



**Environment and Transport Committee  
Policy and Resources Committee**

**22 April 2015  
4 May 2015**

## **Shetland Islands Council Carbon Management Plan : 2015 - 2020**

EO-02-15-F

**Executive Manager - Estate Operations**

**Infrastructure Services Department  
Estate Operations**

### **1.0 Summary**

- 1.1 The report details how Estate Operations and the Carbon Management Project Team will progress the implementation of a Carbon Management Plan for the period 2015 - 2020.

### **2.0 Decision Required**

- 2.1 That the Environment and Transport Committee and Policy and Resources Committee:
- 2.1.1 RECOMMEND to Council that it adopt and implement the attached Plan.
- 2.2.2 INSTRUCT officers to progress the projects set out in the plan to help achieve our carbon reduction targets as a matter of priority.

### **3.0 Detail**

- 3.1 The attached Plan is Shetland Islands Council's first formal Carbon Management Plan. Carbon Management Plans are required under the Climate Change (Scotland) Act 2009 as a key tool in tackling climate change by reducing carbon emissions from our operations and our estate.
- 3.2 Carbon reduction and climate change adaptation, mitigation and resilience building are now seen by both UK and Scottish Government and by international business leaders as an increasingly urgent matter for action. Government views action in this area as a key issue which should be included in all business Risk Registers.

3.3 In 2008 Shetland Islands Council (along with all Scottish Local Authorities) was a signatory to the Scottish Climate Change Declaration. This Plan details the actions required to support this Declaration. Further drivers for change which the Plan responds to are the UK Climate Change Act 2008; the Climate Change Public Bodies Duties Guidance issued in 2011 and Low Carbon Scotland: Meeting the Emissions Reduction Targets 2010 - 22.

3.4 Reviewing the Council's operations, estate, assets and procurement methods identifies the actions required to move to a low carbon future which can also save the Council money in the longer term.

The current costs of energy and materials, combined with the future certainty on increased costs in these areas, means that all services have much to gain in seeking to reduce their energy and procurement costs by working in a more resource efficient manner in everything they do. This Plan will help to support the Council's delivery of the medium term and long term financial plans.

3.5 Government has recently introduced mandatory annual reporting for public bodies on their carbon reduction and climate change work. This is stated to be "a means of encouraging local authorities to raise their game in this area". Should this encouragement fail it is certain that local government will be faced by annual mandatory targets in the very near future.

3.6 Scotland has a national target for carbon reduction of 42% of its emissions by 2020 over a baseline of 2007/8. Shetland Islands Council has delivered an annual carbon reduction of 2.68% per year from 2007. Therefore focused action is required to achieve 32% savings in the next 6 years, which equates to an annual reduction of 4.53%.

3.7 The main project themes to be tackled by this plan (which are the areas likely to become subject to future mandatory reporting) are those that will deliver the greatest carbon savings:

- Transport and fleet operations in all services
- Energy and water use in all Council buildings
- Business/staff travel within and outwith Shetland
- Sustainable procurement and resource use
- Waste disposal and minimisation
- Energy efficient housing
- Staff and community awareness raising
- Street lighting
- ICT Services

3.8 By adopting the Plan Council will:-

- Reduce energy consumption and support efficient resource management in all service areas
- Reduce carbon emissions and associated costs in all service areas
- Contribute towards climate change mitigation

- Make carbon management and efficient, sustainable resource use central to the way we provide our services and run our operations
- Provide a unified platform for monitoring, managing and assessing resource use
- Ensure that the Council conforms to its Public Body Duties under the 2009 Climate Change (Scotland) Act
- Provide support for Best Value 2 and Sustainability reporting
- Help the Council operate on a more sustainable basis in line with the Council's medium term Financial Plan.

## 4.0 Implications

### Strategic

4.1 Delivery On Corporate Priorities – This Plan delivers an action in the Corporate Plan, Improvement Plan and Community Plan/Single Outcome Agreements and is a step towards “a well managed Council, dealing with the challenges of the present and the future, and doing so within our means”.

4.2 Community /Stakeholder Issues – Increasing levels of greenhouse gases are almost agreed by world scientists to be a major contributing factor in global warming and climate change.

The local impact of climate change with rising sea levels and increased storm activity will have a disproportionate effect on island communities. We will face more disruption to transport and freight delivery, increased storm damage and possible increased power issues.

By approving and implementing the Plan the Council will begin to work in a focussed manner with its community to identify, review and tackle these issues.

4.3 Policy And/Or Delegated Authority – In accordance with Section 2.3.1 of the Council's Scheme of Delegation the Environment and Transport Committee has responsibility for discharging the powers and duties of the Council within its functional area.

Section 2.2.1(2) sets out the Policy and Resources Committee role in advising the Council in the development of its strategic objectives, policies and priorities. A Decision of the Council is required on the adoption of the plan as part of the Strategy Framework.

4.4 Risk Management Climate change is included in the Infrastructure Departmental and Corporate Risk register as a key issue for consideration. In light of Government statements concerning mandatory reporting, failure to approach the issue in a focussed manner will create a risk of future financial penalties which will be applied by Government as part of the introduction of mandatory targets.

4.5 Equalities, Health And Human Rights – Certain ongoing and potential projects e.g. domestic energy efficiency work, will support the local community in addressing health problems and will tackle fuel poverty.

It is also certain that failure to address the likely effects of climate change will lead to considerable negative effects locally and globally in the medium term future. These will include loss of habitat, scarcity of food crops and associated financial losses, poverty and ill health.

- 4.6 Environmental – It is considered that this Plan will require a scoping review for strategic environmental assessment. As the Plan is the Council's Carbon Management Plan it will become the principle strategy document for carbon reduction and management Council wide.

By tackling carbon emissions from Council services the Plan will support climate change mitigation and adaptation. It also supports the Council's Environmental policy and sustainable development strategy.

## Resources

- 4.7 Financial - The implementation of the Plan will contribute to the efficient use of resources and result in real ongoing savings in energy and procurement costs for the Council.

Wherever possible, funding requirements will be met from external sources in the form of grants and interest free loans which are currently available.

The Plan will help the Council to avoid any financial penalties from failure to deliver its Public Body Duties under the 2009 Climate Change (Scotland) Act.

- 4.8 Legal – Under the Climate Change (Scotland) Act 2009 Councils are required to tackle their carbon emissions and make preparations to respond to climate change. The attached Plan will provide the methodology for the annual mandatory reporting in this area.
- 4.9 Human Resources – Certain projects included within the Plan will impact upon staff. In particular staff travel within and outwith Shetland will be reviewed with the intent of reducing actual travel through increased use of technology. Where travel is required more energy efficient methods will require to be adopted. It is possible that this may require up-skilling staff will to achieve these changes. Any initial staff training costs identified to deliver this cultural change will be offset with ongoing financial savings.
- 4.10 Assets And Property – The efficient use of our assets is a key feature of any Carbon Management Plan. Types of projects include energy efficiency works; fleet efficiencies; disposal of redundant/poorly efficient buildings/stock and increased virtualisation of operations using ICT.

## **5.0 Conclusion**

- 5.1 By approving the Carbon Management Plan and by encouraging all Departments to review their operations in light of its recommendations the Council will give clear and positive leadership to move Shetland forward to a low carbon future.

This report supports the delivery of the Council's Public Bodies Duties in terms of the Climate Change (Scotland) Act 2009. Local authorities are tasked by Government to reduce their carbon emissions and to support their community and community planning partners in doing the same.

It is likely that Government will introduce mandatory targets within the next two years, so by focussed action now the Council will be placing itself in a favourable position in advance of the proposed mandatory targets and reducing potential for financial penalties.

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13 April 2015

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List of Appendices

Carbon Management Plan (2015 – 2020)

END



# Shetland Islands Council



## Carbon Management Strategy Carbon Management Plan 2015 – 2020



Lunnasting School Wind Turbine



Sandwick Allotments



Fetlar Development's Electric Minibus



Sellaross Biomass Boiler

Apr 2015 - Revision 1.6

## **Table of Contents**

<b>1. Introduction.....</b>	<b>6</b>
<b>2. Carbon Management Strategy.....</b>	<b>7</b>
Context and Drivers .....	7
Low Carbon Vision .....	8
Strategic Themes Supported .....	9
Targets and Objectives.....	9
<b>3. Emissions Baseline and Projections .....</b>	<b>10</b>
Scope.....	10
What Is Included? .....	10
What Is Not Included? .....	11
Fuel Poverty.....	11
Baseline .....	13
Current Consumption .....	14
Carbon Management Performance to Date .....	15
Projections and Value at Stake.....	18
Robust Data and Comparisons .....	19
<b>4. Carbon Management Projects .....</b>	<b>20</b>
Reduction Themes and Objectives .....	20
<b>5. Carbon Management Plan Finance.....</b>	<b>21</b>
Background.....	21
Funding Sources .....	22
Resource Implications.....	23
<b>6. Actions to Embed Carbon Management.....</b>	<b>23</b>
Policy Alignment – Saving CO2 across Council Operations .....	23
Data Management – Measuring the Difference, Measuring the Benefit.....	24
Responsibility – Saving CO2 is Everyone’s Job .....	24
<b>7. Programme Management of the Carbon Management Plan.....</b>	<b>26</b>
Governance, Ownership and Management.....	26
The Carbon Management Programme Board – Strategic Ownership & Oversight ....	26
Carbon Management Governance Structure .....	27
The Carbon Management Programme Board - Terms of Reference .....	28
The Carbon Project Team – Delivering the Projects.....	28



Annual Review Process .....	29
Risks and Management Issues .....	29
Benefits Realisation .....	29
Reporting and Evaluation.....	30
Government Reporting and Performance Monitoring.....	30
<b>8. Appendix 1 – The Carbon Management Action Plan .....</b>	<b>32</b>
<b>9. Appendix 2 - Methods of Energy and Carbon Measurement.....</b>	<b>34</b>
<b>10. Appendix 3 – Example Project Framework .....</b>	<b>35</b>
<b>11. Appendix 4 – Carbon Project Register .....</b>	<b>43</b>
<b>12. Appendix 5 – Shetland Islands Council – Service Structure .....</b>	<b>45</b>
<b>13. Appendix 6 – Carbon Management Board &amp; Team Composition .....</b>	<b>46</b>
<b>14. Appendix 7 – Radical Thinking? - An Alternative Energy Model.....</b>	<b>47</b>

### **Table of Figures**

<i>Figure 1: Energy Consumption Trends .....</i>	<i>6</i>
<i>Figure 2: Shetland Islands Council – Overview Structure .....</i>	<i>7</i>
<i>Figure 3: Baseline Energy Consumption by Area 2007/2008 .....</i>	<i>13</i>
<i>Figure 4: Baseline Consumption - Split by Fuel Type 2007/2008 .....</i>	<i>13</i>
<i>Figure 5: Energy Consumption by Area 2013/2014 .....</i>	<i>14</i>
<i>Figure 6: Baseline Consumption - Split by Fuel Type 2013/2014 .....</i>	<i>14</i>
<i>Figure 7: Tracked CO<sub>2</sub> Emissions 2007/08 to 2013/14 .....</i>	<i>15</i>
<i>Figure 8: Energy Consumption by Sector 2007/08 to 2013/14 .....</i>	<i>16</i>
<i>Figure 9: Energy Consumption by Energy Type 2007/08 to 2013/14 .....</i>	<i>16</i>
<i>Figure 10: Business as Usual – Carbon Emissions (tCO<sub>2</sub>e) .....</i>	<i>18</i>
<i>Figure 11: Financial Projections .....</i>	<i>18</i>
<i>Figure 12: Business As Usual – Hypothetical Hydrogen Ferries Project .....</i>	<i>19</i>
<i>Figure 13: Actions to Embed Carbon Management .....</i>	<i>25</i>
<i>Figure 14: Carbon Management Structure .....</i>	<i>27</i>
<i>Figure 15: Shetland Islands Council - Service Structure .....</i>	<i>45</i>
<i>Figure 16: Hydrogen Production Life Cycle .....</i>	<i>47</i>

## **Foreword by Council Leader**

Over the past few years the priority for Shetland Islands Council has been addressing our financial position. We've made great progress towards living within our means but to limit our thoughts to continuing business as usual will not be sufficient in the future.

Other issues are now becoming pressing; none more so than the accepted problem of climate change. Nationally and globally it is now vital to address the very real economic and social impacts of climate change on present and future generations.

As a Council these impacts will be felt in the delivery of all of our services. Increased storm events will affect our transport options and create pressure on our infrastructure and buildings. The need for reliable cost effective energy and heating will require to be balanced by a need to decrease peak demand on the Shetland grid. Our economy will be affected by freight disruptions and the changing availability and price for food and basic items nationally and internationally caused by climate disruptions in their own production areas.

To limit these effects we now need to move to a low carbon society where all our resources are used most efficiently and where we pull together to ensure community benefit.

The Carbon Management Programme is a key component of our strategy to fundamentally change the way the Council works so that it becomes an environmentally sustainable organisation, where its present needs can be met without compromising the ability of future generations to meet their needs.

To achieve this Shetland wide, carbon management must become an embedded responsibility of each and every elected member, departments, staff and service partners. It must also be linked into the wider Shetland community.

Over the past six years a low carbon transition has been slowly put in motion but despite some progress we remain in the early stages of the journey. We must now increase momentum if we are to avoid the increased costs that will result from inaction.

This Plan sets out a roadmap for the next five years. I ask you all to consider how your own area of work and life will be affected by climate change and to help plan for how we can all become more efficient in our use of resources to deliver a better future for all.

Councillor Gary Robinson  
Council Leader

## **Executive Summary**

This is Shetland Islands Council's first formal Carbon Management Plan (CMP). The plan aims to reduce emissions from our fleet, buildings, street lighting and other facilities. It prioritises actions that reduce our carbon footprint with the added benefit of cutting costs in most cases.

The actions that form the backbone of the plan seek to deliver carbon and financial efficiencies without reducing the quality of service delivery. The main purpose of the CMP is to:

- Define our carbon emissions baseline and provide detailed projections for future emissions
- Provide a 5 year implementation plan for achieving the desired reduction target
- Confirm funding, ownership and responsibility for delivery
- Outline project governance requirements
- Plan stakeholder management and communications to continue to secure support and encourage culture change.

The main project themes (which are subject to mandatory reporting) that will deliver the greatest carbon savings are:

- Transport and fleet operations in all services
- Energy and water use in all Council buildings
- Business/staff travel within and outwith Shetland
- Waste disposal and minimisation
- Energy efficient housing
- Sustainable procurement and resource use
- Staff and community awareness raising
- Street lighting
- ICT Services

In this time of limited resources, both financial and human, we will target our efforts to where we can have the greatest impact and will maximise the leverage of additional external funding into Shetland, from a variety of sources, to assist us on our journey to a low carbon economy.

## 1. Introduction

- 1.1. Carbon Management Plans are required under the Climate Change (Scotland) Act 2009 as a key tool in tackling climate change by reducing carbon emissions from our operations and estate.
- 1.2. Within Shetland it is becoming clear that the potential impact of climate change on our islands will be considerable. Increased sea levels and storm intensity resulting from a changing climate will have a considerable effect on how we live and work. Already harbours have been damaged and shipping and transport has been disrupted by the increased frequency and severity of storms. This pattern is set to escalate. The current costs of energy and materials, combined with the certainty of future increased costs in these areas, means that all services and organisations have much to gain in seeking to reduce their energy and procurement costs and in working in a more resource efficient way in everything they do.
- 1.3. Shetland Islands Council aims to reduce carbon emissions by 42% by 2020 (the national target) over the baseline of 2007/8. This would have equated to an annual reduction of 3.23% from 2007/8.
- 1.4. Our current position relative to the 2007/8 baseline shows an actual carbon reduction of approximately 2.68% per year from 2007/8 to date. We are therefore left with a 31.73% savings target to achieve over the next 6 years. This now equates to an annual reduction of 4.53% over the next 6 years. This will be challenging in the current financial climate. This is summarised below in Figure 1.

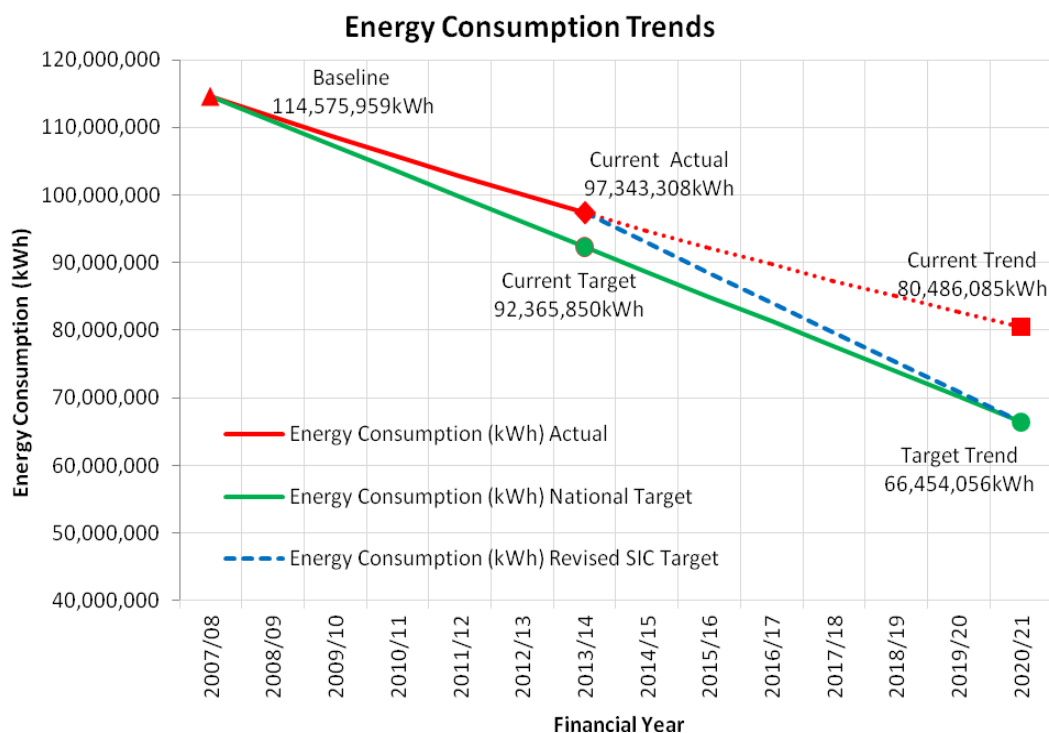
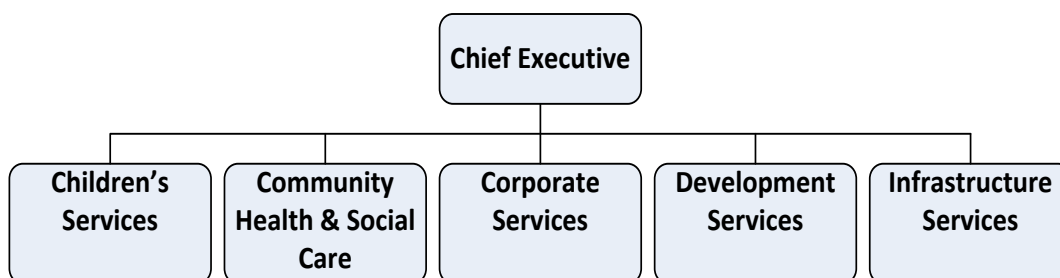


Figure 1: Energy Consumption Trends

- 1.5. Shetland Islands Council is an all purpose island authority consisting of an Executive Service supplying Member support and five Directorates as shown below:



*Figure 2: Shetland Islands Council – Overview Structure*

- 1.6. The overall Council structure is given in Appendix 4.
- 1.7. Each of the areas highlighted impacts on carbon emissions through its operations and can make a positive contribution to Council costs savings and emission reduction by delivering the projects proposed in our Carbon Project Register. Each Directorate will have an implementation portfolio to deliver in order to reduce the Council and community's overall spend and carbon emissions. This will move us to a position of sustainable and efficient resource use.

## **2. Carbon Management Strategy**

- 2.1. By delivering our Carbon Management Plan we will seek to reduce emissions from our estate and its operations. This can only be achieved with the full support of other services and by the leveraging in of external finance. How and why this must be achieved is detailed in the following Sections.

### **Context and Drivers**

- 2.2. The climate change and energy landscape in Scotland pulls together a range of actions, regulation, targets and drivers. As well as an ambitious emissions reduction targets, we also have a range of renewable energy targets that seek to deliver at least 50% renewable electricity, 11% renewable heat, and 10% renewable transport fuels by 2020.
- 2.3. The UK and Scottish Governments have placed an emphasis on local authorities setting a leading example on Climate Change. Action by local authorities will be critical to achieving the Government's climate change objectives, such as the long term goal to reduce CO<sub>2</sub> emissions by 80% by 2050 as set out in the Climate Change (Scotland) Act 2009 and the UK Climate Change Act 2008.
- 2.4. Scottish Government's target for carbon is a reduction of 80% on our 2008 baseline by 2050 with a midpoint of a 42% reduction on the same baseline by 2020.

- 2.5. Shetland Islands Council (along with all other Scottish local authorities) was a signatory to the Scottish Climate Change Declaration in 2008 accepting this duty and agreeing to respond.
- 2.6. These have created a number of external drivers for local authorities such as:
- .1 **Energy Performance Certificates:** Since 4 January 2009 there is a legal requirement for all public sector buildings where the public has access, with a total useful floor area of over 1,000m<sup>2</sup>, to display an Energy Performance Certificate (EPC) in a prominent place, clearly visible to the public. This shows the building's energy efficiency rating on a scale from A – G, much like the rating system of electrical appliances. This requirement now covers all buildings of 500m<sup>2</sup> and is about to encompass all buildings of 250 m<sup>2</sup>. This brings in almost all of the Council Estate.
  - .2 **Carbon Reduction Commitment:** Is a mandatory “cap & trade” emissions trading scheme for organisations whose total electricity consumption is greater than 6,000MWh or approximately £500k. If an organisation falls within the CRC scheme all electricity and fuel emissions are covered except emissions from domestic buildings and street lighting.
  - .3 **Rising Energy Prices:** The Council has experienced continued fuel and energy increases of around 107% since 2004/5. In 2008/09 Shetland Islands Council spent around £2.75 million on energy (electricity, gas and heating oil) in non-domestic properties and over £3.25 million on fuel oil. This is only set to rise in future as demand for fossil fuel surpasses supply.
- 2.7. Further drivers for change arise from the UK Climate Change Act 2008 and the Climate Change Public Bodies Duties Guidance issued in 2011; The Low Carbon Scotland: Meeting the Emissions Reductions Targets 2010-2022 Report on Proposals and Policies (RPP2); the Low Carbon Scotland Public Engagement Strategy; the Scottish Climate Change Adaptation Framework and the Adaptation Scotland Climate Change Adaptation Workbook. All of the above – especially RPP2 – have produced various topic specific Plans for action.
- 2.8. The Council is a large employer with approximately 2,277 FTE employees. As a community leader the Council should lead by example, setting the standard for other local organisations to follow.
- 2.9. More emphasis is also nationally being placed on delivering accurate and consistent measurement of greenhouse gas emissions by the use of the internationally recognised Greenhouse Gas Protocol and by an evolving suite of local authority climate change datasets and indicators published by the Department of Energy and Climate Change (DECC) and others.

### **Low Carbon Vision**

- 2.10. Shetland Islands Council, along with its Community Planning partners, is committed to achieve sustainable development for our islands and their

communities based on recognition of the need to protect and enhance our unique environment whilst making the most effective use of our resources.

- 2.11. Working in partnership we will strive to reduce our carbon emissions and deliver a low carbon future by embedding carbon reduction and sustainable resource use into all our processes and into how we manage our day to day operations.

### **Strategic Themes Supported**

- 2.12. The CMP sets out Shetland Islands Council's intention to reduce carbon emissions. Many of the actions to be implemented will potentially produce financial savings as well as carbon savings.
- 2.13. These savings will support our goal of being "a well managed Council, dealing with the challenges of the present and of the future, and doing that within our means" (Corporate Plan 2013 -17). Indeed, the CMP supports many of the strategic priorities identified in the Corporate Plan.
- 2.14. In delivering carbon savings we are conscious of the need to provide vital services cost effectively. This may mean we may have to change the way we do things to make the delivery more efficient.
- 2.15. We are also mindful of how change could affect vulnerable and disadvantaged people. By making best use of renewable technologies to lever in external funding we hope to support our local communities to achieve a sustainable future in a low carbon economy.

### **Targets and Objectives**

- 2.16. One of the main aims of undertaking this project is to identify an accurate, up to date picture of the Council's carbon emissions and from that develop a detailed **Action Plan** which builds upon what we've already done and which allows the Council to continually reduce its CO<sub>2</sub> emissions in forthcoming years.
- 2.17. A "Top Down" management approach is required to drive forward the CMP to give the operations the best possible chance of being implemented successfully. **Without a firm commitment from Members and key decision makers within Directorates, the CMP will lack focus and credibility.** The reporting structure set out in this Plan seeks to engage the existing management structure in supporting, funding, delivering and reviewing the effectiveness of the CMP.
- 2.18. In establishing a Carbon Management programme the Council has set the following targets and objectives:
- .1 To reduce Shetland Island Council's CO<sub>2</sub> emissions by 42% by 2020, using the average for financial years 2005/06, 2006/07 and 2007/2008 as a baseline. Thereafter, reduce the Council's CO<sub>2</sub> emissions year on year in line with national legislation. See Figure 9: Business as Usual – Carbon Emissions.

- .2 Particularly to continue to reduce energy consumption in Council owned public buildings year on year;
  - .3 To encourage workforce involvement in the identification of opportunities and the implementation of actions;
  - .4 To continue to lead by example and encourage our partners and the community to make changes to reduce carbon emissions;
  - .5
- 2.19. The Plan requires the support and commitment from elected Members, Managers and staff across the Council. It is designed to deliver these aims and targets through:
- .1 A revision of **policies and processes** to embed carbon reduction in Shetland Islands Council.
  - .2 A programme of **projects** that help us to deliver carbon reductions.
  - .3 The identification of **resources** to implement these changes.
  - .4 Systems of performance monitoring.

### 3. Emissions Baseline and Projections

#### Scope

- 3.1. We have measured the emissions from our operations for the years 2007/08 to 2013/14. Figures for 2014/15 won't be available until 30 Apr 2015. This information – our baseline - can then be used as a basis to compare our progress year on year.
- 3.2. Activities creating emissions are diverse and cross cutting. These include all heating, lighting, water supply and all energy use in and in relation to all Council buildings. It also includes all movement of goods and people from, to and within all Council buildings and assets. In a Shetland context this includes movement by car, ferry, airline or by public transport including all fleet operations and staff travel within and out with Shetland.

#### What Is Included?

- 3.3. Due to the wide scope of carbon generation there are many possible data sources to be considered and included. However, following recent investigation, it has been shown that current methods of data collection are very varied in both quantity and quality.
- 3.4. Council assets (buildings, properties and vehicles) are recorded but not in a manner which entirely supports the analysis and monitoring of their role in creating carbon emissions. This needs to be achieved.
- 3.5. We have incorporated data from the Council's "Energy Manager" software and "Triscan" fuel management software systems.



- 3.6. Details of member/officer mileage is retained (both essential and casual) and is included.
- 3.7. Street lighting data is currently being revised and improved.
- 3.8. Procurement information will also need development so that it can demonstrate carbon considerations. All materials purchased should be able to demonstrate that they have been bought under policy guidelines that meet our low carbon agenda over their service life.

#### **What Is Not Included?**

- 3.9. We have not included any data on landfill/recycling within this CMP. This data is widely reported by Scottish Local Authorities and is available at: [http://www.sepa.org.uk/waste/waste\\_data/lacw.aspx](http://www.sepa.org.uk/waste/waste_data/lacw.aspx)
- 3.10. Employee commuting or business travel off island is not included in the baseline at present.
- 3.11. While the Council cannot control how people travel to and from work, and commuting is also difficult to measure on a consistent basis, we will support and suggest a car share scheme and hope to include this and business travel in future revisions of this plan.
- 3.12. The baseline also excludes Council housing energy use as it was felt that whilst we can try to influence tenants, we cannot directly control their energy use. It is hoped that issues such as emissions from Council owned housing may be included in future versions of this document.

#### **Fuel Poverty**

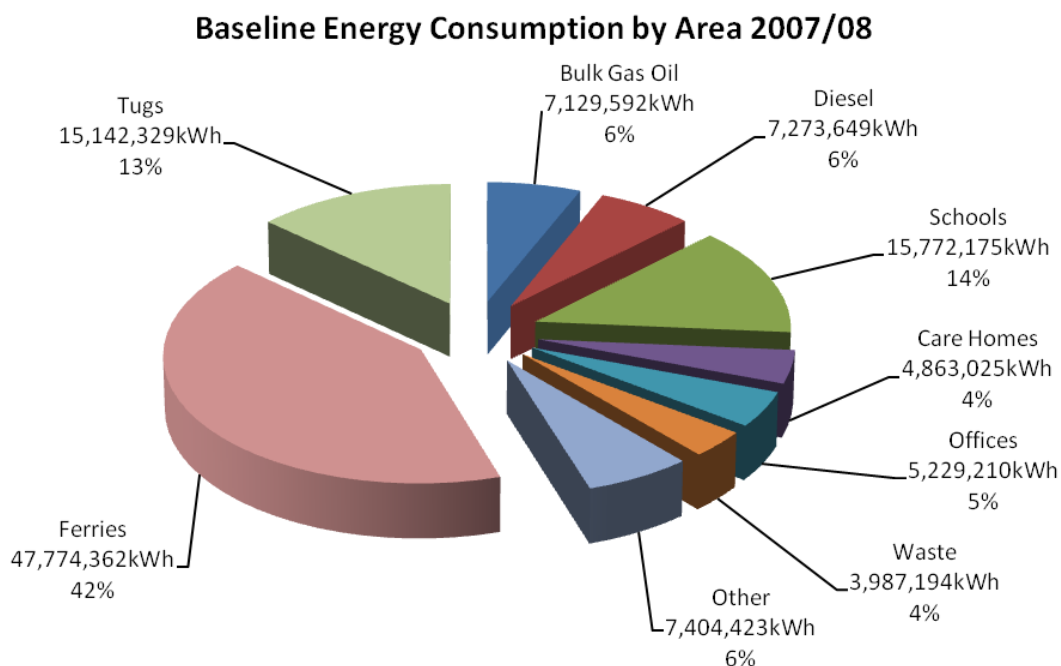
- 3.13. The links between carbon management and energy efficiency are clear, as are the links between energy efficiency and fuel poverty.
- 3.14. Fuel poverty is not specifically covered within this plan but is designated as a high priority issue with Shetland Islands Council. The Council's statement on Fuel Poverty is contained in the [Local Housing Strategy](#).
- 3.15. Across Shetland fuel poverty is an all tenure issue that is not restricted to social housing. Social housing has very clear energy efficiency targets to achieve in terms of the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard in Social Housing (EESH).
- 3.16. The Council's Housing Service has rolled out programmes that have improved the building fabric, insulation and heating systems of Council housing stock across Shetland.
- 3.17. For private sector housing, the Council administers the Scottish Government's "Home Energy Efficiency Programme for Scotland: Area Based Scheme", which is

commonly known as “HEEPS:ABS”. This initiative is designed to tackle fuel poverty and increase energy efficiency in homes.

- 3.18. Formerly known as the National Retrofit Programme, ABS follows an area-based approach with initial focus on the most deprived areas. Schemes draw on a range of data including indices of multiple deprivation, child poverty, the Scottish House Condition Survey and heat mapping.
- 3.19. ABS is intended to cover all homes in Scotland in 10 years from 2013. These measures seek to improve energy efficiency, help alleviate fuel poverty and contribute to Shetland’s Carbon Management.

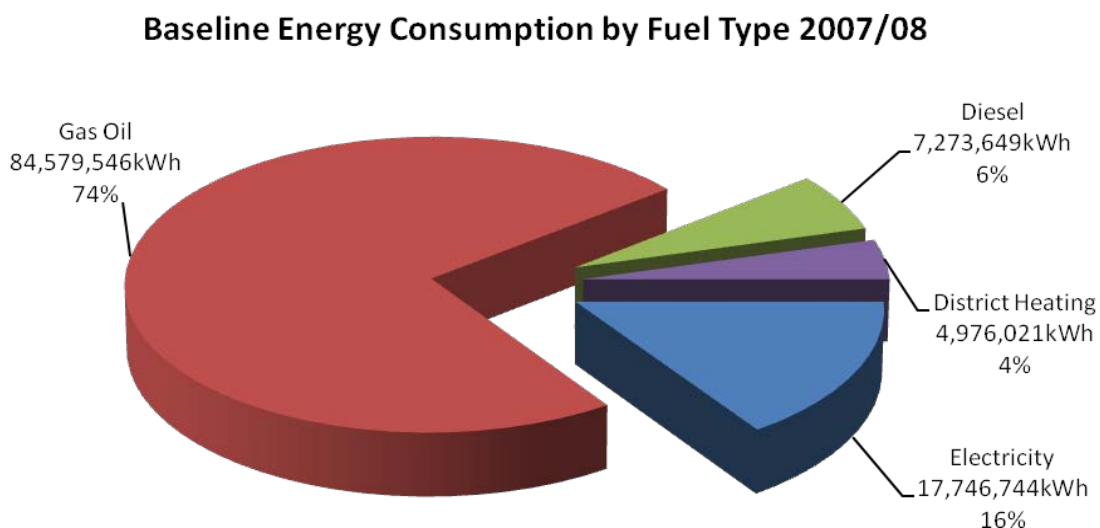
## Baseline

3.20. The Carbon emissions baseline has been calculated using a variety of data sources from within Shetland Island City Council. The baseline is the average of the 3 financial years 2005/06, 2006/07 and 2007/08. The total baseline energy consumption is 114,575,959kWh with the area breakdown shown in Figure 3.



*Figure 3: Baseline Energy Consumption by Area 2007/2008*

3.21. What is clearly evident is that fuel for ferries, tugs and vehicles constitutes well over half of our total energy consumption. These figures are even more compelling when we examine the split by fuel type as shown in Figure 4.



*Figure 4: Baseline Consumption - Split by Fuel Type 2007/2008*

## Current Consumption

3.22. The total energy consumption for 2013/14 is 97,366,754kWh with the area breakdown shown in Figure 5. This is an improvement in most areas, particularly given that the Council's built estate has grown since 2007/08.

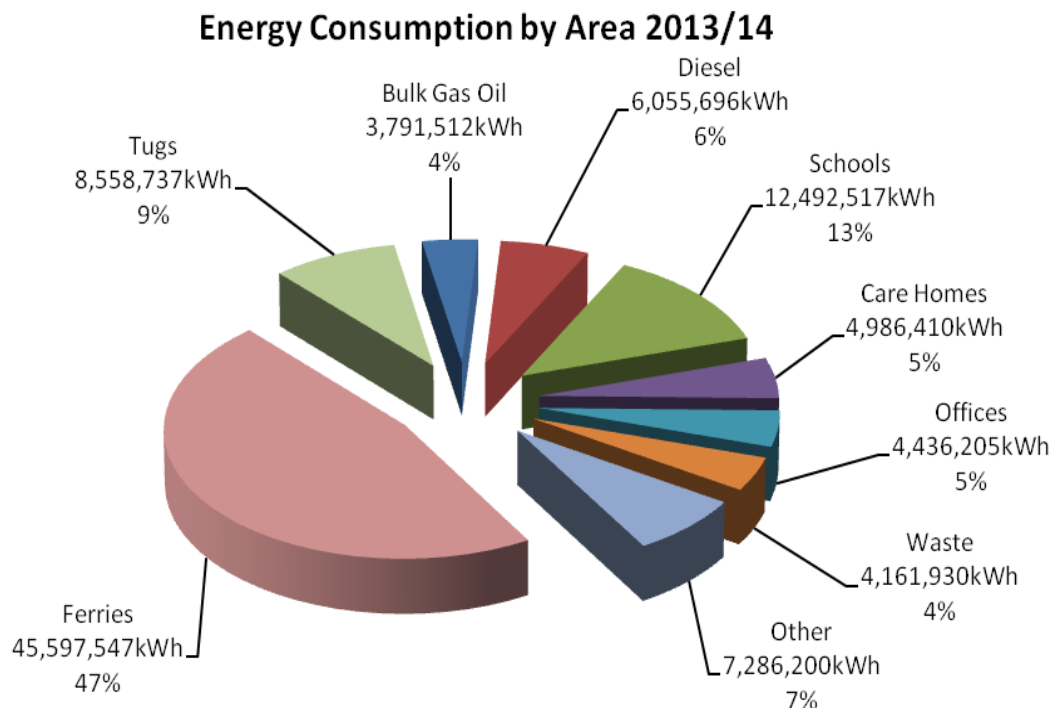


Figure 5: Energy Consumption by Area 2013/2014

## Energy Consumption by Fuel Type 2013/14

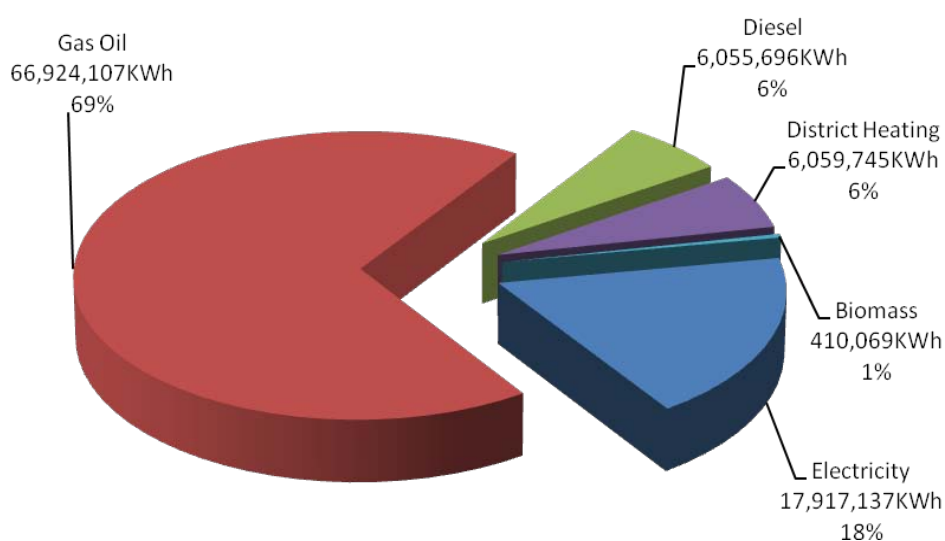


Figure 6: Baseline Consumption - Split by Fuel Type 2013/2014

### Carbon Management Performance to Date

- 3.23. Since the Climate Change Act came in to effect in 2009 various disparate energy savings projects have taken place within the Council. There have also been some Council downsizing of both staffing levels and accommodation requirements and various resource efficiency projects have been undertaken as part of the recent Council refocusing. These include the delivery of service reviews and cost saving programmes. In most cases these activities will have reduced our carbon emissions.
- 3.24. One of the first actions required in implementing this Plan will be to create and monitor clear, accurate and diverse data flows.
- 3.25. The following graph shows that the Council has reduced its carbon emissions by approximately 15% since 2007/8 with an average annual reduction of 2.68%. To reach the national target saving of 42% by 2020 we would have had to save around 3.23% year on year.

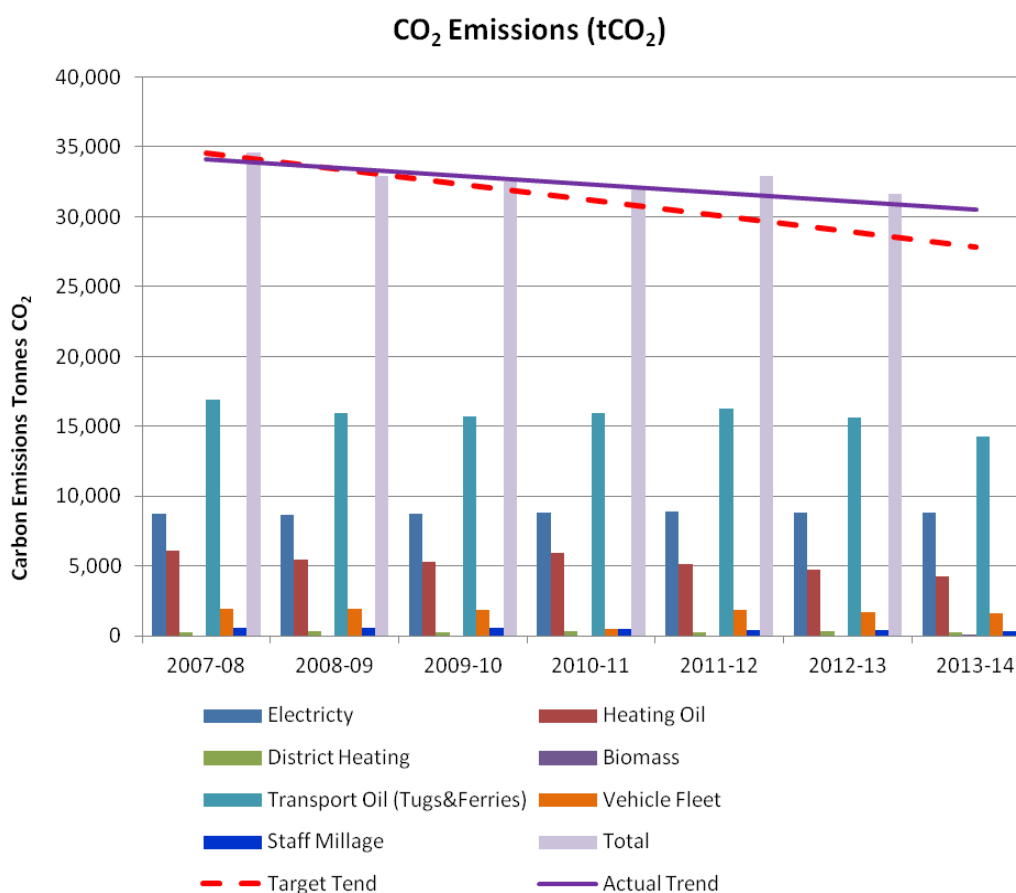


Figure 7: Tracked CO<sub>2</sub> Emissions 2007/08 to 2013/14

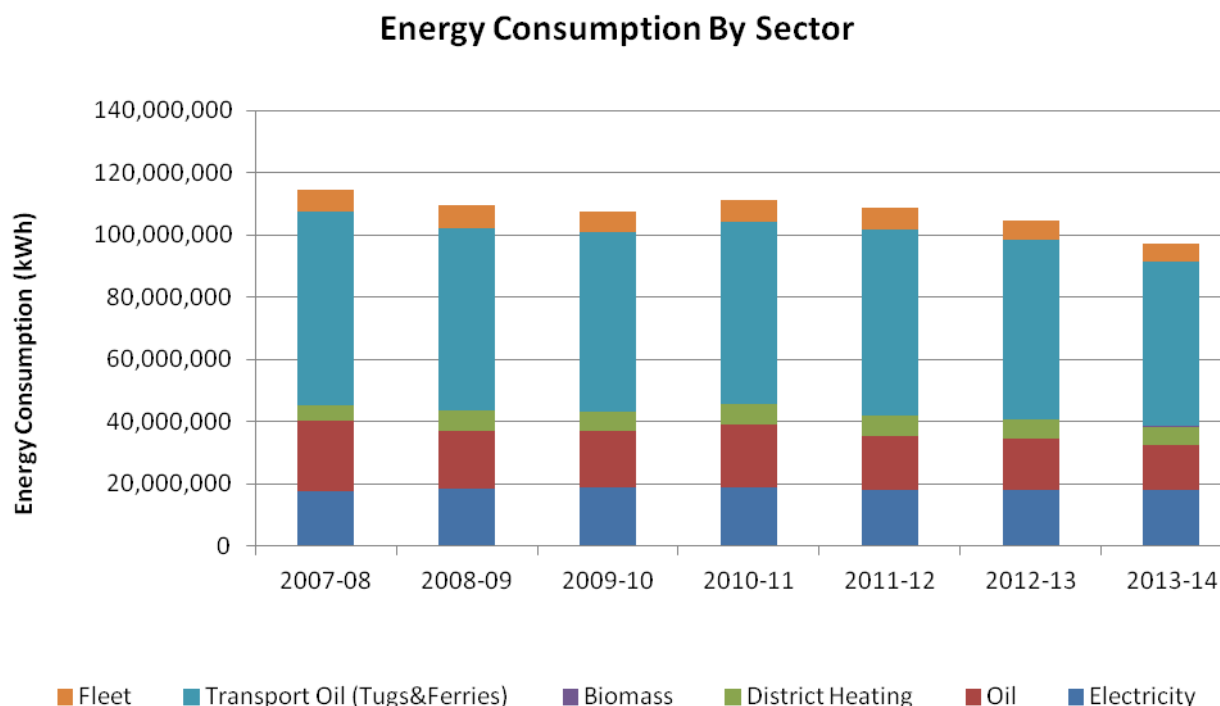


Figure 8: Energy Consumption by Sector 2007/08 to 2013/14

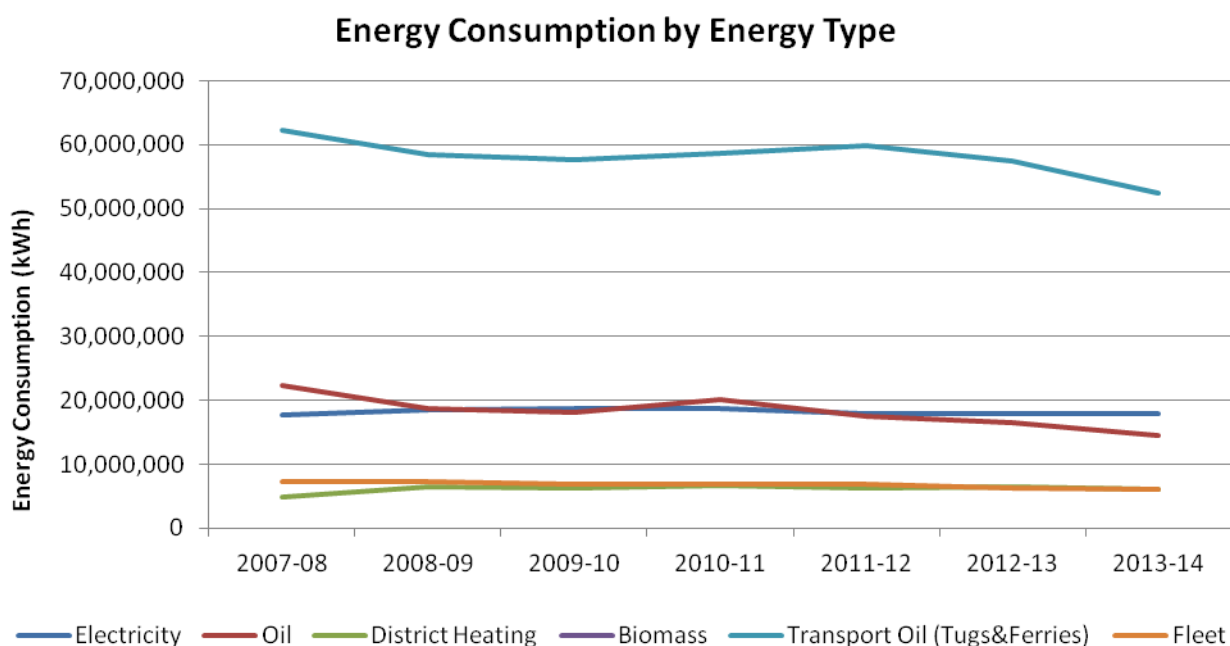


Figure 9: Energy Consumption by Energy Type 2007/08 to 2013/14

3.26. Figure 8 sets out energy consumption by sector while Figure 9 shows the energy consumption tracked by type over the same period. Common to our carbon emissions it can be seen that Transport Oil is by far the greatest single consumption across the Council.

