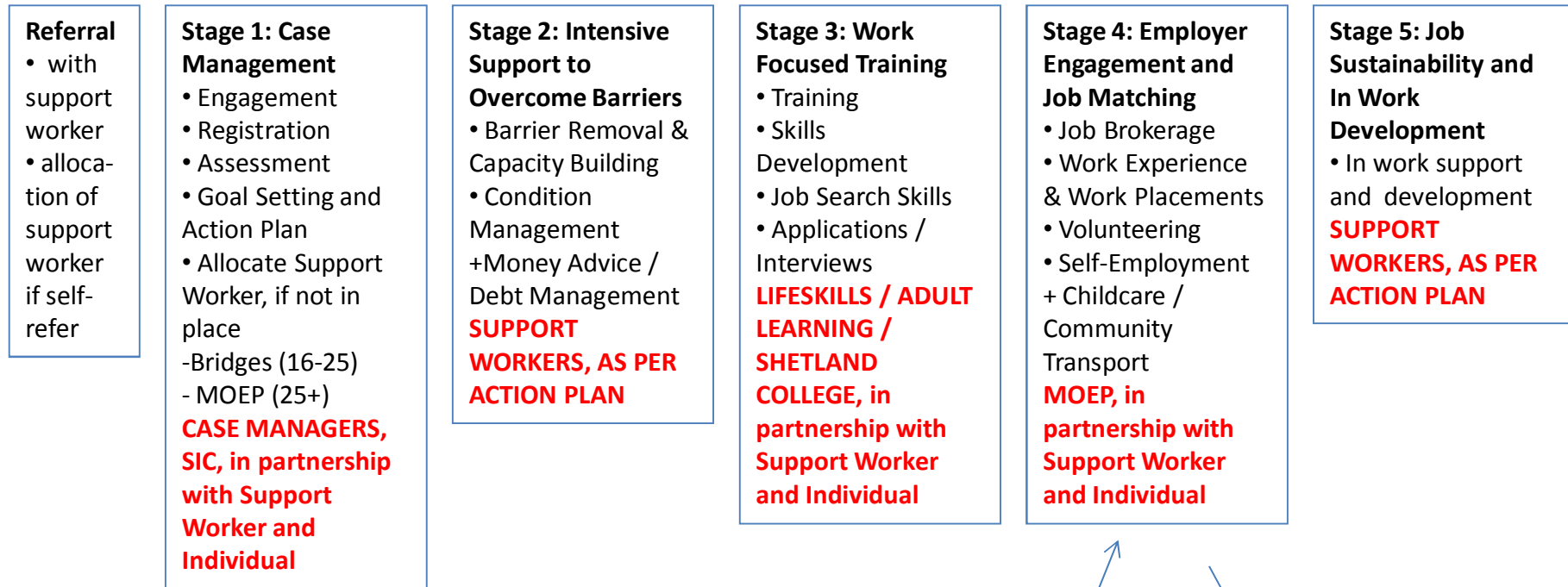
“It is hard to get quiet time when I need it”

“There is no room for new people. It makes me sad that other people can't join us”.

“We need a bigger place so Gressy Loan friends can be with us as we do not see enough of them.”

Shetland's Strategic Employability Pipeline

Non-Assessed Need



Assessed Need