- 3.27. The aspirational programme of works proposed at “Appendix 2 – Example Project Framework” should build on this annual saving and increase our output to deliver further sustainable reductions towards our 2020 target of 42%.
- 3.28. However, to fully meet the target an annual reduction of 4.53% would be needed from 2014 – 2020, and to do so will require some **radical thinking**.

### Projections and Value at Stake

3.29. We have projected our carbon emissions forward to see how we will perform in the period 2015/16 to 2020/15. This is so that we can calculate our 'Value at Stake' – the difference between putting carbon reduction measures in place and carrying on with our 'business as usual'. These results are shown in Figure 10.

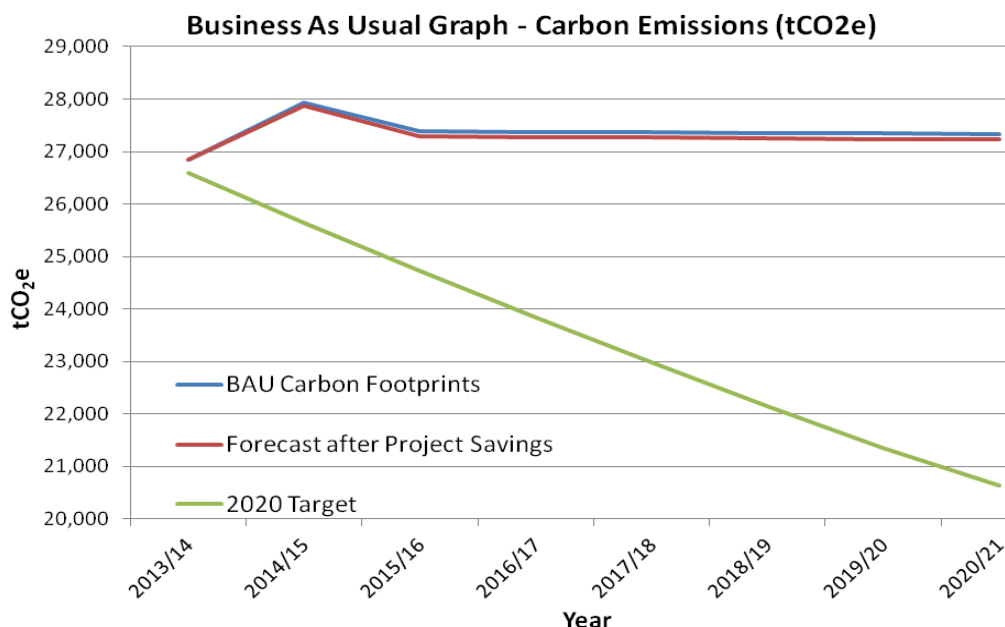


Figure 10: Business as Usual – Carbon Emissions (tCO<sub>2</sub>e)

3.30. Using this data it is also possible to calculate the rising energy and fuel costs over the next 5 years if the Council continues to operate as it currently does as shown in Figure 11 below. Despite any potential CO<sub>2</sub> savings arising from Council efficiency initiatives, the expected energy cost increase will negate any savings and will actually lead to overall cost increases.

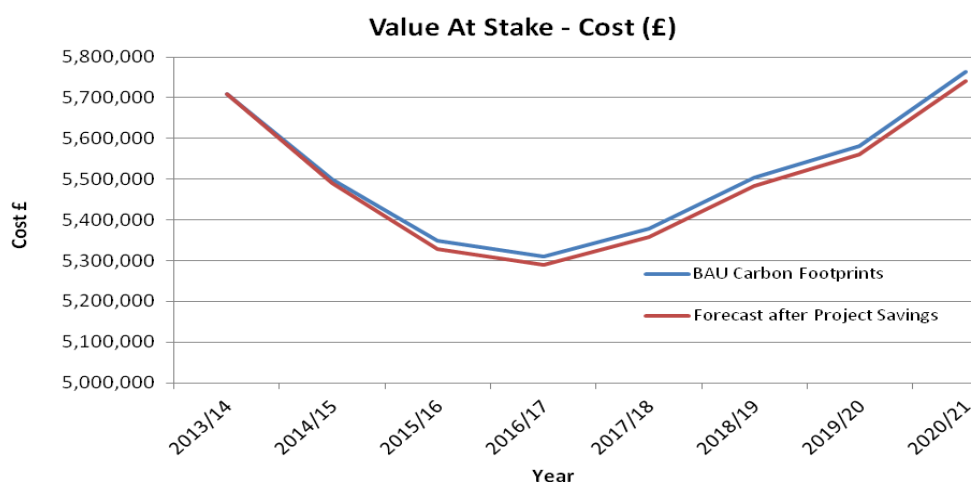


Figure 11: Financial Projections



## Robust Data and Comparisons

- 3.31. Robust accountability and monitoring mechanisms are essential aspects of any low carbon management system. Scotland's annual climate change targets are explicit in the rate of greenhouse gas emissions (GHG) reduction required each year and the target level of annual emissions that is permitted under the Climate Change (Scotland) Act 2009 over the period 2010 to 2027.
- 3.32. A robust evidence base is vital in ensuring that appropriate decisions can be made on the most effective means of meeting carbon reduction targets. These figures will also provide the basis on which the estimates of the required financial investments to deliver the policies and proposals have been derived.
- 3.33. In order to assist local authorities in demonstrating their accountability Government is developing a standard tool to be rolled out to all local authorities in 2015. This tool will assist in consolidating data and will ensure that the annual mandatory reporting mechanism is operated on a common baseline across all Authorities. Shetland Islands Council will adopt and adapt this tool to suit local conditions when we receive it.
- 3.34. The Carbon footprint tool will allow for the forecasting of project performance. Demonstrated below is a typical BAU graph for the hypothetical savings available on the proposed "Hydrogen Ferries" project.
- 3.35. This method will allow us to evaluate the potential savings of each proposed project and demonstrate whether it would deliver the required savings. These figures can then be used in spend-to-save bids and/or for external funding bids.
- 3.36. It will also provide a template data standard which would need to be implemented across all Council services.

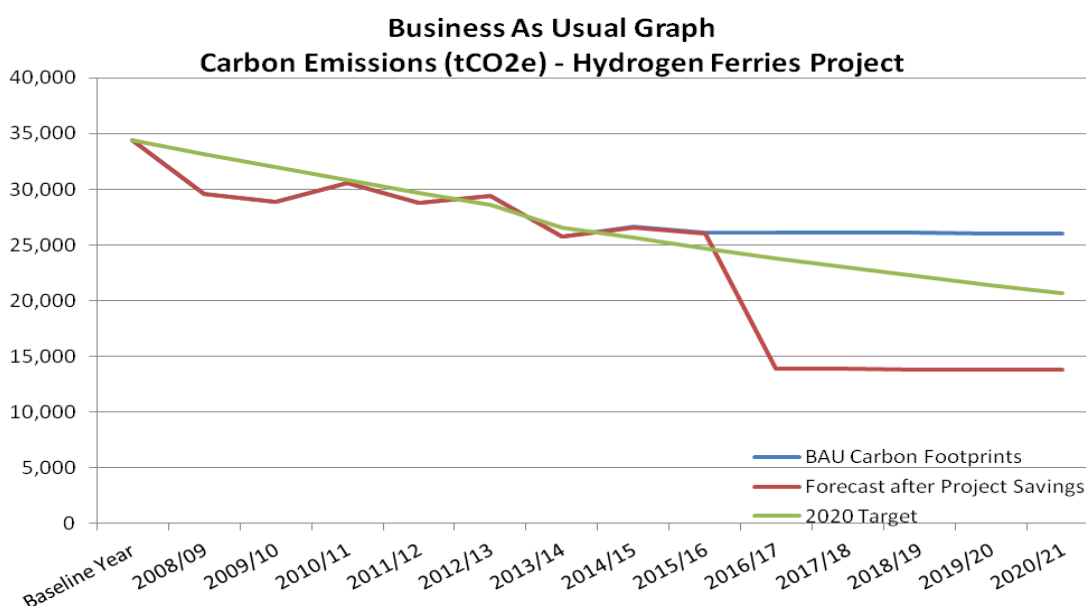


Figure 12: Business As Usual – Hypothetical Hydrogen Ferries Project

#### **4. Carbon Management Projects**

- 4.1. Shetland Islands Council has been working for a number of years on identifying, funding and implementing projects that have increased energy efficiency and reduced carbon emissions. Thus far our primary focus has been revenue cost savings in line with the targets contained within medium term financial plan. A selection of these is given in the **CMP Project Register**.
- 4.2. It's anticipated that the CMP Project Register will be the primary means of capturing this Council's carbon savings regardless of how or why the project is initiated. Many projects won't fall under the direct umbrella of carbon reduction but will, nonetheless, realise carbon savings. For example, the replacement of ageing built assets, plant or vehicles will undoubtedly include energy efficiency as a basic design and procurement standard.
- 4.3. From a Council perspective, it therefore makes sense for us to capture and report all savings under the carbon reduction agenda. So, as projects are developed they should be added to the CMP Project Register.
- 4.4. To facilitate changes and upgrades to the register without affecting the entire plan we have included it as a separate document. It will be centrally held on the Council network as a share point document. This simplifies version control and means that services can easily update their own project information.
- 4.5. The CMP Project Register will include timelines for implementation and also projected savings figures both for carbon and for costs (where known). This will ensure an ongoing tally can be made of achievement towards our 2020 targets, and will be reported quarterly to the CMP Project Board and annually to the Council.
- 4.6. At present the proposed projects do not meet our targets but this plan is a working document and will be reviewed and updated on an annual basis. It is expected that further projects will be included over the lifetime of the Plan.

#### **Reduction Themes and Objectives**

- 4.7. Projects that will deliver ongoing reductions are detailed in Appendix 3 - Carbon Project Register.
- 4.8. Appendix 2 – Example Project Framework sets out a variety of carbon reduction projects that can be delivered Council wide by all services. These examples are common to all local authorities and are based on the national policy and project requirements outlined in RPP2.
- 4.9. The Scottish Government published “Low Carbon Scotland: Meeting our Emissions Reduction Targets 2013-2027: The Draft Second Report on Proposals and Policies” on 29 January 2013. The document is often referred to as RPP2.

- 4.10. It sets out areas of work which we should be addressing in order to reduce our carbon emissions and meet national targets by 2020. How these will be achieved, and the extent of any long term savings will depend upon levels of upfront funding to develop and deliver each project.
- 4.11. The aim of this list is to demonstrate the breadth of work being carried out nationally by local authorities and to act as an aide memoire for Council services in identifying potential works. However, the list is neither exhaustive nor exclusive and it will change and develop during the life of the Carbon Reduction Programme.

## 5. Carbon Management Plan Finance

### Background

- 5.1. The potential financial benefits to be gained by the Council from undertaking the Carbon Management Programme are significant.
- 5.2. We can safely assume that all types of energy and fuel costs will rise significantly above inflation over the lifetime of this Plan. It is also likely that procurement and maintenance costs will similarly rise above the rate of inflation. The projected rate of real time operational costs should we carry on Business as Usual is therefore considerably higher than current operational costs.
- 5.3. Financial constraints placed upon the Council are significant and are likely to continue. Investing in resource efficiency and energy saving measures can result in some “quick wins” and other more gradual savings. By acting now and using the maximum amount of Government and other funding available we will be:-
  - .1 Saving ourselves capital outlay by using grants and 0 % loans available now and probably not later.
  - .2 Avoiding long term cost rises in having to do the work eventually when these funds are closed.
  - .3 Placing ourselves in a position to make ongoing savings at a time of financial restraint.
  - .4 Potentially avoiding any legal penalties which will flow from failure to meet targets.
- 5.4. There is also the possibility of income generation through developing renewable installations and the conversion of excess wind generation to chemical storage. However, if we are to make meaningful and sustainable savings we need to look at **radical** and **innovative** approaches to our local problems.
- 5.5. Examples of this are the conversion of life expired and inefficient heating systems (predominantly oil fired) to renewables such as biomass, thermal storage or

hydrogen fired combined heat and power plants or the decarbonisation of the Council's Transport Fleet.

### **Funding Sources**

- 5.6. The increasing significance of carbon reduction both nationally and internationally means there are an increasing number of funding schemes on offer for specific works e.g. electric vehicle charge point installations, electric vehicle grant schemes and European development funds.
- 5.7. Reduced energy and fuel costs resulting from this Plan will contribute in the medium and long term to our financial planning and will help protect front line service delivery across the Council against cutbacks arising from increased budgetary pressures.
- 5.8. **Existing Budgets** - some projects are being driven by other Council priorities but also have carbon savings associated with them e.g. the replacement of old boiler systems with biomass or the refurbishment of schools which includes insulation upgrades. As a result, they are already funded by other non carbon budgets.
- 5.9. **Central Energy Efficiency Fund (CEEF)** - we have secured external funding from the Scottish Government's CEEF fund. This Council successfully created a ring-fenced CEEF Fund, to increase capital investment in energy efficient and low carbon technologies. This fund is used to finance energy efficiency and renewable energy projects within the Council. Projects must demonstrate a payback period of 7 years or less and funds have been used on a rotating basis.
- 5.10. **Grant Funding** - we may be able to support this programme through various tranches of external grant funding and bid for specific funding for individual projects. We need to take advantage of external funding available from central government and other sources, to enable us to take forward the carbon reduction agenda. These funding sources are likely to require match funding from the Council.
- 5.11. **Low Cost Loans** - A number of external funders are in the market e.g. Salix Funding and the Green Investment Bank. These offer low cost loans payable over 5 to 8 years – generally paid for by the savings generated after installation. Using these funders would give Council a stand still position at worst for 5 to 8 years during which time the savings generated will have paid back the loan. There after there would ongoing revenue savings.
- 5.12. **Spend to Save Budget** – where projects have a payback period of 3 years or less (this period is currently under review) it may be possible to make a “spend to save” funding bid. The rationalisation of building use, fleet driver training and awareness raising projects are prime examples of projects that may fit the criteria and may have clear CO<sub>2</sub> benefits.
- 5.13. **Income from Renewables** – this will become an increasingly attractive and important option in the short term as the UK Government attempts to encourage

greater uptake of renewable energy through financial incentives. Excess wind capacity could be converted to chemical storage and used as a viable alternative to fuel oil or diesel. Other options under consideration include biomass heating systems, solar water heating and photo voltaic arrays.

- 5.14. It should also be noted that a number of the carbon reduction technologies coming onto the market could create employment and economic opportunities for our islands – e.g. in the renewable field or alternative fuel production. Developing these now will be advantageous to both Shetland and its communities.

### **Resource Implications**

- 5.15. The downside to any initiatives we undertake are that staff will be required to develop and implement funding bids and project plans to a tight and often short deadline. The Carbon Management Team will actively support funding bids with all services to ensure that external funding is maximised and the Councils budgets receive the benefits of any external money which may be available.

## **6. Actions to Embed Carbon Management**

- 6.1. Shetland Islands Council is committed to reducing its carbon emissions. The Carbon Management Programme Board, with the support of the Environment & Transport Committee, will take responsibility for ensuring that the Carbon Management Plan is delivered.
- 6.2. Carbon emissions and energy efficiency are currently one of the Corporate Plan's Critical Success Factors and are reported as a key performance indicator under the Infrastructure Directorate's performance review monitoring.
- 6.3. In order to strengthen our corporate aims and encourage commitment to the Carbon Management Programme it is planned to incorporate the Councils CO<sub>2</sub> reduction targets into the Corporate Business Plan.
- 6.4. The Carbon Management Plan should also support the Council's Environmental strategies which aim to promote efficient use of resources.
- 6.5. The Council's should be developing sustainable Building Standards for Council Buildings to ensure that all Council projects meet sustainable development principles early in the development and design process.
- 6.6. These organisational targets should also align with the Community Plan and the carbon reducing targets within the Single Outcome Agreement (SOA).

### **Policy Alignment – Saving CO<sub>2</sub> across Council Operations**

- 6.7. Shetland Islands Council should develop a Responsible and Sustainable Procurement Strategy in line with work carried out by other local authorities. This work would be undertaken by the Procurement Section.

- 6.8. To ensure accurate reporting of carbon, and in tandem with this programme we should plan to account for carbon impacts within all Capital Bids and Service Need Case reports. This will also be used as one of the measures to gauge the merit of Business Cases.
- 6.9. In addition it is recommended that all works carried out under Planned Maintenance budgets are evaluated for carbon and/or energy savings at the planning and evaluation stage. This will ensure the optimum solution is agreed rather than continuing to replace like for like.

#### **Data Management – Measuring the Difference, Measuring the Benefit**

- 6.10. Energy consumption data is input into the “Energy Manager” data monitoring system and extracted by the Carbon Management Team on a monthly basis. The Energy Management Team uses this information to measure performance and consider how energy may be reduced through technical or technology improvements. This will also assist with items 6.8 and 6.9 noted above.
- 6.11. In order to actively manage the Council’s carbon footprint, emissions will be recorded and updated annually. This data will be used to track progress and inform future project initiation.

#### **Responsibility – Saving CO2 is Everyone’s Job**

- 6.12. The Carbon Management Plan will be most successful if everyone is involved with the process. In order to ensure that all staff can fully participate, an Awareness Programme is being designed to directly engage with staff. Carbon Management will be a core value that is established as part of all staff induction and reinforced through corporate and service specific training and programmes. We aim to ensure that staff will bring their home energy efficiency good habits to work.
- 6.13. As part of this programme, Energy Champions as a senior level will be established across services to ensure that local services meet corporate targets. This is a way to measure the effectiveness of corporate campaigns.
- 6.14. In terms of carbon management planning and our actions to embed this within the Council, the following matrix sets out our current position (red line) against our aspirational mid-term target for 2017 (blue line) and our goal for 2020 (green line).

Carbon Management Matrix - Embedding							
	CORPORATE STRATEGY	PROGRAMME MANAGEMENT	RESPONSIBILITY	DATA MANAGEMENT	COMMUNICATION & TRAINING	FINANCE & INVESTMENT	POLICY ALIGNMENT
	<b>BEST</b>						
5	<ul style="list-style-type: none"> <li>Top level target allocated across the Council</li> <li>CO<sub>2</sub> reduction targets in Directorate Plans</li> </ul>	<ul style="list-style-type: none"> <li>Council/Committee/CMT review progress against targets on quarterly basis</li> <li>Quarterly diagnostic reports provided to Directorates</li> <li>Progress against target published externally</li> </ul>	<ul style="list-style-type: none"> <li>CM integrated in responsibilities of Senior Managers</li> <li>CM part of all job descriptions</li> <li>Central CO<sub>2</sub> reduction advice available</li> <li>Green Champions leading local action groups</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly collation of CO<sub>2</sub> emissions for all sources</li> <li>Data externally verified</li> <li>Monitoring in place for:               <ul style="list-style-type: none"> <li>buildings</li> <li>street lighting</li> <li>waste</li> <li>transport</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>All staff given formalised CO<sub>2</sub> reduction:               <ul style="list-style-type: none"> <li>induction and training</li> <li>communications</li> </ul> </li> <li>Joint CM communications with key partners</li> <li>Staff awareness tested through surveys</li> </ul>	<ul style="list-style-type: none"> <li>Finance committed for 2+ yrs of Programme</li> <li>External funding being routinely obtained</li> <li>Ring-fenced fund for carbon reduction initiatives</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> friendly operating procedure in place</li> <li>Central team provide advice and review, when requested</li> <li>Barriers to CO<sub>2</sub> reduction routinely considered and removed</li> </ul>
4	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction commitment in Corporate Strategy</li> <li>Top level targets set for CO<sub>2</sub> reduction</li> <li>Climate Change Strategy reviewed annually</li> </ul>	<ul style="list-style-type: none"> <li>Sponsor reviews progress and removes blockages through regular Programme Boards</li> <li>Progress against targets routinely reported to Corporate/Directorate Management Teams</li> </ul>	<ul style="list-style-type: none"> <li>CM integrated into responsibilities of Directors</li> <li>Council/Committee/CMT regularly updated</li> <li>Staff engaged through Green Champion network</li> </ul>	<ul style="list-style-type: none"> <li>Annual collation of CO<sub>2</sub> emissions for:               <ul style="list-style-type: none"> <li>buildings</li> <li>street lighting</li> <li>transport</li> <li>waste</li> </ul> </li> <li>Data internally reviewed</li> </ul>	<ul style="list-style-type: none"> <li>All staff given CO<sub>2</sub> reduction:               <ul style="list-style-type: none"> <li>induction</li> <li>communications</li> </ul> </li> <li>CM matters communicated to external community</li> </ul>	<ul style="list-style-type: none"> <li>Coordinated financing for CO<sub>2</sub> reduction projects via Programme Board</li> <li>Finances committed 1yr ahead</li> <li>Some external financing</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive review of policies complete</li> <li>Lower level policies reviewed locally</li> <li>Unpopular changes being considered</li> </ul>
3	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction vision clearly stated and published</li> <li>Climate Change Strategy endorsed by Members and publicised with staff</li> </ul>	<ul style="list-style-type: none"> <li>Core team regularly review CM progress:               <ul style="list-style-type: none"> <li>actions</li> <li>profile &amp; targets</li> <li>new opportunities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>An individual provides full time focus for CO<sub>2</sub> reduction and coordination across the organisation</li> <li>Senior Sponsor actively engaged</li> </ul>	<ul style="list-style-type: none"> <li>Collation of CO<sub>2</sub> emissions for limited scope i.e. buildings only</li> </ul>	<ul style="list-style-type: none"> <li>Environmental / energy group(s) given ad hoc:               <ul style="list-style-type: none"> <li>training</li> <li>communications</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A view of the cost of CO<sub>2</sub> reduction is developing, but finance remains ad-hoc</li> <li>Some centralised resource allocated</li> <li>Finance representation on CM Team</li> </ul>	<ul style="list-style-type: none"> <li>All high level and some mid level policies reviewed, irregularly</li> <li>Substantial changes made, showing CO<sub>2</sub> savings</li> </ul>
2	<ul style="list-style-type: none"> <li>Draft Climate Change Policy</li> <li>Climate Change references in other strategies</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc reviews of CM actions progress</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction a part-time responsibility of a few department champions</li> </ul>	<ul style="list-style-type: none"> <li>No CO<sub>2</sub> emissions data compiled</li> <li>Energy data compiled on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>Regular awareness campaigns</li> <li>Staff given CM information on ad-hoc basis</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc financing for CO<sub>2</sub> reduction projects</li> </ul>	<ul style="list-style-type: none"> <li>Partial review of key, high level policies</li> <li>Some financial quick wins made</li> </ul>
1	<ul style="list-style-type: none"> <li>No policy</li> <li>No Climate Change reference</li> </ul>	<ul style="list-style-type: none"> <li>No CM monitoring</li> </ul>	<ul style="list-style-type: none"> <li>No recognised CO<sub>2</sub> reduction responsibility</li> </ul>	<ul style="list-style-type: none"> <li>No CO<sub>2</sub> emissions data compiled</li> <li>Estimated billing</li> </ul>	<ul style="list-style-type: none"> <li>No communication or training</li> </ul>	<ul style="list-style-type: none"> <li>No specific funding for CO<sub>2</sub> reduction projects</li> </ul>	<ul style="list-style-type: none"> <li>No alignment of policies for CO<sub>2</sub> reduction</li> </ul>
	<b>WORST</b>						

Figure 13: Actions to Embed Carbon Management

## **7. Programme Management of the Carbon Management Plan**

- 7.1. It is important that the Carbon Management Plan's performance is reviewed regularly to ensure that action is being taken to reduce the Council's own emissions.
- 7.2. The baseline and target should be incorporated across all Service Plans and reported as part of the standard performance reporting cycle to the relevant Committees.

### **Governance, Ownership and Management**

- 7.3. All local authorities in Scotland have developed and are delivering carbon management plans and projects. Based upon their experience, it is now a mandatory requirement that a formal structure be established and retained throughout the life of the programme and beyond to ensure that projects are implemented, results monitored and quantified effectively when compared against the individual project goals.
- 7.4. Strategic links are important to ensure continuity of the decision making process and integration into the Council's long term goals and those of its community planning partners.
- 7.5. These links are also vital to ensure that high level support is retained for the programme. The process used in managing our CMP is to predict and identify risks and issues at a programme level, identify the means of managing and resolving these, ensure that actions are taken and regularly review their status. This section will reinforce the need for good programme governance by outlining:
  - .1 The senior and strategic ownership of the carbon reduction target
  - .2 The ongoing development and implementation of carbon saving projects identified within the CMP
  - .3 The project board and team who will ensure coherence and coordination of the plan and the projects.

### **The Carbon Management Programme Board – Strategic Ownership & Oversight**

- 7.6. This group's role is to coordinate and ensure delivery of the CMP. Each board member will have a responsibility to be their service's Champion and to report the progress made on the Carbon Management Plan.
- 7.7. The team's membership will be reviewed annually to ensure all key services are represented. The role of the team will also be reviewed regularly.
- 7.8. The Carbon Management Programme Board will meet quarterly to monitor progress in delivery and to address any barriers to implementation. An annual report will be placed before Council showing the progress made in that year and detailing any difficulties in delivery.



## Carbon Management Governance Structure

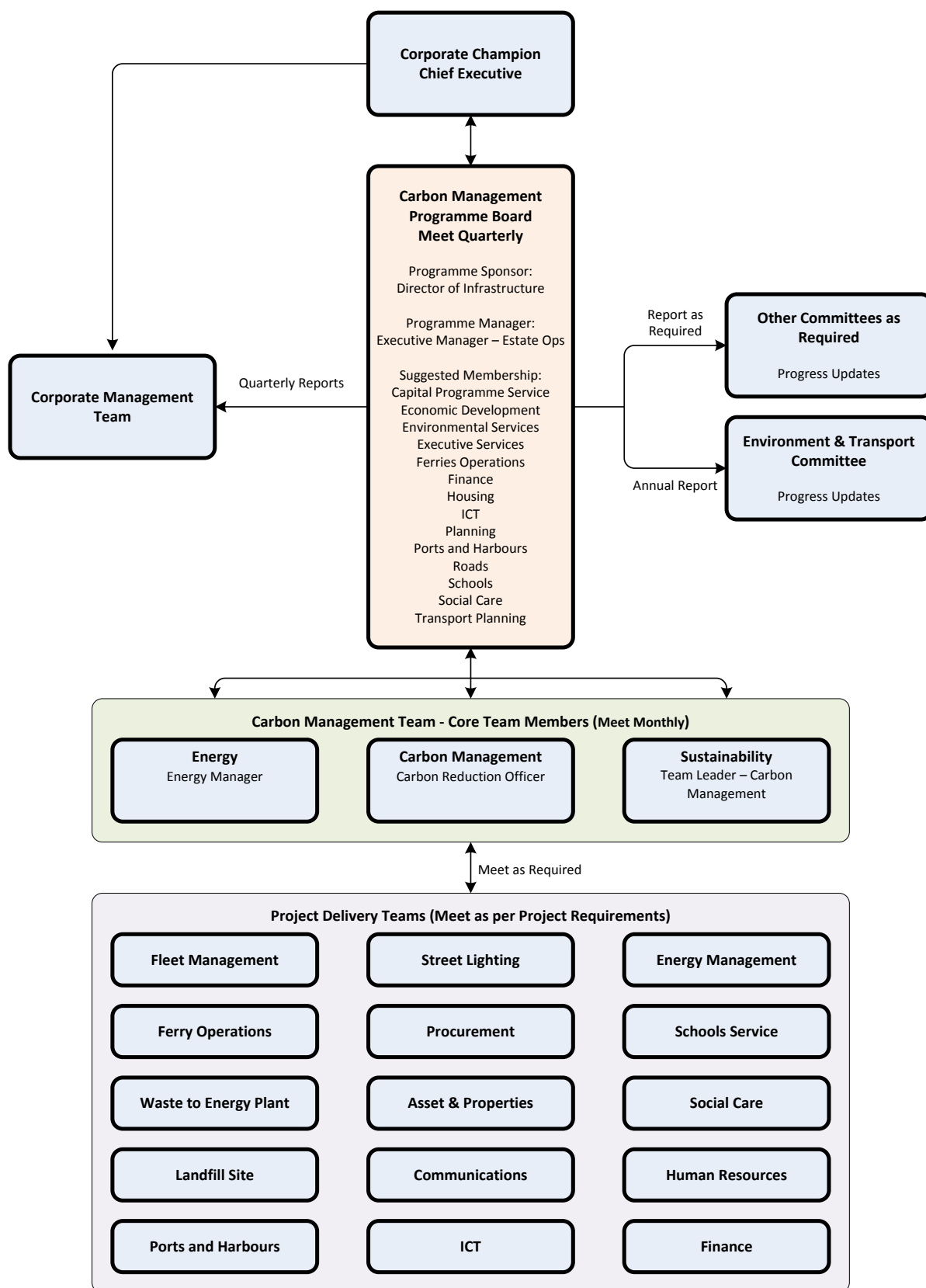


Figure 14: Carbon Management Structure

### **The Carbon Management Programme Board - Terms of Reference**

#### **7.9. The Board will:**

- .1 Champion and provide leadership on carbon management
  - .2 Set and review strategic direction and targets
  - .3 Own the scope of the carbon management plan and prioritise carbon reduction projects
  - .4 Monitor progress towards objectives and targets
  - .5 Remove obstacles to the successful completion of carbon management projects not just to be a committee but a driver for change
  - .6 Report quarterly to the Corporate Management Team and annually to the Environment & Transport Committee
  - .7 Share best practice with community planning partners, public bodies, businesses, voluntary and community groups
- 7.10. Where aberrations are noted during the standard monitoring process an Exception Report may be needed and any action required to remedy the matter will be subsequently reported.
- 7.11. The Board will be asked to approve a set of key milestones set out in the **Action Plan** at an early meeting. These milestones will be used to gauge progress and delivery success. While the nature of the milestones may vary they will be used to signify the completion of a significant deliverable e.g. a key decision, an element of new infrastructure or the securing of finance. These milestones will provide the Board with an early warning system to identify where delivery is not as originally envisaged.

### **The Carbon Project Team – Delivering the Projects**

- 7.12. The Carbon Project Team is the group that has identified and is tasked with delivering the projects that make up the CMP. It is anticipated that each project will be managed under the Council's standard Prince 2 Project Management format. Regular reviews and reporting are an integral part of the process.
- 7.13. This group will meet on a monthly basis to report on progress. It is recognised that as projects will commence at different times, officers will not be expected to attend every meeting, instead focussing on those most relevant to them.
- 7.14. The group will be co-ordinated and jointly chaired by the Team Leader – Carbon Management, Carbon Reduction Officer and Energy Manager. They will manage and co-ordinate the group's progress as part of the wider carbon reduction and energy efficiency agendas.
- 7.15. The role of each individual on the group is to represent their service, provide expertise and lead on progressing the plan's work within their area. This will also

involve feeding back information to colleagues, being an advocate for the principles of sustainability and acting as a point of contact.

### **Annual Review Process**

- 7.16. To ensure successful delivery and implementation of the programme, an annual progress review will be crucial. The aim of the review will be to:
- .1 Review the cost and all benefits from the programme
  - .2 Capture the financial savings delivered
  - .3 Review CO<sub>2</sub> savings achieved against the target
  - .4 Utilisation of the Central Energy Efficiency Fund
  - .5 Utilisation of SALIX funding
  - .6 Progress made by the projects being implemented
  - .7 Qualitative benefits e.g. engaging the community

### **Risks and Management Issues**

- 7.17. At project level, the individual lead project officers will manage risks and issues arising, and if required, escalate issues to the Carbon Project Board or Corporate Management Teams.
- 7.18. Other more general risks are associated with the established project review process and via JCAD Risk. The key here is to maintain links between the project team members and the Carbon Management Programme Board to strengthen all aspects of the Carbon Management Plan delivery.
- 7.19. Current issues that may impact upon the Carbon Management Plan include the impact of budget cuts on proposed projects.

### **Benefits Realisation**

- 7.20. Where possible, quantifiable benefits accruing from individual actions will be measured using energy consumption data. In cases where this is difficult a “before and after” monitoring of energy consumption will be undertaken. Actions have been identified within the Carbon Management Plan to improve data collection and availability.
- 7.21. Not every action developed as part of this plan will be quantifiable i.e. increased local food production and use for school dinners; training courses and the “Eco Schools” programme. Where this is the case the completion of these tasks will be noted against the action plan and project register.
- 7.22. A revised CO<sub>2</sub> emissions value will be calculated and published each year from automatic meter readings and, where these are lacking, billing information. This will enable progress against the targets in the CMP to be reported.

- 7.23. The Carbon Management Team will periodically review benefits and disseminate them to the Programme Board and various stakeholders.

### **Reporting and Evaluation**

- 7.24. Targets will be reviewed annually in consultation with the Carbon Management Programme Board and the Carbon Management Team(s). Further actions identified throughout the period of the Carbon Management Plan will be considered for inclusion at this annual review. It seems appropriate to conduct this review roughly a month after the end of the financial year to enable end of year data collection.
- 7.25. As noted above, the review will include an updated calculation of CO<sub>2</sub> emissions and our progress against CO<sub>2</sub> reduction targets. It is the responsibility of each Project Leader to measure and report the progress against targets. The review will record financial savings, payback on investment, and CO<sub>2</sub> savings compared to the target. It should be noted that specific monitoring systems may have to be devised and that each project will require a clear and robust monitoring methodology in place so progress can be recognised.
- 7.26. Reporting on the progress of the Carbon Management Plan will be made by the Programme Manager to the Carbon Management Programme Board which in turn will report to the Corporate Management Team and ultimately to the Environment and Transport Committee and full Council as necessary.
- 7.27. As a result of the review, the Carbon Management Plan may require updating if, for example, the availability of funding changes or changes in priority in project delivery occurs.
- 7.28. The Carbon Management Plan is a dynamic and flexible working document, which will change over time. This will not only allow the Plan to reflect the ever-changing environmental and economic climate but also allow us to keep abreast of advances in technology to deliver more carbon reduction projects as new initiatives emerge.

### **Government Reporting and Performance Monitoring**

- 7.29. The Climate Change (Scotland) Act 2009 requires all local authorities to submit an annual report to Government detailing works carried out to deliver the targets defined therein. Since 2014 this has become a mandatory requirement with a specific format in which Councils must detail all works carried out within the current financial year in all areas to deliver the national carbon reduction targets.
- 7.30. These reports are submitted to Government through the Sustainable Scotland Network office where they are reviewed and audited. Government then produces an Annual Report detailing the national picture.
- 7.31. It has been made clear by Government that if improvement in voluntary delivery of projects is not achieved within the next two years local authorities are likely to

face **mandatory** targets. The new 2014 format of reporting will demonstrate whether the required uplift in action is being achieved by all local authorities.

## 8. Appendix 1 – The Carbon Management Action Plan

Ref.	CMP Aim	Action	Owner	Priority	Timing
1	Adopt a strategic approach to managing the CMP.	Implement the CMP reporting structure to inform & engage Members and Senior Management.	CMT CMB E&T	High	Q2 2015
2	Set a corporate goal to enable the SIC to continue the reduction of its Estate footprint and emissions to support climate change targets.	Include the implementation of CMP as an objective in the annual Corporate, Directorate and Service Plans.	CMT CMB E&T	High	Annual
3	Investigate all potential internal and external funding support for CMP activities.	Put in place regular meetings with key Finance and Development staff to discuss joint funding options.	CMB CMPT	High	Ongoing
4	Secure year on year funding to implement CMP projects. (secure, allocate & approve)	Develop a 7 year funding strategy to Implement the CMP measures.	CMB CMPT	High	Annual
5	Put in place mechanisms which allow us to monitor the Council's carbon footprint against emission reduction targets	Review Council wide data collection procedures and undertake a data mapping exercise and develop a data handling strategy	CMPT	High	Now
		Adopt data standards and modelling tools to inform quarterly updates and annual reduction target forecasts.	CMPT	High	Now
		Standardise carbon emissions data to align with Scottish Government reporting obligations	CMPT	Medium	Q2 2015
6	Track CMP progress and footprint performance.	Update the CMP Register to record project outcomes and BAU changes. (actual carbon/cost/implement date)	CMPT	High	Quarterly
7	Update and replenish the CMP register with new carbon reduction policies and measures.	Invite Council staff, Consultants, Contractors and the public to identify further carbon reduction measures.	CMPT	High	Quarterly
8	Optimise carbon reductions by reviewing CMP travel and transport policy/strategy.	Liaise with Transport Planning and HR to consider adopting further sustainable business travel and transport policies.	CMPT/TP/HR	High	Bi-Annual
9	Engage all Directorates to deliver carbon reductions through behaviour change.	Work collaboratively with Communications to develop an effective staff awareness campaign.	CMT CMB Comms	High	Q1 2015
10	Establish bespoke CMP training for Technical staff.	Connect to the Resource Efficiency Scotland support programme.	CMPT HR	High	Q3 2015
11	Enable the best projects to be selected for CMP deployment.	Develop a project priority system using carbon analysis and business case tools to select the best VFM projects for deployment.	CMPT CPS	Medium	Q3 2015

Ref.	CMP Aim	Action	Owner	Priority	Timing
12	Ensure cross-policy working with other Directorates to develop and introduce low carbon policies and measures.	Encourage members of the Project Board and Teams to identify, support and implement wider corporate carbon reductions.	CMB CMPT	Medium	Q1 2016
13	Embed low carbon/sustainable policy into future Council contracts to deliver corporate benefits.	Liaise with Procurement staff to review tender specifications and assessment criteria to deliver improved carbon performance.	CMPT CPS	Medium	Q1 2016
14	Agree the CMP Waste & Water reduction targets for the built Estate and Council operations	Consider baseline data and adopt new reduction targets in line with new waste recycling and water conservation practices.	CMPT ES	Medium	Now
15	Review high Council fuel use for our Ferry Fleet	Work with Ferries to consider fleet fuel usage, specification options and future footprint reductions	CMPT F TP	Medium	On-going
16	Develop Case Studies from successful pilot projects.	Use Case Studies to engage staff and replicate best practice projects across the estate	CMB CMPT	Low	Bi-Annual
17	Improve the resilience of CMP operations and management	Develop and implement Standard Operating Procedures for CMP tasks	CMPT	Low	On-going
18	Review the Shetland Islands Council 2015 CMP	Refresh the CMP to take account of BAU policy & footprint changes.	CMT CMB E&T	Low	Mar 2016

## 9. Appendix 2 - Methods of Energy and Carbon Measurement

- 9.1. Throughout this plan we make several references to the commonly used units of measure for energy, energy use and for assessing our carbon footprint in kilograms or tonnes of carbon. Many people will have some difficulty visualising what these are. What is the difference between a kW and a kWh?
- 9.2. A **kWh** is a unit of energy. Energy is a measure of how much fuel is contained within something, or used by something over a specific period of time. The **kW** is a unit of power. Power is the rate at which energy is generated or used. So, a kWh is 1 kilowatt of power used in 1 hour. A kilowatt hour (kWh) will give:



**9 uses** of a kettle



**4 hours** of watching TV



**31 hours** on a laptop

- 9.3. Many documents and websites also refer to **tonnes of CO<sub>2</sub>** without much effort to explain what that actually is. Most people can't imagine what a kilogram or tonne of CO<sub>2</sub> looks like, so to make it more meaningful we would note:
- .1 1 kg of CO<sub>2</sub> = 100 party balloons
  - .2 1 tonne of CO<sub>2</sub> = 100,000 party balloons
  - .3 1 tonne of CO<sub>2</sub> is equivalent to 1 hot air balloon measuring 10 m wide
  - .4 The Town Hall's Council Chamber has a volume of 260m<sup>3</sup>. It could hold almost half a tonne of CO<sub>2</sub> (or 0.48 tonnes to be more precise).
- 9.4. One tonne of CO<sub>2</sub> is emitted when you:
- .1 Burn 319 litres of diesel
  - .2 Use 300kg of standard office paper
  - .3 Breathe 500 days
- 9.5. What does tCO<sub>2</sub>e refer to? It's defined as tonnes of carbon dioxide equivalent, which is a measure that allows you to compare the emissions of other greenhouse gases relative to one unit of CO<sub>2</sub>. It is calculated by multiplying the greenhouse gas emissions by its 100-year global warming potential.



## 10. Appendix 3 – Example Project Framework

10.1. The undernoted list of possible actions to reduce our carbon emissions is gathered from the Government's RPP2. These are the areas proposed by Government that local authorities should develop projects from in order to deliver their Public Bodies Duties under the Climate Change (Scotland) Act 2009.

10.2. As projects in these areas are developed within Shetland they will transfer to Appendix 3 - Project Register.

### Water

Monitor	<ul style="list-style-type: none"> <li>• Install water meters in all properties and include in Energy Manager checks to identify leakage detection</li> <li>• Limit vehicle and other washing/cleaning schedules</li> <li>• Repair leaks/dripping taps/ running overflows</li> </ul>
Reduction	<ul style="list-style-type: none"> <li>• Install water usage reduction measures in all buildings; timers in urinals, cistern blocks and pressure controls</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• Purchase only water efficient equipment – washers, toilet fitments</li> <li>• Install where appropriate PV/solar water heating</li> </ul>

### Travel

Develop	<ul style="list-style-type: none"> <li>• Travel Hierarchy rules for all staff/Members</li> <li>• Workplace Travel Plans</li> <li>• Data recording mechanism showing bus miles, lease miles, training miles, car hire miles, member miles, home care miles, support worker miles and business mileage per service to be reported annually</li> </ul>
Promote	<ul style="list-style-type: none"> <li>• Park and Ride options rurally</li> <li>• Active travel rurally by having bike lockers/stores at junctions linking to public transport options</li> <li>• Dial a Bus</li> <li>• Home Working Strategy and flexible and mobile working</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Cycle paths and Open Space strategy</li> <li>• Re-launch of car share scheme/car club (possibly involving Community Planning partners)</li> <li>• Employee travel survey</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Bike maintenance training for staff</li> </ul>
Design	<ul style="list-style-type: none"> <li>• Lighting improvements, better surfaces, crossings and signage to support active travel</li> </ul>

### Vehicles/Fleet

Procure	<ul style="list-style-type: none"> <li>• Electric pool car fleet for major offices to reduce small distance mileage</li> <li>• Electric street cleaning and vans</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Euro 5 validation for fleet (engine validation)</li> <li>• Telematics applied to all journey management and installed in all vehicles to identify poorly performing vehicles and bad practice. Assists maximising of usage and rationalisation of fleet asset, stops wasteful driver vehicle idling</li> <li>• Upgrade all fleet management software to monitor usage</li> <li>• Regular fleet maintenance schedule to reduce emissions</li> <li>• Reduction in age profile of fleet</li> </ul>
Deliver	<ul style="list-style-type: none"> <li>• Eco driving/fuel efficiency driver classes and monitor thereafter (10% reduction in fuel expected)</li> <li>• 25 hours annual training to all HGV drivers with refresher every 5 years</li> <li>• Train staff on driving Electric vehicles to encourage EV pool use</li> <li>• Campaigns with bus operators to encourage more usage of public transport</li> </ul>
Review	<ul style="list-style-type: none"> <li>• Grey fleet rules and payments</li> </ul>
Investigate	<ul style="list-style-type: none"> <li>• New technologies – hydrogen/plug in hybrids/low carbon buses</li> <li>• Working with Transport Scotland to fund and assist in fleet review and specific campaigning</li> </ul>

### Energy

Implement	<ul style="list-style-type: none"> <li>• Programme to replace all inefficient heating plant, insulate and upgrade all buildings</li> <li>• Energy audits of all buildings (EPC's)</li> <li>• Energy monitoring programme using new software to detect aberrations</li> <li>• Use of thermal imaging to detect problem areas</li> <li>• Street lighting programme across whole estate including ferry terminals and traffic lights for LEDs</li> <li>• Voltage optimisation</li> <li>• Seven day timers on all large electrical – cookers, fridges, white boards etc</li> <li>• Programme of boiler time check optimisation</li> <li>• Sub meter floor on floor if needed</li> <li>• Biomass/renewable projects including non domestic RHI</li> <li>• Low energy efficient street/external lighting</li> <li>• Upgrade of Energy pages on Council website</li> <li>• Home Energy Scotland Area based Scheme</li> </ul>
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Develop	<ul style="list-style-type: none"> <li>• Heat mapping</li> <li>• Programme of public roadshows</li> <li>• CRC and externally funded efficiency projects</li> <li>• E learning pack on energy use and carbon</li> <li>• School energy plans</li> <li>• Energy Policy and Implementation Plan for Council buildings</li> <li>• Training programme for all buildings</li> <li>• Senior manager /main contacts group</li> </ul>
Audit	<ul style="list-style-type: none"> <li>• Regular check of all units and fast report faults</li> <li>• Building champion regularly monitors how staff use energy</li> <li>• Renewables installed – capacity table</li> <li>• Smart meter utilities</li> <li>• Room temperatures</li> <li>• Each service given energy target (including reduction target) and carbon responsibility for it in each service plan</li> </ul>

#### **Awareness Raising**

Implement	<ul style="list-style-type: none"> <li>• Energy saving Advice on intranet/internet</li> <li>• Training for all outreach staff to recognise fuel poverty in clients and refer for support</li> <li>• Programme of lending energy monitors to staff for checking home wastage</li> <li>• Online hub for reduction ideas</li> <li>• Carbon campaign eg “Counting the Cost”/ “Tread Lightly”</li> <li>• Schools Global Foot Printing</li> <li>• ECO schools programme for nursery, primary and secondary schools</li> <li>• Public information leaflet on adapting to climate change</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Earth Hour</li> <li>• Green Office Week</li> <li>• Climate Week, Bike Week</li> <li>• European Waste Aware Week</li> <li>• Eco driving training for householders</li> <li>• Climate Change teaching in schools and linked to youth groups</li> </ul>

### Local Food Production

Support	<ul style="list-style-type: none"> <li>• Local food outlets</li> <li>• Local food production projects</li> <li>• Scottish farming innovation projects</li> <li>• Low emission agriculture projects</li> <li>• Livestock management measures</li> <li>• Funding for peatland restoration projects</li> <li>• Future proofing Scotland farming - adapt to and mitigate against climate change</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Food for Life Catering Mark in schools</li> <li>• Peat free horticulture in own estate</li> <li>• Optimisation of use of fertilisers and manures on own estate land</li> </ul>
Develop	<ul style="list-style-type: none"> <li>• Allotment Strategy</li> <li>• Fair Trade strategy</li> </ul>

### Contracts/Procurement

Review	<ul style="list-style-type: none"> <li>• All contracts to ensure carbon considerations</li> </ul>
Develop	<ul style="list-style-type: none"> <li>• Sustainable Procurement strategy</li> <li>• E learning course on sustainable procurement</li> <li>• Links to Sustainable Procurement Working Group (SSN)</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Sustainable Procurement Action Plan</li> <li>• Revised contract documents to consider community benefits and sustainability at contract planning stage</li> <li>• E-tendering process</li> </ul>
Enforce	<ul style="list-style-type: none"> <li>• All staff developing contracts to have carried out sustainable procurement training</li> <li>• Proof of life cycle analysis process carried out before anything is procured</li> <li>• Stricter contract monitoring</li> <li>• Use of carbon metric in procurement</li> <li>• Production of environmental policy at tender stage for all contractors and ensure they provide information on vehicle and other impacts during the project tendered for</li> </ul>

## ICT

Promote	<ul style="list-style-type: none"> <li>• Smart Working/corporate move to virtual desktop environment (applications stored remotely)</li> <li>• Remote Working</li> <li>• Screensavers with “Switch off” message</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Remote shut down and timed power down of PC’s across estate</li> <li>• Server virtualisation/redesign</li> <li>• Green ICT procurement, particularly energy efficient units</li> </ul>
Deliver	<ul style="list-style-type: none"> <li>• Training in use of VC for all staff for use within Shetland as well as external</li> <li>• Train in use of webinars</li> </ul>
Enforce	<ul style="list-style-type: none"> <li>• Printer rationalisation</li> <li>• Standardisation of equipment and accessories</li> </ul>

## Community

Support	<ul style="list-style-type: none"> <li>• Climate Challenge Fund bids from community groups</li> <li>• Bids for “Dark Skies” accreditation to enhance tourism</li> <li>• Electric vehicle network installation and communication</li> </ul>
Campaign	<ul style="list-style-type: none"> <li>• Carbon and Your Money Classes</li> <li>• Climate Change effect classes</li> <li>• Use of local produce/cookery classes</li> </ul>

## Political

Develop	<ul style="list-style-type: none"> <li>• System of Carbon Champions and clear corporate senior leadership</li> <li>• Resilience Planning for climate change effects – community and in house</li> <li>• Carbon section in all induction training Council wide</li> <li>• Environmental strategy for Council and Community Planning projects</li> <li>• Programme for delivering improved Northlink and internal ferry carbon efficient engines (funded by Government)</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Carbon and climate change section in Corporate Risk Register</li> <li>• Change Spend to save to ensure longer payback for carbon projects</li> <li>• BV 2 carbon target</li> <li>• Embed emission reduction actions and sustainable development considerations in all major plans</li> <li>• Audit of posts holding essential car user payment and reduce same</li> </ul>
Enforce	<ul style="list-style-type: none"> <li>• Carbon targets in performance measurement agenda</li> <li>• Tighter monitoring of travel booking</li> <li>• Section in all reports on sustainability/carbon/environmental is “real”</li> <li>• All services to carry out self assessment questionnaire on carbon, climate change and sustainable development as part of service planning exercise</li> </ul>

Train	<ul style="list-style-type: none"> <li>• Members, senior managers and community planning partners trained in carbon and climate change</li> <li>• Carbon Impact Assessment</li> <li>• General carbon and energy saving training for all staff with carbon guidance manuals on the intranet</li> <li>• All senior managers to calculate BAU cost for service at 8% per year increase</li> </ul>
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### Built Assets

Implement	<ul style="list-style-type: none"> <li>• “A” band ISBEM rating for buildings</li> <li>• BREEAM standard for refurbishment/new build at “Excellent”</li> <li>• Rationalisation of property portfolio</li> </ul>
Develop	<ul style="list-style-type: none"> <li>• “Halving Waste to Landfill” in construction</li> <li>• Sustainable timber procurement policy – WWF pledge and award system and CPET timber pledge and Forest Stewardship Council for all contractors</li> <li>• Functional Asset Management Plans for every asset</li> <li>• Carbon Footprint report annually as part of Asset Improvement Plan reporting</li> </ul>
Enforce	<ul style="list-style-type: none"> <li>• Building shut down and closure rules to limit energy use</li> <li>• Maximum office temperature at 21</li> <li>• Ban on portable heaters</li> </ul>
Advise	<ul style="list-style-type: none"> <li>• Low carbon construction and land use technologies for assets</li> </ul>

### Marine

Develop	<ul style="list-style-type: none"> <li>• Marine planning – for wave, tidal and offshore renewable including strategic cable installation</li> <li>• Strategy on mitigation and adaption of coastal erosion/flooding</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Draft national Marine Plan 2013</li> <li>• Marine protected areas (including blue carbon seabed areas)</li> </ul>

### Waste

Implement	<ul style="list-style-type: none"> <li>• WARPIT programme to recycle goods within the Council (reduces procurement spend and disposal costs for services)</li> <li>• Recycling facilities for businesses and households</li> </ul>
Review/audit	<ul style="list-style-type: none"> <li>• Waste vehicle routes</li> <li>• Waste audit all services</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Community Recycling ventures eg Bike Project/Charity Shops</li> <li>• Business to reduce their waste and to see waste as a resource</li> <li>• Reuse of materials locally by internet market development</li> </ul>
Enforce	<ul style="list-style-type: none"> <li>• Recycled Content policy Council wide</li> </ul>
Campaign	<ul style="list-style-type: none"> <li>• Increase recycling community wide</li> <li>• Food Waste reduction (domestic and commercial)</li> </ul>

Develop	<ul style="list-style-type: none"> <li>• Internal Council Waste Minimisation Policy and Plan</li> <li>• Shetland Waste Strategy/Implementation Plan encouraging recycling</li> </ul>
Partner	<ul style="list-style-type: none"> <li>• Zero Waste (Scotland) on new Waste Strategy and increased recycling</li> <li>• Resource Efficient Scotland on campaigns</li> </ul>

### Transport

Lobby	<ul style="list-style-type: none"> <li>• Government for carbon efficient external route operations (ferry and flight)</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Integrated transport timetables to encourage use of public transport</li> <li>• “Walk to School” paths and “Cycle Friendly Routes”</li> <li>• Journey share schemes</li> <li>• Purchase of subsidised bike programme as part of Cycle to Work</li> <li>• Cycle maintenance classes for staff</li> </ul>
Develop	<ul style="list-style-type: none"> <li>• School Travel Plans which deliver active travel</li> </ul>
Advise & Campaign	<ul style="list-style-type: none"> <li>• “Give Me Cycle Space” campaign</li> <li>• Bike Week/Shetland Walking Routes</li> </ul>

### Data

Lobby	<ul style="list-style-type: none"> <li>• Both Governments (especially DECC) to consider more appropriate data sources for islands carbon calculations</li> <li>• ICARB to work with us on developing these appropriate statistics</li> </ul>
Train	<ul style="list-style-type: none"> <li>• All managers on carbon accounting for their operations</li> <li>• Appropriate staff in Carbon Masters Tool (Carbon Trust)</li> <li>• All staff to use Carbon metric Tools in procuring all materials</li> </ul>

### Economic Development

Develop	<ul style="list-style-type: none"> <li>• Renewable Energy Strategy for Shetland (including tidal and hydrogen)</li> </ul>
Support/Advise	<ul style="list-style-type: none"> <li>• SME's to reduce their energy usage</li> <li>• Businesses on resource efficiency and development of products for the low carbon economy</li> </ul>

### Planning

Develop	<ul style="list-style-type: none"> <li>• Local Development Plan and supporting Guidance documents</li> <li>• Access Strategy and supporting materials/booklets</li> <li>• Open Space Strategy</li> <li>• Allotment Strategy</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Access Strategy to support active travel</li> <li>• Local Development Plan criteria</li> </ul>
Advise	<ul style="list-style-type: none"> <li>• Building Control/Planning Officers advise on low carbon behaviour</li> <li>• Design guidance on use of low energy and sustainable materials eg wood instead of steel</li> </ul>

### Housing

Develop	• Energy surgeries for all social tenants
Implement	• EESSH (Energy efficiency standard in social housing) - 2020
Create	• Reduced need for travel by use of community hubs

### Biodiversity

Develop Plans & Strategies	• Local Biodiversity Action Plans; Land Use Strategy; Peatland Plan
Implement	• Above Plans in Council owned estates
Encourage	• Precision agricultural techniques and use of new methods

### Finance

Use of External Finance	• Salix, Green Investment Bank and commercial Green Deal loans; CEEF and Government grant funding (all sectors)
Reform of	• Spend to Save criteria for longer payback
• Use of External Finance	• Salix, Green Investment Bank and commercial Green Deal loans; CEEF and Government grant funding (all sectors)
• Reform	• Spend to Save criteria for longer payback



**11. Appendix 4 – Carbon Project Register**

Project Reference	Project Description	Capital Cost (£)	Project Status	Type of Emission Saving	Estimated Annual Savings			Completion Year
					(kWh)	(t CO <sub>2</sub> e)	O&M (£)	
Aith JHS	Replacement Lighting	3,028	Complete	Grid Electricity	2,464	1.22	318	2014/15
Sandwick JHS	Replacement Lighting	27,870	Complete	Grid Electricity	29,000	14.41	3,373	2014/15
Overtonlea	Replacement Lighting	6,434	Complete	Grid Electricity	7,142	3.55	846	2014/15
North Haven	Replacement Lighting	6,434	Complete	Grid Electricity	7,142	3.55	848	2014/15
ET House	Replacement Lighting	6,504	Complete	Grid Electricity	7,044	3.50	814	2014/15
Waste Landfill	Replacement Lighting	18,899	Complete	Grid Electricity	24,339	11.77	2,499	2014/15
Aith JHS	Loft Insulation	20,713	Complete	Gas Oil	69,860	18.99	4,192	2014/15
Tingwall Airport	Radiant Heating Trial	6,080	Complete	Grid Electricity	14,071	6.99	1,687	2014/15
Fetlar Community Project	Heat and Electricity Supply to School		In Progress	Grid Electricity/Gas Oil	-	7.69	282	2015/16
ICT	Server Virtualisation		In Progress	Grid Electricity	90,682	45.07	9,490	Ongoing
Scalloway JHS	Biomass ESCO	35000	In Progress	Gas Oil	66,797	124.19	9,054	2015/16
Street Lighting	LED Conversions	38,305	Complete	Grid Electricity	61,333	30.49	6,826	2014/15
Blackness Pier	Replacement Lighting	20,800	In Progress	Grid Electricity	16,066	7.99	1,872	2015/16
Sound Primary	Replacement Lighting		In Progress	Grid Electricity				2015/16
Sound Primary	Re-roofing		In Progress	District Heating				2015/16
Bells Brae Primary	Heating/Lighting/Insulation		Planning Phase	District Heat./Electricity				2015 - 2017

**11.1. Historic Projects** - The following projects have been started in other services and should be added to this project list once full details are available:

- BMS systems installed in most larger properties
- Water meters fitted in some (but not all) buildings and some water reducing measures installed e.g. timers, pressure controls etc
- Car share scheme – needs to be re-launched
- Local Development Plan and associated projects
- Renewable Energy strategy (being revisited by Development)
- Access strategy and associated works
- New Waste Strategy (under review)
- Integrated transport timetables
- Subsidised bike scheme (Transport Planning)
- Cycle training in schools
- Marine planning – marine protected areas (blue carbon)
- Rationalise the property portfolio
- Reduce age profile of fleet – ongoing
- Environmental & Carbon section in every Council report
- Some server virtualisation and printer rationalisation
- Some shutdown ICT protocols
- Some green procurement information - not monitored
- Charge points and EV vehicles
- E-tendering
- Eco schools
- HEEPS:ABS
- Earth Hour supported
- Eco driving training for some staff
- Initial Heat mapping training
- Road shows on energy, waste and climate/carbon carried out annually
- Commercial EPC's – ongoing
- Street lighting led – some installed
- Biomass Installations to Mid Yell & Sella Ness

## 12. Appendix 5 – Shetland Islands Council – Service Structure

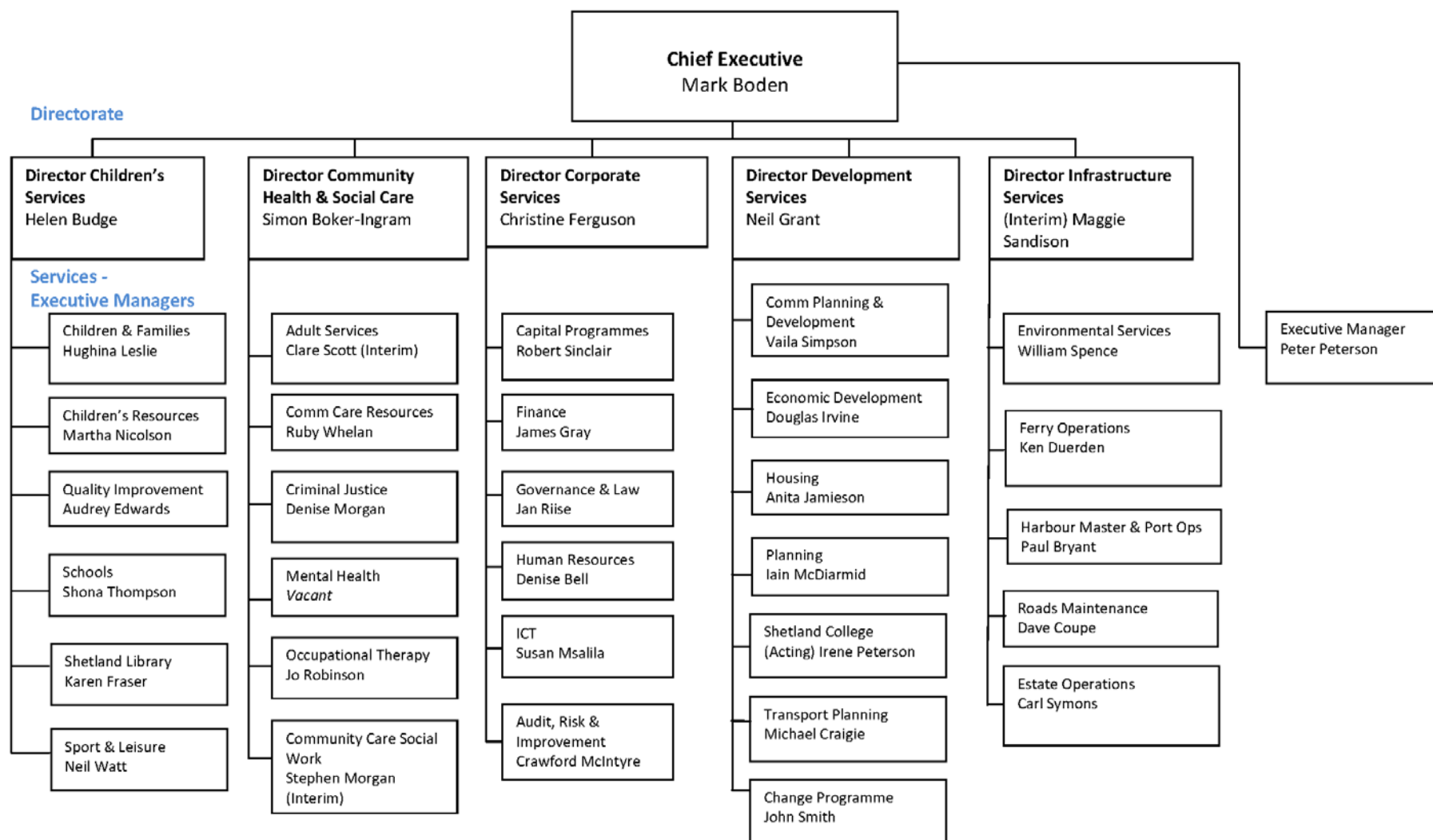


Figure 15: Shetland Islands Council - Service Structure

**13. Appendix 6 – Carbon Management Board & Team Composition**

	<b>Role</b>	<b>Job Title &amp; Service Area</b>	<b>Name</b>
<b>Programme Management Board</b>	Corporate Champion	Chief Executive	Mark Boden
	Project Sponsor	Director of Infrastructure Services	Maggie Sandison
	Programme Manager	Executive Manager – Estate Operations	Carl Symons
	Service Representatives	Executive Manager - Capital Programme Service	Robert Sinclair
		Executive Manager - Economic Development	Douglas Irvine
		Executive Manager - Environmental Services	William Spence
		Executive Manager - Executive Services	Peter Peterson
		Executive Manager - Ferry Operations	Jim Mouatt
		Executive Manager - Housing	Anita Jamieson
		Executive Manager - HR	Denise Bell
		Executive Manager - ICT	Susan Msalila
		Executive Manager - Planning	Iain McDiarmid
		Executive Manager - Roads	Dave Coupe
		Executive Manager - Transport Planning	Michael Craigie
		Finance	TBC
		Ports and Harbours	TBC
		Schools	TBC
		Social Care	TBC
<b>Core Team</b>	Carbon Management	Carbon Reduction Officer	Alan Grieve
	Energy	Energy Manager	John Simpson
	Sustainability	Team Leader - Carbon Management	Mary Lisk
<b>Project Delivery Leads</b>		Asset & Properties	TBC
		Building Services	Steven Goodlad
		Communications	TBC
		Ferry Operations	TBC
		Fleet Management	Ian Jeromson
		ICT	TBC
		Landfill Site	TBC
		Ports and Harbours	TBC
		Procurement	Colin Black
		Schools	TBC
		Social Care	TBC
		Street Lighting	TBC
		Waste to Energy Plant	TBC
<b>Project Support</b>		Administrative Support	TBC
		Management Accountancy	TBC
		Communications	TBC

14. Appendix 7 – Radical Thinking? - An Alternative Energy Model

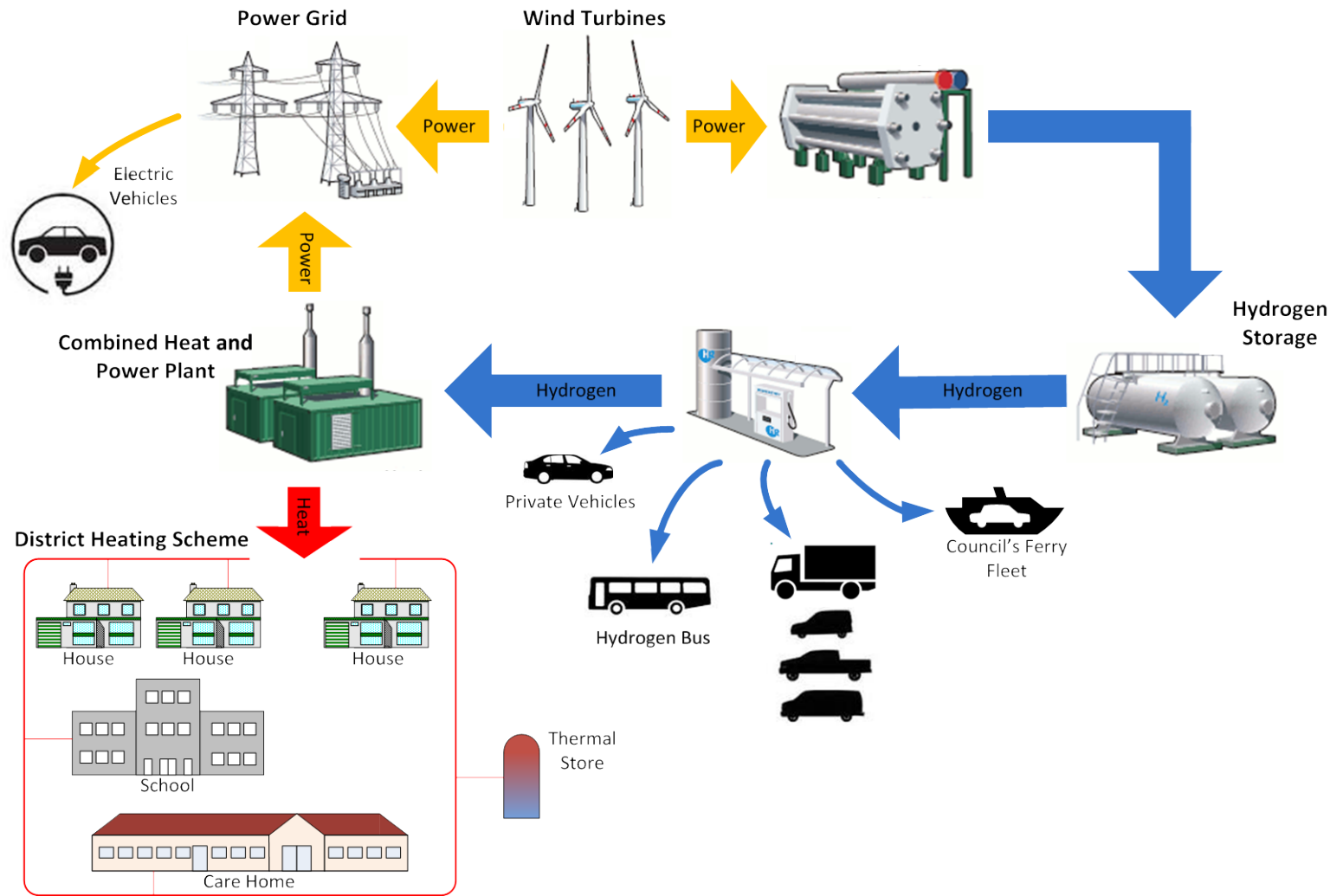


Figure 16: Hydrogen Production Life Cycle





**Employees Joint Consultative Committee**  
**College Lecturers Joint Consultative**  
**Committee**  
**Policy and Resources Committee**

**15 April 2015****29 April 2015****4 May 2015**

<b><u>Relocation Policy</u></b>	
<b>HR-03-15-F</b>	
<b>Report Presented by Executive Manager - Human Resources</b>	<b>Corporate Services / Human Resources</b>

## **1 Summary**

- 1.1 This report seeks agreement to a revised Relocation policy (Appendix 1).
- 1.2 The Relocation policy sets out the financial support that can be provided to employees who move to Shetland to take up eligible posts. The policy has been revised to clarify eligibility to the Relocation policy applicable to existing employees who **have** to move home within Shetland where they have either been transferred through the Transfer Agreement for Teachers or redeployed through the Redeployment Policy.
- 1.3 Included amongst the amendments to the policy is the provision of a mechanism for a transferred teacher or redeployed employee to appeal a decision by their manager that they are not entitled to the Relocation policy on the grounds that a house move was not required (see section 10 of Appendix 1).

## **2 Decision Required**

- 2.1 That the Policy and Resources Committee RESOLVES;
  - 2.1.1 to approve the revised Relocation Policy, attached as appendix 1.

## **3 Detail**

- 3.1 The Relocation policy was last reviewed in 2013, when the overall £8,000 threshold and the individual elements for support were agreed taking account of HM Revenue and Customs rules. As there have been no changes to these rules, the limit and provisions have not been uplifted. The Executive Committee at its meeting on 3 June 2013 (min ref 57/13) agreed that the relocation budget should be centralised,

along with the administration, and the Executive Manager – Human Resources be the budget responsible officer.

- 3.2 The Council has employment policies that can lead to changes in work location, and while it is unusual for that to require a house move, this can be required. The Transfer Agreement for Teachers, and the Redeployment Policy for other employees links with the Relocation policy and both policies will reflect that eligibility for the Relocation Policy will be determined on a case by case basis by the relevant Executive Manager and the Executive Manager – HR, who is the budget responsible officer. Paragraph 13.1 of the Redundancy policy will also be amended in line with the proposed revision to the Relocation policy.
- 3.3 The revised Relocation policy includes a provision for a transferred teacher, or redeployed employee, to appeal against a decision by the relevant Executive Manager and the Executive Manager – HR that they are not eligible for the provisions of the Relocation policy. This is set out at section 10 in the Relocation policy. The Appeal Form is attached - as Appendix 2.

#### **4. Implications**

##### Strategic

- 4.1 Delivery on Corporate Priorities – Delivering across the priorities of the Shetland Single Outcome Agreement for 2012/15 requires the Council to recruit and retain high quality staff. The Relocation policy supports this objective by providing eligible recruits with financial support to move to Shetland, or, where applicable, within Shetland, and by doing so efficiently fits within the indicator of “A properly lead and well managed Council”.
- 4.2 Community /Stakeholder Issues – The views of employees are sought through the Employee Joint Consultative Committee. The revisions have been agreed at the Local Negotiating Committee for Teachers.
- 4.3 Policy and/or Delegated Authority – All matters that relate to staffing are referred to Employees’ Joint Consultative Committee prior to a final decision by Policy and Resources Committee.

The 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 transferring teachers or redeployed employees may be aggrieved if they consider they are being treated unfairly in comparison to new recruits who may be entitled to benefits under the Relocation policy. The clarification set out in the amended policy makes it clear what eligibility they have, and also provides for an appeals mechanism to use if they are aggrieved by a decision by their Executive Manager and Executive Manager - HR that they are not entitled to support.
- 4.5 Equalities, Health and Human Rights – The amendments made to the Relocation policy apply equally across all staff groups.



4.6 Environmental – None.

Resources

4.7 Financial – There is a limited Relocation budget of £16,000 in Human Resources. There is an expectation that where a manager deletes a post and this results in a transfer or redeployment of an employee into another post through the Transfer Agreement for Teachers or the Redeployment policy, the service area making the saving will contribute towards the costs of relocation, if these apply.

4.8 Legal – The revised Relocation Policy will ensure that the Council follows the guidance and rules of H M Revenue & Customs in relation to support provided to eligible employees.

4.9 Human Resources – The clarification on eligibility of transferring teacher/redeployed employees to the Relocation policy supports services in the delivery of organisational change. The appeals mechanism allows for speedy resolution of issues regarding eligibility which prevents conflicts becoming entrenched.

4.10 Assets and Property – None.

**5 Conclusions**

5.1 The Relocation policy has been amended to support revisions to the Transfer Agreement for Teachers. The Transfer Agreement for Teachers sets out how Children's Services deploys teachers efficiently to support best value and ensure appropriately qualified and registered teachers are teaching pupils within the various curricular areas of the Curriculum for Excellence. The amended Relocation policy clarifies the financial assistance available to eligible transferred teachers who move home as a result of the transfer, and provides an appeals mechanism for those who believe they should be eligible to such assistance. These provisions are also applicable to employees who are redeployed through the Redeployment policy.

5.2 The other provisions in the Relocation policy have not been changed as they were reviewed thoroughly in 2013 and were set taking account of the rules of HM Revenue and Customs, which remain as they were at 2013.

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For further information please contact:  
*Tel: 01595 744575, [marie.gordon@shetland.gov.uk](mailto:marie.gordon@shetland.gov.uk)*  
*31 March 2015*

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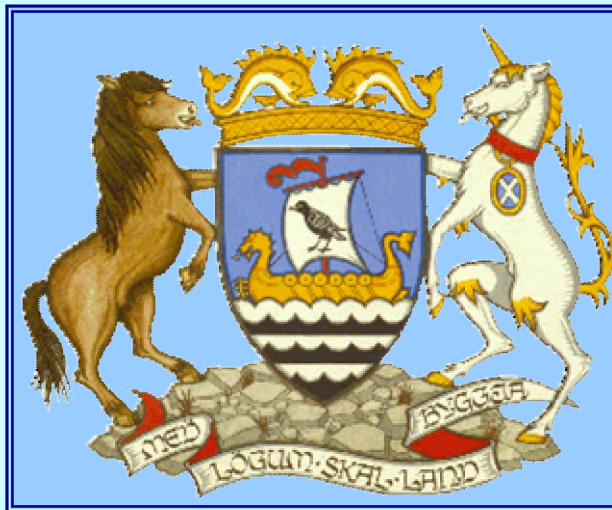
Appendix1 – Relocation Policy

END



# **SHETLAND ISLANDS COUNCIL**

## **RELOCATION POLICY**



**Operational Date: 5 May 2015**  
**Applies to: All Staff**

## RELOCATION POLICY

Operational Date: 1 July 2013  
Reviewed: March 2015  
Review Date: 5 May 2018

<b>1</b>	<b>INTRODUCTION .....</b>	<b>2</b>
<b>2</b>	<b>POLICY SUMMARY .....</b>	<b>2</b>
<b>3</b>	<b>SCOPE OF POLICY .....</b>	<b>2</b>
<b>4</b>	<b>LINKS TO OTHER POLICIES .....</b>	<b>3</b>
<b>5</b>	<b>ELIGIBILITY .....</b>	<b>3</b>
<b>6</b>	<b>APPROVAL AND PAYMENT .....</b>	<b>4</b>
<b>7</b>	<b>CATEGORIES OF EXPENSES AND BENEFITS THAT QUALIFY .....</b>	<b>4</b>
<b>8</b>	<b>CATEGORIES OF EXPENSES AND BENEFITS THAT DO NOT QUALIFY .....</b>	<b>7</b>
<b>9</b>	<b>REPAYMENT OF RELOCATION EXPENSES.....</b>	<b>8</b>
<b>10</b>	<b>APPEAL PROCESS (TRANSFER AGREEMENT FOR TEACHERS/ REDEPLOYMENT POLICY) .....</b>	<b>9</b>

**APPENDIX 1 – An Agreement for the Repayment of Relocation Expenses**

**APPENDIX 2 - Appeal Form (see section10)**

**APPENDIX 3 Relocation Claims form (available on the Intranet)**

## **1 INTRODUCTION**

- 1.1 Shetland Islands Council is committed to recruiting and retaining high quality employees to deliver its services. The Council recognises the particular financial problems that can be associated in relocation to Shetland and is committed to assisting new employees of the Council with their move.
- 1.2 The purpose of this policy is to provide guidance on the financial support available to employees eligible for relocation expenses. The relocation package is not designed to cover every aspect of relocation.
- 1.3 The provisions in this policy closely follow the rules and guidance laid out by HM Revenue and Customs.
- 1.4 This policy also covers the unusual circumstances where an existing employee has to move home within Shetland through the Transfer Agreement for Teachers or the Redeployment policy for other employees.

## **2 POLICY SUMMARY**

- 2.1 HM Revenue and Customs provide a partial tax and National Insurance Contributions exemption up to £8,000 for certain qualifying relocation expenses. This is pro rata for temporary employees.
- 2.2 Relocation expenses will be paid where the post attracts it and the post holder has to relocate from outside Shetland, but still within the UK in order to take up employment with the Council.
- 2.3 Costs are paid directly by employees and are reimbursed through Finance Services. All expenditure must be approved by the Budget Responsible Officer (BRO) and meet the rules outlined in the policy.
- 2.4 The categories of expenses and benefits that qualify for reimbursement closely follow the Inland Revenue rules.
- 2.5 The Council will reclaim the cost of assistance provided under this policy if an employee leaves the Council's employment within 2 years. For temporary employees this will be reduced on a sliding scale depending on the length of their contract.
- 2.6 The Budget Responsible Officer (BRO) for all relocation expenses is the Executive Manager, Human Resources (HR).

## **3 SCOPE OF POLICY**

- 3.1 This policy applies to all new Council employees whose post has been identified as eligible for a relocation package or to existing employees in the unusual circumstances that they **have** to move home within Shetland through the application of the Transfer Agreement for Teachers or the Redeployment policy.

## **4 LINKS TO OTHER POLICIES**

- 4.1 [Recruitment and Selection Policy](#)  
[Redeployment Policy](#)  
Transfer Agreement for Teachers

## **5 ELIGIBILITY**

- 5.1 In line with the Recruitment and Selection Policy and Procedures, authorised signatories must approve posts which attract relocation expenses and identify this in the Recruitment Form prior to advertising.
- 5.2 Approval will be required from the Executive Manager - HR for all relocation expenses to be applied to a post prior to the post being advertised.
- 5.3 The job advert will individually identify the posts that qualify for relocation expenses.
- 5.4 Employees may qualify for relocation expenses if their new post attracts it and relocating their main UK residence to Shetland is essential. If an employee is relocating from outside the UK, relocation expenses will only be paid that are incurred from within the UK.
- 5.5 The policy applies in exceptional circumstances to existing employees who are redeployed through the Redeployment Policy, or the Transfer Agreement for Teachers. Eligibility for the package in these circumstances is determined on a case-by-case basis by the relevant Executive Manager and the BRO,(Executive Manager – HR).
- 5.6 This policy may also apply in very exceptional circumstances where recruitment to the remote islands of Fair Isle, Foula, and Papa Stour is difficult. Eligibility for the relocation package in these circumstances is determined on a case-by-case basis by the relevant Executive Manager and the BRO (Executive Manager – HR).
- 5.7 For temporary or fixed term appointments of less than 2 years, where relocation to Shetland is essential, employees may be entitled to assistance on a pro rata basis. For example, a temporary 1-year contracted post will attract a relocation amount of £4,000
- 5.8 There is a time limit on claiming relocation expenses. The expenses must be claimed within one year of the date of commencement of the post. For example, an employee who starts in post on 20 July 2012 must claim their expenses by 19 July 2013.
- 5.9 Where the employee's spouse/partner is also taking up appointment in the Council and receiving assistance with the relocation, the Council will restrict the package in order that a maximum total package of £8,000 is provided between partners.

## 6 APPROVAL AND PAYMENT

- 6.1 Employees will **not** be eligible to reclaim expenses until the agreement for the repayment of relocation expenses agreement has been signed. (Appendix 1.)
- 6.2 All costs are directly paid by the employee and are then reimbursed following the completion of the appropriate claim form/s (Appendix 2). The exception is removal costs, which can be paid directly by the Council, where agreed by the BRO, following sight of two quotes. Only expenditure that is actually and necessarily incurred will be reimbursed.
- 6.3 It is the employee's responsibility to ensure that their expenditure claim is in line with the Relocation policy rules, in advance of making a financial commitment to relocation expenditure. Claims in respect of these allowances must be supported by appropriate statements/receipts and forwarded to for the BRO approval.
- 6.4 The BRO will ensure all claims are legitimate before approval of payment is granted. HR will administer all payments and assist the BRO in ensuring costs are claimed within the timescale and that the total cost of each relocation package does not exceed the £8,000 limit (inclusive of VAT).
- 6.5 The Payments Section, Finance Services will process these payments following confirmation from HR , and receipt of appropriately authorised documentation and receipts.
- 6.6 The employee will determine the make-up of the relocation package however; **the total cost must not exceed £8,000 (Inclusive of VAT)** and must comply with qualifying categories set out in section 7. It is the **employee's responsibility** to ensure they claim their expenses within the relevant timescale.

## 7 CATEGORIES OF EXPENSES AND BENEFITS THAT QUALIFY

- 7.1 Disposal or Intended Disposal of Property – (Sale)
- Legal fees or services connected with the disposal
  - Legal fees or services connected with the redemption of a loan relating to the property. A loan relates to a property if it was raised to acquire the property, or if it was secured on the property.
  - Penalties for redeeming a loan relating to the property
  - Estate agent or auctioneer fees for services
  - Advertising
  - Disconnection of electricity, gas, water or phone services
  - If the property is left empty awaiting disposal
    - Any rent paid of the period when the property is empty
    - Insurance for the period
    - Maintenance of the property during the period
    - Preserving the security of the property during the period

The Council tax for the period is not permissible.

## 7.2 Acquisition of Property within Shetland (Purchase)

- Legal expenses and services connected with the acquisition
- Legal expenses and services connected with any loan raised to acquire (the interest in) the property
- Procurement or arrangement fees connected with such a loan
- Mortgage indemnity premiums
- Survey or inspection of the property
- Fees payable to the Keeper of the Registers of Scotland
- Stamp Duty
- Connection of electricity, gas, water and phone services

## 7.3 Transport of Belongings

This covers the physical removal of domestic belongings from the old residence to the new, and the costs of insuring them in transit.

Removal includes:

- Packing and unpacking
- Temporary storage if a direct move from the old residence to the new is not made
- Taking down domestic fittings in the old residence if they are to be taken to the new residence, and re-attaching them on arrival there

The Council will pay the lower of two quotes for the removal of household effects to Shetland. If an employee is relocating from another country, they may claim the cost of removing household effects from the UK to Shetland. One of the quotes must be from a Shetland based removal company.

Domestic belongings can include household pets.

## 7.4 Travel and Subsistence

The employee may be eligible for travel and subsistence up to a maximum of 4 trips:

- Preliminary visits to the new location, prior to taking up appointment of the post (applies also to the employee's immediate family)
- Travelling between the old home and the new work location
- Travelling between the new home and the old work location (where the house move takes place before the job transfer)
- Temporary living accommodation (See 7.5)
- Travelling between the old home and the temporary living accommodation
- Travelling from the old home to the new home when the move takes place (applies also to the employee's immediate family)



Where a child stays behind at the old location or is sent ahead to the new location in order to ensure continuity of education, relief may be available for the child's cost of travel and subsistence.

Subsistence is defined for the purposes of removals legislation as meaning 'temporary living accommodation'.

#### 7.5 Temporary living accommodation

7.5.1 Temporary living accommodation applies where the employee intends to move to permanent accommodation to complete the relocation. So for an employee who lives in a hotel until the old home is sold and a new home purchased, or who moves into a rented house at the new location for the same reason, the hotel and rented property represent temporary living accommodation.

7.5.2 Shetland Islands Council does not provide council housing as part of the relocation package. Relocating Workers will be considered for council housing under the terms of the Council's Allocation Policy, in line with all other housing applicants.

7.5.3 Temporary private accommodation allowance comprises:

The actual cost incurred, up to a maximum of £419.21 per month (Single Person)

The actual cost incurred, up to a maximum of £628.81 per month (If employee's partner is residing in the accommodation with them)

The allowance is available for up to 12 months from the date the employee relocates to Shetland.

The payment of the temporary accommodation allowance will stop should any of the following circumstances occur;

- (a) The employee takes possession of a property they have bought in Shetland
- (b) They take up a Scottish Secure Tenancy from Shetland Islands Council or Hjaltland Housing Association
- (c) The total cost of the relocation package exceeds £8,000 (Inclusive of VAT);
- (d) After 12 months, if none of the above

#### 7.5.4 Designated Remote Areas

Teaching staff will be entitled to assistance with housing (where available) if they are employed to work at schools in designated remote areas. These remote areas are: Fair Isle, Foula, Papa Stour. These properties are allocated in consultation with the Quality Improvement Service. Preference is given to teaching or other staff who require the accommodation in order to work at the school. The tenancy offered will be a Short Scottish Secure Tenancy tied to employment at the school.

## 7.6 Bridging loans

Relief is available where:

- Bridging loan interest is reimbursed to the employee

The general conditions are that:

- The employee, or
  - The employee and one or more members of the employee's family or household, or
  - One or more members of the employee's family or household
- a) disposes of an interest in the old home and acquires an interest in the new home
  - b) has to take out a loan to bridge the gap between the date when the interest in the new property is acquired and the date when the sale proceeds of the old property are available
  - c) uses the loan only to redeem loans relating to the old home or to acquire the new home. A loan relates to the old home if it was raised to acquire the property, or if it was secured on the property, and
  - d) the loan does not exceed the market value of the old home at the time the new home is acquired

Where the bridging loan is not provided or facilitated by the employer, and the condition at (a), (b) and (c) above are satisfied, the interest on the loan is an expense, which qualifies for exemption. If either of the conditions at (c) and (d) are not met the eligible interest is restricted to the amount that would be payable if the loan met both conditions.

## **8 CATEGORIES OF EXPENSES AND BENEFITS THAT DO NOT QUALIFY**

8.1 Costs that do not qualify include:

- Reimbursement of Domestic Goods
- Mortgage or housing subsidies if the employee moves to a higher cost area
- Compensation paid for any loss on sale of the employee's home
- Interest payments for the mortgage on the employee's existing home
- Re-direction of mail
- Council Tax bills
- Gas, electricity and phone bills (only connection fees are permitted in this regard)
- Purchase of new school uniforms for employees' children
- Compensation for losses, such as:

- Having to give up a part-used season ticket
- Cost of joining a new sports or social club
- Penalty for giving insufficient notice of a child's withdrawal from school

This list is not exhaustive. The BRO has the authority to reject claims, which do not fall under the categories of expenses detailed in section 7.

## 9 REPAYMENT OF RELOCATION EXPENSES

- 9.1 The Council will not reclaim relocation expenses where the Council terminates the employment, unless the termination is for reasons of discipline/misconduct.
- 9.2 Prior to claiming relocation expenses, employees are required to sign an agreement that they will reimburse the Council should the employee leave the Council's employment (Appendix 1.)
- 9.3 The Council will reclaim the cost of assistance provided under the policy if an employee leaves the Council's employment within 2 years. For temporary employees this will be reduced on a sliding scale depending on the length of their contract.

### 9.3.1 Non-Temporary Employees

The Council will reclaim the cost of any assistance provided under this policy if an employee leaves the Council's employment within a period of two years from the date of taking up their post.

Reimbursement will be reduced on the following sliding scale to reflect the benefit obtained by the Council from the employee's service.

Leaving within	6 months = 100% of relocation expenses claimed
	12 months = 75% of relocation expenses claimed
	18 months = 50% of relocation expenses claimed
	24 months = 25 % of relocation expenses claimed

### 9.3.2 Temporary Employees

The cost of any assistance to be repaid by a temporary employee will be reduced on a sliding scale and will depend of the length of time the employee still had to serve in their temporary contract at the time of leaving the Council.

This will be calculated using the formula below:

No. of calendar days still to serve in temporary contract*	X	Amount of relocation expenses claimed (£)
No. of calendar days the temporary contract was due to last for		

\* Only calendar days within the first two years of the temporary contract to be considered

- 9.4 Ensuring that the necessary action is taken in regard to seeking the repayment of relocation costs will be the responsibility of the relevant Executive Manager, in conjunction with Finance Services.
- 9.4 Employees should be aware of the amount being spent on each of the options of the chosen relocation package, to ensure the £8,000 maximum (inclusive of VAT) is not exceeded. HR will carry out the monitoring of relocation expenditure following receipt of claim forms and relevant accompanying invoices.

## **10 APPEAL PROCESS (TRANSFER AGREEMENT FOR TEACHERS/ REDEPLOYMENT POLICY)**

- 10.1 Existing employees who have to move home within Shetland through the application of the Transfer Agreement for Teachers or the Redeployment policy may be eligible for support through the Relocation Policy. This must be agreed by the relevant Executive Manager and the Executive Manager – HR, who is the BRO.
- 10.2 An employee who is being transferred through the Transfer Agreement for Teachers or the Redeployment policy may consider that he/she should be eligible for the Relocation policy but this is not agreed by the relevant Executive Manager and the BRO. In these circumstances an appeal can be made to the relevant Director (Director of Children's Services for teachers, Director of Corporate Services for all other staff).
- 10.3 An appeal against a decision on eligibility to the Relocation policy must be made on the designated appeal form, submitted within 10 working days of receipt of confirmation from the Executive Manager. The form should be submitted to the relevant Director (Director of Children's Services or Director of Corporate Services), and will be considered and concluded within 20 working days of the submission. The member of staff will have the right to attend a meeting with the relevant Director or designated representative and may invite a member of their professional association or trades union representative, or a colleague to accompany them to the meeting if they wish.
- 10.4 The Director of Children's Services/Director of Corporate Services or designated representative will consider all the circumstances of the case and decide whether the teacher/employee is eligible for the relocation policy.
- 10.5 There is no further internal appeal, however where a teacher is dissatisfied with the Council's decision as to whether it is necessary for them to move home, and there is not joint agreement locally (through the Joint secretaries of the Local Negotiation Committee for Teachers) that the Council has dealt equitably with this, the teacher shall have the right to appeal to the Scottish Joint Committee for Teaching Staff in School Education.

**For further information please contact Human Resources**

AGREEMENT

Between

<sup>1</sup>

the “Employee”)

and

SHETLAND ISLANDS COUNCIL  
 (“the Council”)

FOR

THE REPAYMENT OF RELOCATION EXPENSES

I, the Employee hereby accept the offer from the Council of

- (a) the sum of £..... <sup>2</sup>, to a maximum of £8,000 in respect of my transfer as a teacher, or redeployment as a Council employee, in the employment of the Council (the “transfer expenses”)

OR

- (b) relocation expenses to a maximum £8,000\* in respect my relocation to take up employment with the Council (the “relocation expenses”)

and AGREE that

FIRST

I have been made aware of paragraphs 9.3.1 and 9.3.2 of the Council's Relocation Policy and undertake that if, within 24 months of the date of my transfer as a teacher/redeployment or of my commencing employment with the Council I leave Council employment, or the Council terminates my employment by reason of my discipline or misconduct, I shall

(a) where I am employed by the Council otherwise than on a fixed-term contract, or

(b) where I am employed by the Council on a fixed-term contract, repay in full to the Council the transfer expenses or relocation expenses the Council may have paid to me in connection with that transfer or my taking up employment with the Council according to the scales set out in the said paragraphs 9.3.1 and 9.3.2.

SECOND

I authorise the Council to deduct from my final pay and emoluments any agreed sum outstanding on leaving the employment of the Council subject to the requirements of the paragraph FIRST above.

THIRD

In the event the amount due from me on leaving the employment of the Council exceeds the net sum of my final pay and emoluments to repay the agreed difference to the Council on demand or as mutually agreed at that time.

---

<sup>1</sup> Enter full name of employee

<sup>2</sup> Delete (a) or (b) as applicable

FOURTH Any outstanding sum to be reimbursed to the Council shall be subject to variation at the time.

FIFTH That this agreement is subject to Scots Law and to submit myself to the exclusive jurisdiction of the Scottish Courts.

Signed ..... for the Council  
..... (name)  
..... (date)

Signed ..... the employee  
..... (name)





## Appeal Form - Eligibility for Relocation Policy

### 1. Employee Details:

<b>Name</b>		<b>Department / Service</b>	
<b>Post</b>		<b>School / Location</b>	
<b>Work Address</b>		<b>Home Address</b>	
<b>Work Phone No</b>		<b>Home Phone No</b>	
<b>Name of representative</b>		<b>Representative's Contact Details</b>	

### 2. Appeal details

Please outline the reasons why you think you should be eligible for the Relocation policy, noting whether you are being transferred through the Transfer Agreement for Teachers, or redeployed through the Redeployment Policy. (continue on separate page if necessary)

### 3. Individual Meeting:

As part of the appeal process, you have the right to attend a meeting to discuss your appeal against the decision that you were not eligible for the Relocation policy. If you are a teacher transferring through the **Transfer Agreement for Teachers** that will be with the Director of Children's Services or designated representative and you may invite a member of your professional association or colleague to accompany you to the meeting. If you are being redeployed through the **Redeployment Policy**, the meeting will be with the Director of Corporate Services or designated representative.

Please tick the relevant box below:

	I would like the opportunity to attend a meeting to discuss eligibility for the Relocation policy
	A meeting to discuss eligibility for the Relocation policy will not be required.

**Signed:**

**Employee:**

**Date:**

### 4. Statement of Management Decision (to be completed by Executive Manager who determined that Teacher/Employee was not eligible for Relocation Policy)

Please outline the reason you determined this teacher/employee was not eligible for the Relocation Policy:

**Signed:**

**Executive Manager:**

**Date:**

This appeal will be considered and concluded within 20 working days of submitting the form by the Director of Children's Services or designated representative/Director of Corporate Services or designated representative, as appropriate.



**Employees Joint Consultative Committee**  
**College Lecturers Joint Consultative**  
**Committee**  
**Policy and Resources Committee**

**15 April 2015**  
**30 April 2015**

**4 May 2015**

### Redeployment Policy

**HR-04-15-F1**

**Report Presented by Executive  
Manager - Human Resources**

**Corporate Services / Human  
Resources**

#### **1 Summary**

- 1.1 This report seeks agreement to a revised Redeployment policy (Appendix 1).
- 1.2 The Redeployment policy sets out the framework for seeking alternative employment where this is necessary through organisational restructure, changes to service delivery or to respond to individual employee circumstances, such as health or capability. The policy has been revised, taking account of changes made to the Relocation policy, which is also on this agenda.
- 1.3 The Redeployment policy has been amended to clarify eligibility to the Relocation policy applicable to existing employees who **have** to move home within Shetland where they have been redeployed through the Redeployment Policy. This includes a mechanism for a redeployed employee to appeal the decision on eligibility to the Relocation policy.
- 1.4 While reviewing the Redeployment policy to ensure it is consistent with the Relocation policy, the opportunity has been taken to update eligibility to accord with case law, other HR policies, such as Maximising Attendance, and Capability, and guidance on the use of temporary contracts.
- 1.5 **Main Change** - The main impacts of these revisions are clarifying eligibility for redeployment in a redundancy situation, which applies where the affected employee has over two years continuous service,

and the restrictions that apply depending on the reason for a temporary contract. Where the reason for the expiry of a temporary contract is the return of the permanent employee from agreed leave, it does not meet the statutory definition of redundancy, hence no entitlement to a redundancy payment or identification of suitable alternative employment.

## **2 Decision Required**

2.1 That the Policy and Resources Committee RESOLVES;

2.1.1 to approve the revised The Redeployment Policy, attached as appendix 1.

## **3 Detail**

3.1 The Redeployment policy was last reviewed in 2012, and amended in 2013 following agreement of the Policy for Organisational Change.

3.2 The Redeployment policy has been amended to tie in with revisions to the Relocation policy. This provides, in exceptional circumstances, eligibility for the Relocation Policy. This is determined on a case by case basis by the relevant Executive Manager and the Executive Manager – HR, who is the budget responsible officer. The Redeployment policy references the appeal mechanism set out in the Relocation policy.

3.3 The Redeployment policy has also been reviewed to ensure it is consistent with other Council policies, such as Redundancy, Maximising Attendance, Capability and Harassment and Bullying, as well as emerging case law.

3.4 The Redeployment policy provides a process for seeking redeployment opportunities, regardless of the reason for the search. However, within that process there are differences between redeployment on the grounds of redundancy, and in all other circumstances. In order to meet the requirements in relation to “suitable alternative employment”, redeployment related to redundancy must meet stricter criteria, and attracts salary protection within the parameters agreed previously by the Council. The revisions make the eligibility criteria clearer, and these relate to the statutory definition of redundancy, and qualifying continuous service.

3.5 Also revised is the priority given to redeployees facing redundancy in the previous Redeployment policy. This provision has been removed giving equal weight to employees seeking redeployment for other reasons, such as for health where adjustments cannot be made in the contracted post.

## 4. Implications

### Strategic

- 4.1 Delivery on Corporate Priorities – Delivering across the priorities of the Shetland Single Outcome Agreement for 2012/15 requires the Council to recruit and retain high quality staff. The Redeployment policy provides a mechanism for identifying alternative employment for eligible employees.
- 4.2 Community /Stakeholder Issues – The views of employees are sought through the Employee Joint Consultative Committee, and the College Lecturer's Joint Consultative Committee.
- 4.3 Policy and/or 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 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 giving priority for redeployment to employees requiring it for one reason, over others, could give rise to a discrimination claim. The revised policy proposal will remove this risk. There is a risk that the reason for a temporary contract is not properly communicated, and as eligibility for redeployment to those with qualifying service applies only in certain circumstances, this may lead to redeployment or a redundancy payment being made, or denied, in error. There is a related risk of appeals or claims from employees where redeployment or a redundancy payment should have been made, and was not. This risk can be mitigated through improved communication and coaching on the Guidance on the Use of Temporary and Fixed Term contracts.
- 4.5 Equalities, Health and Human Rights – The amendments made to the Redeployment policy apply equally across all staff groups.
- 4.6 Environmental – None.

### Resources

- 4.7 Financial – There is a limited Relocation budget of £16,000 in Human Resources. There is an expectation that where a manager deletes a post and this results in a redeployment of an employee into another post through the Redeployment policy, the service area making the saving will contribute towards the costs of relocation, if these apply. The costs of development or training to meet an identified gaps in skills or qualification by a redeployee will be met from existing budgets in the

recruiting service, unless otherwise agreed, for example where there is an agreement to share costs with the previous service.

- 4.8 Legal –The revised Redeployment Policy will ensure that the Council follow relevant statute and other Council policies.
- 4.9 Human Resources – The Redeployment policy supports services in the delivery of organisational change, and where employees' circumstances are addressed through other policies such as Maximising Attendance, or Capability. Clarification of eligibility assists in delivering the expectations of the Council fairly.
- 4.10 Assets and Property – None.

## **5 Conclusions**

- 5.1 The revised Redeployment policy clarifies that the Council's Relocation policy can apply to redeployees where this has been agreed by the relevant Executive Managers. It also provides an appeals mechanism for those who believe they should be eligible to such assistance.
- 5.2 While reviewing the Redeployment policy the opportunity has been taken to ensure there is consistency across relevant HR policies and that eligibility for a redeployment search, and to pay protection are clear.

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*2 April 2015*

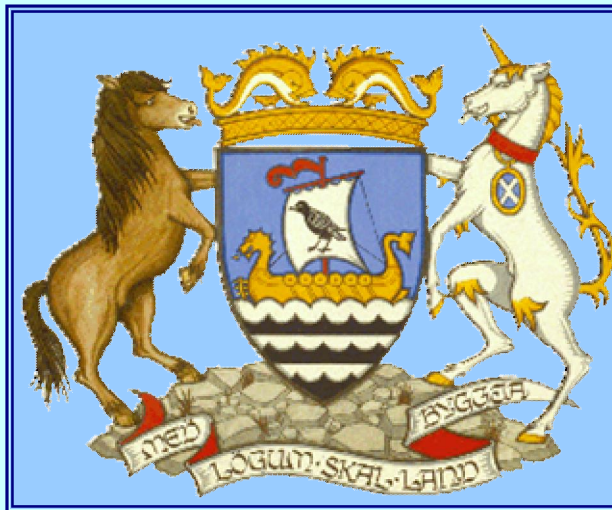
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### Appendix1 – Redeployment Policy

END

# **SHETLAND ISLANDS COUNCIL**

## **REDEPLOYMENT POLICY**



**Operational Date: 5 May 2015**

# Shetland Island Council

## REDEPLOYMENT POLICY

Operational Date: 26 June 2012

Amendment Date: April 2013

Review Date: March 2015

1	Introduction .....	2
2	Scope of Policy .....	2
3	Legislation .....	2
4	Links to other Council Policies .....	3
5	Roles and Responsibilities .....	3
6	General Principles .....	4
7	Redeployment as an alternative to redundancy .....	7
8	Redeployment related to Health .....	7
9	Disciplinary Redeployment/Transfer.....	8
10	Redeployment on the Grounds of Capability .....	8
11	Redeployment following Harassment and Bullying .....	9
12	Salary Protection Arrangements .....	9



## 1 INTRODUCTION

- 1.1. The Council and Trade Unions recognise that in order to ensure that the efficiency of the services provided by the Council is maintained, on occasion it may become necessary to redeploy staff. When redeployment is required, it is an aim of this policy to ensure that this is carried out in a sensitive manner that meets the Council's legal obligations and minimises the impact on both the employee concerned and the service.
- 1.2. It is also recognised that due to the different circumstances in which redeployments may be required, the purpose of this policy is to outline key principles and approaches which must be applied when dealing with specific situations where redeployment is most likely to occur.
- 1.3. Shetland Islands Council will make every effort to ensure that fair and consistent procedures are applied to any employee who requires redeployment during the course of their employment.
- 1.4. The Council is committed to assisting employees to gain alternative employment if they are placed on the redeployment register.
- 1.5. The Council will ensure that appropriate levels of support and communication are put in place for any employee on the redeployment register through line managers, Human Resources and where applicable the Council's Occupational Health Service.

## 2 SCOPE OF POLICY

- 2.1 This policy applies to all employee groups in the Council. This Policy complements the Transfer Agreement for Teachers. In the case of Teachers this policy should be used in circumstances where the Transfer Agreement does not apply and / or where consideration is being given to the redeployment of a teacher outwith the profession.
- 2.2 However, the following exclusions apply:

In relation to redeployment as an **alternative to redundancy**, an employee who has less than 2 years continuous service is not eligible for a redeployment search.

An employee, with the qualifying continuous service (ie of two years or more), who is employed on a temporary contract covering a post while the permanent employee is absent is not entitled to a redeployment search when the contract expires on the return of the postholder. This is because it's not a statutory redundancy situation.

## 3 LEGISLATION

- 3.1 Fixed Term Employee Regulations (Prevention of Less Favourable Treatment) (as amended) 2002  
Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999  
Employment Rights Act 1996  
Equality Act 2010

## **4 LINKS TO OTHER POLICIES**

- Recruitment And Selection
- Maximising Attendance
- Capability
- Redundancy
- Disciplinary
- Bullying And Harassment
- Ill Health Retirement
- Organisational Restructure
- Transfer Agreement for Teachers

## **5 ROLES AND RESPONSIBILITIES**

### **5.1 Manager's responsibilities**

Managers are required to fully engage with this Policy and provide appropriate support to their employees facing redeployment (referred to as 'Redeployees') and maintain regular contact throughout the process. They should comply with the requirements of this policy in the appointment of staff requiring redeployment as appropriate. Further they should ensure provision is made for appropriate training and management support during trial periods.

Once redeployment has taken effect the recruiting manager will monitor performance and communicate with the redeployee during the trial period to monitor success of the placement. The recruiting manager must also communicate with HR in relation to the suitability of the placement.

### **5.2 Redeployees' responsibilities**

Redeployees will be expected to fully engage with the redeployment process and be as flexible as possible in their search for suitable redeployment in order to maximise their chances of success. That includes completing an Employee Profile Form that provides as much information as possible and giving HR sight of original Qualifications. HR will provide Redeployees with access to the Council's Internal Jobs Hub where they must view all Internal/External and Redeployment posts available.

Redeployees should regularly check the Internal Jobs Hub for vacancies and must highlight posts considered as potential opportunities for redeployment to HR within 7 days of the vacancy becoming available. HR will then explore the suitability against the Employee Profile Form and where possible will arrange an informal interview with the Recruiting Manager.

Redeployees are also expected to fully co-operate in any training programmes and/or temporary duties, which are identified to assist in the redeployment search or after a post has been identified.

Redeployees who wish the support of their Trade Union should seek this assistance as early as possible.

### **5.3 HR responsibilities**

HR will co-ordinate the redeployment process, and ensure that the redeployee's manager is updated of progress.

HR will meet with the redeployee to explain the process and will assist them in setting up an account on the Council's online recruitment system as well as the Internal Jobs Hub. If required, HR will also provide a coaching session on how to use the Council's online recruitment system.

## **6 GENERAL PRINCIPLES**

- 6.1 The circumstances in which redeployment may occur are organisational change, and changes in service delivery/demands which may result in redundancy; through the formal stages of Maximising Attendance, where adjustments cannot be accommodated in the current role,; following a formal Capability hearing; as part of a disciplinary penalty; and where there has been a serious breakdown in working relationships, for example following consideration of a harassment and bullying complaint.
- 6.2 The Council will make every reasonable effort to assist employees to be redeployed into a suitable post, including provision of appropriate training and counselling support.
- 6.3 Once it has been established that it is appropriate for an employee to be considered for redeployment they will be asked to complete an Employee Profile Form and their details will be placed on the Redeployment Register. The redeployment search will take place for a minimum of 4 weeks up to a maximum 12-week period. The employee's period of statutory notice will run concurrently with their time on the Redeployment Register.
- 6.4 In line with the Council's policies that support organisational change, and those related to Maximising Attendance, Capability and Disciplinary, Human Resources, in consultation with the relevant Director, reserve the right to withhold any vacancy for the purpose of redeployment, at any stage of the recruitment process.
- 6.5 While there are specific considerations in relation to redeployment resulting from redundancy, set out in more detail below it is a principle that redeployment should not offer promotion. Pay protection applies only to redeployment in a redundancy situation, and within the parameters set out at section 12.
- 6.6 A post will be deemed to be "suitable alternative employment" in terms of the Redundancy policy where the redeployee meets the core essential requirements of that post and that post does not normally represent an increase for the redeployee of more than 1 grade. Furthermore, where pay protection applies (ie, in a redundancy situation, as outlined in Section 12), "suitable alternative employment" should not represent a pay decrease of more than 1 grade. The core essential requirements will normally relate to the requirements of the post that cannot be gained within a reasonable

timescale; eg the trial period. Other factors that will be considered in determining the suitability of a post include location, pay, working environment, hours of work, status, level of responsibility/seniority and range of duties in comparison to the employee's previous job. These will all be considered alongside any restrictions which require to be taken into account and which are outlined in the employee's Redeployment information.

- 6.7 Employees should recognise however, that their ideal post will not always be available and may have to compromise in order to maximise redeployment opportunities.
- 6.8 The Council's Relocation policy can apply where an employee is redeployed into a post where s/he **has** to move home within Shetland. This is determined on a case by case basis by the relevant Executive Manager (from the redeploying service and the recruiting service) and the Executive Manager – HR. There is an appeals procedure which an employee can use if s/he disagrees with a decision on eligibility to the Relocation policy.
- 6.9 Where a potential redeployment opportunity has been identified, HR will carry out an initial screening of the Employee Profile Form along with the core essential requirements set out in the Job Profile/Person Specification for that role. Where it appears that it may be a suitable redeployment opportunity, this will be taken forward with the recruiting service. The relevant manager in the recruiting Service is required to interview the employee who has been placed on the redeployment register to ascertain their suitability for the job. This process should be carried out by a panel of at least two people in line with the Recruitment and Selection Policy requirements. If the employee meets the core requirements of the Person Specification and they have the potential to meet all of the essential criteria during the trial period then appointment should be made (as above).
- 6.10 The recruiting Service must not unreasonably refuse to accept a redeployment of the employee. Where such a refusal takes place, the reasons must be clearly outlined to the Executive Manager – Human Resources who will be responsible for discussing this further with the relevant managers. Should a dispute occur between Services, the matter will be referred to the Director of the recruiting service for a final decision.
- 6.11 Redeployment will begin with a trial period of normally four weeks. The trial period may be extended in exceptional circumstances up to a maximum of 6 months for training or familiarisation. This requirement will depend upon:
- (a) The duties and responsibilities of the post compared with the experience of the redeployee;
  - (b) The essential training and education requirements of the post compared with the training and qualifications possessed by the redeployee.

Redeployees will continue to have access to the Internal Jobs Hub for the duration of the trial period until established in post or the Redeployment Search has been completed.

- 6.12 The service from which the employee is being redeployed will be responsible for meeting the costs of such training and the salary costs during the trial period. However if this is not appropriate due to re-organisation alternative funds may need to be identified and agreed prior to the redeployment commencing. The financial implications of providing additional training for the redeployee should be fully considered before any commitment is made to cover such costs. Where there is a disagreement between the redeploying service and the recruiting service about the extension of a trial period, the funding of this and/or training, this should be discussed with the Executive Manager – HR, or designate, who will facilitate agreement, which may include the sharing of costs
- 6.13 Following the trial period the employee may be offered (i) the appointment on a permanent basis, (ii) an extension of the trial period for development purposes which must not exceed 6 months (see 6.10 above).
- 6.14 The service in to which the employee is being redeployed is responsible for drawing up the trial period performance action plan to enable effective monitoring of their performance in the new role. Advice on this can be sought from Human Resources, and a template is available.
- 6.15 At the end of the trial period, where this has been successful, the manager should meet with the redeployee to confirm their appointment to the post. Human resources will confirm this in writing and a new offer letter and written statement issued accordingly. The manager of the redeploying service will also be informed of the outcome.
- 6.16 Where an employee works beyond the four-week trial period, or beyond the agreed trial-period extension date, s/he will be deemed to have accepted the new job and will lose any entitlement to a redundancy payment, if this applies. This must be made clear to the employee at the outset of the trial period.
- 6.17 The reasons why an employee will not be considered for employment in a post following the trial period must be clearly stated in writing by the recruiting manager. For example, relevant details of the ways in which the employee did not meet the essential requirements of the post including their abilities in relation to specific tasks, as recorded during the monitoring process carried out by the recruiting manager. The employee will then either continue on their statutory notice period or their employment will be terminated if the notice period has already been exhausted.
- 6.18 An employee may refuse an offer of redeployment but where the Council believes the reasons for such a refusal to be unreasonable and that the job constitutes 'suitable alternative employment', in terms of the Redundancy policy it will be deemed the employee has terminated the contract and the employee will not receive any redundancy payment or early payment of pension if applicable. The employee will then either continue on their statutory notice period or their employment will be terminated if the notice period has already been exhausted.

- 6.19 An employee may be offered redeployment in a post which does not fulfil the definition of 'suitable alternative employment' in paragraph 6.6. In such instances the employee may refuse the post without any effect on potential early retirement or redundancy benefits. The redeployment search will continue if still within the agreed time scale.
- 6.20 An employee may express an interest in and be offered redeployment to a temporary post. In this case it should be agreed, and the employee informed, at the outset what the implications are of accepting the redeployment. For example, where the post is temporary because the postholder is absent on agreed leave and will return to work, there is no entitlement to a redundancy payment at the expiry of the temporary contract. This is because it is not a redundancy situation as the job is continuing and in these circumstances redeployment will not be sought at the expiry of the temporary contract. Where the cessation of a temporary contract is in circumstances that meets the definition of redundancy, and an employee has more than 2 years continuous service, a further redeployment search will take place. In these circumstances the employee will be issued with notice and the redeployment search will run concurrently (see 6.3)

## **7 REDEPLOYMENT AS AN ALTERNATIVE TO REDUNDANCY**

- 7.1 In a redundancy situation, full consultation will take place as defined in the Redundancy Policy. Following this, where an employee is unsuccessful in being matched or selected for a post under the process outlined in Section 6 of the Redundancy Policy, or where a reorganisation reduces the number of posts without introducing any new posts, staff will be declared redundant.
- 7.2 Where an employee has been declared redundant and where there is budget capacity and business reason the employing service can create a 'holding post'. Such posts will not normally last more than 6 months and must be funded from existing budgets. Employees placed in such posts will continue to be paid the salary for the post they are being made redundant from. The role should therefore be equal to the role they are being made redundant from. Holding posts should not be confused with the provisions relating to trial periods.
- 7.3 If the employee remains in a redundancy situation after the alternatives outlined above have been considered, the employee will be issued with a notice of termination of employment on the grounds of redundancy. During the employee's period of notice, every reasonable effort will still be made to secure redeployment.

## **8 REDEPLOYMENT RELATED TO HEALTH**

- 8.1 The Maximising Attendance policy and procedures set out the steps to be followed in managing attendance in line with the expectations of the Council to create a culture of maximising attendance at work. These include formal meetings where consideration is given to adjustments which support an employee to return to work, or to improve attendance to expected levels. Where it is not possible to make these adjustments within the employee's contracted role, redeployment to another post may be agreed. This is usually in

conjunction with the issue of notice from the contracted post. In these circumstances, redeployment will be explored in line with the advice provided by Occupational Health regarding restrictions to duties. As set out in section 12.1 salary protection is not applicable.

- 8.2 An employee who is a member of the Local Government Pension Scheme or the Scottish Teachers' Pension Scheme, may meet the criteria set out in the relevant pension scheme for ill health retirement. As part of that assessment, an Occupational Health Consultant may recommend redeployment be sought first. In these circumstances, Human Resources will ensure that, prior to taking up an identified alternative employment; Council's Occupational Health is consulted, to confirm whether there would be any health and safety implications relating to the employee's medical condition and the duties of the new post.

## **9 DISCIPLINARY REDEPLOYMENT/TRANSFER**

- 9.1 As outlined in paragraph 10.7 of the Council's Disciplinary Procedure, following a disciplinary hearing, a manager may decide to impose a punitive disciplinary penalty short of dismissal. This may include disciplinary transfer to another post or demotion.
- 9.2 Where this is identified as within the range of possible penalties when preparing for a disciplinary hearing, information on the vacancies that exist at that time must be collated by Human Resources in order to be able to assess them for suitability.
- 9.3 Where the disciplinary penalty is a transfer and not a demotion, all reasonable efforts will be made to transfer the employee to a vacancy which is at a similar level, location etc as their previous post. Should this not be possible, as the transfer is being imposed as a disciplinary penalty, the employee will be redeployed to a vacancy considered to be suitable by the manager making the disciplinary decision, taking advice from Human Resources. The employee will retain their rights of appeal, as established in the Disciplinary Procedure.
- 9.4 If no vacancy can be found around the time of the hearing then the employee will be called to a formal meeting to discuss the intention of issuing notice of termination of employment. The search for redeployment will continue during the appropriate notice period.

## **10 REDEPLOYMENT ON THE GROUNDS OF CAPABILITY**

- 10.1 Where a manager has identified capability issues these are dealt with through the Capability Policy. Where this results in a formal hearing, redeployment may be an outcome of that process..
- 10.2 It must be noted that the ability to redeploy an employee to a post which is at a similar level to their previous post, may be affected by the issues which resulted in their redeployment. E.g.a failure to achieve work standards. Therefore, although efforts will be made to transfer the employee to a vacancy, which is at a similar level, location etc as their previous post, should

this not be possible, the employee will be offered the most suitable post available, as an alternative to termination of contract.

## **11 REDEPLOYMENT FOLLOWING HARASSMENT AND BULLYING**

- 11.1 Following conclusion of a formal complaint under the Council's Policy on Harassment and Bullying at Work, it may become necessary to redeploy/transfer an employee(s) from their place of work. As outlined in Section 4.2 of Appendix 1 to that policy, this could either be the complainant or the alleged perpetrator, or both.
- 11.2 Should redeployment from the place of work be necessary, the employee's line manager and Human Resources will seek opportunities across the Council. A temporary transfer to allow an investigation to be carried out is not processed through the redeployment policy.
- 11.3 Redeployment will only be explored where working relationships have been irrevocably damaged and attempts at reconciliation have failed (including formal mediation where appropriate).

## **12 PAY PROTECTION ARRANGEMENTS**

- 12.1 Pay protection only applies where an employee has been issued with a notice of redundancy and has accepted redeployment into a lower graded post as suitable alternative employment. Pay protection will not apply where the employee has been redeployed for any other reason.
- 12.2 The following arrangements apply:
  - (i) Pay protection of 100% of the difference between the existing grade and the top point of the new grade for 12 months with additional protection of 50% of the difference (between the existing grade and the top point of the new grade) for a further 12 months, if required. There is no entitlement to pay increments or increases resulting from pay awards during this time. At the end of the two-year pay protection period, the postholder will then receive the substantive salary for the new post.
  - (ii) Pay protection is based on one grade preservation. Where a redeployee accepts as "suitable alternative employment" to a new post which is more than one grade lower than their previous contracted post, pay protection to one grade above the new post will apply.
  - (iii) Pay protection is based on grade. Where an employee accepts a redeployment into a post with fewer hours than their previous post, s/he is paid at the protected grade for the hours worked. Similarly, where an employee accepts redeployment into a post with more hours than their previous post s/he is paid at the protected grade for the existing hours in the previous contract, with any additional hours being paid at the lower grade.



- (iv) Should the postholder, within the two year period, voluntarily apply for and be appointed to a new post, the pay protection of salary will cease on appointment to that new post.
- (v) Where an employee qualifies for pay protection they may also wish to consult with staff at Pensions regarding obtaining a certificate of protection for their pension if they are a member of the LGPS.

12.3 Where an employee has been redeployed into a suitable alternative post as an alternative to redundancy and their permanent place of work has been relocated by more than 5 miles, mileage payments will be made for any additional distance from their home to place of work for a period of 3 years. No mileage is paid for any travel at lunchtimes. This allowance ceases if the employee is successful at a recruitment process and leaves the post redeployed into during the three-year period.





Education & Families Committee	27 April 2015
Employees JCC	27 April 2015
Shetland College Board	29 April 2015
College Lecturers JCC	29 April 2015
Policy and Resources Committee	04 May 2015
Shetland Islands Council	13 May 2015

## **Review of Tertiary Education in Shetland – Aggregated Business Model**

**Report No: DV-25-15-F**

**Report Presented by: Director of  
Development and Executive Manager -  
Change Programme**

**Development Services Department**

### **1.0 Summary**

- 1.1 The Council considered options for the future organisation of Tertiary Education<sup>1</sup> in Shetland during meetings in 2013. It tasked a project team with “confirming the viability of a single governance and delivery model for the Tertiary sector” and the “production of a business model and implementation plan” for consideration by the Council and other bodies.
- 1.2 This report and its appendices describe that business model. They also set out the requirements for increased income and cost reduction for it, or any other structures, to be viable.
- 1.3 The companion report on this agenda lays out the implementation plan for this integrated model and the decisions and further steps required to take that forward.

<sup>1</sup> In this document the sole use of “Tertiary” includes Tertiary Education, Research and Training unless otherwise stated

## **2.0 Decisions Required**

- 2.1 That the Committees note the information contained in this report, concerning the viability of a single governance and delivery model, and comment on those areas within their specific remit [as set out in Section 4.3 of this report] and inform Council of their views; and
- 2.2 That the Shetland Islands Council RESOLVES, having taking account of the views of Committees, to confirm the viability of a single governance delivery model for Tertiary Education in Shetland.

## **3.0 Detail**

- 3.1 Appendix 1 to this report sets out an aggregated business model for Tertiary Education in Shetland over the coming years. This model has been developed from information provided by a wide range of local, regional and national partners. It has been the subject of extensive consultation and discussion with stakeholders between 7 November and 7 December 2014. Further development work was then done during January, February and March 2015 and is now proceeding through official consultation and decision making channels.
- 3.2 The remit for this exercise was a single governance and delivery model for the sector. Therefore all activities of Shetland College, Train Shetland and the NAFC Marine Centre have been scoped in to the model. The accompanying implementation plan describes how and when consideration of excluding individual business areas, or specific functions, in any final structure would be carried out.
- 3.3 Appendix 1 describes what the new organisation would seek to achieve based on the published and emerging strategic priorities of local, regional and national partners. This does not provide definitive answers to every question, particularly regarding things like the numbers of students which must be achieved or the detailed range of learning opportunities which must be available. Most strategies seek to “maximise potential” or meet need “as far as possible” rather than target finite outcomes. They do however provide the overall guidance to the areas to be prioritised.
- 3.4 No recommendation is made at this time about its best technical structure for any new organisation. There is an option to use the existing Shetland Fisheries Training Centre Trust as a “host”, but alternatively a new legal entity could be created. Decisions on that do not need to be made until later in the process as explained in the implementation report. That would also allow due diligence processes to obtain detailed information relating to issues such as pensions or VAT in different circumstances.

- 3.5 Using the University of the Highlands and Islands as a “host” was considered in some detail during the development of the integrated business model. That option became a possibility because of discussions around potential regional restructuring. It has now been discounted however for a combination of factors, most significantly the Scottish Governments opinion that the recently established UHI Further Educational Regional Board should be give more time to bed in before any region wide restructuring is considered. These concerns did not extend to the sort of local restructuring being considered in this report.
- 3.6 At the same time as Government opinion was emerging, there was also a general agreement developing between local and regional parties that a genuinely local solution to our governance issues was the most appropriate next step in finding the most effective and sustainable future arrangements for Shetland.
- 3.7 Alternative scenarios for the financial performance of the integrated operation are set out in Appendix 2 based on 2015/16 approved budgets as adjusted by the Project Manager to provide examples of different potential trading conditions. Scenario 1 seeks to illustrate what actions would be required to try to maintain close to the current scale of operation. Scenario 2 considers what might have to be done for retrenchment to a significantly reduced scale of operation.
- 3.8 This modelling is not about trying to recommend what scale of business should be pursued, that is not a decision for this stage in the process. Any successful business needs to be able to manage expansion and contraction when trading conditions demand. By modelling different scales of operation we are able to consider how those opportunities or challenges would be coped with by separate or integrated operations.
- 3.9 Appendix 3 provides a short overview of the development of this project and summarises the key local, regional and national strategies which set the overall context we are operating within.
- 3.10 Ultimately any increased business within the sector would have to be the result of successful development in specific products and services. A set of review papers on potential development areas in the Tertiary Sector are available on the project portal.

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>

## **4.0 Implications**

### Strategic

- 4.1 Delivery on Corporate Priorities – The review of Tertiary Education in Shetland links to the corporate priority of maximising the opportunities for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning. These objectives are part of achieving the best start in life for everyone and supporting Shetland’s

communities and businesses, which are strategic priorities of Shetland Islands Council. The review also links to the parallel Council priorities of achieving best value in all our activities and living sustainably within our means.

- 4.2 Community /Stakeholder Issues – Staff, Students, Business and local, regional and national partners have been engaged with and consulted throughout this process. Implementing the recommendations of this review will require further consultation and engagement with partners including integration of any new governance arrangements with the Shetland Community Planning Partnership.

This report and the accompanying implementation plan is also being brought to meetings of the Shetland Fisheries Training Centre Trust.

- 4.3 Policy and/or Delegated Authority –

#### **Employees JCC and College Lecturers JCC**

To consider and offer recommendations on proposals requiring a Council decision, which affects or may affect the terms and conditions of employment of employees.

#### **Shetland College Board**

Support the operation and management of Shetland College and to monitor progress against the Council's approved strategic direction for Shetland College.

#### **Education and Families Committee**

Advise the Policy and Resources Committee and the Council in the development of service objectives, policies and plans concerned with service delivery within the functional areas relating to lifelong learning.

#### **Policy and Resources Committee**

Advise the Council in the development of its strategic objectives, policies and priorities, and to be responsible for the development of cross departmental change including for example customer management, workforce deployment and asset management and health and safety matters.

#### **Shetland Islands Council**

Determining the overall Goals, Values and Strategy Framework Documents or matters of new policy/strategy or variation of existing policy/strategy and establishment of any body to be part of the political management framework and all appointments to or removal from those bodies, are matters reserved to the Council.

- 4.4 Risk Management – The review project has followed Prince 2 best practice. All associated risk management arrangements will be recorded and managed in the Council's Risk Register system. The prime risk identified in recent assessments has been the length of time this area has been under review and the continuing negative effects uncertainty creates. This report therefore seeks to secure and build on progress already made, explain why some matters require further consideration but make sure that key actions are being actively pursued during that period.
- 4.5 Equalities, Health and Human Rights – The review has sought to ensure any equalities implications of proposals have been identified and considered.
- 4.6 Environmental – None

#### Resources

- 4.7 Financial – The financial implications of the current arrangements and projections for the next three years are explored within this report on the draft business model and the accompanying implementation report.

This far the review has been committed to ensuring that the approved budgets already available to the project partners are being most effectively deployed through joined up working and to operating within these budgets.

There are no direct financial consequences arising from this report, however this project seeks to maximise the value achieved from all of the funding provided to the three bodies by the Council, and improve sustainability.

- 4.8 Legal – Legal advice on the draft business model has been provided by Shetland Islands Council throughout the review with further specialised input from the Scottish Funding Council, Education Scotland - HMIE and the University of the Highlands and Islands. It is anticipated that all these sources of advice will continue to be available during further development of the model and into any implementation phase.
- 4.9 Human Resources - HR information and advice has been provided by Shetland Islands Council and SFTCT throughout the review, with further specialised input from the Scottish Funding Council and the University of the Highlands and Islands. It is anticipated that all these sources of advice, complemented by the due diligence process, will continue to be available during further development of the model and into any implementation phase. There have been opportunities for informal consultation with all affected staff through the stakeholder engagement process and this will continue. Formal staff consultation will take place in line with existing procedures of both organisations.

- 4.10 Assets and Property – Property advice on the draft business model has been provided by Shetland Islands Council throughout the review with further input from Shetland Leasing and Property Ltd. A specific work stream supported by all stakeholders has now been agreed to focus on taking this area forward as it has been agreed as being very important in making progress.

## **5.0 Conclusions**

- 5.1 The Anderson Solutions Review in early 2013 commented that
- “...even if SIC funding reductions were not a concern, change would still be recommended. The combination of weaknesses identified in the analysis of both the current and changing context is expected to continue to weaken the services over time.”
- 5.2 We are now well into 2015 and those comments remain valid. The prime risk identified in recent assessments has been the length of time this area has been under review and the continuing negative effects uncertainty creates. However we must move forward in step with our key partners at local, regional and national level if we are going to find a sustainable solution.
- 5.3 There is no doubt that achieving a financially sustainable business model in Shetland for this sector is challenging. That will remain a challenge whether we have a single governance and delivery model, or carry on with a number of separate organisations.
- 5.4 It is however apparent that reasonably stable arrangements for the organisation of Tertiary Education can be found in other peripheral parts of the Highlands and Islands that do not depend on very substantial Local Authority deficit funding support. The business model described in this report is an example of what that could look like in Shetland.

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Date Cleared: 20 April 2015

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## Appendices

- Appendix 1 – Aggregated Business Model
- Appendix 2a - Financial forecasts based on a maintained scale of operation
- Appendix 2b - Financial forecasts based on a reduced scale of operation
- Appendix 3 - Strategic Context and Background

## Background Documents



A full set of background documents for this review can be found at

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>



## **Single Governance and Delivery Model**

- ***Introduction to the Model***
- ***Vision and Mission***
- ***Early Objectives***
  
- ***Market Profile***
- ***Proposition and Curriculum***
- ***Additional Revenue Earning Capability***
- ***Business Development and Marketing***
  
- ***Legal Structure and Governance Arrangements***
- ***Student Engagement***
- ***Commissioning***
  
- ***Resources and Resource Management***
  
- ***Buildings***
- ***Staff***

***Future Income and Expenditure Forecasts (Appendix 2)***

***Background and Strategic Context (Appendix 3)***

***Summary of Pro's and Con's and Risk Analysis (Companion Report)***

***Implementation Plan (Companion Report)***

***Summary of Key Development Opportunities (Portal)***

### ***Introduction to the “New College Shetland” Business Model***

1. The term “New College Shetland” is used in this report to describe the joint teaching, learning, research and any other skills development capabilities of Shetland College, Train Shetland and the NAFC Marine Centre.
2. The business model described below for “New College Shetland” is the aggregated potential activity for Tertiary education in Shetland. Therefore “New College Shetland” should not only be seen as shorthand for a new legal entity. It is also shorthand for the capacity and capability of any local arrangements working together, however that is achieved.
3. The wording of the draft vision and mission statements and objectives below emerged from a “Strategic Planning Workshop” facilitated by Highlands and Islands Enterprise and attended by members of the governance groups and senior management across the institutions involved in the review.
4. A report of that day’s activity, attendees and outcomes is available on the project internet site at <http://portal.shetland.uhi.ac.uk/ster> along with a range of other project documentation and background papers.
5. It was critical that common ground was established at that strategic level to allow further work to be undertaken. Clearly the new organisation will have to review and affirm any of these statements as part of its implementation.

### ***“New College Shetland” Vision and Mission***

6. These were suggested vision statements for the Tertiary sector in Shetland:
  - To be recognised as the leading provider of learning services, supporting industry and our community; and at the forefront of education, research, training and innovation in the creative, marine and energy sectors in Shetland;
  - To ensure that the appropriate mix of teaching and learning, to meet core social and economic needs, are delivered in Shetland alongside activity in a range of specialist areas where Shetland is recognised as a market leader; and
  - To ensure that the tertiary education partnership in Shetland is organised in the best possible fashion to ensure that the needs of learners, business and the community are consistently met and that high quality and good value for money are consistently achieved.

***“New College Shetland” Early Objectives***

7. These are suggested educational, financial and social milestones which could be used to measure the rate of early success, they are that:
  - Widespread agreement is reached about the mix of learning, teaching, research and other activity that we will pursue together with all our partners in the Tertiary Sector to meet the social and economic needs of Shetland;
  - The period of uncertainty about the future structure of tertiary education in Shetland is brought to an end by making a decision on the best organisational arrangements to sustainably deliver high quality educational outcomes and value for money;
  - Actions are progressed to take those arrangements forward and this is done professionally with proper consultation and communication with everyone concerned;
  - Our shared focus can move from review and restructuring to design and delivery of the best possible teaching, learning and research; and
  - The new arrangements consistently place learners at the centre of our activities and reinforce excellence, innovation, creativity and quality.

***Market Profile***

8. Shetland is a community and a market in its own right, with a resident population of approximately 23,000. There is a school leaver cohort of some 270 each year, and a potential adult learner population of c 18,000.
9. There are an estimated 13,500 people employed in Shetland in a local economy that turns over in excess of £1 billion per annum.
10. There are 1450 organisations in Shetland registered for VAT. At least 98% of these are micro sized businesses or small to medium enterprises (SMEs).
11. Shetland is part of the Highland and Islands region with a population of around 450,000 with Scottish, UK and world markets of proportionately higher numbers.
12. Shetland has three tertiary learning institutions at present, is part of the UHI network and has a variety of links with other learning providers in Scotland and beyond.

***“New College Shetland” – Proposed Curriculum and Activities***

13. It is essential that there continues to be an appropriate mix of learning and teaching to meet core social and economic needs available in Shetland. It is also desirable that alongside this more general curriculum there are a range of specialist areas where Shetland is recognised as a market leader.
14. The Shetland Community Planning Partnership, and its member organisations, are committed to make sure every young person gets the best start in life. Their strategic vision includes a determination that all young people have the opportunity to maximise their potential and are equipped with the skills they need to succeed in the modern world. Partners are also committed to supporting adults to develop new skills to help them access better job opportunities, and to help develop a workforce that meets the needs of local businesses.
15. To best achieve that, all institutions and organisations must work together. There must be more effective partnership-working between the local schools and tertiary education sectors, to ensure smoother transitions from school, into further and higher education and then onwards into work. We must forge strong partnerships locally, regionally and nationally. We must each recognise our strengths and weaknesses and blend them with our partners.
16. Learning opportunities should range across the full range of needs and interests including:
  - Skills that can better prepare young or older people for work including additional support needs;
  - Vocational opportunities for young people in secondary education;
  - Vocational learning beyond school through modern apprenticeships and similar;
  - Further Education learning from basic skills training to higher vocational qualifications;
  - Higher Education from individual modules to degree level and beyond;
  - Short courses to learn new skills or provide continuing professional development; and
  - Training and accreditation for compliance purposes.
17. It is also vital that all of the learning opportunities are of a very high quality and that they are cost effective to deliver.
18. It is essential that this broad range of opportunities are available to local learners but it is desirable that “New College Shetland” is recognised and renowned for a range of specialist areas where Shetland is a market leader.
19. The specialist areas would be expected to include areas where we have an established track record or a geographical or sectoral advantage and could include, but not be limited to, areas such as:

- creative industries especially textiles and music,
  - seafood,
  - marine science,
  - energy engineering
20. In all cases we are determined to have the highest possible quality of teaching and learning and deliver the highest quality of student experience when compared with other colleges and universities.
21. The challenge of providing a wide range of high quality courses cost effectively remains. The small size of the Shetland population will always limit the numbers of learners overall. The numbers of local students who elect to study individual courses will be probably be lower than the ideal break even points more often than they meet or exceed them.
22. This is a well-recognised issue in many communities across the UHI network, and indeed is one of the reasons why the UHI was put together in the way it was. Remote and dispersed communities need coherent teaching and learning approaches to overcome their challenges.
23. Innovative and flexible solutions need to make the most of all available resources in any location, In remote and distant locations it is even more critical to:
- maximise the flexible use of staff and property;
  - reduce overlap and duplication wherever possible.
  - further developing distance learning and remote delivery; and crucially
  - making sure the network supports each of its spokes and nodes effectively through collaborative planning, development and delivery.
24. All local institutions already participate in network design and delivery of aspects of their curriculum. The UHI recognises this approach must be deepened and broadened and “New College Shetland” must be an active player in that development.
25. “New College Shetland” must become the provider of a wider range of learning and teaching elements into the network and beyond. Equally it must take sound decisions about when learners would better benefit from accessing more external content as that is the appropriate way to ensure high quality learning is delivered cost effectively.
26. Existing staff already have the skills to make the appropriate judgements about the best way to deliver teaching excellence. Analytical tools which can

model income and costs, course by course, have been developed by Shetland Island Council's Finance Service, and can assist in this process.

27. A combination of professional expertise and these type of tools can be used to assist in the evaluation of the current curriculum, and with other content development techniques inform future activity, curriculum offerings and future year financial projections.
28. Detailed versions of current curriculums and an overview of research activity at Shetland College, NAFC Marine Centre and Train Shetland are included in the project library available on the project portal.

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>

29. An overview of potential new course activity is also included in that library. These overviews demonstrate the sort of potential that is available for focused growth in tertiary education in Shetland if the opportunities available to us are pursued effectively.

### ***Additional Revenue Earning Capability***

30. Modern learning and research demands that there are strong links with business and commerce, both to promote the relevance of training and research to economic development, and to share skills, facilities and equipment.
31. Shetland is a very dynamic economy with high levels of activity and investment in nationally significant industries such as seafood and energy. Applied research, knowledge transfer and other consultancy services are already important particularly in the Marine area. Opportunities also exist to expand these further and find new commercialisation routes for college produced innovations.
32. To succeed "New College Shetland" will need to have the right balance of:
  - a culture of innovation - we need to look for business opportunities;
  - business skills - we can identify and exploit opportunities when they arrive; and
  - structure and systems - we have the right business organisation to trade effectively, generate profits and retain them within the business.
33. There is also a potential for improving the revenue earning and contribution capability of existing facilities including:
  - The Textile Facilitation Unit;



- Student catering facilities;
- Student residential accommodation;
- Library services; and
- Specialist consultancy services.

**SIC as a customer for Research, Economic Development and Policy Assistance services.**

34. There are a range of services provided by NAFC Marine Centre that have an economic development purpose. These include:
- Working with, and supporting, the Shetland Shellfish Management Organisation, including the provision of shellfish research and stock assessment, to enable the effective administration of the Shetland Shellfish Regulating Order;
  - Maintenance and development of the shellfish database and data collection programme;
  - Advice, information and assistance on fisheries, aquaculture, marine spatial planning and marine environmental issues to the Council;
  - High quality research in support of Shetland's maritime industries, with the intention of contributing to the sustainability of Shetland's marine resources and improving knowledge and understanding of the local marine environment;
  - Research on biology and stock health of marine fisheries and shellfish of commercial importance;
  - Short research projects on direct subjects of immediate concern (e.g. cod survey 2009);
  - Preparation and submission of externally funded research projects that are of direct relevance to Shetland and beyond;
  - Monitor national and European fisheries and marine environmental policy developments and circulate information as appropriate; and
  - Assist the Council in responding to consultations on legislative changes in fisheries policies – Scottish, UK and EU.
35. These are services that in the past have either been delivered directly by the Council's Economic Development service, or have been procured by it. If the NAFC Marine Centre did not provide these services then the Council would have to consider in-house delivery or alternative procurement.
36. Arriving at a precise value or cost for these services will be work which "New College Shetland" has to progress promptly. This would ensure that a proportion at least of the current deficit funding from Shetland Islands Council is replaced by research and consultancy services explicitly purchased by the Council, or by other bodies with similar interests.

37. There may also be research for economic development purposes carried out at Shetland College in the Creative sector, or others. Any such activity would also have to be identified, costed and covered by appropriate contracting arrangements.

**SIC as a Customer for Staff Training and Development Services.**

38. “New College Shetland” will have to establish a highly constructive working relationship in respect of short courses, CPD training, compliance and other training for Shetland Islands Council as a major local business and significant customer.

**SIC as a Customer for “Schools Education” Services.**

39. “New College Shetland” will also have to build on the close and expanding relationships with the Councils Schools services to ensure the requirements for joined up working under the curriculum for excellence are met through such initiatives as Vocational Pathways and the Shetland Learning Partnership academies. Further information of that potential development area is can be found within the background information on the project portal.

***Business Development and Marketing***

40. The tertiary education sector is already very competitive, and that competition is only likely to increase. All organisations operating in this sector have to be good at understanding student and business needs and presenting their products and service in an accessible and attractive fashion to meet those needs.
41. This will need a combination of face to face work with local businesses and students and the effective utilisation of other channels and mediums, particularly the increasingly important on-line communications tools.
42. Resources and activity in this area is very limited at the moment and is scattered across the three organisations. The development of a co-ordinated function with appropriately qualified and experienced staff is critically required.
43. The business development function will need to establish links with local and regional employers, local and regional governmental economic development agencies and others. They also have to be able to encourage the development and accreditation of academic and vocational courses that would meet local demand and generate revenue.
44. This is a model that is used by a number of Scottish technologically focused universities who employ such self-financing teams.
45. The work of this function would include creating an effective multi-channel marketing campaign to introduce “New College Shetland” to funders, key

stakeholders, potential students, and the public, and to maintain an appropriate level of continuing public awareness.

46. This team would also be critical in maintaining and developing the portfolio of brands which would make up "New College Shetland". NAFC Marine Centre, Shetland College and Train Shetland all have positive brand aspects, and it makes business sense to retain and enhance any positive recognition and value from them.
47. In addition it needs to have both an inward and more commercial focus in order to:
  - Collect and disseminate information to the correct areas of the business. The UHI itself does not have a co-ordinated business service so this may be an opportunity for "New College Shetland";
  - Network and participate internally to understand the capabilities of the new organisation and all aspects of its business;
  - Actively pursue opportunities in line with these capabilities and capacity, including completion and co-ordination of funding bids and commercial contract opportunities;
  - Participate with colleagues to establish effective systems to capture accurate financial data to effectively and profitably price work;
  - Monitor performance to learn lessons and adopt best practice including actual and budgeted costs on projects with colleagues; and
  - Have the ability to deal with any income made through trading in a tax efficient and legal manner.

### ***Legal Structure***

48. There are substantial financial advantages in "New College Shetland" being designated a Charity. This is the norm for Tertiary Education institutions. Technically legal status could either be a Company Limited by Guarantee or a Trust, both are tried and tested arrangements used by other colleges.
49. In order to undertake commercial contracts and exploit other commercial opportunities, the "New Shetland College" will require a separate trading arm function. That might need to be another new company, or it might be possible to use an existing operation.
50. "New College Shetland" would also need to have a legal structure that allowed the transfer of activity, assets, liabilities and staff etc. as required from the existing organisations. This might also be an issue of appropriate governance undertakings and obligations, but would be a matter of legal competence in the first instance.

51. That competence would need to allow the transfer of the appropriate parts of the NAFC Marine Centre, Shetland Island Council's Shetland College and Train Shetland operations, should that step be taken.
52. The legal structure of "New College Shetland" would also have to enable it to meaningfully manage financial obligations such as insurance, indemnity and pension arrangements as appropriate for employees, students and other customers. This may also be an issue for governance arrangements and financial structures.
53. The advantages and disadvantages of these various arrangements are considered in more detail in the accompanying "proposals report". For the purposes of this report it is assumed that the aggregated tertiary education activity is organised through a competent legal model.

### **Governance**

54. Effective governance is arguably the most important issue to get right for the long term well-being and effectiveness of any organisation.
55. Good governance:
  - promotes effective leadership and vision;
  - makes sure that the right opportunities and issues are identified and addressed;
  - sees that decisions are made when necessary;
  - ensures the interests of learners, staff and the organisation are monitored and maintained; and
  - provides the appropriate resources so that management is empowered to deliver the organisations objectives.
56. "New College Shetland" must have the right governance structure and must then :
  - attract people with the right skills and abilities to fulfil the various roles in that structure.
  - ensure there are arrangements in place to renew and adapt governance arrangements over time,
  - enhance the skills and knowledge of board members and managerial leadership,

- demonstrate accountability and transparency through a full understanding of the roles and the responsibilities of the posts and their boundaries, and
  - exhibit strong commitments to uphold the highest standards of public office.
57. “New College Shetland” will have to construct very effective governance arrangements, that is absolutely fundamental to success for the aggregated business model.
  58. The arrangements will also have to support its public accountability obligations and effective integration with partners in the UHI network and the Shetland Community Planning Partnership.
  59. “New College Shetland” would be expected to exhibit the same demanding standards of governance and scrutiny as existing UHI colleges. It would have to demonstrate adequate governance arrangements to ensure that it was a competently “fundable body” to ensure that the Scottish Funding Council (SFC) was able to award it SUM’s/Credits and any other SFC income.
  60. While it may not be required to achieve “incorporated” status it is likely that an independent “New College Shetland” would seek to meet most if not all of the tests that apply to “incorporated” status to promote best practice.
  61. It would also seem likely that “New College Shetland” might well seek some level of UHI / Further Education Regional Board and/or Shetland Partnership representation on its governing body to promote effective strategic and operational linkages.
  62. It might be necessary to include particular obligations or undertaking in the governance arrangements for “New College Shetland” to ensure that adequate continuity is maintained from the current institutions to a new body to effect transfer.
  63. These obligations might include nomination rights for governance membership from existing organisations, but that is more likely to be a choice rather than a requirement. In any case it will be very important to maximise the opportunity to draw on the best candidates possible to discharge governance functions. Therefore it would not seem in the best interests of the development of tertiary education in Shetland to artificially limit that pool.
  64. Getting the right governance arrangements in place for the sector is the first priority for this model to work. That governance must drive change and empower staff to work in new ways and deliver the changes required. They must prioritise quality and commercial realism, and that must be led from the top.
  65. The Implementation of an integrated operation must meet the requirements of the Cabinet Secretary for Education as regulated by the SFC. These arrangements are also quite specific in terms of the membership of the interim

“partnership board” which will steer the transition process. These arrangements are set out in Appendix c to the companion report on this agenda.

66. Following implementation, governance arrangements would be expected to feature a strong Board of Management with a mix of business, community, social and other relevant experience including effective arrangements for student and staff voices.
67. New governance arrangements would have to be fully compliant with best practice in this area, including appropriate regard to the Post-16 Education (Scotland) Act 2013.
68. This legislation is only mandatory for “incorporated” colleges, “New College Shetland” would not be expected to seek that status. However it is likely we would want to ensure all benefits of complying with this guidance were examined and understood.
69. The act states that the board of a college, which is not a regional college, is to consist of no fewer than 13 nor more than 18 members.

The board is to be comprised of—

- a person appointed by the regional strategic body to chair meetings of the board (the “chairing member”);
  - the principal of the college;
  - a person appointed by being elected by the teaching staff of the college from among their own number;
  - a person appointed by being elected by the non-teaching staff of the college from among their own number;
  - two persons appointed by being nominated by the students’ association of the college from among the students of the college; and
  - other members appointed by the regional strategic body.
70. Those “other members” would typically be expected to have valuable experience and skills from the commercial or community sectors and to provide a range and balance of age, gender and other diversity.

### ***Student Engagement Arrangements***

71. The student experience is rightly at the centre of all modern learning and teaching organisations. Shetland tertiary education has consistently provided a very good experience for learners and it is essential that this positive experience is continued in any new arrangement.
72. The UHI is currently focusing much work on this area and aim to put the student voice at the heart of all its activities. Currently a number of options around how students associations are organised within UHI to enhance the student voice are being circulated around both staff and students of all UHIs partners. Staff and students studying in Shetland have taken part in these

consultations. “New College Shetland” must make sure it implements the conclusions of this work.

### ***New Shetland College and the Commissioning process***

73. Small and remote communities will always have a challenge with commissioning processes which seek to completely separate the roles of providers and commissioners in areas like education and training.
74. Because of the limited numbers of technical and professional experts, arrangements have to be found that utilise the scarce expertise and knowledge of the suppliers of services, but retains accountability and transparency for the groups and organisations who need to define service quality levels and provide funding.
75. “New College Shetland” must operate in the right space created by effective commissioning arrangements that properly reflects the needs and aspirations of groups it serves (at all levels) but allow its expertise to inform and help shape those aspirations and the practicalities of their delivery.
76. Commissioning arrangements also have to include local, regional and national requirements, needs and wishes, and must be linked to the overall strategic objectives of key funders.
77. This should result in the ongoing identification of the blend of HE, FE, short courses and vocational training that are deemed to meet the demand and requirements of future potential students. This can only be done through effective engagement with local businesses, and equally effective engagement with those who have responsibility for setting educational strategy and priorities.
78. That activity is likely to work better where there is a shared understanding between all partners about where their individual responsibilities lie and agreement about how they best complement each other to be most effective at a local, regional, national and international level.
79. The most coherent route for these links to be solidly built and then maintained would be through the Shetland Community Planning Partnership. Current arrangements for the involvement and engagement of learning institutions in the Shetland Partnership are at best are mixed. However there now appears to be a clearer acceptance within the Shetland Partnership that skills, learning and research are key elements in promoting the well being of Shetland.
80. It would be expected that an effective “strategic commissioning” body would evolve from the partnership board that oversaw implementation. There would need to be a clear distinction between its membership, remit and obligations and the New College Shetland “Board of Management”.

## **Resources**

### **Property**

81. Shetland College, Train Shetland and NAFC Marine Centre currently operate out of premises in Lerwick and Scalloway and at some community locations.
82. These premises were in some part purpose built for further and higher education and in other aspects adapted and improved over the course of many years with the addition of a number of specialised and general facilities.
83. The total floor space of the three institutions are around:
  - 4000 m2      Shetland College
  - 600 m2      Train Shetland
  - 4800 m2      NAFC Scalloway
84. Some of the property occupied by the institutions is owned by the Shetland Islands Council, some by the SFCTC, with the remainder leased from Shetland Charitable Trust (SCT) through its property arm Shetland Leasing and Properties (SLAP).
85. In addition to the complexity surrounding the ownership of buildings, different parts of the land that the current properties are built on belongs to the SFTCT, SIC, SCT, and for some reclaimed land in Scalloway, the Crown Estate. Some property has also been funded by European grants with accompanying conditions.
86. The overall property costs across the three institutions are very high, especially in terms of annual rent. The buildings are also expensive in terms of energy, maintenance and other operational costs. Work is being undertaken between partners to establish whether it is possible to find ways to reduce both rental and other operating costs.
87. Some or all of these properties and/or leases could be transferred to a new independent organisation by assignation, assuming any issues of continuity of objectives could be met. Beyond that remaining lease term there would be a new flexibility and new set of options and opportunities for the Tertiary Education sector to evaluate what scale and type of facilities it required in Shetland.
88. There is no doubt that the current level of property costs poses a serious challenge to all partners. These property costs are currently met by Shetland Islands Council as part of their deficit funding support; however that is part of the arrangement that the Council is seeking to move away from. Action to progress a solution on this matter is therefore critical.



89. New College Shetland will also need to be clear about what kind of space it needs to best take forward its activities. That might be judged to be less than currently occupied, or have some particular different characteristics. In any case the needs of the operation would be expected to change somewhat over time and the organisation would need to have the capability to adapt to that change.
90. “New College Shetland” would also seek to take advantage of the most beneficial procurement models and methods for best value purchase of :-
- New build or adaptive building works
  - consumables,
  - contract services,
  - equipment,
  - utilities and
  - other administrative and academic teaching needs
91. This could also include a review of the alternatives to outright purchase i.e. leasing or longer term rental of some capital equipment for improving cash flow.

### **Staffing**

92. Any Teaching, Learning and Research fundamentally relies on highly professional and capable staff. The combined FTE staffing complements (occupied posts) of Shetland College, NAFC Marine Centre and Train Shetland have been reviewed together, and are summarised in the table below. Staff have been allocated to the function they predominantly operate in based on available information for this illustrative summary.

<b>FTE Staff</b>	<b>NAFC</b>	<b>Shetland College</b>	<b>Train Shetland</b>	<b>Total FTE</b>
<b>Teaching and Learning</b>	11.4	25.4	1.0	37.8
<b>Research &amp; Technical – Core</b>	13	5.8	3.7	21.5
<b>Research &amp; Technical – Project based</b>	8			8
<b>Business Support</b>	8.4	12.4	3.0	23.8
<b>Café</b>		1.9		1.9
<b>Management</b>	4	2.5	1.5	8
<b>Total FTE Staff</b>	45.8	47.5	8.7	102

93. It should be noted, however, that the resources in a stand-alone organisation are different from a service within a larger organisation, where some senior management and support functions such as finance, HR, legal and administrative services are provided from elsewhere in the organisation.
94. Altogether there are 8 senior management positions in the 3 institutions. As an overall number this might appear adequate to operate a business of this scale. Indeed that could be considered to be at the higher end of what should be needed in settled day to day operations for the overall number of staff and turnover.
95. The split of management expertise across business operation, learning and teaching, research and support would also appear to be generally balanced by professional responsibility, when taken as a whole across the three organisations.
96. There is a similar overall position for support staff. The total of 23.8 staff would also appear to be an adequate complement when the three operations are taken together as a whole in comparison to overall turnover.
97. While overall numbers of management and support staff appear adequate in gross terms, current arrangements do not easily allow for management or support expertise to be deployed flexibly between and across the three organisations. This would be more straightforward in an integrated operation, and could create potentially beneficial opportunities.
98. Exactly how these and other issues and opportunities are best resolved in detail will be a challenge for “New College Shetland” to address. It would not be realistic to expect integration to provide a full resolution in every case, but there would seem to be good potential for significant contributions to be made in a range of problems which are currently exacerbated by small staff numbers and demarcated work areas.
99. “New College Shetland” would inevitably have a development phase which would require significant management input as new functions and arrangements were established. It would be incumbent on all decision makers to make sure that phase was tackled constructively and effectively with input and participation from all staff.
100. It is more difficult to come to specific conclusions or recommendations regarding the appropriateness of numbers of learning, teaching and research staff within particular sections. This is heavily dependent on the details of their individual activities and expectations about higher or lower future demand. Given that the cognate areas of the local organisations don’t have much overlap, there are not the immediate opportunities that integrating similar teaching operations would give.
101. Workforce planning and activity to ensure that “New College Shetland” has the right numbers of staff with the right skills for it’s business will be an

ongoing requirement and it will be very important for the organisation to be flexible and responsive to changing needs.

102. There clearly are some very significant differences in the student / teacher ratios between courses and teaching areas. More effective participation in the UHI network through development and delivery collaborations with other partners may be a route that offers opportunity for gains in productivity and cost effectiveness in learning and teaching.
103. Making the best possible job of this local / network balance in development activity should be enhanced by the wider collaboration and support opportunities that working across the institutions would give locally. It should allow a larger cohort of staff working together and helping each other to understand and deliver the demands of new learning and associated developments.
104. There is undoubtedly also a need for a systematic evaluation of the quality / impact / outcome / cost-effectiveness of learning and teaching products informed by the professional expertise of teaching staff and by management evaluation systems.
105. On a more specific technical front, staff at the three establishments currently have a range of different contracts of employment, terms and conditions, and scope and limits to job descriptions. The transition processes from existing terms and conditions of employment to an aligned set within "New College Shetland" will be a significant task.
106. This will need to be managed with extreme care and sensitivity, including consultation with existing staff and unions from the earliest stages of planning and taking into consideration :-
  - Current staff contracts
  - TUPE legislation
  - Pension terms and conditions if transferred to a new legal entity
107. Each institution also has separate arrangements for staff and student performance management and supervision. "New College Shetland" would want to retain the very best aspects of any of these arrangements, but it would undoubtedly also want to bring them together. This would probably be best achieved using a proven model, representing recently endorsed best practice in the sector, providing a robust line of supervisory management and accountability.
108. "New College Shetland" must have a high performing team with the authority, capability and accountability to manage and administer college finances and produce the financial and management reports for senior management, the governance team, external regulators and other stakeholders, including :-
  - Education Scotland

- Scottish Qualifications Authority
- Scottish Funding Council
- Shetland Islands Council
- Quality Assurance Agency
- Skills Development Scotland
- Highlands and Islands Enterprise
- Office of the Scottish Charities Regulator

### ***Financial Information***

#### **Start-up and/or transition costs.**

109. It would be anticipated that there may be some staff transition costs. Some of those short term costs may be recoverable through long term savings.
110. Managing the transition in a professional fashion will have some associated costs for project management, specialist legal, HR and financial support, and due diligence activities. It is anticipated that the Scottish Funding Council, Shetland Islands Council, and the UHI will be able to supply most of that support either directly or indirectly from existing transformational change arrangements.
111. Maximising the opportunities provided by the integration activity in learning, teaching and research will also need some curriculum development and associated changes. It would be hoped that most of this activity could be delivered through the new working arrangements of an integrated operation, with possible contributions from the secondment to project based work for some existing staff, and external support from SDS, HIE and the UHI.
112. As stronger links are established with key industries and their commercial needs it might be possible for key commercial partners to contribute to transitional costs directly, or in kind.

#### ***Future Income and Expenditure Forecasts***

113. Two sets of Income and expenditure overview statements for the five financial years 2013/14 to 2017/18 are included as an appendix to this report. These are based on approved budgets for 2014/15 and 2015/16. Forecasts for future years are as adjusted by the Project Manager in line with the assumptions described below. The first set describes the levels of income and cost required to maintain an operation of a scale similar to the current set-up in terms of student numbers, teaching staff and research activity etc.
114. The second set describes a retrenchment to an operational level about 20% lower than at the moment. It represents the sort of difference between actual

student numbers in the last two years and the levels budgeted for through SFC support, the gap between SDS funding for Modern Apprenticeships and their actual cost and the failure to secure a full replacement of research and development deficit funding with contracted work.

115. This second set of financial projections are included to help compare how that kind of reduction in scale of activity would be dealt with by the alternative organisational models.
116. Both projections include a number of assumptions about the level of income growth that will be required, and/or the levels by which costs will have to be contained. An explanation as to why those assumptions have been used is included below.
117. The point of including the two models in this report is to allow observations to be made about how multiple operations or an integrated operation would address these circumstances. The ability to generate additional income or grow the business and the ability to reduce costs and contract the business as market circumstances change will be necessary going forward. Indeed it is being able to do those things well that creates long term sustainability in any operation.
118. Both models assume that Shetland Islands Council maintain a similar level of budget for the support and development of skills and learning and that budget is available to purchase products and services from “New College Shetland”. That budget level is calculated at c £1.4 m per annum, i.e. the current £2.1 million spend less rent and rates.
119. It is fully understood that SIC support of this area must move away from unhypothicated deficit funding, regardless of whether there is organisational change or not. At this stage it is assumed that c £1.4 m of products and services can be identified and their supply agreed. These agreements will have to demonstrate they meet the Council’s Best Value obligations in the use of public money, and that they are compliant with public procurement and state aid regulations.

### ***Current Scale Model***

120. In general terms it will be essential for “New College Shetland” to increase its income levels across all its activities and contain or reduce all significant costs to successfully attain this model.
121. Most critically however, the new operation would have to:
  - Return to target then grow student numbers sufficiently to ensure that Scottish Funding Council grant income targets were clearly being met. The whole regime for determining this arrangement is going through a process of

change, however there will still be a fundamental link between student numbers and core income. Return to current targets implies a growth in numbers of some 10% to 15%, therefore only an additional 2% growth has been modelled beyond that up to 2017/18. Returning to target will require all reckonable activity to be carefully recorded and claimed for. It will also require effective exploitation of opportunities in a range of areas including creative industries, engineering, hospitality and care to increase student numbers;

- Increase both commercialisation and core academic funding of research activity. This is reflected in a target of 5% growth in for contracts, research grants and consultancy income streams. It would also underpin a significant contracting or service level agreement business stream directly with the Shetland Islands Council, or bodies with associated economic development objectives, particularly in Fisheries and the Marine Sector. This targeted increase in explicitly commissioned activity would replace a component of previous deficit funding; and
  - Maximise all possible commercial teaching income from those organisations in Shetland who have most staff and most continuing professional development needs. This area also has a 5% annual growth target, to meet this “New College Shetland” would need to attract increased purchases by local businesses.
122. It will be just as necessary for “New College Shetland” to contain and reduce its costs, especially in areas where they do not directly generate income or support its key objectives.
  123. Staff costs are the biggest expense in the business, however highly capable and professional staff are the fundamental pre-requisite for the delivery of excellent teaching, learning and research. A 4% increase in overall staff costs has been included in this financial model as a reflection of competing cost pressures, for example National Bargaining, and efficiency opportunities.
  124. General observations around gross numbers do not provide the detailed insight required to guide specific items of business development. “New College Shetland” will clearly have to undertake much more in depth analysis of individual staff remits as part of its implementation process. That activity must be conducted transparently and with the involvement of all affected staff.
  125. There are bound to be some increased demands placed on an overall staffing complement during times of significant change. It is therefore likely that any additional capacity which the existing staffing structure might have will be needed one way or another during that time.
  126. The second key cost area to “New College Shetland” is property as discussed above. A full abatement of rental costs and 100% alleviation from business rates have been built into this forecast. That equates to a reduction in costs of c£750,000 per annum which is the total current bill for rent and rates.

Achieving that saving will depend critically on Shetland Islands Council actions and intent and on converting the whole operation to charitable status.

### ***Reduced Scale Model***

127. The reduced scale model assumes it will not be possible to increase income enough to support all the costs associated with current operations. This model therefore concentrates on the types of cost reduction required to balance forecasts.
128. However in this scenario the need still remains to maintain income levels at the best level possible.
129. A reduction in SFC funding and Tuitions fees etc. of 20% by 2017/18 is assumed, a standstill or reductions in income across other headings is also assumed. That could be the scenario if business development activity is ineffective and Sums / Credit funding levels are eventually reset to actual performance.
130. In this scenario it would be essential for “New College Shetland” to reduce its costs very substantially.
131. A 10% reduction in staff costs is included in this financial model, overall around c£0.5 million. That is probably above the level of natural turnover that would be expected within two years so it might be possible to achieve this without a more active programme of staff restructuring such as ER/VR etc.
132. The detailed analysis of where those reductions would need to be made would need more in depth analysis of individual staff remits as part of its implementation process. That activity must be conducted transparently and with the involvement of all affected staff.
133. The second key cost area to “New College Shetland” will be property. An elimination of rent and rates costs has been discussed above, in addition to that savings of 25% in other property costs has been built into this forecast. To achieve that would mean inevitably mean using less property which might be achieved by terminating leases, sales or letting/leasing to others.

### ***Common Areas for Both Models***

134. It must be a priority for the new organisation to ensure that all staff are deployed effectively to the best of their talent and abilities as quickly as possible. It must also be a priority to ensure that any areas which need strengthening are identified and addressed promptly.

135. Becoming independent from the Council could create challenges in some support areas, however it should also free up some financial resources currently allocated to recharges. There will also be opportunities to investigate cost sharing with the UHI in its emerging support service initiatives, and the decentralising of cross region functions. These transfers of costs are assumed to balance out in the financial projections.
136. The short, medium and long term financial viability of tertiary education in Shetland on its current scale is challenging. It will require the most strenuous efforts of all partners to achieve the right balance between income growth and the cost containment required.
137. Effective and profitable business relationships with key customers will be critical for ongoing income streams. Shetland Islands Council would be expected to continue to be one of those key customers, but that relationship will have to adapt to comply with any changing Council priorities and with public procurement regulations.
138. The aggregated financial model is predicated on Shetland Islands Council buying substantial amounts of research and knowledge transfer products and services to support economic development and that an integrated college operation would be successful in securing a significant share of that business. The model also contains assumptions that the Council will identify and meet costs associated with learning and skills that it wants to have delivered to meet its policy objectives where these are beyond simple market determined supply levels or costs. It also assumes that Shetland Islands Council will buy significant staff development and training services in line with its scale as a large local employer. Without these income streams, or replacing them with alternatives, the model would not be likely to be viable in this geographical location in the short and medium term at least.
139. These assumptions must recognise that the Council's economic development support measures and training plans will vary to meet its changing needs and that all Council procurement must be carried out in line with its procurement strategy which requires it to achieve Best Value.



***Implementation Plan***

140. Combining the NAFC Marine Centre, Shetland College and Train Shetland into one harmonious and effective educational institution will be a substantial challenge. It will require significant amounts of energy, a strong portfolio of skills and a good deal of resources to be deployed by the appointed change agents to ensure the process is managed well and the outcome is one that is supported and endorsed by all the stakeholders.
141. The decisions required and process for the implementation of “New College Shetland” are set out in the companion report.

**Ends.....**



**Income and Expenditure overview 2013/14 - 2017/18 - Maintain Scale**

<b>DRAFT 4</b>	2013/14 Actual	2014/15 Budget	2015/16 Budget	2016/17 Forecast	2017/18 Forecast	2 Year Change
	£000	£000	£000	£000	£000	%
<b><u>Income</u></b>						
Grants from Scottish Funding Council	2,031	2,339	2,337	2,360	2,384	2
Tuition Fees, Contracts & Other Grants	1,280	1,279	1,399	1,420	1,441	3
Research Grants and Contracts	358	324	515	528	541	5
Residential Income	92	92	91	92	93	2
Sale of Meals	85	82	84	86	88	5
Consultancy	136	133	223	230	237	6
Management & Service Fees	321	295	297	306	315	6
Other Income	435	428	364	375	386	6
Services Purchased by SIC			10	700	1,387	
Bank Interest	8	4	5	5	5	
<b>Total Income</b>	<b>4,746</b>	<b>4,976</b>	<b>5,325</b>	<b>6,102</b>	<b>6,877</b>	
<b>SIC Deficit Funding</b>	<b>3,295</b>	<b>2,372</b>	<b>2,172</b>	<b>1,030</b>	<b>0</b>	
<b><u>Expenditure</u></b>						
Employee Costs	4,968	4,589	4,825	4,922	5,020	4
Rent	520	553	520	260	-	-100
Rates	153	153	153	153	-	-100
Other Premises Costs	665	670	668	635	603	-10
Operating Costs	998	996	783	744	707	-10
Grants to Individuals/Organisations	26	4	4	4	4	-1
Marketing	45	40	14	17	20	40
Professional and Financial Fees	218	239	401	399	397	-1
Travel/Vehicle Expenses	67	105	128	127	127	-1
CFCR	375			-	-	
<b>Total Expenditure</b>	<b>8,041</b>	<b>7,348</b>	<b>7,497</b>	<b>7,132</b>	<b>6,877</b>	



**Income and Expenditure overview 2013/14 - 2017/18 - Income reduction**

<b>DRAFT 4</b>	2013/14 Actual	2014/15 Budget	2015/16 Budget	2016/17 Forecast	2017/18 Forecast	2 Year Change
<b><u>Income</u></b>	£000	£000	£000	£000	£000	%
Grants from Scottish Funding Council	2,031	2,339	2,337	2,220	2,109	-10
Tuition Fees, Contracts & Other Grants	1,280	1,279	1,399	1,329	1,263	-10
Research Grants and Contracts	358	324	515	489	465	-10
Residential Income	92	92	91	91	91	0
Sale of Meals	85	82	84	84	84	0
Consultancy	136	133	223	223	223	0
Management & Service Fees	321	295	297	297	297	0
Other Income	435	428	364	364	364	0
Services Purchased by SIC			10	500	1,000	
Bank Interest	8	4	5	5	5	
<b>Total Income</b>	<b>4,746</b>	<b>4,976</b>	<b>5,325</b>	<b>5,602</b>	<b>5,901</b>	
<b>SIC Deficit Funding</b>	<b>3,289</b>	<b>2,372</b>	<b>2,310</b>	<b>1,234</b>	<b>33</b>	
<b><u>Expenditure</u></b>						
Employee Costs	4,968	4,589	4,825	4,536	4,263	-12
Rent	520	553	520	260	-	-100
Rates	153	153	153	153	-	-100
Other Premises Costs	665	670	668	585	511	-25
Operating Costs	998	996	922	807	706	-25
Grants to Individuals/Organisations	26	4	4	3	2	-50
Marketing	45	40	14	18	22	50
Professional and Financial Fees	218	239	401	361	325	-20
Travel/Vehicle Expenses	67	105	128	115	104	-20
CFCR	375			-	-	
<b>Total Expenditure</b>	<b>8,035</b>	<b>7,349</b>	<b>7,635</b>	<b>6,836</b>	<b>5,933</b>	



## **Background**

1. This project follows on from a review of how governance and delivery arrangements for tertiary education, training and research in Shetland can be strengthened to enable it to secure a successful and sustainable future in a fast changing and very competitive environment.
2. That original review was conducted by Anderson Solutions<sup>1</sup>, it observed that the review was being:
  - “undertaken at a time when significant changes were occurring, including:
  - the implementation by SIC of an ongoing programme of budget reductions across all areas of activity with the aim of significantly reducing the financial commitments of SIC; and
  - the FE sector throughout Scotland undergoing a substantial and rapid reform programme driven by the Scottish Government.”
3. The Anderson review observed a range of problems including:
  - while there are significant strengths within the services and substantial value is being generated by the services for Shetland, recognition of the value generated is limited;
  - the model of delivery for these services is unduly fragmented, which creates substantial challenges and limits the success of the services in what is a small market place;
  - complexity and weaknesses within the governance of the services exacerbate the challenges created by the fragmented model and create barriers to development;
  - the context within which these organisations operate is changing fast and the capacity of the services to respond to both challenges and opportunities is poor; and
  - the funding cuts planned by SIC will increase the fragility of service provision unnecessarily, due to the fragmented and relatively weak nature of the services.
4. The Anderson review also observed that:
  - “even if SIC funding reductions were not a concern, change would still be recommended. The combination of weaknesses identified in the analysis of both the current and changing context is expected to continue to weaken the services over time.”

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<sup>1</sup> Anderson Solutions (Consulting) Ltd (May 2013) *Review of Tertiary Education, Training and Research in Shetland* Final Report

5. At its meetings on the 12<sup>th</sup> June 2013 and 30<sup>th</sup> October 2013 Shetland Islands Council considered the findings and recommendations of the Anderson Solutions review and:
  - “Resolved to support the establishment of a Project Board tasked with confirming the viability of a single governance and delivery model for the STERT [Shetland Tertiary Education, Research and Training] sector.
  - Key deliverables of the Project Board are to be the production of a detailed business model and implementation plan, for consideration by the Council and other relevant bodies.”

### ***Developments since 2013***

6. The contexts of public spending constraints and of further and higher education reform remain valid. However there have been some very significant changes across the sector since the Anderson Solutions report of May 2013.
7. There is a new piece of legislation, the Post-16 Education (Scotland) Act 2013, which is about creating better life chances for young people, preparing learners for work and giving them the tools that they need to be successful and contribute to sustainable economic development.
8. At a regional level, UHI is now the recognised body for all FE and HE funding to flow through, and the UHI Further Education Regional Board has a much stronger role than it had previously. It also has a new University Court and a new Principal
9. The UHI is currently completing a strategic planning exercise involving all senior managers in academic partners along with key UHI Executive Office.
10. Another very important recent change is the process of assimilation of Shetland Development Trust, currently being completed by Shetland Islands Council. One effect from this is the requirement for a fundamental change in arrangements for procurement of the sorts of products and services previously funded by Development Trust surpluses.

### ***Strategic Context***

11. Skills and knowledge have been consistently emphasised at the core of national, regional and local strategies for many years. They continue to be one of the key mechanisms seen as critical for individuals and communities to succeed in the modern world.
12. The table below summaries the strategic objectives of the main partners in this area:



**Scottish Government**

Our young people are successful learners, confident individuals, effective contributors and responsible citizens. <i>(National Outcome Framework – Smarter)</i>	We must join up the education experience for children, managing more effectively the transitions from pre-school to school and onto further and higher education or work. <i>(Education Scotland – Early Years Strategy)</i>	We are better educated, more skilled and more successful, renowned for our research and innovation. <i>(National Outcome Framework – Smarter)</i>	We must focus on working with employers and employees to increase the effective utilisation and demand for skills. <i>(Government Economic Strategy)</i>
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<b>HIE</b>	<b>SDS</b>	<b>Shetland Partnership</b>	<b>UHI</b>
We will support the provision of high quality further and higher education which equips young learners with the skills and knowledge to pursue employment opportunities. <i>(HIE Operating plan 2012-15)</i>	Deliver intensive support to those who need it most, particularly young people, to enable them to raise their aspirations and move more successfully between learning and work opportunities. <i>(SDS – Corporate Strategy 2012-15)</i>	Shetland has sustainable economic growth with good employment opportunities and our people have the skills to match. <i>(Shetland Community Plan 2013)</i>	We will attract and reach a diverse local, national and international student base and achieve high levels of student satisfaction and success. <i>(UHI Strategic Plan 2012-17)</i>
Work with industry and public sector partners to develop and pilot new models of industry-led training, supported by targeted further and higher education provision, as well as new apprenticeships allied to flexible training opportunities. <i>(HIE Operating plan 2012-15)</i>	Improve the way the skills and learning system responds to the needs of employers. Simplify the process of accessing training and getting involved with the skills and learning system. <i>(SDS – Corporate Strategy 2012-15)</i>		We will have a transformational impact on the development and prospects of our region, its people and communities. Our research excellence will be inspired by the natural environment, culture, industries and social infrastructure of the region. Its outputs will have national and international relevance. <i>(UHI Strategic Plan 2012-17)</i>

**Delivery for Shetland**

Better co-operation between industry, local and national government.	Reduced individual programme costs.	<p>Meeting the current and future skills needs of businesses</p> <p>More economically active people attracted to live and work in Shetland in skills shortage areas.</p> <p>Fewer businesses reporting difficulty in recruiting staff and accessing skills training</p> <p>Businesses reporting growth through expansion of their workforce.</p>
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***Project Approach***

13. Throughout this project Prince 2 best practice has been implemented and care will be taken to follow the SIC Policy for Organisational Restructure and other relevant policies and procedures when necessary during any following implementation of organisational change as a result of this review.
14. Details of the project structure are described in the Project Initiation Documents and engagement and consultation in the Project Highlight reports which are available as background documents.
15. For the purposes of this report “New College Shetland” is used to describe the “single governance and delivery model for the STERT [Shetland Tertiary Education, Research and Training] sector”. This does not imply there will necessarily ever be an organisation called “New College Shetland”, it is a shorthand for the joint working arrangements, whatever they are, needed to bring the sector together.



Education and Families Committee	27 April 2015
Employees JCC	27 April 2015
Shetland College Board	29 April 2015
College Lecturers JCC	29 April 2015
Policy and Resources Committee	04 May 2015
Shetland Islands Council	27 May 2015

## **Review of Tertiary Education in Shetland – Option Appraisal and Implementation Plan**

**Report No: DV-26-15-F**

**Report Presented by: Director of  
Development and Executive Manager Change  
Programme**

**Development Services Department**

### **1.0 Summary**

- 1.1 The Council considered options for the future organisation of Tertiary Education<sup>1</sup> in Shetland during meetings in 2013. It tasked a project team with “confirming the viability of a single governance and delivery model for the Tertiary sector” and the “production of a business model and implementation plan” for consideration by the Council and other bodies.
- 1.2 The companion report and its appendices on today’s agenda described the single governance and delivery business model.
- 1.3 This report sets out the implementation plan for that integrated model, and the decisions required to take that forward to the next stage.
- 1.4 It also provides a summary of the pros and cons of an independent operation, as compared to continuing with separate organisations, by considering how the alternative arrangements would deliver priorities, manage key risks and achieve best value.

<sup>1</sup> In this document the sole use of “Tertiary” includes Tertiary Education, Research and Training unless otherwise stated

## **2.0 Decisions Required**

- 2.1 That the Committees consider and comment upon the proposals in this report in relation to their functional areas or remit [as set out in Section 4.3 of this report], and RECOMMEND that;
- 2.2 The Shetland Islands Council RESOLVES, having taking account of the comments and views of Committees, to:
  - Establish a Partnership Board, with a membership, role and remit as set out in the Partnership Agreement [which is Appendix C to this report] as amended to reflect local circumstances under authority delegated to the Director of Development Services; and
  - Instruct the Partnership Board to present a Merger Proposals Report to a future meeting of the Council for approval.

## **3.0 Detail**

- 3.1 Appendix A to this report uses a priorities and risks approach to critiquing the pros and cons of the integrated business model.
- 3.2 Appendix B sets out the implementation process required to meet the requirements of the Scottish Governments Education Department as advised by the Scottish Further and Higher Education Funding Council (Scottish Funding Council or SFC).
- 3.3 Appendix C is a pro-forma describing the sort of Partnership Agreement that will be required to formally initiate the next stage. The example attached is the standard version provided as guidance by the Scottish Funding Council. It would need to be adapted in detail to reflect our local circumstances.
- 3.4 Appendix D summaries key obligations and duties of charity trustees, and the obligations on Councillors to achieve best value, to help ensure these obligations were properly considered.
- 3.5 The general conclusion of the option appraisal is that an integrated operation would be more likely to;
  - support key educational outcome objectives;
  - be more financially sustainable; and
  - be better placed to manage the biggest risks the sector is faced with in Shetland.
- 3.6 These conclusions are drawn from the option appraisal in appendix a and can be summarised around;

Clarity and co-ordination for learners, businesses and partners

- the chance to better identify and meet the needs of students and businesses by working together in a single organisation;

- the opportunity to co-ordinate strategy and business development ;
- greater clarity about funders and other partners needs and objectives being understood and met; and
- to be able to present a strong and united voice for the sector, locally, regionally and nationally.

Improved resilience and flexibility from of an increased scale of operation

- the better scale of operation achieved when the three operations are aggregated;
- opportunities for fragile teams to support and co-operate with each other; and
- opportunities for learning and teaching staff to mix, support and challenge each other more easily.

Modernisation to adapt to changing circumstances and adopt new best practices

- the opportunity to adopt the most appropriate governance arrangements for the sector;
- adopt new student and staff representation and participation arrangements; and
- the opportunity to avoid duplication and overlap in certain areas of managerial, administrative and physical resources.

- 3.7 The net result of these potential benefits flowing from an integrated structure would be to underpin existing educational excellence and allow it to be better sustained, and then improved, financially and organisationally.
- 3.8 The next step needed to progress this “in principle” decision, would be to initiate a formal “Partnership Agreement” under the auspices of the SFC in agreement with the SFTCT and University of the Highlands and Islands (UHI).
- 3.9 The Partnership Board created through that agreement would steer the development of a detailed “Merger Report” based on further evidence gathering and external due diligence and consultation. This activity would determine the precise shape of the new organisation and further clarify costs, risks, opportunities and other technical details to allow partners to make the final decision on whether any merger should actually happen and decisions about what it’s detailed form should be.
- 3.10 For the avoidance of doubt, this Partnership Board would not have authority to conclude any merger. That could only be done through final decisions of the partnering bodies, once the Cabinet Secretary for Education was content the proposals were competent.
- 3.11 The decision about proceeding to a Partnership Agreement that Shetland Islands Council and the Scalloway Fisheries Training Centre Trust are being asked to make, is presented in the context that the other party will also agree to proceed to that stage.

- 3.12 If only one, or neither, party resolved to proceed to that Partnership Agreement stage then that would constitute a material change in circumstances. Both organisations would then be expected to consider all other options to progress matters in this area.
- 3.13 Inevitably this process has required projections and assumptions to be made about what is likely to happen in the future, and what would be expected to happen if we did this or that. This always carries some risk and uncertainty; however there have been few, if any, alternative proposals about how the risks and priorities identified could be addressed by carrying on the way we are.

## 4.0 Implications

### Strategic

- 4.1 Delivery on Corporate Priorities – The review of Tertiary Education in Shetland links to the corporate priority of maximising the opportunities for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning. These objectives are part of achieving the best start in life for everyone and supporting Shetland's communities and businesses, which are strategic priorities of Shetland Islands Council. The review also links to the parallel Council priorities of achieving best value in all our activities and living sustainably within our means.
- 4.2 Community /Stakeholder Issues – Staff, Students, Business and local, regional and national partners have been engaged with and consulted throughout this process. Implementing the recommendations of this review will require further consultation and engagement with partners including integration of any new governance arrangements with the Shetland Community Planning Partnership.

This report and the accompanying implementation plan is also being brought to meetings of the Shetland Fisheries Training Centre Trust.

- 4.3 Policy and/or Delegated Authority –

#### **Employees JCC and College Lecturers JCC**

To consider and offer recommendations on proposals requiring a Council decision, which affects or may affect the terms and conditions of employment of employees.

#### **Shetland College Board**

Support the operation and management of Shetland College and to monitor progress against the Council's approved strategic direction for Shetland College.

#### **Education and Families Committee**

Advise the Policy and Resources Committee and the Council in the development of service objectives, policies and plans concerned with service delivery within the functional areas relating to lifelong learning.

## **Policy and Resources Committee**

Advise the Council in the development of its strategic objectives, policies and priorities, and to be responsible for the development of cross departmental change including for example customer management, workforce deployment and asset management and health and safety matters.

## **Shetland Islands Council**

Determining the overall Goals, Values and Strategy Framework Documents or matters of new policy/strategy or variation of existing policy/strategy and establishment of any body to be part of the political management framework and all appointments to or removal from those bodies, are matters reserved to the Council.

- 4.4 Risk Management – The review project has followed Prince II best practice. All associated risk management arrangements will be recorded and managed in the Council's Risk Register system. The prime risk identified in recent assessments has been the length of time this area has been under review and the continuing negative effects uncertainty creates. This report therefore seeks to secure and build on progress already made, explain why some matters require further consideration but make sure that key actions are being actively pursued during that period.
- 4.5 Equalities, Health and Human Rights – The review has sought to ensure any equalities implications of proposals have been identified and considered.
- 4.6 Environmental – None

### Resources

- 4.7 Financial – The total cost of due diligence and consultation work required to complete the Merger Report is estimated at £120k. It is expected that the Scottish Funding Council will support this exercise through expert advice and a financial contribution. The detail of both of these are still being discussed at the time of writing but should be clarified by the time this report is being considered.

The detailed start-up costs for a new organisation is part of the work that due diligence would establish in the development of the Merger Report. That process will also clarify how those costs would be met with the Scottish Funding Council.

- 4.8 Legal – Legal advice on the draft business model has been provided by Shetland Islands Council throughout the review with further specialised input from the Scottish Funding Council, Education Scotland - HMIE and the University of the Highlands and Islands. It is anticipated that all these sources of advice will continue to be available during further development of the model and into any implementation phase.

- 4.9 Human Resources - HR information and advice has been provided by Shetland Islands Council and SFTCT throughout the review, with further specialised input from the Scottish Funding Council and the University of the Highlands and Islands. It is anticipated that all these sources of advice, complemented by the due diligence process, will continue to be available during further development of the model and into any implementation phase. There have been opportunities for informal consultation with all affected staff through the stakeholder engagement process and this will continue. Formal staff consultation will take place in line with existing procedures of both organisations.
- 4.10 Assets and Property – Property advice on the draft business model has been provided by Shetland Islands Council throughout the review with further input from Shetland Leasing and Property Ltd. A specific work stream supported by all stakeholders has now been agreed to focus on taking this area forward as it has been agreed as being very important in making progress.

## **5.0 Conclusions**

- 5.1 The risks and issues used in the option appraisal have been observed and discussed for quite a long time. Our priorities and objectives for this area are also longstanding and shared with many partners, although they have become better focused recently.
- 5.2 We have now spent a long time reviewing this sector and have assembled a lot of evidence about how restructuring things might address those priorities and risks.
- 5.3 We have not however taken much action yet. If we believe a single governance and delivery model could yield benefits, we need to commit to the next stage in the process which would clarify that further.
- 5.4 We have been urged for some time both regionally and nationally to address our local arrangements for tertiary education and make sure they are fit for purpose and result in a coherent “Shetland Voice” for this sector.
- 5.5 This analysis adds to the evidence base that there are potential benefits in consolidating the three local operations together with a “single governance and delivery model”. This is consistent with the finding of earlier studies and suggests we should proceed to the next stage to obtain the further clarity it can offer.

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For further information please contact:

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Date Cleared: 20 April 2015

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## Appendices

Appendix A – Priorities and Risks based Option Appraisal

Appendix B - Implementation Plan

Appendix C - Pro-forma Partnership Agreement

Appendix D - Statutory Roles

## Background Documents

A full set of background documents for this review can be found at

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>



## **Option Appraisal**

The option appraisal set out below uses the three themes of **Priority**, **Risk**, and **Best Value** to bring together comparative analysis of about how a single integrated operation or separate organisations would be likely to perform against key criteria.

If an organisational structure is better placed to achieve its priorities, manage its key risks and build solid foundations in the areas that underpin best value, then that should be a strong endorsement of those arrangements.

### **Priorities**

The priorities used in the evaluation below are drawn from the strategic objectives of: the University of the Highlands and Islands, Shetland Community Planning Partnership, Skills Development Scotland, Highlands and Islands Enterprise, Highlands and Islands Regional Outcome Agreement, Highlands and Islands Skills Investment Plan, Shetland Skills Investment Plan, 5 Year Plan to Live, learn and Work in Shetland, NAFC Strategic Plan and Shetland College Strategic Plan.

### **Risks**

The risks have been drawn from: the risk analysis activity undertaken by Anderson Solutions as part of the production of their “Review of Tertiary Education, Training and Research in Shetland” report of May 2013; the risk register created in the Project Initiation documentation when the Tertiary Review project was overhauled in August 2014; the consultations with partners and stakeholders and the analysis of information and opinion during the review process.

### **Best Value**

The Best Value characteristics are a selection of the key components of the Best Value regime described in various documents issued by Audit Scotland and available at their website, <http://www.audit-scotland.gov.uk/work/toolkits/> Best Value is intended to provide a framework to test organisational arrangements across the public sector to help ensure the right foundations are in place for effective leadership, accountability, performance management and resource management. If these basics are sound it is far more likely that an organisation will do a good job and achieve its objectives.

**Summary**

<b>Priorities</b>	<b>Risks</b>	<b>Best Value</b>
<i>Meeting the Needs of Students</i>	<i>Reduced Income</i>	<i>Strong Leadership and Governance Arrangements</i>
<i>Strong Community and Business Benefits</i>	<i>Unsustainably High Costs</i>	<i>Staff Enabled, Developed and Rewarded</i>
<i>Focused Research</i>	<i>Governance &amp; Leadership</i>	<i>Strong Financial Management</i>
<i>Clarity for learners and business</i>	<i>Managerial</i>	<i>The Right Infrastructure</i>
	<i>Capacity to implement change</i>	<i>Appropriate Legal Structure</i>

**Theme 1 – Priorities**

<b><i>Meeting the needs of Students</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• Listen to and work in partnership with students.</li> <li>• Provide accessible opportunities and flexible pathways.</li> <li>• Provide relevant curriculum developed in collaboration with employers and informed by research and scholarship.</li> <li>• Provide opportunities for work-based learning and develop employability and entrepreneurial skills.</li> <li>• Use technology to enable students, wherever they are based, to enjoy an engaging and interactive learning journey.</li> <li>• Support students to achieve to the best of their ability.</li> </ul>	<ul style="list-style-type: none"> <li>• The experience of students at all our existing tertiary education organisations would appear to be very good. If there is an issue and an opportunity it is around getting that message about the quality of the experience, and its distinctiveness, to learners who do not make Shetland their choice.</li> <li>• Small organisations can have very close relationships with their customers and all the existing organisations do that well. A single organisation would still be one of the smallest colleges in Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>• A single integrated tertiary operation in Shetland will only improve student experience if its learning offer is better, is more flexible, is more accessible, is more relevant and is better marketed than currently provided by the individual operations.</li> <li>• That opportunity exists because of a potential to use the greater capacity of an integrated operation more effectively. That should be further enhanced by blending the community dimension of the learning experience, which a location like Shetland can deliver, with additional student support options available through a UHI scale organisation</li> </ul>
<b><i>Strong Community and Business Benefits</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• Grow the sense of ownership of tertiary education and the organisations that deliver it in local businesses.</li> <li>• Grow community confidence in the prospects for young people using those organisations.</li> <li>• Support business to grow through staff training and development, and knowledge exchange and help create and support new businesses.</li> <li>• Attract students,</li> </ul>	<ul style="list-style-type: none"> <li>• It is not always easy to generate a strong “business” focus in governance arrangements which must comply with local authority rules or under governance arrangements which include significant local authority nomination rights.</li> <li>• Each organisation has very limited business development and business support capacity. These functions</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced “Business focus” is probably the criteria which most recommends that the functions of all three existing organisations are integrated together, and that integration clearly separates them from the Council.</li> <li>• The Shetland market where “New College Shetland” has to do much of its business is made up from a limited number of businesses, agencies and ultimately</li> </ul>

<p>researchers and staff through a distinctive approach, curriculum, research and pedagogy</p> <ul style="list-style-type: none"> <li>Respond to local needs, supported by regional resources where required.</li> </ul>	<p>have also been subject to periodic disruption in each organisation because of their dependence on individuals and vulnerability to cost savings demands.</p> <ul style="list-style-type: none"> <li>There has been no systematic co-operation or joint-working on these functions between the organisations.</li> </ul>	<p>individual learners. All of these need to be worked with in a coherent and consistent fashion, a conversation with one learning provider rather than three. Equally all of them need to be treated with commercial realism, matching the products and services on offer to their needs.</p> <ul style="list-style-type: none"> <li>An integrated operation would allow a much more robust Business Development / Business Support function to be established which could then more reliably support all areas.</li> </ul>
<b><i>Focused Research</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>research, consultancy and knowledge exchange will make a real difference to the local environment, to the business community, to the economy and to people's lives.</li> <li>research will be conducted on a financially viable basis and be properly integrated with supporting academic, commercial and professional networks.</li> </ul>	<ul style="list-style-type: none"> <li>There would appear to be general agreement that much interesting and important work has been, and continues to be done in Shetland. However, there is less clarity that this has been fully commercialised or most effectively supported through mainstream academic funding arrangements in the past.</li> </ul>	<ul style="list-style-type: none"> <li>It does not seem likely that simple local merger transforms this area, equally it should not intrinsically damage activity. However a refocused governance function is probably a key requirement for any significant step change, and would underpin a clearer commercial focus.</li> <li>Ultimately that rigor should help clarify how far there are research products and services that can be produced in Shetland which the local public sector, i.e. Shetland Islands Council can justify purchasing or how far other commercial customers can be found, or how far research can be mainstreamed to core regional and national funding arrangements.</li> </ul>

		<ul style="list-style-type: none"> <li>It would appear more important that closer links are forged with other research and knowledge transfer activities within, and beyond, the UHI. This should both support the up-scale development of current activities, and help identify and secure new commercial and academic opportunities. That is more likely to be successfully managed through an academic organisation rather than a local authority.</li> </ul>
<b><i>Clarity for Learners and Business</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>Clear and accessible information about learning opportunities and how to access them.</li> <li>Clarity about how learning opportunities fit together, how one activity can lead to the next and how that can be supported.</li> <li>Provide relevant curriculum developed in collaboration with employers and informed by research and scholarship.</li> <li>Clarity about options to access courses locally, through the network, in and out of work and through technology.</li> </ul>	<ul style="list-style-type: none"> <li>Separate organisations can be very focused on the products and services they provide themselves. It can be more difficult for them to fit those together to support progression right through learning.</li> <li>Equally separate organisations can focus very well on what they can provide a business from within their range of services but not be so well placed to provide the more complete picture.</li> </ul>	<ul style="list-style-type: none"> <li>A single integrated tertiary operation in Shetland will still only have a small number of students and businesses to deal with. It will however be much better placed to look at the full range of learning and skills development requirements of both individual learners and businesses in a complete fashion.</li> </ul>

**Theme 2 – Risks**

<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<b><i>Reduced Income</i></b>		
<ul style="list-style-type: none"> <li>Low student numbers, depressed fee income and risk of reduced / clawed back core national funding</li> </ul>	<ul style="list-style-type: none"> <li>Ultimately it would seem likely that each organisation would have to compete more directly for the limited pool of available students to try to best address this issue for themselves.</li> </ul>	<ul style="list-style-type: none"> <li>It would be more straightforward to co-ordinate relevant staff across the three organisations to produce shared business development initiatives and make sure activity was complementary rather than competitive.</li> <li>A single organisation would be better placed to aggregate activity and ensure that underperformance in one area was compensated for by over performance in another.</li> </ul>
<ul style="list-style-type: none"> <li>Imminent ending of SIC deficit funding arrangements for 2016/17 and beyond.</li> </ul>	<ul style="list-style-type: none"> <li>Each organisation would have to establish how far it was possible for it to negotiate a new funding relationship with the Council.</li> </ul>	<ul style="list-style-type: none"> <li>An integrated independent operation would place all SIC funding on the same basis and allow for greater clarity and focus about the ability of local Tertiary Education to provide products and services that delivered the local outcomes and objectives the Council is seeking to achieve.</li> </ul>
<ul style="list-style-type: none"> <li>Uncertainty about SIC contracts as a customer for research and for staff development services.</li> </ul>	<ul style="list-style-type: none"> <li>Securing a range of these contracts are very important for each organisation and they would have to work hard separately to ensure these are won. That might place them in competition with each other.</li> </ul>	<ul style="list-style-type: none"> <li>An integrated independent operation would place all SIC funding on the same basis and allow clarity about local outcomes and objectives to be supported.</li> </ul>
<b><i>Unsustainably High Costs</i></b>		
<ul style="list-style-type: none"> <li>Very high property costs</li> </ul>	<ul style="list-style-type: none"> <li>Ultimately rent levels will</li> </ul>	<ul style="list-style-type: none"> <li>An integrated operation</li> </ul>



<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
across rent, rates, maintenance and heating.	<p>depend on Shetland Islands Council's negotiations with Shetland Charitable Trust and then on subsequent SIC decisions.</p> <ul style="list-style-type: none"> <li>Shared arrangements around other property costs and management would seem to be complex without integration.</li> </ul>	<p>would allow the Council to take a more strategic view around the final outcome of property negotiations.</p> <ul style="list-style-type: none"> <li>Transfer to a charity would attract rates relief of c£150,000 on Shetland College and Train Shetland properties.</li> </ul>
<b><i>Governance and Leadership</i></b>		
<ul style="list-style-type: none"> <li>Local independence and self determination</li> </ul>	<ul style="list-style-type: none"> <li>Separate organisations with their own constitutions and decision making processes allow for highly independent decision making in principle. That needs to be balanced by the capacity of each organisation to actually sustain any position in the network of partnerships and linkages it has to operate in.</li> </ul>	<ul style="list-style-type: none"> <li>A single operation would be obliged to demonstrate best practice in its arrangements but would no longer be part of the Council or have to accept nomination rights from it for board membership. Its larger scale and capacity to be a single voice for Shetland should help underwrite it's regional and national influence.</li> </ul>
<ul style="list-style-type: none"> <li>Poor strategic planning and weak links to Shetland Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Not clear how this could be fundamentally different without a complex set of arrangements created to mirror merged governance.</li> </ul>	<ul style="list-style-type: none"> <li>An aggregated operation would better enable strategic leadership of tertiary education in Shetland and play a much fuller role in the Shetland Partnership.</li> </ul>
<ul style="list-style-type: none"> <li>Limited current exploitation of the potential from UHI links</li> </ul>	<ul style="list-style-type: none"> <li>While individual initiatives might arise for one individual organisation or another, it is not clear how this would be fundamentally different.</li> </ul>	<ul style="list-style-type: none"> <li>An integrated operation should be better able to target it's shared resources on areas of specific interest.</li> </ul>
<ul style="list-style-type: none"> <li>Patchy governance performance and mixed</li> </ul>	<ul style="list-style-type: none"> <li>Individual organisations might be able to modify</li> </ul>	<ul style="list-style-type: none"> <li>Creating a new operation would allow best practice</li> </ul>

<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
track record in decision making	their governance arrangements to some extent but without externalisation the Council could not fundamentally change how they run Train Shetland and Shetland College.	in educational governance to be implemented.
<b><i>Managerial</i></b>		
<ul style="list-style-type: none"> <li>Issues regarding financial administration and student records administration.</li> </ul>	<ul style="list-style-type: none"> <li>Limited staff numbers in each organisation would have to continue to seek to meet the sometimes contradictory needs of multiple funders/governance within their limited capacity.</li> <li>Public sector accountability requirements, whether through local government or Further/Higher education are only likely to become more onerous. That is likely to exacerbate competing demands like the Financial Year v Academic Year where there are two conflicting governance regimes in play.</li> </ul>	<ul style="list-style-type: none"> <li>It would be much easier to use the NAFC skills in core financial management of an independent organisation and Shetland College skills in student records to help address any challenges and shortcomings if they were part of the same organisation.</li> </ul>
<b><i>Capacity to Implement Change</i></b>		
<ul style="list-style-type: none"> <li>Negative effects of uncertainty over future</li> </ul>	<ul style="list-style-type: none"> <li>A categorical statement that restructuring was off the table for a specific number of years would provide certainty on one level. It would however have to be accompanied with an explanation of how the existing structural issues and</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to an integration process would continue some detailed uncertainty regarding some details for specific individual but would generally give a clear signal of the intended solution.</li> </ul>

<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
	risks were going to be resolved.	
<ul style="list-style-type: none"> <li>• Having to reduce the amount of property occupied because it was underutilised or unaffordable (say down by 25% on reduced scale model),</li> </ul>	<ul style="list-style-type: none"> <li>• Each organisation very strongly identifies its operation with a very explicit property and location. Reducing scale of any of those independently would be very challenging both technically and psychologically</li> </ul>	<ul style="list-style-type: none"> <li>• While reductions would still be challenging it would seem more likely that achievable options could be designed and implemented.</li> </ul>
<ul style="list-style-type: none"> <li>• Having to significantly reduce the number of staff because there was not enough income to cover costs (say down by 10% on reduce scale model).</li> </ul>	<ul style="list-style-type: none"> <li>• With very small numbers of staff in each operational area any staff reductions potentially damage particular capabilities very seriously, creating stress points and potentially points of educational failure.</li> </ul>	<ul style="list-style-type: none"> <li>• Again the problem would remain very difficult to cope with but a larger overall staff group would offer somewhat greater flexibility.</li> </ul>

**Theme 3 –Best Value**

<b><i>Strong Leadership and Governance</i></b>		
<ul style="list-style-type: none"> <li>• be established with the right technical governance structure</li> <li>• ensure it has people with the right skills and abilities to fulfil the various roles in that structure.</li> <li>• ensure there are arrangement in place to renew and adapt governance arrangements over time,</li> <li>• enhance the skills and knowledge of board members and</li> <li>• demonstrate accountability and transparency through a full understanding of the roles and the responsibilities of the posts and their boundaries strong commitments to uphold the highest standards of public office</li> <li>• ensure that the student voice is central to the decision making processes in governance and in academic management.</li> <li>• engage with regional and local stakeholders to ensure that their needs and expectations are reflected in our plans and activities.</li> <li>• fully engage with Community Planning Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• All the evidence provided through the review process agrees that Shetland College board members and NAFC Marine Centre trustees have worked hard to promote the interests of their respective organisations and help students get the best outcome they can. Criticism has come around the lack of alignment between the strategic directions of the two governing bodies, and the difficulty in clearly identifying the governance layer for Train Shetland</li> <li>• Unavoidable Council governance obligations also create significant impediments and duplication for Shetland College. This is most obvious around it having to produce financial and other performance management information on two different calendars. This is at best inefficient, but much more damagingly very confusing for all scrutiny and planning purposes.</li> <li>• NAFC governance and associated arrangements have not resulted in that organisation being granted “fundable body” status which creates limitations in some aspects of regional and</li> </ul>	<ul style="list-style-type: none"> <li>• There is no doubt that the board members and trustees of Shetland College and NAFC Marine Centre have served further and higher education well in Shetland. It would now appear that a further development of the governance of this area is required to meet the challenges of coming years and ensure the vision and achievement of the part are built on and not dissipated.</li> <li>• Creating new governance arrangement outside the Council creates the opportunity to address governance issues and implement a new structure that reflects current best practice and affords fundable status to all areas.</li> </ul>

	national funding.	
<b><i>Strong Financial Management</i></b>		
<ul style="list-style-type: none"> <li>understand its income sources and its costs and ensure that they are monitored and managed actively.</li> <li>ensure that actions are identified and taken to improve the financial viability of those activities which lose money, or they are reduced or phased out.</li> <li>ensure actions are identified and taken to identify, expand or initiate surplus generating activities</li> <li>understand overhead and operating costs, and how their levels can be managed to be cost effective for the business.</li> <li>develop a range and balance of funding streams from a wide range of sources.</li> <li>seek to generate some surpluses from profitable activities, over the medium to long term, in order to build reserves and support investment.</li> </ul>	<ul style="list-style-type: none"> <li>The three individual operations have demonstrated progress on closing the income / cost gap over recent years. However, we are probably close to, if not at, the point where further incremental cuts damage the fundamental integrity of the operations and the capacity to generate income, as much as they achieve savings.</li> <li>Under the current arrangements financial reporting is complex and not well integrated. It has to meet the Councils needs to produce management and financial accounts on the basis of financial years and also produce UHI and SFC accounts for the academic year.</li> <li>Financial reporting for the three organisations is not brought together on any regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>A single operation creates a new set of opportunities to rationalise management and support activity, including financial reporting, and deliver a valuable and genuine set of efficiency gains</li> <li>A sharpened focus, and enhanced capacity and skills in business development, commercial pricing and industry lead training are necessary components for improved financial viability. That would be helped by moving the operation away from Council trading arrangements and restrictions.</li> <li>It seems likely that those changes would need to be backed by a network of support to develop and deliver new products and services with the investment in time, expertise, and money to follow through on that enhanced marketing activity. That capacity would be more likely to be available in a single organisation.</li> </ul>
<b><i>Staff Enabled, Developed and Rewarded</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>support staff in the development and delivery of high quality learning.</li> <li>provide learning opportunities for staff</li> </ul>	<ul style="list-style-type: none"> <li>There is no doubt there are many highly committed and able staff across the three organisations with great experience and expertise in their roles. It is less</li> </ul>	<ul style="list-style-type: none"> <li>Very small numbers in specialised areas also challenge any organisations ability to create and deliver development and progression paths for its</li> </ul>

<p>development, including a leadership development programme.</p> <ul style="list-style-type: none"> <li>• have in place suitable employment arrangements to attract, reward and retain high quality staff.</li> </ul>	<p>clear that all these staff are being utilised to best effect, or that they are able to consistently concentrate on their respective duties.</p>	<p>staff. Even when part of a larger organisation, like the SIC, those paths are not necessarily available if the larger organisation is engaged in a different business activity.</p> <ul style="list-style-type: none"> <li>• Any staff transferring would be protected by TUPE obligations but in time would expect a harmonisation with local colleagues, and potentially with other UHI institutions.</li> </ul>
<b>The Right Infrastructure</b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• have suitable premises for teaching, learning and research which it can afford to use</li> <li>• provide more residential accommodation if a sound business case is made for that.</li> </ul>	<ul style="list-style-type: none"> <li>• The three separate organisations have evolved their own properties, each with complex multiple ownership and rental arrangements.</li> <li>• Premises are not shared routinely to meet needs.</li> <li>• The level of these property costs are very challenging for all three organisations and will need significant input from Shetland Islands Council.</li> <li>• Separate organisations have a reduced capacity to plan for or deliver student accommodation independently.</li> </ul>	<ul style="list-style-type: none"> <li>• A single operation could look at its property needs and options across the whole estate which would provide greater flexibility.</li> <li>• Shetland Islands Council could take a more strategic view about any medium term resolution for the property issue with a single organisation.</li> <li>• A single organisation could plan, campaign for and share student accommodation more straightforwardly.</li> </ul>
<b>Appropriate Legal Structure</b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• be legally competent to carry out its purpose</li> <li>• have charitable status to best manage tax and other liabilities and an opportunity for individual and corporate</li> </ul>	<ul style="list-style-type: none"> <li>• Being part of a local authority and subject to its legal obligations and requirements at best complicates Shetland College and Train Shetland's operations.</li> </ul>	<ul style="list-style-type: none"> <li>• "New College Shetland" would probably be most effectively achieved using the existing SFTCT organisation as a host, this may be particularly significant in managing transitional costs relating</li> </ul>

<p>philanthropy from local and other benefactors</p> <ul style="list-style-type: none"> <li>• have a mechanism for facilitating the transfer of assets and liabilities from the current organisations to the new entity</li> <li>• have a mechanism for commercial trading to allow profits to be earned and retained within the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• They cannot access charitable status reliefs and are limited in some commercial operations.</li> </ul>	<p>to pensions.</p> <ul style="list-style-type: none"> <li>• Among others; the Scottish Funding Council and the Scottish Government Education Department would have to be satisfied that the new body met their tests to be considered “fundable”; the Scottish Qualifications Agency would need to be satisfied it was competent to make awards; OSCR would need to be happy about a transfer involving a charity and; the Scottish Public Pensions Agency would also need to be content that the new body could conform to pensions legislation.</li> </ul>
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## **Outline Implementation Plan**

Proposals for merger between Tertiary Education institutions in Scotland have to comply with the requirements set out by the Scottish Funding Council. These requirements are described in detail at

<http://www.sfc.ac.uk/guidance/mergers/MergerGuidance.aspx> ,

the principle stages of the process are as described below.

### **Step 1**

Partners formally agree they want to pursue matters to the next stage, and grant appropriate delegated authority to establish a “Partnership Board” in compliance with the standard “Partnership Agreement” (Appendix c is a pro-forma for that agreement).

### **Step 2**

A “Merger Report” is developed covering the following areas.

#### **1 Vision, aims and objectives**

- Why the institutions are proposing merger and what purpose it will serve
- The overall vision and objectives of merger, including the educational benefits envisaged
- How the proposal relates to the institutions' strategic plans

#### **2 Options appraisal**

This section should demonstrate how the institutions have arrived at their preferred option. If a formal options appraisal has been carried out the institutions should include a resume of the options considered, and indicate why a particular option was chosen.

#### **3 Evidence**

The Scottish Funding Council needs to understand the evidence in support of the merger proposal, which should include

##### **3.1 Academic benefits**

- The quality, relevance, efficiency of provision in teaching, research and knowledge transfer, where applicable, will be safeguarded/enhanced
- The quality of the student experience will be at least maintained or enhanced
- The range/breadth of provision and qualifications will be appropriate to meet the needs of learners, stakeholders and the economy
- The specialist facilities and profile will be safeguarded/enhanced

##### **3.2 Implications for tertiary education in Scotland**

- The fit to local/regional/national and international needs
- Other benefits such as improved student access
- Location of proposed campus(es)/sites appropriate to meet needs
- Accountability to stakeholders (local/national) provided for
- Impact on other institutions, community learning and development, other providers and local authorities (local/national)

### 3.3 Financial benefits

A detailed financial plan assessing the financial implications of merger (i.e. one-off costs required to facilitate merger, future recurrent costs/income of the merged institution, resources released, opportunities to grow the business and any savings expected)

- Improved value-for-money
- Efficiencies
- Impact on financial health of partners
- Space utilisation/quality of premises no less adequate or enhanced
- Changes in expenditure distribution (research, teaching, support, premises, management) expected
- Impact on institutions of not proceeding

### 3.4 Issues arising from consultation

- Students
- Trades unions
- Staff (including terms and conditions)
- Local communities
- Other stakeholders and providers (schools, institutions, community learning and development etc)

### 3.5 Strategy

This section should address the merged institution's broad intentions for:

- The learning and teaching, and research and knowledge transfer strategy;
- Staffing issues: including restructuring plans, harmonisation of terms and conditions
- Student issues: integration of student representation, projected student numbers
- Estates issues: including an options appraisal discussing all reasonable options for future use of the existing estates
- Intentions for systems integration, including ICT

### 3.6 Governance and management

This section should include:

- The proposed title of merged institution, where agreed
- The intended management arrangements for the merger and beyond
- The intended communications arrangements, both internal and external up to and following merger
- A proposed implementation timetable
- A risk assessment to cover all aspects of the merger, including a contingency plan
- The key measures of success through which the new institution can judge whether the merger has been successful
- The funding required to enable and implement the merger, including a proposal for strategic funding from the Council where necessary

A lot of the information already gathered during the tertiary review will be useful in the compilation of the Merger Report but there will be a good deal of additional work to do.

That work would include external due diligence on finances, property, contracts and HR arrangements.

### Step 3

The Cabinet Secretary advised by the SFC approves the proposed merger as described in the merger report.

### Step 4

The partner organisations make the final decision as to whether to go ahead with the merger.

### Timeline

The main timeline for the establishment of “New College Shetland” would include:

Item	Timescale
Agreement by Shetland Islands Council in principle that Shetland College and Train Shetland activity should transfer to an independent “New College Shetland”	May 2015
A decision in principle by the SFTCT that NAFC Marine Centre activity should transfer to “New College Shetland”	May 2015
Confirmation from the Scottish Funding Council that they are content for this process to be embarked on and confirmation of how they will support the process	May 2015
Confirmation from the UHI that they are content for this process to be embarked on and how they will support the process	May 2015
Establishment of the Partnership Board	June 2015

Creating the Merger Report <ul style="list-style-type: none"> <li>• the commissioning of professional advice and support for the pre-merger phase</li> <li>• the planning of the merger including undertaking necessary due diligence;</li> <li>• the preparation of the merger proposal document;</li> <li>• consultation on the merger;</li> </ul>	June to October 2015
Final decisions on go-ahead	October 2015
Implementation	For August 2016

### **Pre-merger funding requirements**

External Due Diligence	-	£30,000
Commissioning professional advice and support (Legal, Property, HR, Pensions)	-	£30,000
Project Management	-	£40,000
Project Administration and Business Support	-	£20,000

**Partnership Agreement**

1.	Parties	INSERT COLLEGES/UNIVERSITIES  (together, the " <b>Colleges</b> ").
2.	Purpose	The Colleges have agreed in principle to develop a proposal for a merger of ***** colleges.  The Colleges have agreed to the following key principles and terms set out in this document (" <b>Agreement</b> ") which will provide a framework within which progress towards and preparations of a proposal for merger will now take place.
3.	Commitment	The Colleges agree that developing a proposal for merger is their preferred strategic option. Subject to the outcome of financial due diligence and consultation with staff, students and other stakeholders they shall work together in good faith and in a collaborative and constructive manner to undertake necessary preparations, and enter into any appropriate agreements in order to achieve merger.
4.	Timescale	The Colleges agree to work towards a deadline for a merger proposal at ***** subject to necessary approvals and agreement of the Scottish Funding Council and Scottish Government.
5.	Establishment of Partnership Board	<p>Upon agreement of this Agreement, the Colleges shall establish a joint committee with representatives from each College to work towards agreeing the merger proposal. This joint committee shall be called the "<b>Partnership Board</b>".</p> <p>The core membership of the Partnership Board shall comprise the following representatives:</p> <ul style="list-style-type: none"> <li>• the Chair of each College;</li> <li>• the Principal of each College;</li> <li>• one additional member from each College board; and</li> <li>• one staff representative from each College</li> <li>• and one student representative from each College.</li> </ul> <p>The Chair of the Partnership Board shall be *****.</p> <p>The Vice Chair of the Partnership Board shall be *****.</p> <p>Should any of these representatives be unable to attend a meeting, their college shall be entitled to nominate a substitute</p>

		<p>board member.</p> <p>The Scottish Funding Council shall be entitled to attend meetings of the Partnership Board as an observer. Such an observer will have no vote at any board meeting.</p>
6.	Operation of Partnership Board	<p>The Scottish Funding Council shall provide secretariat support to the Partnership Board until merger is complete</p> <p>The Partnership Board may, at its discretion, invite other attendees to attend board meeting including, for example, senior staff from the Colleges and project managers for the merger. Such attendees will have no role at any board meeting.</p> <p>The Partnership Board shall provide reports to the boards of each College.</p>
7.	Authority of the Partnership Board	<p>Authority to take the following actions, decisions, and preparation shall be delegated from the Colleges to the Partnership Board for:</p> <ul style="list-style-type: none"> <li>• the preparation of the merger proposal document;</li> <li>• consultation on the merger;</li> <li>• the planning of the merger including undertaking necessary due diligence;</li> <li>• the allocation and spending of any funding from the Scottish Funding Council for the pre-merger phase;</li> <li>• the commissioning of professional advice and support for the pre-merger phase using the funding above; and</li> <li>• making any prospective appointments to posts in the new college.</li> </ul> <p>Any other delegations of authority by the Colleges to the Partnership Board will be taken at College Board level and formally recorded, for the avoidance of doubt.</p> <p>For the avoidance of doubt, the following decisions shall be deemed to be beyond the authority of the Partnership Board:</p> <ul style="list-style-type: none"> <li>• final decision as to go-ahead with the merger; and</li> <li>• spending over and above any pre-merger funding allocated by the Scottish Funding Council.</li> </ul>
8.	Funding	<p>The Scottish Funding Council shall provide funding to support the pre-merger discussions.</p> <p>The terms and conditions of this funding will be set out in a letter from the Scottish Funding Council to one or both of the colleges. The Partnership Board will be required to comply</p>

		with any such terms and conditions.
9.	Consultation	The Colleges shall each be responsible for carrying out a full consultation with its own students and staff in respect of the proposed merger. However the Colleges will work together to ensure such consultation exercises are conducted in a consistent way and in the same, or similar timeframes.
10.	Pre-conditions/ approvals required	The Colleges shall work together constructively and expeditiously to obtain the approval of the Scottish Government and Scottish Funding Council to the merger and any other formal approvals required eg the Office of the Scottish Charity Regulator.
11.	Due Diligence	The Colleges shall co-operate fully with each other and the Scottish Funding Council as appropriate to assist in the undertaking of a full financial and legal due diligence prior to merger, including making available all required information to professional advisors and providing access to premises where necessary.
12.	Merger Document	<p>The Colleges will work constructively and expeditiously to produce a merger plan which will deal, among other matters with:</p> <ul style="list-style-type: none"> <li>• The transfer or disposal of all property &amp; assets of each college;</li> <li>• Transfer/Rationalisation of contracts held by each college; and</li> <li>• Transfer of staff of each college.</li> </ul>
13.	Confidentiality	<p>Neither College shall disclose any information (in whatever form) disclosed to them by the other College relating to the disclosing College's business or affairs other than as agreed by both colleges.</p> <p>This clause will not prohibit the sharing of information with professional advisors appointed to the colleges to assist in any merger process, or with the Scottish Funding Council or the Scottish Government.</p>
14.	Legal status	Other than the clauses on Confidentiality and Governing Law, this Agreement shall not be legally binding on the parties.
15.	Governing Law	This Agreement shall be read and construed in accordance with Scots law and the Colleges agree to submit to the exclusive jurisdiction of the Scottish courts.

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....

Name (block capitals) .....

**Authorised  
signatory**

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....

Name (block capitals) .....

**Authorised  
signatory**

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....

Name (block capitals) .....

**Authorised  
signatory**

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....

Name (block capitals) .....

**Authorised  
signatory**



Charity Trustee Core Duties	Observations
<ul style="list-style-type: none"> <li>• Overriding duty to act in the best interests of the charity.</li> <li>• Seek, in good faith, to ensure the charity acts in a manner which is consistent with its purposes.</li> <li>• Act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.</li> </ul>	<p>The first issue to be considered is whether sufficient continuity of the current charitable objectives could be maintained in an integrated operation which included the activity of Train Shetland and Shetland College.</p> <p>That would seem straightforward as the current charitable objectives of SFTCT would appear to overlap very substantially with the expected objectives of an aggregate operation. (see the Vision and Mission section of the Business Model report)</p> <p>Making an impact assessment about how the charities purposes and interests are likely to be best promoted and achieved hinges significantly on predicting which structural arrangement would be most likely to deliver the greatest volume and quality of the “public benefit” that the charity is seeking to deliver. i.e which arrangement is most likely to deliver the “most” and “best” skills development, learning and research etc. to the relevant members of the public.</p> <p>A good deal of information about that has been provided in the reports, papers and analysis undertaken to date. That analysis has concluded that there is potential for the delivery of skills development, learning and research to be better secured through an integrated operation.</p> <p>The clearest way to obtain further information about that would be to go through the due diligence processes available through the “Partnership Agreement” arrangements.</p> <p>That would be consistent with the duty on charity trustees to “act with care and diligence” and demonstrate they had followed through on an opportunity to “act in the best interests of the charity” and “further the charities purposes”.</p>

Managing key risks as a Charity Trustee	Observations
<ul style="list-style-type: none"> <li>• <b>Going concern:</b> Making sure the charity has sufficient funds to pay its bills as and when they fall due.</li> <li>• <b>Scheme of delegation:</b> Having appropriate policies and ensuring that these are followed.</li> <li>• <b>Effective governance:</b> the responsibility for the running of the charity rests with the trustees. The trustees must ensure that the charity's resources are used to further the aims and objectives of the charity</li> </ul>	<p>Charity Trustees are personally responsible for making sure their organisation is run properly, has the right policies and processes in place, identifies and manages risk and generally operates in a sound fashion.</p> <p>Ultimately that is about the charity being sustainable and able to continue to function as a going concern that can discharge its charitable objectives.</p> <p>A good deal of information about this has also been provided already and the case made that an integrated operation would be more likely to manage these risks better.</p> <p>Again it would only seem possible to obtain more detailed evidence on this matter through the "Partnership Agreement" arrangements.</p> <p>This would also seem consistent with duties of effective risk management, and with trustees overall responsibility to undertake appropriate activities to ensure the charity continues to be a going concern.</p>

Duty of Best Value in Public Services	Observations
<ul style="list-style-type: none"> <li>• The duty of Best Value (BV) applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers</li> <li>• It requires public bodies to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost.</li> <li>• To ensure these key components of best value are demonstrated <ul style="list-style-type: none"> <li>○ Commitment and Leadership</li> <li>○ Sound Governance at a Strategic and Operational Level</li> <li>○ Accountability</li> <li>○ Sound Management of Resources</li> <li>○ Responsiveness and Consultation</li> <li>○ Use of Review and Options Appraisal</li> <li>○ A Contribution to Sustainable Development</li> <li>○ Equal Opportunities Arrangements</li> <li>○ Joint Working</li> </ul> </li> </ul>	<p>Public bodies are under a statutory duty to demonstrate best value in all their activities. That duty is regularly accessed and reviewed.</p> <p>The duty requires regular examination of all existing arrangements to see if they remain the most appropriate way to achieve priorities and objectives with the best balance between quality and cost.</p> <p>The Tertiary Review has already reported conclusions in 2013, and will do so again in 2015, that an integrated operation would be more likely to achieve best value. i.e. improved performance with an appropriate balance between quality and cost.</p> <p>Given those conclusions it would appear logical that the Council should seek to proceed with “Partnership Agreement” arrangements to provide further analysis of this opportunity.</p>





**Development Committee  
Policy and Resources Committee**

**22 April 2015  
04 May 2015**

## **Shetland's Broadband Provision: Business Case**

**Report No: DV-20-15-F**

**Report Presented by: Director of  
Development Services**

**Development Services Department**

### **1 Summary**

- 1.1 This report has been prepared to update the Development Committee and Policy and Resources Committee on progress towards the development of a Business Case for broadband development in Shetland.
- 1.2 In the meantime, it is important to consider any resources required by Shetland Telecom to continue to provide current services and to generate new business with net positive contribution to the Council.

### **2 Decision Required**

- 2.1 That the Development Committee and Policy and Resources Committee RESOLVE to:
  - 2.1.1 Note that valuable work has been done on the Business Case for Broadband development in Shetland and the justification and outline Business Cases will be presented for consideration in due course.
  - 2.1.2 Agree that the Shetland Telecom Stakeholder Group continues to influence and monitor the work of Shetland Telecom as the current in-house provider while the Business Case is prepared for the Council's future involvement in Broadband.
  - 2.1.3 Note that the Executive Manager – Economic Development will continue to emphasise the importance of the issue and will guide the Council's strategy and give momentum and priority to this work so that significant progress is reported to the next Committee cycle.
  - 2.1.4 And note that in the meantime, the Executive Manager – Economic Development will continue to manage the Shetland Telecom project, purchasing the necessary materials, parts and equipment to

increase Shetland Telecom's sales on the Council's fibre-optic network within the existing budgets approved for this purpose.

### **3 Detail**

- 3.1 Shetland Telecom has been operating from within the Economic Development Service since December 2009. The two members of staff seconded to the team have delivered five phases of fibre optic network extension and connected Shetland to the rest of the UK on resilient and robust fibre optic infrastructure.
- 3.2 The fibre optic network provides high capacity, future proofed, connectivity to Council schools, care facilities and offices across Shetland.
- 3.3 The Shetland Telecom project provides network to the oil and gas sector which has allowed them to expand their use of Shetland as a base for staff and services.
- 3.4 The network has contributed to the early rollout of the HIE BDUK project and the establishment of the Point of Presence (PoP) has facilitated BT in being able to provide business class services in Shetland.
- 3.5 The network is extensively used by Shetland Broadband and Faroese Telecom to provide business grade services as well as providing backhaul solutions for community based schemes in Vidlin, West Burrafirth and Fetlar.
- 3.6 Financially the project has performed well above original estimations with an annual turnover of £450,000 from direct sales. The Analysys Mason report, on which the basis of forming Shetland Telecom was approved by Council, estimated a year 5 income of roughly 20% of this. The network also substantially reduces Council revenue expenditure for telecommunications services as well facilitating other income generation by the Council i.e. accommodation barges in Scalloway Harbour.
- 3.7 Telecommunications services in Shetland have advanced significantly in the last 5 years, reliability, performance and competition have all improved. Shetland Telecom has been successful to a point where demand for services has long since outstripped original expectations. The project has achieved this without additional resources. A new business planning exercise is required along with a long term strategic direction from the Council.
- 3.8 The Shetland Telecom project in its current form is unsustainable, a revised operational model is required which provides best value to the Council as a service user and as a partner in the roll out of high speed broadband in Shetland.
- 3.9 In the meantime, there is an expectation that the team will:
  - 3.9.1 Continue to grow profits while expanding the opportunities for community broadband development;
  - 3.9.2 Work in partnership with HIE and BT to enhance their BDUK coverage;

3.9.3 Develop new technology use throughout Shetland

3.9.4 Provide analysis and insight into broadband developments for the Council.

## 4 Implications

### Strategic

4.1 Delivery of Corporate Outcomes – Shetland Islands Council's Corporate Plan 2013-17 contains a commitment to have high-speed broadband available to 84% of the Shetland population by 2017. This challenging target will require a concerted effort by all those parties involved in Shetland's telecommunications future.

4.2 Community/Stakeholder Issues – Consultation is ongoing with HIE/BT and every opportunity is being sought to work cooperatively with the HIE/BDUK project. Regular contacts are maintained with community groups in Yell and Unst as well as West Burrafirth, Fetlar and Vidlin.

4.3 Policy and/or Delegated Authority – This report has been prepared under policy 3.1 of the Economic Development Policy Statement 2013-17 [Development Committee, Min Ref: 37/13], which states "Provide High Speed Digital Broadband in Shetland by the following measures:-

- Review the effectiveness of Shetland Telecom Project prior to preparation of new action plan and ensure it is compatible and complements with the BDUK project.
- Achieve full integration of superfast cable.
- Establish an operational point of presence and one next generation project.
- Develop a campaign to promote the benefits of high-speed broadband to communities, businesses and households."

The Development Committee has delegated authority to implement decisions within its remit, in accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations.

As the subject of this report is covered by existing policy the Development Committee has delegated authority to make a decision.

The report is presented to Policy & Resources Committee as the Council is a service user and there will be resource implications with any new Business Case. It is also a role of Policy and Resources Committee to ensure that the options appraisal inherent in a robust business case secures a decision to invest that meets all the Council's requirements including best value.

4.4 Risk Management – The Shetland Telecom Project team consists of two Council members of staff. There is an urgent requirement for cover and back up to support the staff e.g. with regards to call out to maintain the Shetland Telecom fibre connections.

4.5 Equalities, Health and Human Rights – None.

4.6 Environmental – None.

#### Resources

4.7 Financial – Shetland Telecom generated trading surpluses of approximately £220,000 in 2014-15.

Projections for 2015-16 estimate surplus income of approximately £150,000.

A full cost benefit analysis for future years will be prepared for each option considered in the justification and outline business cases that will be presented at future meetings of the Development and Policy and Resources Committees.

There are no financial implications arising directly from this report as ongoing costs of the Shetland Telecom Project will be covered by existing approved budget allocations for the Project.

4.8 Legal – None.

4.9 Human Resources – The final decisions by the Council once the business cases have been presented may have staffing implications for the Council, and the Council's Human Resources policies will be applied throughout with advice and support from Human Resources Services within the Council.

4.10 Assets and Property – Any further investment in assets will be covered by subsequent reports.

## **5 Conclusions**

5.1 Provision of high speed broadband is one of the top priorities for this Council as set out in the Council's Corporate Plan 2013-17.

5.2 The Council has taken a very active and very successful role in the development and improvement of telecommunications in Shetland. This has been achieved through actual deployment of network links and also through political influence, negotiations and discussions with a wide range of stakeholders including Government, service providers and communities. A secured future for high speed broadband provision in Shetland can only be achieved in partnership with key stakeholders. The robust business case process supported by Development Committee will ensure that maximum coverage of high speed broadband connections are achieved and economic and social benefits are fully articulated and justified in the decisions to follow.

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For further information please contact:

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Position: Director of Development Services



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Date: 21 April 2015

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Background Documents

None

END





<b>Environment and Transport Committee</b>	<b>22 April 2015</b>
<b>Education and Families Committee</b>	<b>27 April 2015</b>
<b>Social Services Committee</b>	<b>30 April 2015</b>
<b>Policy and Resources Committee</b>	<b>04 May 2015</b>
<b>Shetland Islands Council</b>	<b>27 May 2015</b>

## **Review of Transport for Children with Additional Support Needs and also Social Care Service Users**

**Report No: TP-07-15-F**

**Report Presented by:**  
**Director of Development Services**  
**Director of Children's Services**  
**Director of Community Health & Social Care**

**Development Services Department**  
**Children's Services Department**  
**Community Health & Social Care Department**

### **1. Summary**

- 1.1. In the summer of 2014, the Council commissioned the consultancy Eforensics to undertake a detailed Review of Transport for Children with Additional Support Needs (ASN) and Social Care Service Users.
- 1.2. The Review comprised of five elements:
  - a) A Stocktake of the current resources available, services delivered and the operating context including demographic and legislative changes;
  - b) Consideration of Eligibility to Travel Assistance, as assessed by Social Care and Schools Services' professional staff and Accessibility of actual travel solutions;
  - c) Development of a new Assisted Travel Policy which outlines the process wherewith to commission services to meet the assessed

travel needs. NB: Commissioning may now be either by the Council or Individual Service Users under Self-Directed Support (SDS) arrangements;

- d) An examination of current management arrangements across the Council for commissioning travel and make suitable recommendations for any improvements;
- e) Consideration of a Communications Plan wherewith to explain any changes to services recommended in the Review.

- 1.3. This report gives a summary of the key findings of the work undertaken and makes recommendations as to how improve the current arrangements.
- 1.4. This report sets out the detail of the review and the conclusions reached.

## **2. Decision Required**

- 2.1. That the Environment and Transport Committee, the Education and Families Committee, the Social Services Committee and the Policy and Resources Committee RECOMMEND that the Council **RESOLVES** to:
  - 2.1.1. Note that no service withdrawal is planned for current service users as a result of this report;
  - 2.1.2. Note that the key recommendations are not designed to deny services to potential service users but to ensure that a disciplined, equitable and consistent approach is taken to offering travel assistance and to avoid duplication of publically funded travel assistance;
  - 2.1.3. Note that a key underpinning recommendation is that the Council and health partners is to actively promote independence rather than dependence;
  - 2.1.4. Note that there are no operational cost implications arising from the proposals within the Consultancy Report, which seeks to achieve modest savings over time, by reducing the Council's reliance on the private sector and increasing the use of the Community Transport sector;
  - 2.1.5. Approve the new Assisted to Travel Policy (contained in Appendix 5 of the consultant's report attached as Appendix One to this report) under which service professionals assess eligibility to travel assistance and Transport Planning puts into place a cost effective transport solution.

### 3. Detail

- 3.1. The full consultancy report is attached as Appendix One to this covering report.
- 3.2. As the fully detailed report is at Appendix One, paragraphs 3.3 to 3.9 below simply list the recommendations of the Review<sup>1</sup>:
- 3.3. The creation of a new subjective ledger code that differentiates between “Staff Travel” and “Staff Travel with a Service User”. Finance colleagues suggest the creation of a client travel cost subjective code, which would leave all staff travel within normal travel codes. If staff are travelling and incurring costs to meet client needs they would also code their cost to the client subjective code as this would form part of the package which met needs.
- 3.4. The award of some ASN or SC routes to the Third Sector using VAS as a clearing house for booking; this could usefully start with some consistent and high costs journeys on a “proof of concept” pilot basis. Target saving based on re-patriating 20% of routes set at £10,000 pa.
- 3.5. In a similar vein to the recommendation above, it is recommended that some of the most expensive current contracted taxi routes be considered for re-allocation to the Third Sector. The six runs alone cost the Council c£200,000 pa; given the lower cost base of the Third Sector and the lack of profit motivation, savings should be realisable to the Council.
- 3.6. The individual costs of all travel arrangements as well as the monthly budget monitoring for Transport Planning should be shared with Service professionals.
- 3.7. Develop a Business Case to replace older Blue Bus and fill vacancies in order to avoid service disruption and/or curtailment.
- 3.8. All current ad-hoc arrangements should be tested against the new Assisted Travel Policy and amended if they are non-compliant. In addition as part of the Care Package bi-annual reviews, the travel assistance should be reviewed at least annually for ongoing appropriateness and need.
- 3.9. Training and suitable resources should be identified so as to allow Transport Planning to more fully optimise the Flexi-Route™ software for scheduling and proactive information sharing.

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<sup>1</sup> NB: Recommendations have been tested with management and professional staff and agreed as practical and practicable.

## 4. Implications

### Strategic

- 4.1 Delivery on Corporate Priorities - Reliable and affordable external transport links are essential to the economic and social wellbeing of Shetland. In addition, the report's recommendations are consistent with the Corporate Plan goal of developing the Community Transport Sector on the Islands.
- 4.2 Community /Stakeholder Issues - No detrimental issues are anticipated.
- 4.3 Policy and/or Delegated Authority - The Committees have delegated responsibility for the functional and service areas within their remit and within Council policy. The Policy and Resources Committee has referred authority to advise the Council in the development of its policies. Approval of new policy is a matter reserved to the Council.
- 4.4 Risk Management - This set of recommendations reflects, and seeks to mitigate, a series of risks which are articulated throughout the main consultancy report at Appendix One.
- 4.5 Equalities, Health and Human Rights - There are no negative Rights or Equalities implications involved in the implementation of this report.
- 4.6 Environmental - None, indeed the replacement of the older bus should reduce emissions and hence lead to carbon reduction.

### Resources

- 4.7 Financial - All operational cost implications will be achieved within existing budgets.

It is anticipated that modest savings could accrue over time as moves take place towards reducing the Council's reliance on the private sector and increasing use of the Community Transport Sector<sup>2</sup>.

- 4.8 Legal - The recommendations are cognisant of a wide range of legislative requirements including, for example, the significant issues of Self Directed Support legislation which came into force in April 2014.

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<sup>2</sup> Corporate Plan 2014 commitment to develop a Community Transport Sector.

4.9 Human Resources - No additional or changed Human Resources are required.

4.10 Assets and Property - The report has no Property implications but does recommend the replacement of a Blue Bus on a like-for-like basis.

## 5.0 Conclusions

5.1 The conclusion of the Review can be summarised as follows; the service is being delivered well but access to transportation is not being consistently awarded and transport arrangements cannot be demonstrably shown as best value. In addition, it has been timely to take stock and assess demand; this is likely to rise with major service re-provision in education and social care facilities as well as demographic challenges of an ageing population which also has increasing wheelchair dependence.

5.2 The report's recommendations align to Governmental initiatives of creating independence rather than dependence.

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For further information please contact:  
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*Date Cleared: 16 April 2015*

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## List of Appendices

Appendix 1 – Detailed Consultancy Review Report

END







Shetland Islands Council

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***REVIEW OF TRANSPORT FOR CHILDREN WITH  
ADDITIONAL SUPPORT NEEDS (ASN) AND  
ADULT SOCIAL CARE (SC) SERVICE USERS***

***September 2014***

**Providing vital services for children and adults and the transport services we all need.**

**We must continue to provide the essential services that people in Shetland really need. We will have to change how we do some things to make services more efficient and to make sure we can continue to provide them in the long term, but we will do that with people, not to them.**

**Shetland Islands Council: Corporate Plan 2014**

# REVIEW OF ASN & SC TRANSPORT

## Document Control

Owner	SGR
Issue and Date	2 July 2014

## Version Control

Issue	Author	Date	Details of Change
0.1	SGR	2 July 2014	Initial draft
0.2	SGR	4 July 2014	Further data re: budgets
0.3	SGR	7/7/14	Work on Draft Policy for Accessibility
0.4	SGR	8/7/14	Further input
0.5	SGR	11/7/14	Refining and broadening
0.6	SGR	15/7/14	As above plus more Finance data
0.7	SGR	16/7/14	As above
0.8	SGR	17/7/14	Input from 16/7/14 Workshop
0.9	SGR	18/7/14	Vehicle data
0.10	SGR/EAP	21/7/14	Refining & Peer Review for QA
0.11	SGR/EAP	24/7/14	Ideas and QA
0.12	SGR	11/8/14	Refinement
0.13	SGR	15/8/14	Refining & adding code of practice
0.14	SGR	27/8/14	Workshop on draft report.
0.15/0.16	SGR	1/9/14	Final week refining
0.17	SGR	3/9/14	Hazel Tait comments
0.18	SGR	4&5/9/14	C Horrix, C Russell & C Scott comments
0.19	SGR	11/9/14	SGR adding Taxi data
0.21	SGR	7/1/15	Director Revisions
0.22	SGR	30/3/15	Members' Seminar Revisions

## **CONTENTS**

### **Executive Summary**

1. Stocktake
2. Eligibility & Accessibility Issues
3. Communications
4. Recommendations

### **Appendices**

1. Contacts made during the Review
2. STEEPLE: Contextual Analysis
3. Risks and Issues
4. Interdependencies and Future-proofing
5. Draft Assisted Travel Policy
6. Code of Practice – Children with Additional Support Needs
7. Annual ASN Re-application Form

# REVIEW OF ASN & SC TRANSPORT

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## **EXECUTIVE SUMMARY**

### **Purpose of the Review:**

The Review considered the effectiveness, efficiency and value for money of the Council's travel arrangements for children with Additional Support Needs<sup>3</sup> and Social Care Service Users who had been assessed as eligible to receive assistance with Travel. Recommendations have been made to improve the service and make savings; also Risks have been flagged as and when relevant and these are summarised in an Appendix.

For clarity, whilst the Review specifically excluded detailed consideration of mainstream home to school transport, as this is regulated by statute, its inter-dependencies were recognised and given due regard.

### **Review Approach:**

The Review comprised of five elements:

1. A Stock take of the current resources available, services delivered and the operating context including demographic and legislative changes;
2. Consideration of Eligibility to Travel Assistance, as assessed by Social Care and Schools Services' professional staff and Accessibility of actual travel solutions;
3. Development of a new Assisted Travel Policy which outlines the process wherewith to commission services to meet the assessed travel needs.  
NB: Commissioning may now be either by the Council or Individual Service Users under Self-Directed Support (SDS) arrangements;  
(All new or revised Policies shall be approved by Elected Members)
4. An examination of current management arrangements across the Council for commissioning travel and make suitable recommendations for any improvements;
5. Consideration of a Communications Plan wherewith to explain any changes to services recommended in the Review.

The Project's wide-ranging nature is reflected in the breadth of people contacted during the process; the names are listed at Appendix One.

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<sup>3</sup> Additional Support Needs – terminology introduced in the Education (Additional Support for Learning) (Scotland) Act 2004

# REVIEW OF ASN & SC TRANSPORT

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The complex nature of this subject is also reflected in the necessary depth of a STEEPLE Contextual Analysis that is attached as Appendix Two.

Appendix Four shows some of the key inter-dependencies and challenges in designing these services both now and into the future.

## **Overview of Current Service**

The Council's current Transport arrangements for Children with Additional Support Needs and Adult Social Care Service Users are delivered using private contractors, taxis, five Council owned (and operated) buses, Council Escorts on public buses and officers using their own vehicles (aka Grey Fleet).

The major perceived omissions in the nature of this service profile are:

- No planned and structural utilisation of the Third Sector, and hence over-exposure to private sector pricing in a buoyant economy;
- No corporate adherence to and promotion of, "Self-Travel as the default-position" and thus
- A service built around Transport, not Travel and the creation of dependence not independence.

It is not possible to definitively quantify the current total spend by the Council on ASN and SC Transport as some elements are not coded overtly in the ledger to transport codes. As an indication, the total revenue spend is in the order of £600,000 pa and, whilst this includes a revenue charge of £50,000 for depreciation, there is currently no capital budget for replacement vehicles.

## **Key Findings:**

1. As alluded to above, the recording and accounting treatment of Transport for these groups of Service Users is such that the total spend in this area of activity cannot currently be assessed with absolute certainty. The following are some of the reasons for this:
  - Staff travel with Service Users: there is presently no delineation in the ledger between "Staff Travel" with or without a Service User;
  - Taxi utilisation is coded elsewhere in the ledger and not reported/managed coherently as a single transport budget; and
  - Grants to Third Parties do not always identify any element relating to transport.

## REVIEW OF ASN & SC TRANSPORT

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2. Notwithstanding the foregoing, the visible element of the revenue budget for these services is in the order of £600k; which has fallen from £743k in 2011/12. This is a 20% reduction overall and a further target reduction of almost 12% (or £70,000) is sought in 2014/15.
3. Further reduction in this budget does not appear sustainable in the face of increasing demand and scarce current resources. Any curtailment must be managed carefully so as to avoid diluting the availability and quality of the service provided. Finally, it should be noted that the impending demographic factors that may actually necessitate an increase in investment in future years.
4. In addition, the current budgetary control regime creates a mismatch insofar as the professional instigating a need for transport, e.g. a Care Manager/Co-ordinator, does not always see the budgetary consequences of their action as Transport Planning predominantly holds the budget. This anomaly requires to be addressed in order to:
  - aid accountability and to remind commissioners that transport is not free; and
  - allow appropriate costings, based on total costs, for transport to be developed under the SDS regime.
5. Appendix Four shows some major dependencies that should be strategically considered in future transport planning, these include:
  - a major service re-design of adult care services and the re-provision of the Eric Gray Resource Centre is likely to increase the demand for transport and not reduce it, paragraph 1.10 refers; and
  - the new Anderson High School and this may provide new challenges for transport.
6. A number of risks have been identified during the Review; these are highlighted at the relevant paragraph and summarised at Appendix Three.
7. There is a need to re-establish and assert the following principles:
  - The default position of the Council is that Service Users will self-travel;
  - Independence not dependence is being promoted; and
  - There is no automatic transition from a young person accessing travel support to the adult automatically being able to access travel support – a fresh assessment will be needed.

## REVIEW OF ASN & SC TRANSPORT

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### **Potential Savings:**

As the Review progressed, a number of potential savings initiatives have been identified and these are noted below:

1. Reducing reliance on Private Contractors - £10,000
2. Releasing surplus vehicles: £2- 6,000 depending on number released
3. Re-arranging most expensive current contracted journeys; value to be assessed.

### **Cost Pressures:**

As part of future years budgeting, the following issues that may give rise to future year budget pressures should be noted:

- Anticipated 20% increase in the number of children with Additional Support Needs in the medium term;
- In the order of 45 potential Service Users who are not currently accessing services, as noted in the Eric Gray Re-provisioning Committee Report in July 2014;
- Re-provisioning schemes with transport and travel implications including Eric Gray Centre, Anderson High School and Viewforth. The implications here may be as simple as avoiding future revenue costs by designing access, egress and parking arrangements which are suitable for larger vehicles from the outset and thus avoiding a scenario when only smaller vehicles such as taxis can transport Service Users to the facilities; and
- In the absence of allocated capital, revenue resources may be required to lease vehicles when existing fleet items reach the end of their useful lives.

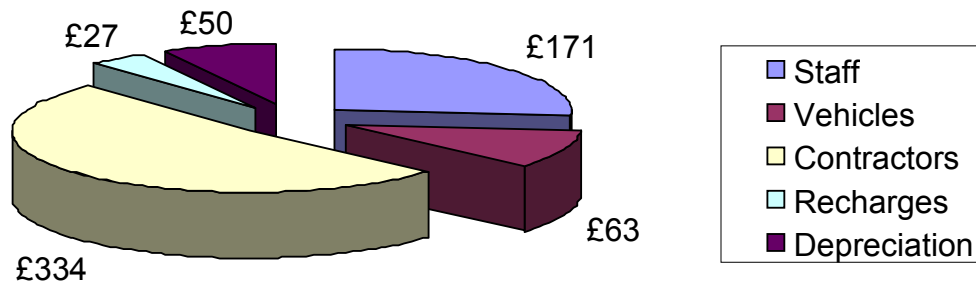
# REVIEW OF ASN & SC TRANSPORT

## 1. STOCKTAKE

### Finance

- 1.1 The gross visible revenue budget for Transport for Children with Additional Support Needs (ASN) and Social Care Service Users in 2014/15 is £645,000. An annual grant is received from the Charitable Trust of £50,000 to reflect the charitable nature of some of the journeys undertaken by the Transport Service. Depreciation is charged at £50,000 on the assets though no capital has been earmarked for replacement of buses. **Risk.**
- 1.2 The budget noted above is described as “visible” insofar as some elements of cost are not coded to these budget headings. Examples of hidden costs include:
- Elements of any grants to Third Sector groups that include an element of transport provision;
  - Costs for Staff travel where Service Users are transported; and
  - Taxi fares for Adult Social Service Users.
- 1.3 The gross budget is split as per the diagram below:

**Budget 2014/15: £k**



This diagram illustrates that the single largest cost element; £334,000, or 52% of the gross budget, is spent with external contractors, a position seemingly at odds with a Council policy of delivering services using internal resources wherever possible.



## REVIEW OF ASN & SC TRANSPORT

- 1.4 In order to explain this apparent anomaly, it is important to consider the trends in expenditure. The undernoted table shows the actual net outturn position for 2011/12, 2012/13 and 2013/14 as well as the budget for 2014/15:

	2011/12	2012/13	2013/14	2014/15
Total ASN & SC Transport spending	£743,117	£708,354	£670,367	£596,061
Overall reduction 2011-2015				-19.8% £147,056
Contractor spending	£452,371	£434,513	£390,745	£334,027
Contractor spend reduction 2011-15				-26.2% £118,344

- 1.5 The reliance on the independent sector represents a risk for the Council as the Island's economy is currently buoyant with almost full employment. This fact may lead private contractors to increase prices charged to the Council to levels that the oil and gas industry is willing to pay. **Risk.**
- 1.6 An approach to mitigate this risk is to increase usage of the Third Sector and thus support the emerging community transport sector in Shetland. If adopted savings could ensue. If a 10% net profit margin is assumed within the £334k spent with private contractors, then ceasing all use of such contractors could yield savings of £33,400. As part of the Action Planning following this report, these assumptions should be tested and definitive savings targets established.
- 1.7 In the short term, a wholesale transfer to the Third Sector is unrealistic as the Community Transport sector is insufficiently resourced/developed to deliver these services. As a target, a 20% reduction in private contractor use could be applied and this could save c£7,000. This however would not be the only saving as volunteer drivers would reduce the cost-base of the Community Transport sector delivering services; realistically **a £10,000 saving** could be targeted from simply switching 20% of journeys to the Third Sector from independent contractors.
- 1.8 In terms of Service Users, the service currently provides transport services for 24 children with ASN and 50 Social Care Service Users (at August 2014). Using a very broad brush approach, the budget spend per users is c£8,000 pa (including Depreciation); this appears high and individual journey outliers should be challenged to assess whether more cost-effective solutions could be found.

## REVIEW OF ASN & SC TRANSPORT

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- 1.9 This level of expenditure suggests that innovative schemes, such as the following may prove to be more cost-effective and hence best value:

- paying “buddies” to teach individuals to self-travel; or
- providing families with a vehicle for their private use.

Such innovation is however currently hampered by the disconnection between the decision makers and the budget-holders with a consequent dilution in accountability. **Risk**

- 1.10 The user numbers mentioned above however may mask hidden demand; a recent Committee report on re-provisioning the Eric Gray Resource Centre<sup>4</sup>, notes that the “Council knows of 45 people with learning disabilities who presently do not access day services”. Similarly, there is a forecast growth of 20% relating to adult wheelchair users arising from children transitioning into adult social care. **Risk.**

- 1.11 In considering the current travel contracts, especially in the light of underused Third Sector capacity, the following journeys were noted as exceptionally expensive and it is recommended that consideration be given to replacing commercial with Third Sector arrangements:

- Contract example one: £180 per day including Escort
- Contract example two: £179.99 per day including Escort
- Contract example three: £141.29 per day including Escort
- Contract example four: £124.97 per day including Escort
- Contract example five: £184.57 per day including Escort
- Contract example six: £137.29 per day including Escort.

These journeys alone cost £948.11 per day or just under £200,000 pa if travel is accessed on 200 days.

- 1.12 In addition to the budget controlled by Transport Planning referenced at paragraph 1.1, the budget and outturns for Community Care controlled Transport for 2012/13 as managed elsewhere within Social Care were as overleaf:

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<sup>4</sup> Report approved by Council 3 July to re-provide the EGRC with a new build option; target 2017 completion.

## REVIEW OF ASN & SC TRANSPORT

Type-code	Description	Budget	Outturn	Variance
1470	Travel Costs: Taxis, Ferries & Flights	£47,192	£55,338	-£8,146
1484	Transport Contractor (largely Meals on Wheels)	£130,980	£116,427	£14,553
1486	Transport and Contracted Services	£2,380	£8,035	-£5,655

1.13 Analysing the costs of transport in the preceding paragraphs has shown a lack of overall cohesion in managing the Council's overall Transport service. One team in the Council is planning transport of Social Care Service Users whilst another, the transport of their food.

1.14 On a related issue, a visit to Montfield House showed that the most difficult transport problem faced was not related to Service User travel, due to a sensible self-travel default approach but to a heavy dependence on Taing House for meals and thus daily food-runs. These runs were undertaken by a Handy-person Monday to Friday but were difficult out of hours and at weekends often necessitating taxi reliance, a more costly option.

*Montfield House, helpfully, has a default policy that Service Users will make their own way to the facility.*

**Risk.**

### Vehicles

1.15 In addition to the independent contractor vehicles mentioned above, the Council owns and operates five buses – “the blue buses”. These buses are aged as follows: 1x 53 plate (2003), 2 x 59 (2009) and 2 x 60 (2010) plate buses (pictured). They are all manufactured by Optare™ and are low floor buses designed to maximise accessibility. Whilst depreciation of c£50,000 per annum is charged against the revenue budget, there are no capital funds earmarked to replace these buses.



**Risk.**

## REVIEW OF ASN & SC TRANSPORT

### 1.16 More specific data on these buses:

<u>Reg. Number</u>	<u>Owned/Leased</u>	<u>Registered (Date)</u>	<u>Purchase Date</u>	<u>Purchase Price (GBV)</u>	<u>Current Mileage (km)</u>	<u>13/14 Maint. Cost</u>
SV53HMA	Owned	31-Oct-03	06-Jun-06	£55,000	207,640	£7,173
YJ59NNE	Owned	01-Dec-09	16-Nov-09	£96,700	61,253	£1,848
YJ59NNF	Owned	01-Dec-09	10-Dec-09	£99,200	52,048	£8,403
YJ60KFY	Owned	01-Sep-10	27-Aug-10	£97,885	10,437 *	£2,701
YJ60KFZ	Owned	01-Sep-10	27-Aug-10	£97,885	77,391 *	£1,676

(\* = It is recommended that the routes for these vehicles are swapped to equalize mileages and hopefully reduce maintenance costs and maintain residual values)

- 1.17 Insurance: The direct cost of buying insurance for Council vehicles was £86.96 per vehicle in 2013/14. This is for Third Party Only cover only and it should be noted that the excess on this cover is £28,000. Any costs for damage/injury to third parties will have to be paid from the Council's insurance fund. In the same way as costs of third party claims up to £28,000, any cost of damage to Council vehicle is paid for from its own insurance fund. The total cost of damage to Council vehicles for 2012/2013 was approximately £44,000 (working out at c£1,300 per vehicle). Third Party costs for 2012/13 came in at around £3,450.
- 1.18 Blue Bus staffing: the Council employs five Drivers and three Escorts for the Blue Buses. There are currently vacancies for a Driver and an Escort and failure to fill these vacancies will impact on service delivery especially when schools return. **Risk.**
- 1.19 The Blue Bus service is scheduled and overseen by Transport Planning; it is also registered under S19 of the Transport Act 1985 which allows not-for-profit organisations such as Councils and charities to charge fares for bus travel on a non-profit basis. This also gives the Council access to Bus Service Operators Grant which is a fuel-based governmental grant.<sup>5</sup>
- 1.20 The scheduling of these buses is undertaken using Flexi-Route™ software; a package that has significant functionality including a comprehensive suite of standard reports. Unfortunately, at this time, the management information relating to the buses is under-developed and the reports are not populated and hence cannot be shared with Service Users. This fact, though understandable due to resource limitations in Transport Planning, is disappointing as this data could help Departments better

<sup>5</sup> Bus Service Operators Grant (BSOG) is a grant paid to operators of eligible local bus services and community transport organisations to help them recover some of their fuel costs.  
<https://www.gov.uk/government/collections/background-to-the-bus-service-operators-grant-bsog>

## REVIEW OF ASN & SC TRANSPORT

understand the nuances of the service and also provide the data to underpin a Business case for any vehicle replacement. **Risk.**

- 1.21 Given the foregoing, it is recommended that resource be identified to allow the Flexi-Route™ system output to be optimized as part of a new proactive management information approach.
- 1.22 In addition to the Blue Buses, the Council's Viewforth and Newcraigielea Social Care facilities both have mini-buses which are presently under-used and expensive to maintain given the modest mileage currently being undertaken; table below illustrates costs and mileage. The under-use is largely a consequence of changing needs and increasing difficulty in finding staff with a suitable D1 driving license and MiDAS training to drive them. **Risk**

Registration Number	Make/Model (Description)	Purchase Date	Purchase Price	Current Mileage(km)	Maintenance Cost 13/14
BX07XTA	Renault Master MM33 DCI 100 Mini-bus	01-May-07	£25,406	55,284	£1,113
MX56OHN	Volkswagen Disabled Passenger Mini-bus	21-Dec-06	£33,340	81,888	£4,453*

\* = Included in the VW costs noted above were exceptional costs namely, replacement brakes, exhaust and clutch, £1,718, a significant cost in 2013/14.

- 1.23 It is recommended that consideration be given to releasing one or both of these vehicles either completely (yielding a capital receipt to the Council) or offering them to the Third Sector to facilitate the savings initiative noted at paragraph 1.6. **Possible savings £2-£6,000 pa** in revenue running costs.
- 1.24 It is also recommended that a Business Case be developed to replace the most elderly Blue Bus and to fill the driver and escort vacancies so as to avoid major service disruption.

### Social Care

- 1.25 As with all other Social Care services across Scotland, the Council's Service is facing a number of significant strategic changes which will impact on how services are delivered in the future. In this context, strong and affordable transport arrangements must be put in place to maintain access to services. Also in this context, it is imperative that the current policy/discipline of bi-annual Care Package reviews is maintained. It is recommended that consideration of the transport element of the Care

## REVIEW OF ASN & SC TRANSPORT

package is also made bi-annually and recorded along with other case notes. This will avoid any transport arrangements becoming open ended and potentially help support independence rather than creating dependence.

- 1.26 These changes must be reflected in any transport changes suggested as a result not only of this Review but also in the Council's budgetary provision for transport. In this context, it is noted that a £70,000 reduction in available funds for Social Care transport has been built into the 2014/15 budget and the ramifications of this must be managed very carefully and with due regard to demographic challenges currently being forecast.
- 1.27 The two most significant national change initiatives, which are shown as key dependencies in Appendix Four, are:
- Integration of adult health and social care. Shetland, with its joint Director appointment, is well placed to manage the impact of this integration but it is vital that those involved recognise the facilitatory nature of transport and don't simply view transport as the Cinderella service in the background and coping with a heavy workload; and
  - Personalisation including Self Directed Support (SDS): as a means of offering social care Service Users greater choice in how they receive and pay for services. If transport is deemed to be in-scope of SDS then it is vital that the relevant costings are accurate (so as not to render the residual service non-viable) and that the market is nurtured so that genuine choices and comparisons can be made.
- 1.28 Self Directed Support (SDS) which came into effect from 1 April 2014 has seen a low take up among services users across Scotland and in Shetland. In summary, the four statutory choices now being offered by the Council to eligible Service Users are:

OPTION	NARRATIVE
1	The making of a direct payment by the local authority to the supported person for the provision of support.
2	The selection of support by the supported person, the making of arrangements for the provision of it by the local authority on behalf of the supported person and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of that provision.
3	The selection of support for the supported person by the local authority, the making of arrangements for the provision of it by the authority and, where it is provided by someone other than the authority, the payment by the authority of the relevant amount in respect of the cost of that provision.
4	The selection by the supported person of Option 1, 2 or 3 for each type of support and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of the support.

## REVIEW OF ASN & SC TRANSPORT

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- 1.29 As part of the roll-out of SDS, there is an expectation that the Council will give all suppliers equal support in “market shaping” – this is activity which seeks to give clear choices to Service Users so that they can control more effectively the services they access and the costs thereof. This activity will necessitate the Council getting alongside the emerging Community Transport sector and advertising their available capacity to all commissioners.
- 1.30 The Council approved Adult Social Care: “Contributing to Your Support” with effect from September 2013. This policy initiative, which introduces charging for certain services, may possibly have application, subject to Elected Member agreement, vis-à-vis the costs of transport provision; it is based on a flat rate user-charge and is not designed to cover costs.<sup>6</sup>
- 1.31 In contrast to the flat rate charges mentioned above, SDS requires detailed and defensible service-specific costings wherewith to offer choice to Service Users. Given the visibility issues raised from paragraph 1.1, this costing represents a potential risk to the Council. **Risk**
- 1.32 In the social care context, there are a number of extant transport arrangements that are inconsistent and appear to have arisen on a reactive rather than planned basis; amongst these are:
- Eric Gray Resource Centre<sup>7</sup> a day centre for clients with learning disabilities and autistic spectrum disorders – heavy current users of transport and this trend is forecast by staff to be increasing;
  - Supported employment including to COPE Limited and access to further education opportunities;
  - Viewforth House has access to a Council minibus; the service re-design must include a review of its transport needs for this facility and its replacement;
  - Newcraigielea and Arheim facilities have allocated Fleet vehicles and some user charges are levied; and
  - Ad –hoc, and often very expensive, contracts placed for Service Users in remote areas.
- It is recommended that each of the above arrangements be re-considered in the light of the Assisted Travel Policy and changes made wherever necessary.
- 1.33 The SWIFT™ Social Care Service User database is not currently used to track travel arrangements and also the inclusion of NHS patient identifiers

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<sup>6</sup> Community Health & Social Care will, in the near future, be reviewing CYS, the potential for transport charges could be part of that review.

<sup>7</sup> Report approved by Council 3 July to re-provide the EGRC with a new build option; target 2017 completion.



## REVIEW OF ASN & SC TRANSPORT

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is only now being rolled-out. These omissions may allow duplicated payments, journeys or payments to occur, a potentially significant risk if SDS take-up levels rise. **Risk**

- 1.34 A consistent narrative during the Review from those interviewed suggests that the Council is not always following its own or national eligibility criteria, a situation that causes inappropriate precedents to be established. **Risk**

### **Children's Services**

- 1.35 Children with Additional Support Needs (ASN): At 20 September 2013, the Council had 241 Children assessed as either Stage Two or Three Additional Support Needs i.e. requiring a package of additional measures to protect their ability to access and benefit from education.
- 1.36 This cohort of children represents 7.4% of the total number of children on the school roll (3,246).
- 1.37 There are no Special Schools for children with ASN in Shetland but there are units at Bells Brae and Anderson High Schools that cater for children with multiple and complex needs. It is in accessing these facilities that most of the travel issues arise. In the context of the Anderson High School facility, it should be noted that there is no separate building for ASN provision in the re-provision plans for the High School when it moves to the Clickimin site. Access and egress arrangements will require to be carefully considered from the outset. Appendix Four shows this and other key dependencies diagrammatically.
- 1.38 Statutory guidance about home to school journeys is clear but where there are children with ASN the position is less so. Over recent years, in times of financial plenty, it could be argued that there has been over-provision from the Council based on wants and not needs. Such a position is no longer financially sustainable and thus a re-basing to a statutory basis of provision should be considered.
- 1.39 In the context of the statutory conditions, it is also notable that the Council sets aside the statutory distances for home to school transport in winter months (October to April) and introduces a local 1.5 mile radius wherewith children get free school transport. This policy, interestingly, is also adopted by Orkney Islands Council.
- 1.40 In addition to re-basing mentioned above, the opportunity should be taken to encourage the development of life skills in children including, accessing public transport and/or walking. This resonates strongly with an emerging theme of this review i.e. "travel not just transport" and also that "not all solutions need have wheels".



## REVIEW OF ASN & SC TRANSPORT

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- 1.41 The SEEMIS™ Children's Services Pupil database is not currently used to track and manage travel arrangements. This omission may allow duplicated payments, journeys or payments to occur, a potentially risk.<sup>8</sup>

**Risk**

- 1.42 Accessing Travel Assistance for Service Users: over recent years the approach to accessing this travel assistance has been helpfully transformed from the school requesting travel assistance to the parents making the request on an annual basis. This transition allows the Children's Service, where appropriate, to ask the school to discuss with parents whether travel arrangements other than use of school transport as provided is in the best interests of the child or whether an alternative approach may be more beneficial.
- 1.43 The annual need to apply also sends out a powerful message to parents that transport is not free and that changing circumstances should be recognised. Appendix Seven shows the simplicity of the annual re-application form.
- 1.44 It is recommended that, to enhance the information flow to parents, the Council should share with them the indicative costs of the service being offered. Indicative costs should be shared as sharing actual contractor costs may give rise to accusations of inappropriate disclosure citing "Commercial in Confidence" concerns.

### **Strengths Weaknesses, Opportunities and Threats**

- 1.45 The following analysis was compiled during a Workshop involving senior service managers. Whilst it has not been prioritised or moderated a number of key and consistent messages are evident. As part of the Action Planning, the Strengths and Opportunities must be developed and the Weaknesses and Threats addressed.

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<sup>8</sup> Advised by C Horrix that this will be addressed as soon as practical.

## REVIEW OF ASN & SC TRANSPORT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Corporate Resources, Systems, Insurance etc</li> <li>• Range of options &amp; resources (finance)</li> <li>• All individuals accessing services will have an assessment of need, albeit transport is perhaps not considered currently (WYFY<sup>9</sup> and GIRFEC<sup>10</sup>)</li> <li>• Motivated and open-minded people</li> <li>• Resourceful communities and teams</li> <li>• Budget Responsible Officers are clear thus there is potential benefits of efficiency and scope to direct resources elsewhere</li> <li>• Current “Rolls Royce” provision</li> <li>• We have a number of different kinds of provision which should (but don’t necessarily) enable flexibility</li> <li>• Until recently we have had the ability to make provision without regard to cost</li> <li>• Timed/Scheduled service seems to work well centrally (Lerwick)</li> </ul>	<ul style="list-style-type: none"> <li>• EGRC staff time escorting customers</li> <li>• Visibility of finances/budget awareness of cost of provision</li> <li>• Poor communication</li> <li>• Lack of flexibility including outside set times. Constraints on time.</li> <li>• Availability of drivers</li> <li>• Overall co-ordination – in the Council, who does what?</li> <li>• Bureaucracy and red tape</li> <li>• Political interventions can make application of equitable process/assessment challenging</li> <li>• Review of provision between children and adult services (statutory level of provision changes)</li> <li>• Assessment of need is not linked to provision of transport</li> <li>• Lack of suitable vehicles and D1 Bus entitlement on licences, 1997 onwards</li> <li>• Remote areas cannot replicate Lerwick arrangements</li> <li>• It is expensive and does not necessarily promote independence or resilience or best value</li> <li>• We work too much in isolation and don’t seek sufficient joined-up approaches</li> <li>• Lack of clarity around roles</li> <li>• Solutions being addressed in locality or individual service – so no appreciation of the wider picture or better solutions</li> </ul>

<sup>9</sup> WYFY – With You, For You

<sup>10</sup> GIRFEC – Getting It Right For Every child

## REVIEW OF ASN & SC TRANSPORT

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Potential to do things better for the community (less time, responsive, less bureaucracy)</li> <li>• More integration between services and SIC/NHS</li> <li>• Better define areas of responsibility</li> <li>• Self Directed Support &amp; Personal budgets</li> <li>• Charging CYS<sup>11</sup> excludes mobility component of PIP<sup>12</sup>/DLA<sup>13</sup></li> <li>• WYFY Review can pick up transport issues and eligibility</li> <li>• To work holistically across teams, services, initiatives to create a joined up economic service that meets needs and manages expectations of clients</li> <li>• Make use of the considerable goodwill and skills of members of the community in a more organised way – requires identification of what these are.</li> <li>• Streamline service and avoid duplications with knock-on effect to free up resources that are ultimately already there</li> <li>• Growth planned for Third Sector to build Community Transport resources</li> </ul>	<ul style="list-style-type: none"> <li>• Make the wrong decisions and invite further challenge</li> <li>• Shetland economy is strong thus staff shortages for the council</li> <li>• Lack of budget with regard to service provision. Less finance available to fund services</li> <li>• Increasing numbers of service users – age related/ASN etc.</li> <li>• Increase in demand due to service growth</li> <li>• Decreasing/diminishing resources further savings to be achieved in subsequent years to meet MTFP<sup>14</sup></li> <li>• Cost of service not best value</li> <li>• If we don't join up the dots to identify a system that is best value and meets our needs, we risk ending up with a service that has its budget slashed, without any forward planning</li> <li>• Incompatible people having to share transport</li> <li>• Isolation</li> <li>• Age of Blue Buses</li> <li>• £70k target saving</li> <li>• 20% increase in wheelchair use forecast.</li> </ul>

<sup>11</sup> Contributing to Your Support

<sup>12</sup> Personal Independence Payments

<sup>13</sup> Disability Living Allowance

<sup>14</sup> Medium Term Financial Plan

# REVIEW OF ASN & SC TRANSPORT

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## 2 ELIGIBILITY & ACCESSIBILITY CONSIDERATIONS

- 2.1 It is important at the outset of any consideration on Eligibility issues to be very clear who controls this aspect of service provision. To be unequivocal, Service professionals such as Care Managers/Co-ordinators and Educational Officers are the sole eligibility gatekeeper to all Council provided/funded travel assistance. The assessment of need is theirs to control using appropriate statutory and local guidelines. Transport Planning does not have the right to challenge eligibility once it has been determined by Service professionals.
- Service professionals such as Care Managers/Co-ordinators and Educational Officers are the sole eligibility gatekeeper to all transport services.*
- 2.2 Notwithstanding the above, the Transport Planning team should no longer be passive in identifying travel arrangements; once Eligibility to travel support has been determined. The availability of a ledger code can no longer be the prime determinant of a particular travel arrangement; all officers must consider how to get best value from such arrangements.
- 2.3 Once eligibility to travel assistance is determined by Service professionals, Transport Planning takes over and arranges accessibility by offering Service professionals a costed transport solution(s). For clarity, it is the Care Manager/Co-ordinator that determines the chosen solution with due regard to the needs of the Service User. All such care Packages will be reviewed bi-annually to assess continuing needs.
- 2.4 The key principles which underpin the Council's Assisted Travel Policy, a draft of which is at Appendix Five, are:
- Self-travel as the default expectation of the Council;
  - Independence not dependence;
  - Choice and control for the Service User;
  - Recognition of the duty of care for the Service User, their carer or family; and
  - No automatic entitlement to travel assistance in the transition from Young People's services to Adult services.
- 2.5 In seeking best value, the disconnection mentioned earlier between the decision making around eligibility to travel and the costs of the travel subsequently accessed should be considered carefully. It is recommended that the costs of travel arrangements as well as the monthly

## REVIEW OF ASN & SC TRANSPORT

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budget monitoring for Transport Planning be shared with Service professionals.

- 2.6 Transport Planning's role is detailed at section 3 of this report; one aspect of that role is contract compliance; Appendix Six is a Code of Practice for internal and external contractors with responsibility to transport Service Users. Adherence to these minimum standards must be policed and there is a risk that current Transport Planning resources do not allow a sufficient degree of proactivity for this task. Failure to police such issues could lead to the Vehicle Operator Service Authority reporting non-compliance to the Traffic Commissioner with all the adverse publicity; see inset example.

**Example:**  
*At the Traffic Commissioner for Scotland hearing, Teejay Travel Ltd, which operates in Arbroath, was found to have not completed safety inspections on time and kept inadequate records.*

**Risk.**

- 2.7 In considering the current circumstances of Accessibility and Eligibility, it is clear that the linkage between decisions made by professionals and the cost consequences of their decisions is insufficient to engender real accountability. This factor was also raised in the SWOT exercise summarised in paragraph 1.45.
- 2.8 To address the accountability-disconnect, it is recommended that Transport Planning advises commissioners as to journey-cost options once eligibility under the Assisted Travel Policy has been agreed. In addition, overall management accounting information for the total ASN & SC Transport budget should be shared with Service professionals on a routine basis.

# REVIEW OF ASN & SC TRANSPORT

## 3 MANAGEMENT ARRANGEMENTS

- 3.1 This Review has identified that there is considerable dubiety and misunderstanding of current arrangements for accessing transport and travel arrangements. This has led to sub-optimal arrangements being put in place. Consistency is now required and a sound and accessible communication of which teams/functions are responsible for what aspects of service. **Risk.**

- 3.2 In the interest of clarity, the role and responsibility of Transport Planning (TP), which has very finite resources, is noted in the table below:

OTHER SERVICE OR AGENCY RESPONSIBILITY	TP RESPONSIBILITY
<ul style="list-style-type: none"> <li>Assess and approve Eligibility to travel;</li> <li>"Own" the Service User or identify a Transport budget for exceptional circumstances/Service Users;</li> <li>Liaison with Service Users vis Eligibility and subsequently Accessibility;</li> <li>Liaison with Transport Planning to develop appropriate travel solutions;</li> <li>Meals on Wheels – service and transport management;</li> <li>Transport of food between facilities e.g. Taing House to Montfield House;</li> <li>Health journeys – Scottish Ambulance Service or NHS Shetland</li> <li>Collection and distribution of pharmaceutical products in the community (most notably in care facilities) – Community Pharmacist does this for people in their own homes.</li> <li>Maintenance of the Council's Fleet</li> <li>Decision making about Fleet replacement.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee Accessibility to Travel Assistance once Eligibility has been assessed;</li> <li>Develop an array of costed travel options for Service Users so that individual or corporate commissioners have choice and control and to heighten accountability;</li> <li>Develop Blue Bus schedules and routing;</li> <li>Liaise with the Fleet Management Unit to ensure that there are sufficient vehicles available at any time;</li> <li>Provide professional transport advice to assist with corporate compliance;</li> <li>Manage the operational revenue budget of £595k for ASN and SC transport;</li> <li>Liaise with and offer routes to the Community Transport sector via Voluntary Action Shetland (VAS);</li> <li>Work with Legal and Procurement colleagues to procure contracted services;</li> <li>Liaison with contractors regarding contract and legal compliance;</li> <li>Budgetary control for the £600k visible revenue budget;</li> <li>Business Case preparation for Blue Bus replacement.</li> </ul>

## REVIEW OF ASN & SC TRANSPORT

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- 3.3 In order to address the dubiety, it is recommended that consideration be given to developing an SLA between Transport Planning and Services in order to manage expectations and to tie budgets to activity and thus enhance accountability. For clarity, at this time, it is not recommended that Transport Planning becomes any kind of trading entity.
- 3.4 It is further recommended that Transport Planning should develop a stronger Management Information System by routinely sharing management accounting information on the £600,000 budget at paragraph 1.1 with Children's Services and Social Care decision makers to enhance accountability for their choices.

# REVIEW OF ASN & SC TRANSPORT

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## **4 COMMUNICATIONS**

### **External**

- 4.1 Any changes recommended as a result of this Review must be proactively communicated to actual and prospective Service Users in an accessible manner which is consistent with the Council's duty of equality.
- 4.2 Given the relatively small population of children with Additional Support Needs, a letter to existing Service Users plus a general notice of change on the part of the Council website relating to children with ASN should suffice.
- 4.3 It is recommended that consideration be given to sharing indicative pricing information with parents to increase their awareness as to the cost of scarce resources.
- 4.3 The wide range and number of Social Care Service Users will necessitate a planned and carefully considered approach to communication. We recommend that the Council's Communications/Media team have a release ready when the report goes to Committee. This release should re-emphasise the key principles outlined in this report and a positive affirmation that this isn't a new and punitive regime but a restatement and re-affirmation of existing policies.

### **Internal**

- 4.5 Given the divide between decision makers and those with budgetary responsibility, it is recommended that management accounting information on the travel budgets be shared with Departments on a regular basis to aid shared accountability and forward planning.
- 4.6 Care should be taken to communicate any changes to policy that have a public impact and why they're necessary to colleagues across the Council so that they have a consistent message when dealing with actual or prospective Service Users.



## REVIEW OF ASN & SC TRANSPORT

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### 5 RECOMMENDATIONS

In summary, we recommend the following:

- 5.1 The formalisation of Transport Planning as the one-stop-shop for transport solutions across the Council; this must however, be suitably resourced as current work-levels prohibit taking on additional duties. It is anticipated that additional resources would pay for themselves in terms of challenging currently expensive journeys and acting as a gatekeeper for all future travel requests.
- 5.2 The creation of a new subjective ledger code that differentiates between “Staff Travel” and “Staff Travel with a Service User”. Finance colleagues suggest the creation of a client travel cost subjective code which would leave all staff travel within normal travel codes. If staff are travelling and incurring costs to meet client needs they would also code their cost to the client subjective code as this would form part of the package which met needs.
- 5.3 The award of some ASN or SC routes to the Third Sector using VAS as a clearing house for booking; this could usefully start with some consistent and high costs journeys on a “proof of concept” pilot basis. Target saving based on re-patriating 20% of routes set at £10,000 pa.
- 5.4 In a similar vein to the recommendation above, it is recommended that some of the most expensive current contracted taxi routes be considered for re-allocation to the Third Sector. The six runs outlined at paragraph 1.11 alone cost the Council c£200,000 pa; given the lower cost base of the Third Sector and the lack of profit motivation, savings should be realisable to the Council.
- 5.5 Release unwanted mini-buses from Newcraigielea and Viewforth – possible revenue saving of £2 -£6,000 pa (depending on how many are released) and realising a capital receipt from selling the vehicles;
- 5.6 The individual costs of all travel arrangements as well as the monthly budget monitoring for Transport Planning should be shared with Service professionals.
- 5.7 Develop a Business Case to replace older Blue Bus and fill vacancies in order to avoid service disruption and/or curtailment;
- 5.8 It is recommended that, to enhance the information flow to parents, the Council should share with them the indicative costs of the service being offered.

## REVIEW OF ASN & SC TRANSPORT

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- 5.9 Considerations should be given to developing a high level Service Level Agreement between Transport Planning and the Departments they support so as to manage expectations and be clear about mutual roles and responsibilities.
- 5.10 The risks noted in this report should be addressed in a systematic and planned manner.
- 5.11 Two of the 60 plate Blue Buses should have their routes swapped so as to equalise mileages and hopefully reduce depreciation and maintenance costs.
- 5.12 All current ad-hoc arrangements listed at paragraph 1.32 should be tested against the new Assisted Travel Policy and amended if they are non-compliant. In addition as part of the Care Package bi-annual reviews, the travel assistance should be reviewed at least annually for ongoing appropriateness and need.
- 5.13 Training and suitable resources should be identified so as to allow Transport Planning to more fully optimise the Flexi-Route™ software for scheduling and proactive information sharing; paragraph 1.21 refers.

### PARTICIPANTS & REVIEW CONTACTS

- Neil Grant: Director of Development Services
- Michael Craigie: Executive Manager: Transport
- Elaine Park: Transport Planning
- Simon Bokor-Ingram: Health & Care Partnership
- Clare Scott: Community Care
- Chris Horrix: Children's Services
- Hazel Tait: Corporate Services
- Shelley Humphray: Corporate Services
- Carl Symons: Infrastructure Services
- Ian Jeromson: Infrastructure Services
- Marshall Henderson: Infrastructure Services
- Pauline Howie (CEO: Scottish Ambulance Service)
- Emma Perring
- Nick McCaffrey: Community Care Resources
- Lynne Peart
- Fiona Hillyear: Adult Learning Disability Services
- Robbie Simpson: Community Care Resources
- Teresa Slater
- Jordan Sutherland: Adult Learning Disability Services
- Catherine Hughson (VAS)
- Gussie Angus (VAS)
- Wendy Hand (VAS)
- Stan Semple
- Marion Lacey (Ready for Business LLP)
- June Porter
- Pat Christie
- Cllr Michael Stout
- Connie Russell: Adult Learning Disability Services

# REVIEW OF ASN & SC TRANSPORT

## APPENDIX TWO

### STEEPLE ANALYSIS

The under-noted matrix captures the context and associated challenges for the transportation of Social Care Service Users and Children with Additional Support needs (ASN).

<p style="text-align: center;"><b>SOCIAL</b></p>	<ul style="list-style-type: none"> <li>• Ageing population</li> <li>• Falling resident population of wage-earners</li> <li>• Fluctuating numbers of children with ASN</li> <li>• Transient oil industry population – impact on employment levels</li> <li>• Full employment – difficulty for SIC in recruiting lower paid jobs</li> <li>• “Wants versus needs” legacy culture</li> <li>• Nascent/under-developed Community Transport Sector               <ul style="list-style-type: none"> <li>○ Ongoing CT Review.</li> <li>○ Public Social Partnerships</li> </ul> </li> <li>• Grey Fleet issues – staff travel in own vehicles</li> </ul>
<p style="text-align: center;"><b>TECHNOLOGICAL</b></p>	<ul style="list-style-type: none"> <li>• ICT Scheduling systems (e.g. Trapeze, Cleric) – need a proportionate system for a small fleet</li> <li>• GIS, mapping software</li> <li>• Telematics</li> <li>• SWISS™ and SEEMIS™ - use of systems to record activity</li> <li>• Sustainable vehicles (electric v hybrid; ability to access external funding)</li> <li>• Low floor accessible public transport and/or taxis</li> </ul>
<p style="text-align: center;"><b>ECONOMIC</b></p>	<ul style="list-style-type: none"> <li>• Affordability &amp; Revenue savings target of £70k in a full year as a minimum</li> <li>• Self-Directed Support readiness for Indicative Budgets?</li> <li>• Lack of capital for vehicle renewal</li> <li>• Future Service Re-provision for Eric Gray Centre and Anderson high School – need to factor transport into considerations – Revenue Consequences of Capital Schemes</li> <li>• Inability to be flexible with Terms and Conditions to attract new employees (especially in the face of full employment)</li> </ul>

## REVIEW OF ASN & SC TRANSPORT

ENVIRONMENTAL	<ul style="list-style-type: none"> <li>• More sustainable options than traditional petrol/diesel engine vehicles</li> <li>• Fewer trips hence lower fuel consumed – needs better scheduling</li> <li>• Travel Hierarchy (Walk, Cycle, bus, pool car, own car, taxi)</li> </ul>
POLITICAL	<ul style="list-style-type: none"> <li>• Lack of overall Travel strategy</li> <li>• Independence Referendum uncertainty</li> <li>• Stance re: taking services arms-length?</li> <li>• Need Elected Member buy-in to be consistent with Eligibility and Accessibility Policies               <ul style="list-style-type: none"> <li>○ Propensity to “flex” policies thus diluting the force thereof</li> <li>○ Winter-specific rules – sacred?</li> </ul> </li> </ul>
LEGAL	<ul style="list-style-type: none"> <li>• Type approval needed for non-standard new vehicles</li> <li>• Statutory versus non-statutory obligations</li> <li>• Self-Directed Support Act – into force April 2014 – SIC need for Market Shaping</li> <li>• Lack of drivers with D1 Licences</li> <li>• S19 and S22 Permit issues for Community Transport sector</li> <li>• X-ref to other initiatives with transport-dependencies such as the PSO, new AHS etc</li> <li>• Certificate of Professional Competence – driver training with a September 2014 compliance deadline</li> </ul>
EQUALITIES	<ul style="list-style-type: none"> <li>• Plethora of impacts across 9 Protected Characteristics and across Human Rights</li> <li>• Equity of access to services across a disparate geography</li> <li>• X-ref Choice and Control including SDS</li> </ul>

# REVIEW OF ASN & SC TRANSPORT

## APPENDIX THREE

### RISKS & ISSUES IDENTIFIED

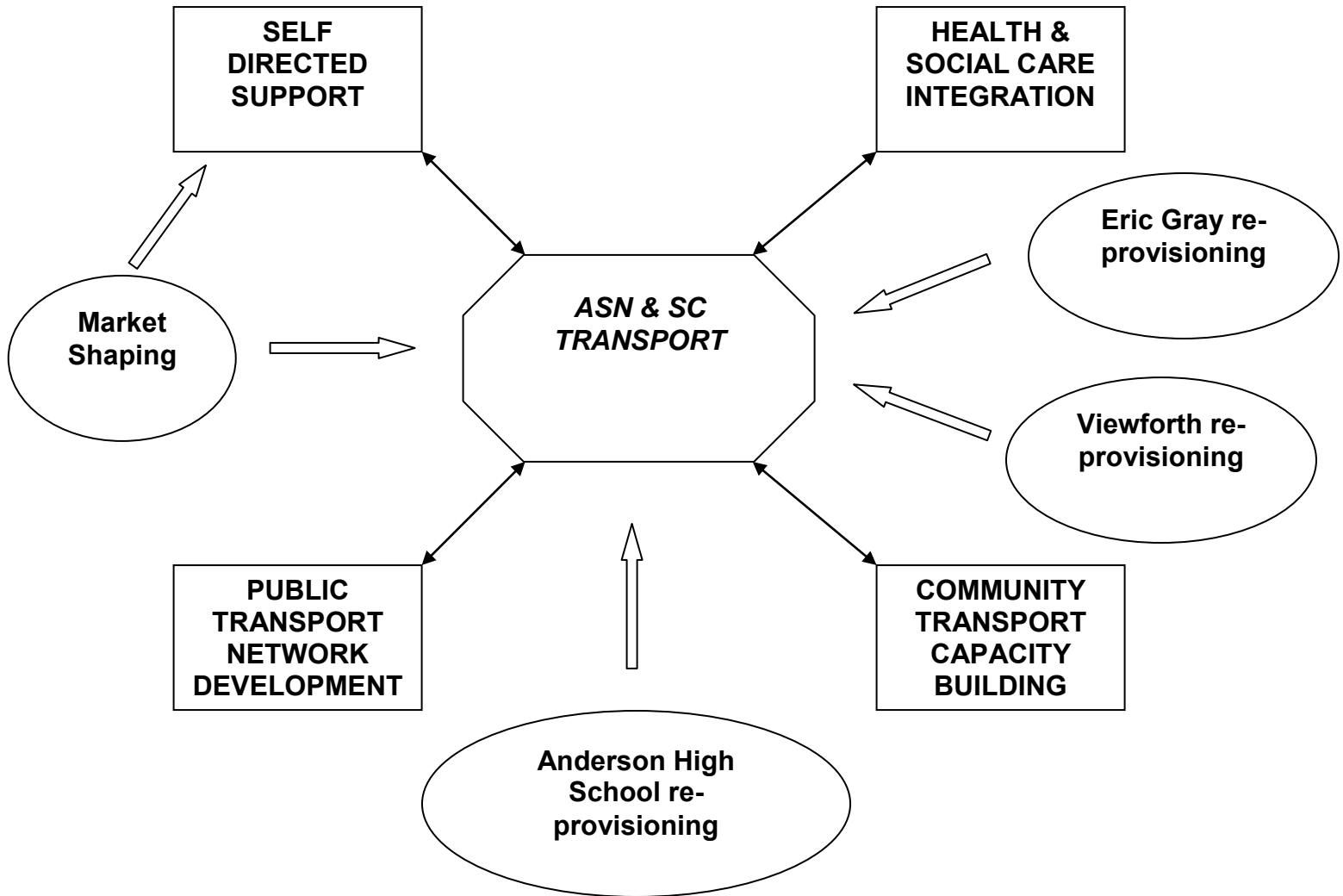
Using the delineation that Risks are potential events and Issues are real occurrences the following observations have been made:

RISKS	ISSUES
<ul style="list-style-type: none"> <li>• Para 1.1 &amp; 1.15: No replacement plans and/or capital for Blue Buses.</li> <li>• Para 1.5 the Council is over-reliant on the independent sector for transport and current economic conditions mean that prices to the Council may not be optimal in the face of much private oil/gas business.</li> <li>• Para 1.10: Latent demand for services; EGRC report signalled 45 users who currently do not access transport services and other intelligence points to a 20% rise in wheel chair users in the short to medium term.</li> <li>• Para 1.18 recruitment: as alluded to above given the current economy, there is virtual full employment and thus recruiting for a driver and escort may prove difficult.</li> <li>• Under developed SDS market; paragraph 1.28 refers</li> <li>• Paragraph 1.30 - Under preparedness for issue of SDS budgets leading to SIC becoming a provider of last resort when money runs out or is mis-spent or when commercial operators let clients down</li> <li>• Paragraph 1.2 - Lack of visibility on costs of: <ul style="list-style-type: none"> <li>○ Grey fleet</li> <li>○ Grants to Third Parties/Third Sector for transport</li> </ul> </li> <li>• Para 2.6 If Transport Planning is to proactively police contract compliance per the Appendix Six Code of Practice, then additional resources may require to be found in the light of current workloads.</li> </ul>	<ul style="list-style-type: none"> <li>• Para 1.18. Need to recruit a Blue Bus Driver and Escort in difficult employment circumstances</li> <li>• CT Development Programme is slow</li> <li>• Para 1.18 and 1.22 the recruitment issue above will be exacerbated by the national shortage of drivers with a D1 license.</li> <li>• Para 1.33 There is currently no recording of travel arrangements in SWIFT™</li> <li>• Para 1.09 The disconnect between the decision maker and budget holder may stifle innovation as savings will accrue to someone else's budget.</li> <li>• Para 1.14 Montfield House is struggling at weekends to deliver food from Taing House and often relies on taxis.</li> <li>• Para 1.34 Current Council travel criteria not consistently applied.</li> <li>• Para 3.1 dubiety exists across the Council as to who does what in transport</li> <li>• Para 1.21 there is no Management Information on Blue Buses despite having a fully functional software system with standard report functionality.</li> <li>• Para 1.32 Service Users/Tenants at Arheim are contributing to the use of a Fleet Management Unit vehicle which is coming towards due for replacement yet no forward plans have been developed for a new vehicle.</li> </ul>

## APPENDIX FOUR

### MAJOR DEPENDENCIES VIS FUTURE PROOFING

The following dependencies require to be considered in any re-design of Travel arrangements in the future.





Shetland Islands Council

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**ASSISTED TRAVEL POLICY**

**(DRAFT)**

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**Review Date: Approval plus 12 months**



# REVIEW OF ASN & SC TRANSPORT

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## INTRODUCTION – HOW TO USE THIS GUIDANCE

There are two important aspects of regulating Travel arrangements – Eligibility to Travel assistance and Accessibility of a suitable Travel solution.

In the Shetland context, the following rules prevail:

- Travel is the key term as not all solutions will involve transport;
- Eligibility – this is determined by Service Professionals such as Social Workers, Children’s Services Officers with reference to statute and local Service Policies.
- Accessibility<sup>15</sup> – only when Eligibility has been assessed will the specific Travel arrangements for an individual be determined. Adult Service Users will be offered choices including Self Directed Support Personal Budgets or Council procured services. Accessibility will be determined in partnership between the relevant Department and the Transport Planning Team.
- There is no guaranteed renewal of Travel Assistance when a Young Person transitions to Adult services – a new assessment will be undertaken and subsequently reviewed annually.

This Guidance comprises three flowcharts and an accompanying narrative; Flowcharts One and Two outline the process for assessing Eligibility for Adults and Children respectively and then Flowchart Three outlines how Accessibility will be enacted.

The narrative is intended to demonstrate the legal and practical context for the assessment process.

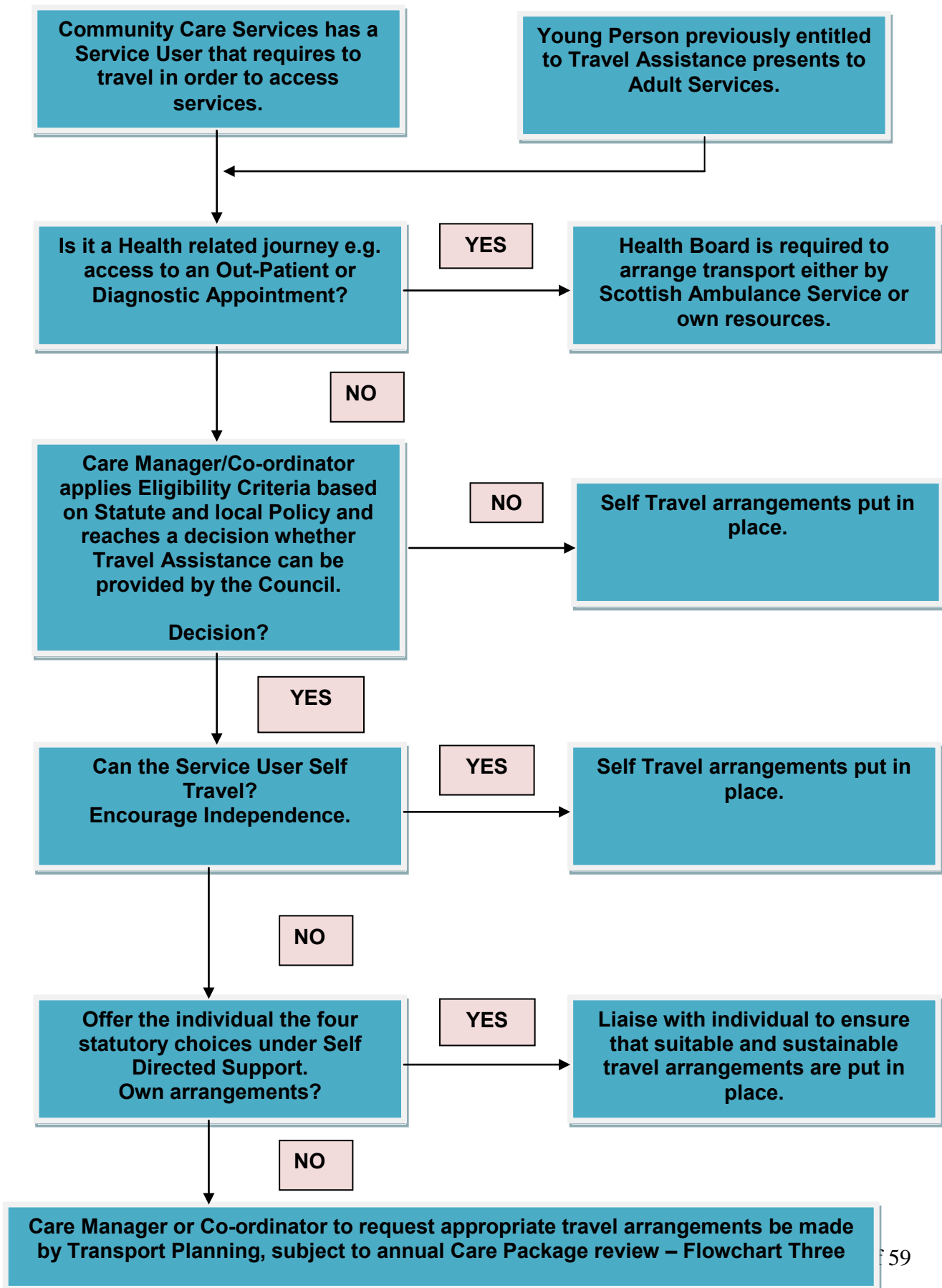
The Policy in overview is entitled Assisted Travel Policy and it should be approved by Committee and formally reviewed annually.

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<sup>15</sup> Accessibility - The identification of, and arrangements to access, a suitable travel arrangement for those assessed as Eligible for travel assistance from the Council.

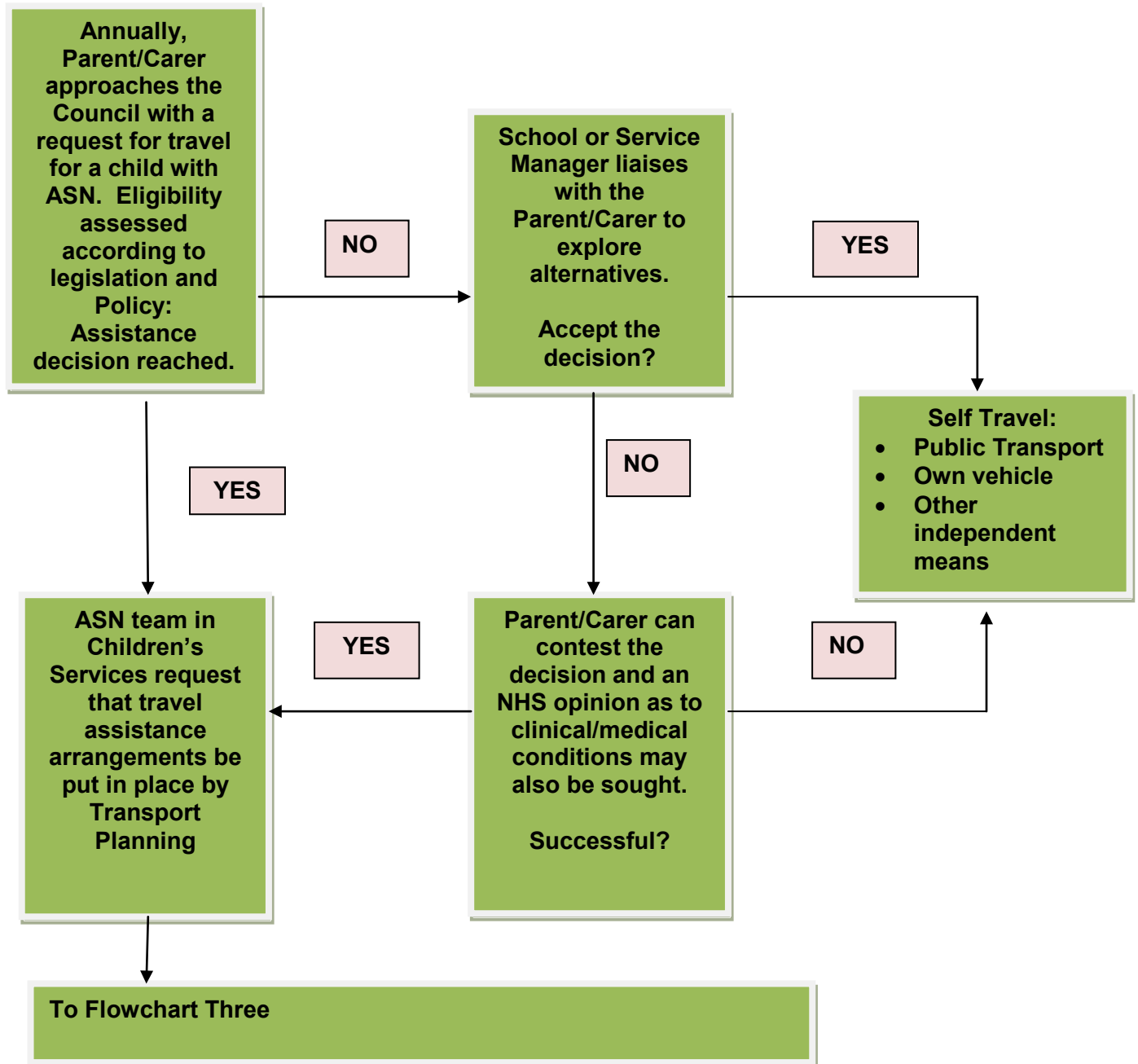
# REVIEW OF ASN & SC TRANSPORT

## FLOWCHART ONE: ADULT SOCIAL WORK SERVICE USER



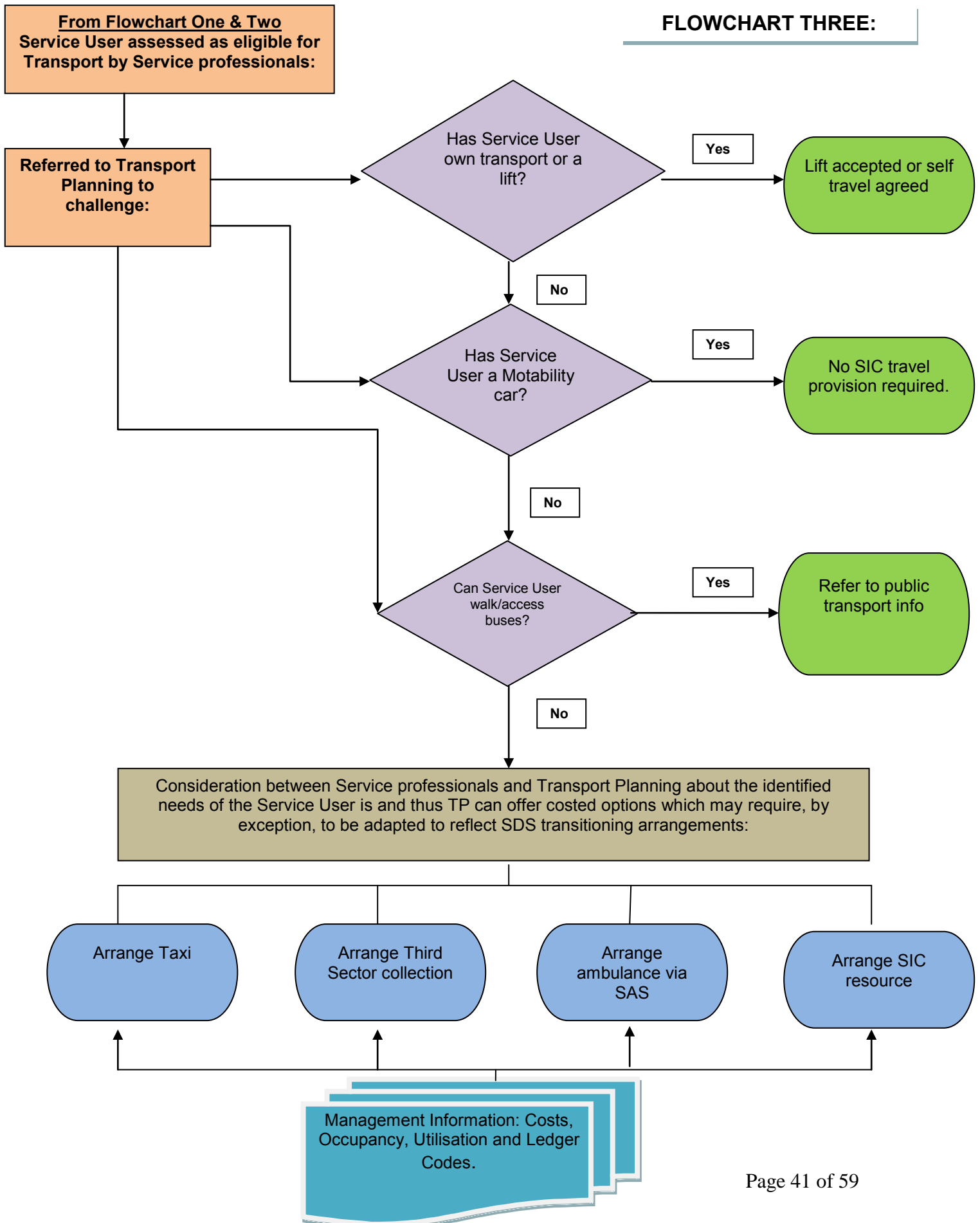
## REVIEW OF ASN & SC TRANSPORT

### FLOWCHART TWO: ELIGIBILITY TO TRAVEL ASN



## REVIEW OF ASN & SC TRANSPORT

### FLOWCHART THREE:



# REVIEW OF ASN & SC TRANSPORT

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## 1. PURPOSE

This section of the Policy outlines the context for offering Travel assistance; it aims to support Social Care and Children's Services professional officers as they assess eligibility for Council support in their travel arrangements.

Once assessed, the Transport Planning function will provide access to transport in a cost-effective, fair and equitable way for those Service Users who have been assessed, by

The aim of this policy is to reflect national and local priorities by promoting:

- Independence rather than dependence
- Prevention rather than just intervention
- Duty of care from Users, Carers and families
- Choice and Control
- Healthy Living
- Improved quality of life
- Dignity
- Access to local accessible services
- Improve Public Protection arrangements, enabling people to live healthier lives in safer communities.
- Build community resilience
- Maintain services for the most vulnerable people whilst addressing financial challenges.
- Support, develop and make the best use of our staff.

## 2. SCOPE

This Assisted Travel Policy applies to all Shetland Islands Council Service Users who have been assessed as eligible for assistance with travel from Children's Services or Social Care either Self Directed or by Direct Provision.

## 3. RESPONSIBILITIES

### **Service Providers, Commissioners and Assessors**

Service Providers, Commissioners and Assessors must ensure that all Service Users are encouraged and assisted to travel independently and to make optimum use of public/mainstream transport options and their own financial resources.

# REVIEW OF ASN & SC TRANSPORT

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This is consistent with:

- a) The Same as You – Keys to Life
- b) WYFY – With You, For You
- c) DWP – Personal Independence Payments
- d) Self-Directed Support (Scotland) Act 2013
- e) The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011
- f) The Welfare Reform Act 2012 (DLA to PIP)
- g) Duty of Care from Service Users, parents and carers
- h) Getting it Right for Every Child (GIRFEC)
- i) Children and Young People (Scotland) Act 2014
- j) Equalities Act 2010
- k) Education Scotland Act 1980

The objective is to maximise independence and use of community based resources while reducing dependency on transport provided by the Council and simultaneously improving community transport links and to support and enable the implementation of the Council's Prevention policy

## **4 Practice Guidance for Assessors**

Those professionals making an assessment will apply the following principles when considering the need for transport:

- 4.1 Resources from the Council will not to be allocated to meet transport related needs where the individual:
- Is able to walk, uses assisted mobility (motorised scooter, wheelchair aids – although these are only for short distances) either independently or with support from friends, family support worker, volunteer etc., to get to a local community service including college and it is reasonable for them to do so. The willingness or ability of a family member or a carer to undertake this task must be assessed and agreed as part of the assessment process. It is acknowledged and understood that some conditions mean that a Service User's physical or mental ability to do things may fluctuate and this should be reflected in the assessment.
  - Receives benefit to facilitate their mobility needs and it is reasonable to utilise the benefit for these purposes (DLA, Personal Independence Payments) unless the benefit is insufficient to meet the need.

## REVIEW OF ASN & SC TRANSPORT

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- Lives in a setting where care and support is funded by Housing and/or Social Care (Residential Care, supported living schemes, core and cluster, sheltered housing, shared lives). Where Supported Accommodation - individuals hold tenancy / occupancy agreement either paid for by individual or through housing benefit, this should not necessarily bar individual from assessment of travel needs/ allocation for transport.
  - Has been provided with a car through Motability® or owns a privately purchased car and it is not unreasonable in terms of distance, timings and other commitments people may have to expect this to be made available.
  - Can use public or community transport, such as voluntary transport either independently or with support (family, friend, carer, support worker) to get to and from community activities, which may include college and COPE.
  - Becomes temporarily eligible for assistance by virtue of family/carer choices when their permanent circumstances do not qualify for assistance.
  - Fails to comply with personal, parental or carer duty of care regulations detailed in Education legislation.
- 4.2 There is no standard definition of what is reasonable distance/time to access service or activities that meet social care needs. The individual Support Plan will define what is “reasonable” for the individual when considering assisted transport/travel. It is important to consider the nearest local community resource, in the first instance. If longer journeys are necessary the Service User will be matched to the most cost effective option of transport.
- 4.3 The principle is that wherever possible Service Users should be encouraged to make their own transport arrangements, with staff from Social Care acting as facilitators (Subject to Option 3 & 4 Social Care (Self Directed Support) Scotland Act 2013) – indicating appropriate transport options. Sensitivity will need to be applied to those situations where transport is currently provided and the review/reassessment results in allocation of resources that will not meet current arrangements. A time limited transition period, coupled with an impact assessment, may need to be agreed, in exceptional circumstances
- 4.4 Where Service Users incur extra expenses related to their disability or mental health this will be considered in their Support Plan.
- 4.5 The Support Plan will identify and review aspects of Independent Travel Planning – in part or full. In order to learn or regain skills and confidence in

## REVIEW OF ASN & SC TRANSPORT

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- road safety and orientation skills so that they can travel independently and improve other aspects of daily living and socialization skills.
- 4.6 Where a Service User cannot attend their nearest community activity including college or day support service because there is no placement available the assessor or support planner can make an exceptional case to the relevant Service Manager for additional resources.
- 4.7 Where a Service User chooses to attend a community activity, college or day support service that is not the nearest any additional cost of transport will be met by the indicative budget. Additional costs may be recovered by invoice from the Service User.
- 4.8 Where a Service User has no access to their own transport and cannot walk, use assisted mobility (wheelchair/aids) or use public transport, either independently or with support, then the Support Plan should lead to an allocation of resources to meet critical or substantial needs that are adequate to access transport to and from services or activities that meet needs - subject to agreement of Transport Planning.
- 4.9 Where it is identified that a carer will provide transport it is important that the assessor is able to demonstrate that the impact of this has been appropriately considered in an assessment of the carer's needs. Where it is concluded that the carer cannot provide transport because it would place an unreasonable demand on them, then the assessment may lead to an allocation of resources to meet the critical and substantial needs that can be met by enabling access to transport – subject to agreement of the Transport Planning. Where carers or friends have been identified as being able to provide transport, alternatives arrangements should be detailed in the contingency plan to cover periods where they are unavailable.
- 4.10 In all other circumstances, provided all transport options have been considered, evidenced and recorded, assisted transport may be used where available. However, this arrangement must be the most cost effective and is subject to an annual review Children's Services or Care Management professionals.



#### **CODE OF PRACTICE FOR THOSE TRANSPORTING CHILDREN WITH ADDITIONAL SUPPORT NEEDS**

The following Code of Practice outlines the mutual roles and responsibilities of those involved in the delivery of transport for Young People with Additional Support Needs.

It applies equally to Council staff and contractors.

It is communicated to a wide range of stakeholders and is accessible on the Council's website for ASN.



***SHETLAND ISLANDS COUNCIL***

***CODE OF PRACTICE***

***FOR TRANSPORTING YOUNG PEOPLE***

***WITH***

***ADDITIONAL SUPPORT NEEDS***

***September 2014***

# REVIEW OF ASN & SC TRANSPORT

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## 1. INTRODUCTION

- 1.1 This Code of Practice has been produced by Shetland Islands Council to provide Contractors, Escorts, Parents/Carers and School Staff with summary information about the provision of transport for pupils with Additional Support Needs (ASN) and their own responsibilities and duties.
- 1.2 The Code of Practice is issued to and relevant for:
- parents/carers of all pupils who travel on ASN transport;
  - all school staff involved with young people with additional support needs; and
  - all Contractors/Drivers/Escorts who operate ASN transport contracts
- 1.3 Young people with Additional Support Needs who access transport may have one or more of the following:
- moderate or severe learning disabilities;
  - physical disabilities;
  - emotional and behavioural difficulties;
  - sensory impairment; or
  - medical needs.
- 1.4 Contractors are responsible for taking reasonable care of the pupils in their charge. These instructions concern the safety and supervision of passengers on ASN transport contracts for education, and contractors must ensure that drivers and escorts are suitably briefed and familiar with these instructions.
- 1.5 The Council will co-ordinate training programmes with regard to general disability awareness, manual handling, first aid, safety procedures and other related issues. Risk Assessments as appropriate are in place and are subject to annual review. Contractors should be aware that evidence of appropriate training will normally be required prior to contracts being awarded.
- 1.6 Contractors are responsible for ensuring suitable child restraints and/or booster cushions are provided in compliance with relevant statute/regulations and Conditions of Contract.

## REVIEW OF ASN & SC TRANSPORT

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- 1.7 It is the Contractors responsibility to ensure all drivers and escorts used in the provision of school/ASN transport services hold P V/G/Enhanced Disclosure Scotland clearance. The Contractor will be required to produce evidence to confirm all drivers and escorts meet this requirement.
- 1.8 Drivers must:
- at all times be considerate of their passengers needs and wellbeing;
  - take all responsible steps to ensure passenger comfort and safety during the journey;
  - treat passengers in a sensitive manner appropriate to their age and ability;
  - ensure that seat belts are worn at all times;
  - ensure that the number of passengers carried does not exceed the number of seat belts; and
  - be aware that failure to maintain acceptable timings without adequate reason will be grounds for termination of the contract.

## 2. DRIVER CHECKS

### 2 Before the Journey

- 2.1.1 Check your vehicle to ensure that there are no defects which could affect the safety of passengers during the journey. Record this inspection even to the extent of recording "Nil Defects" where this is appropriate.
- 2.1.2 Ensure that all the necessary equipment is on the vehicle, e.g. child seats; booster cushions and/or wheelchair and occupant restraints.
- 2.1.3 Check that you have a record of the telephone numbers to be used in the case of breakdown, accident or delay e.g. the number of Transport Planning the contractor, the school and parents/carers. Check that the on-board communication system remains switched on at all times so that you can be contacted at any time during the journey.
- 2.1.4 Ensure that the escort (if required) is on-board prior to picking up any pupils.
- 2.1.5 When picking up pupils from school, unless instructed otherwise, the driver and vehicle should arrive before school finishing time so that the vehicle is parked in position and stationary when pupils are ready to board. Departure at the end of the school day will be 10

## REVIEW OF ASN & SC TRANSPORT

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minutes after the official dismissal time, or as agreed with the school staff.

- 2.1.6 The driver must be available to attend any relevant training which would help in their understanding and management of pupils with additional support needs (e.g. first aid etc).

### 2.2 Picking up and Setting down Passengers

- 2.2.1 Approach each stop with care – do not brake sharply.
- 2.2.2 When parking up and setting down passengers use only the agreed points. Do not drop off young people other than at an agreed place.
- 2.2.3 Keep all doors closed until you have brought the vehicle to a complete standstill.
- 2.2.4 Wherever possible, the vehicle must draw up close to the pavement on the near side of the road. If a pupil requires to cross the road at this point, they should be taken across the road and placed on the opposite pavement by the escort. Hazard warning lights should be activated during loading and unloading.
- 2.2.5 Ensure that only you or the escort opens or closes the door. Do not allow the pupil to do this.
- 2.2.6 If reversing is required, complete the manoeuvre whilst pupils are in the vehicle.
- 2.2.7 Passengers should board or alight from the vehicle only from a side-facing door on the near side of the vehicle except when they are using lift equipment at the rear of the vehicle. Drivers and escorts should be knowledgeable in the safe use of equipment both under normal and emergency situations. Such equipment should be supervised at all times when in use.
- 2.2.8 Before moving off make sure; that pupils on board are seated, wearing seat belts or (if appropriate) occupant restraints, that doors are properly closed, that no bags, coats, etc. are caught in the doors, that the number of passengers does not exceed the permitted number and that pupils who have alighted, and any other pedestrians are well clear of the vehicle.

## REVIEW OF ASN & SC TRANSPORT

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### 2.3 During the Journey

- 2.3.1 Drivers should ensure that all doors and emergency exits remain free of any obstructions.
- 2.3.2 Where child-proof locks are fitted to a vehicle, the locks should be in the 'child safe' position for the duration of the journey.
- 2.3.3 Drivers should ensure that pupils are wearing seat belts or an appropriate occupant restraint system and that these are suitable for the pupils. In the case of wheelchair users an appropriate occupant restraint (not attached to the wheelchair) must be used in addition to the wheelchair restraints.
- 2.3.4 The route detailed by the Transport Planning at the start of each school session must be followed except for:
  - (a) temporary revisions caused by the absence of pupils;
  - (b) revisions caused by the admission of pupils or when pupils leave school; and
  - (c) temporary deviations arising from traffic conditions.

Advice on any deviation must be given immediately to the Infrastructure Services (Transport) or Head Teacher (including any change in the pick-up arrangements for escorts).

### 2.4 Safety in the Case of Accident, Breakdown, Adverse Weather or (in certain circumstances) the Availability of the Parent/Guardian

- 2.4.1 In the event of interruption to the journey through mechanical breakdown, weather conditions or other reasons, the driver must immediately use the on-board communication system to contact the school and then the Transport Planning giving details of the situation.
- 2.4.2 In the event of interruption to the journey, the driver must ensure that the passengers remain in the vehicle unless circumstances render this unsafe. In the case of a breakdown/emergency the driver must contact Transport Planning who will arrange alternative transport and assistance as appropriate.
- 2.4.3 In adverse weather, drivers should use their discretion to decide whether a journey is possible. Journeys should not be started if the driver considers the road conditions to be such that the journey cannot be completed. In all cases, the driver should liaise with schools to keep parents/carers informed.

## REVIEW OF ASN & SC TRANSPORT

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2.4.4 If, for unavoidable reasons, parents/carers are not at home when their children arrive, the driver will wait five minutes only and will then leave a note using the pro forma supplied and continue on his journey with the other young person. If the parent/guardian continues to be unavailable, the driver may be advised to take the pupil to a care agency such as the Council's Social Care Department. Under these circumstances, parents/carers will be responsible for collecting their children.

2.4.5 Drivers/escorts must never take pupils home with them.

### 2.5 Other Requirements

2.5.1 Drivers must not smoke in the vehicle, near pupils or in the school buildings or grounds.

2.5.2 Drivers must carry their Taxi Driver/Private Hire Car licence and ID Badge at all times and show these when requested.

2.5.3 Drivers must ensure that dangerous substances, animals, or unauthorised persons are not carried in the vehicle or allowed to enter the vehicle during the transportation of pupil.

2.5.4 Where there is no escort, drivers of cars and taxis will be fully responsible for the opening and closing of passenger doors; this function must not be left to the pupil to perform.

## **3. ESCORTS**

### 3.1 General Requirements

3.1.1 Escorts are responsible for the care and supervision of pupils on the school journey, and should work with drivers to ensure that pupils are as safe and comfortable as possible.

3.1.2 All escorts should be trained to an appropriate standard as specified by Transport Planning. Should an escort fail to demonstrate a satisfactory level of competence he/she will be replaced.

3.1.3 Escorts should maintain a courteous relationship with pupils and parents/carers at all times and should be aware of the individual needs of pupils.

## REVIEW OF ASN & SC TRANSPORT

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- 3.1.4 Escorts should report any concerns about the upkeep or safety and reliability of the vehicle to the Transport Planning or concerns about pupils immediately to the Head Teacher. If in doubt, seek advice.
- 3.1.5 Escorts must not smoke in the vehicle, near pupils or in the school buildings or grounds.
- 3.2 Before and After the Journey
  - 3.2.1 The driver and/or escort should hold up-to-date lists of children in their care which include normal home phone numbers and an emergency phone number for each child. The information is confidential and must not be left in the vehicle unattended or be disclosed to anyone other than the Infrastructure Services (Transport) staff, school staff or the operator/driver.
  - 3.2.2 The driver and escort should be aware of the individual needs of each child such as specific seating requirements, medical or behavioural difficulties. Advice on the individual needs of pupils should be obtained from the Head Teacher and/or parents/carers. The escort should notify the school of any difficulties or changes.
  - 3.2.3 The escort should meet and board the vehicle before the first pupil is collected either from home or from school and only leave the vehicle after the last pupil has been dropped off.
  - 3.2.4 The escort is responsible for the direct supervision of the children and must remain on, or within, the immediate vicinity of the vehicle at all times, while passengers are on board.
  - 3.2.5 Upon arrival at the child's home or the education establishment, the escort should assist the passenger to alight from the vehicle before handing responsibility over to the nominated responsible adult.
  - 3.2.6 At the end of the journey, on no account should a passenger be left either alone or with an unauthorised person.
  - 3.2.7 If, for unavoidable reasons, parents/carers are not at home when their child arrives, the driver will wait five minutes only, before continuing on the journey with the other children. If the parent/guardian continues to be unavailable, the driver will be advised to take the child to a care agency such as the Council's Social Care Department. Under these circumstances, parents/carers will be responsible for collecting their child. Drivers/escorts have been instructed never to take children home with them.



## REVIEW OF ASN & SC TRANSPORT

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3.2.8 Drivers and escorts shall never agree to carry money for passengers between home and school/other Council facility. Should a child be required to take money to school, the parent/carer should put the money in a sealed envelope in the child's bag with written instructions on the envelope for school staff. NB: the development of cashless systems should ultimately negate the need for pupils to bring money to school in this way.

3.2.9 Where medication is in use by pupils, arrangements must be made for it to be handed to school staff by parents/carers; drivers and escorts shall have no involvement with passenger medication at all.

3.2.10 Should any pupil be involved in any minor accident on school transport, it will be the responsibility of the escort/driver to ensure that the Head Teacher is informed; on homeward journeys parents/carers should be informed. Infrastructure Services (Transport) should also be informed of all accidents.

3.2.11 Escorts must ensure that no unauthorised person or animal enters or travels in the vehicle.

### 3.3 Picking Up and Setting Down Passengers

3.3.1 The escort must be familiar with the normal and emergency use of the passenger lift where pupils are conveyed in wheelchairs. The instructions given during training must be followed at all times.

3.3.2 Wherever possible, lifting must be avoided. In certain circumstances, lifting will be essential, for example, where a child is to be transferred to a vehicle seat. Escorts should wear clothing which does not hinder this. Manual handling training will be given in lifting and this must be followed.

3.3.3 Escorts must report to the Head Teacher any absences or reasons for absence if these are known.

### 3.4 Seating Arrangements

3.4.1 In vehicles fitted with safety belts, occupant restraints or harnesses, the escort must ensure that these are correctly and securely fastened around the pupil.

3.4.2 The escort must follow advice given about seating requirements, restraints and harnesses. Any concerns about pupil safety in relation to their seating should be passed to the Transport Planning.

## REVIEW OF ASN & SC TRANSPORT

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- 3.4.3 All pupils in cars, taxis, minibuses and coaches must wear a seat belt or, in the case of wheelchair users, an occupant restraint. In all cases a seat belt or occupant restraint appropriate to the pupil's size must be used, including, if necessary, the use of booster cushions.
- 3.4.4 Where a pupil is transported using a harness or other restraint, these should be correctly secured and fastened before the vehicle moves off. The escort should be familiar with the correct and safe use of equipment used.
- 3.4.5 Where pupils are transported in wheelchairs, these must be secured in a forward facing position (or rear facing) but never sideways as they have little lateral strength. The wheelchair should be secured using either clamps or four point restraints if clamps are unsuitable. In addition to this, an independent occupant restraint must be used. Trays and unpadded pommels should be removed and safely and securely stowed.
- 3.4.6 Unless allocated to care for a particular pupil, an escort should sit where it is possible to keep all pupils in view at all times.

### **4. SCHOOL STAFF**

- 4.1 In the case of passengers with ASN, school staff will be expected to pass on any appropriate information to the escort/driver which will help him/her to better carry out his/her duties and responsibilities. This information could include short term medical and /or behavioural issues.
- 4.2 Any messages received from the parent during the day concerning transport arrangements, absences, changes to the responsible adult who will meet the pupil at home etc should always be passed on to the escort/driver.
- 4.3 Should a transport vehicle fail to arrive, staff should contact the Contractor, in the first instance. Transport Planning should also be informed and, in addition, they should be made aware of problems with the transport provision.
- 4.4 School staff will be expected to take passengers to and from the vehicle and do any lifting that may be necessary. The duty to take children on and off the bus rests with the escort and driver.
- 4.5 Where problems are identified with seating, restraints etc, or other transport issues, staff should contact Transport Planning for advice.

## REVIEW OF ASN & SC TRANSPORT

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- 4.6 School staff are responsible for ensuring that parents/carers are made aware of any breakdowns or accidents, significant changes in transport times in emergencies, absconding of pupils from transport etc.
- 4.7 School staff are responsible for ensuring that Transport Planning are informed of any changes of address of pupils or other changed circumstances (for example, a child leaving school) which affect the home-to-school transport. It is important that Transport Planning is informed of any changes as early as possible. Except in exceptional circumstances, every effort will be made to provide seven working days' notice.

### **5. PARENTS/CARERS**

- 5.1 If the child wears a harness other than that fitted in the vehicle, parents/carers must make sure they are wearing it correctly before the vehicle arrives.
- 5.2 Parents/carers must take their child to the normal stopping place at the agreed time.
- 5.3 It is the responsibility of the driver/escort to take children on to and off the vehicle.
- 5.4 If a child requires to be lifted it is the responsibility of the parent/guardian to lift their child on to the vehicle in the morning and off the vehicle at the end of the school day.
- 5.5 Parents/carers must meet children at the normal stopping places at the agreed times.
- 5.6 If parents/carers will not be at home when a child is due home, they must inform the driver/escort in the morning telling him/her who will meet their child at home that afternoon. This information should also be confirmed to the school. If a child is to be returned to a place other than the normal stopping place, then parents/carers will be responsible for making alternative transport arrangements. In such circumstances both the escort and the school must be notified, in writing in the morning that the usual transport will not be required home from school that afternoon. Parents/carers should also provide details of the arrangements which have been made.
- 5.7 If, for unavoidable reasons, parents/carers are not at home when their child arrives, the driver will wait five minutes only before continuing on the journey with the other children. If the parent/guardian continues to be unavailable, the driver may be advised to take the child to a care agency

## REVIEW OF ASN & SC TRANSPORT

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such as the Council's Social Care Department. Under these circumstances, parents/carers will be responsible for collecting their child. Drivers/escorts have been instructed never to take children home with them.

- 5.8 Any messages to school should be written not oral where this is possible.
- 5.9 Children's possessions should be contained in a named bag wherever possible.
- 5.10 Should parents/carers have any cause for concern about the operation of the contract they should contact Transport Planning as soon as possible.
- 5.11 Any concerns on entitlement to transport will be discussed with staff at Schools Service.

### **6. EMERGENCY PROCEDURES**

- 6.1 Should any passenger require urgent medical assistance whilst being transported, the passenger concerned will be made as comfortable as possible, and the driver will take the passenger to the nearest point where help will be available. This could either be back to school, to the passenger's home base or to the nearest Medical Centre (whichever is closest). If necessary, the other passengers will remain on board until the sick passenger is delivered to an appropriate responsible person. If other passengers are delayed because of the emergency, contact will be made with the home base as soon as possible with an explanation of the reason for the delay.
- 6.2 Parents/carers will be advised by the driver/school staff of any medical or serious incident which involves their child on the bus on the day that incident occurs. In all cases of incident or accident, the appropriate reporting procedures must be adhered to in terms of other officials who may need to be notified in the circumstances, i.e. Transport Planning who will then notify others as appropriate.

# REVIEW OF ASN & SC TRANSPORT

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## APPENDIX SEVEN

# REVIEW OF ASN & SC TRANSPORT

## SHETLAND ISLANDS COUNCIL SCHOOLS SERVICE Additional Support Needs Transport Requirements Request Form 15/16.

### Requested Start Date .....

Parents or guardians should complete this form annually if they wish to request school transport arrangements for the next school session that are additional or different to those provided for their location .e.g.

- Arrangements for transport of a wheelchair
- An escort during travel to and from school

Please note

- We can make arrangements only to and from the address for which your child is registered on the school roll.
- There is no automatic right to transfer of transport assistance when your child moves from Primary to Secondary School,
- The authority is not required to make transport arrangements when your child attends a school that is not the catchment school because of a placing request made by you.
- The authority reserves the right to ask you for proof of your child's disability

**Please return to the school office by** .

<b>Pupil</b>				<b>Class</b>	<b>Date of Birth</b>
<b>School</b>					
<b>Home Address</b>			Home phone number		
			Mobile phone number		
			Email		
<b>Is the pupil attending school full-time? Yes / No</b>					
If they are <u>not</u> attending full time, please supply times of attendance below					
<b>Mon</b>	From	To	<b>Thurs</b>	From	To
<b>Tues</b>	From	To	<b>Fri</b>	From	To
<b>Weds</b>	From	To			
<b>Please give additional information if pick-up and set-down will be regularly to a different address to the one above for any day of the week because of respite care arrangements.</b>					
Distance from home to school					
Location of nearest pick-up point for school transport to school / to Lerwick schools					
Do transport requirements include a wheelchair? Yes / No					
Is individual supervision required? Yes / No					
<b>Other relevant information</b>					
<b>Name of parent/guardian</b>				<b>Signature</b>	
				<b>Date</b>	
<b><u>FOR OFFICE USE ONLY</u></b>					

**Policy & Resources Committee****4 May 2015**

<b>Community Councils – Financial Position</b>	
<b>Report No: DV-30-15-F</b>	
<b>Executive Manager – Community Planning &amp; Development</b>	<b>Development Directorate</b>

## **1.0 Summary**

- 1.1 The purpose of this report is to inform Members of the position of the 2013/14 Community Council Annual Accounts, in accordance with the grant scheme approved in March 1999, and approve the grant payments for 2015/16.

## **2.0 Decision Required**

That the Policy & Resources Committee RESOLVES to:

- 2.1 Approve payment of the Community Council grants for 2015/16, as set out below in Table 1, totalling £158,048.
- 2.2 Approve retention of the 10% surplus, in line with the scheme, from the two Community Councils holding a surplus, as set out in Table 3 below.
- 2.3 Award delegated authority to the Director of Development Services, or his nominee, to approve payment of Community Council core grants; and to decide whether or not to remove surplus funds, in accordance with the grant scheme approved in March 1999, without any further Committee approval, and subject to annual budget approval.
- 2.4 Note the dialogue between Council officers and Community Councils, identifying an opportunity to simplify the core grant application process, with a view to making it more efficient.

### **3.0 Background**

- 3.1 In March 1999, a report entitled “Proposed Community Council Grant Distribution, 1999/2000 & Beyond”, was approved by the Policy & Resources Committee (Min Ref: 26/99). This report provided a framework of terms, conditions and accountability requirements for Community Councils.
- 3.2 Part of the accountability stated that Community Council Accounts should “clearly identify expenditure and income under each of the Specific Grant schemes for which funding has been advanced by the Shetland Islands Council”. The accounts received for 2013/14 comply with the grant scheme.
- 3.3 A condition of the scheme is that balances of Shetland Islands Council grants (or income earned thereon) held by Community Councils as at 31 March 2014 will not be taken into account for the Grants distribution for 2014/15, but will be considered by the Shetland Islands Council when it sets its distribution for 2015/16. Delting Community Council who hold a reserve balance derived from the oil industry, falls out with the scope of the SIC scheme.
- 3.4 The grant scheme allows Community Councils to retain a 10% grant surplus at the end of any financial year. Any sum in excess of the 10% surplus is required to be removed from future years’ grant provision unless this relates to outstanding commitments for the year of the accounts.
- 3.5 Responsibility and the associated budgets for supporting Community Councils was transferred from Finance Services to the Community Planning and Development Service with effect from financial year 2014/15, as approved by Members at a meeting of Shetland Islands Council on 9 October 2013 (Min Ref: 92/13).
- 3.6 Members should note that in addition to administering core funding to Community Councils, the Community Planning & Development service is also responsible for the administration of the Council’s Community Development Fund (CDF). The CDF grant scheme was approved at a meeting of Shetland Islands Council on 12 June 2013 (Min Ref: 52/13).
- 3.7 Following roll out of the CDF scheme in the summer of 2013 a desk top review was conducted later that year to determine how well the CDF scheme was working. Feedback was sought from Community Councils and overall the comments received were very positive. However a number of improvements were identified and these were proposed in a report to Shetland Islands Council on 26 March 2014. The Council approved the recommendations in the report (Min Ref: 20/14).



## 4.0 Detail

- 4.1 At their meeting on 3 December 2014, the Council approved the 2015/16 Revenue Budget (Min Ref: 96/14), of which a budget of £158,048 was set for Community Councils. In addition to this, a budget of £68,000 was approved for the CDF scheme. Community Councils can also access funding from this scheme.
- 4.2 In line with the approved grant scheme, it is proposed to distribute Community Council core grant funding for 2015/16 as follows in Table 1 below:

**Table 1**

<b>Community Council</b>	<b>2015/16 Grant Allocation</b>
Bressay	£5,802
Burra & Trondra	£5,998
Delting	£11,317
Dunrossness	£9,546
Fetlar	£3,626
Gulberwick, Quarff & Cunningsburgh	£9,923
Lerwick	£20,923
Nesting & Lunnasting	£7,127
Northmavine	£12,667
Sandness & Walls	£9,227
Sandsting & Aithsting	£10,218
Sandwick	£8,034
Scalloway	£7,258
Skerries	£3,426
Tingwall, Whiteness & Weisdale	£8,306
Unst	£8,423
Whalsay	£7,696
Yell	£8,531
<b>TOTALS</b>	<b>£158,048</b>

- 4.3 Table 2 below details the 2013/14 Income and Expenditure for each Community Council at 31 March 2014. The income includes any interest received on account balances, and any other income including the grant from the Council.

**Table 2**

<b>Community Council</b>	<b>2013/14 Opening Balance (Incl Interest)</b>	<b>2013/14 Total Income (Incl interest)</b>	<b>2013/14 Total Spend</b>	<b>2013/14 Closing Balance</b>	<b>2013/14 CC Outstanding Commitments</b>
Bressay	£18,923	£8,902	£7,085	£20,740	£20,455.00
Burra & Trondra	£601	£12,354	£9,459	£3,496	£2,830.00
Delting	£36,694	£14,563	£8,494	£42,763	£13,162.00
Dunrossness	£5,410	£12,756	£13,080	£5,086	£1,951.00
Fetlar	£4,226	£6,626	£5,466	£5,386	£1,900.00
Gulberwick, Quarff & Cunningsburgh	£2,601	£13,023	£12,253	£3,371	£2,381.00
Lerwick	£17,769	£25,099	£26,714	£16,154	£6,893.00
Nesting & Lunnasting	£2,090	£10,227	£9,444	£2,873	£780.00
Northmavine	£1,656	£15,847	£15,484	£2,019	£0.00
Sandness & Walls	£1,205	£13,272	£12,081	£2,396	£1,338.00
Sandsting & Aithsting	£654	£14,318	£10,266	£4,706	£3,818.00
Sandwick	£1,754	£17,134	£18,367	£521	£521.00
Scalloway	£2,024	£12,058	£9,912	£4,170	£315.00
Skerries	£616	£6,527	£5,601	£1,542	£1,261.00
Tingwall, Whiteness & Weisdale	£3,804	£11,412	£11,701	£3,515	£495.00
Unst	£1,929	£11,527	£9,789	£3,667	£1,900.00
Whalsay	£1,002	£11,881	£11,212	£1,671	£0.00
Yell	£2,353	£13,384	£11,581	£4,156	£3,641.00
<b>TOTALS</b>	<b>£105,311</b>	<b>£230,910</b>	<b>£207,989</b>	<b>£128,232</b>	<b>£63,641.00</b>

It should be noted that included in the closing balances of £128,232 there is £35,429 of ring fenced funding and £63,641 of outstanding commitments. This leaves a balance of £29,762 of unallocated resources.

- 4.4 Table 3 below shows the 2013/14 SIC excess grant surplus calculation. Two Community Councils show an excess surplus:

- Delting Community Council (£1,691)
- Dunrossness Community Council (£238)

Both Community Councils have outstanding commitments for 2013/14, as shown in table 2. In line with scheme conditions, Members are asked to approve retention of the surpluses by the above Community Councils.

**Table 3**

<b>Community Councils</b>	<b>2013/14 SIC Grants</b>	<b>2013/14 CC Spend</b>	<b>2013/14 Surplus / Deficit</b>	<b>2013/14 10% Allowable Grant Surplus</b>	<b>2013/14 In Excess of 10% Grant Surplus</b>	<b>2013/14 Closing Balance</b>	<b>2013/14 CC Outstanding Commitments</b>
Bressay	£5,802	£5,483	£319	£580	n/a	£20,740	£20,455.00
Burra & Trondra	£5,998	£6,195	-£197	£600	n/a	£3,496	£2,830.00
Delting	£11,317	£8,494	£2,823	£1,132	£1,691	£42,763	£13,162.00
Dunrossness	£9,546	£8,353	£1,193	£955	£238	£5,086	£1,951.00
Fetlar	£3,626	£3,545	£81	£363	n/a	£5,386	£1,900.00
Gulberwick, Quarff & Cunningsburgh	£9,923	£9,153	£770	£992	n/a	£3,371	£2,381.00
Lerwick	£20,923	£24,680	-£3,757	£2,092	n/a	£16,154	£6,893.00
Nesting & Lunnasting	£7,127	£6,444	£683	£713	n/a	£2,873	£780.00
Northmavine	£12,667	£12,484	£183	£1,267	n/a	£2,019	£0.00
Sandness & Walls	£9,227	£9,081	£146	£923	n/a	£2,396	£1,338.00
Sandsting & Aithsting	£10,218	£9,984	£234	£1,022	n/a	£4,706	£3,818.00
Sandwick	£8,034	£9,227	-£1,193	£803	n/a	£521	£521.00
Scalloway	£7,258	£8,024	-£766	£726	n/a	£4,170	£315.00
Skerries	£3,426	£3,863	-£437	£343	n/a	£1,542	£1,261.00
Tingwall, Whiteness & Weisdale	£8,306	£11,201	-£2,895	£831	n/a	£3,515	£495.00
Unst	£8,423	£8,624	-£201	£842	n/a	£3,667	£1,900.00
Whalsay	£7,696	£8,212	-£516	£770	n/a	£1,671	£0.00
Yell	£8,531	£8,291	£240	£853	n/a	£4,156	£3,641.00
<b>TOTALS</b>	<b>£158,048</b>	<b>£161,338</b>	<b>-£3,290</b>	<b>£15,805</b>	<b>£1,929</b>	<b>£128,232</b>	<b>£63,641</b>

4.5 Following dialogue with Community Councils over the past 2 years officers in the Community Planning and Development Service have identified an opportunity to simplify the core grant application process. It has also been identified that the process for approving payment of grants could become more efficient. The following improvements are proposed:

1. Seek delegated authority to the Director of Development Services, or his nominee, to approve payments to Community Councils, subject to annual budget approval;
2. Seek delegated authority to consider whether or not to remove the 10% surplus, in line with the scheme;
3. To simplify the application process for Community Councils in respect of core funding.

- 4.6 The proposals listed above in paragraph 4.5 will deliver the following improvements:
1. More streamlined process for administering Community Council grants;
  2. Reduced paperwork for Community Council clerks and Council officers;
  3. Earlier notification of funding allocations to Community Councils;
  4. Earlier payment of funding allocations to Community Councils.
- 4.7 The proposals detailed have been shared with all Community Councils and the responses received have fully endorsed the proposed changes. These proposals have also been discussed with officers in Corporate Services who have confirmed there are no reasons to prevent such improvements being introduced.
- 4.8 Members should note that if the proposals in this report are approved, the scheme criteria for Community Councils will not change. Community Councils will still require to “Follow the Public Pound” and must continue to account for their core funding by submitting Annual Accounts that have been independently checked and certified.

## **5.0 Implications**

### Strategic

- 5.1 Delivery on Corporate Priorities – This report links to the Council’s corporate priorities, defined in its corporate plan, specifically in relation to sustainable matching of resources to community needs and priorities.
- 5.2 Community/Stakeholder Issues – Funding the Community Councils allows them to support small local groups and local projects who otherwise may not receive funding.
- 5.3 Policy and/or Delegated Authority – The ultimate decision on approving the revenue grants lies with the Council. In accordance with Section 2.2.1(7) of the Council’s Scheme of Administration and Delegations, the Policy & Resources Committee has delegated authority to secure the co-ordination, control and proper management of the financial affairs of the Council.
- 5.4 Risk Management – There is a risk to Community Council’s committed projects should the surpluses require to be repaid, where the commitments are in excess of the underspend.
- 5.5 Equalities, Health and Human Rights – None.
- 5.6 Environmental – None.

## Resources

- 5.7 Financial – In line with the Medium Term Financial Plan, a budget of £158,048 was approved on 3 December 2014 for Community Councils. This report is seeking to pay out this grant funding.
- 5.8 Legal – None.
- 5.9 Human Resources – None.
- 5.10 Assets and Property – None.

## **6.0 Conclusions**

- 6.1 The grant is being paid out in accordance with the Community Council Scheme in line with the budget set by Council on 3 December 2014.
- 6.2 Although there are significant closing balances on the Community Council accounts, there is also a high level of commitments and ring fenced funding, leaving only £36,732 of unallocated resources.
- 6.3 Two Community Councils have an excess of 10% grant surplus, Delting (£1,671) and Dunrossness (£238). Both Community Councils have outstanding commitments as set out in Table 2.
- 6.4 Awarding delegated authority to the Director of Development Services, or his nominee, will enable Community Council core funding to be administered more efficiently and will reduce workload for Council officers and Community Council clerks.
- 6.5 In previous years the Policy & Resources Committee has approved carry forward of surplus funds as follows:
- |         |   |                               |
|---------|---|-------------------------------|
| 2012/13 | - | £2,922 (3 Community Councils) |
| 2011/12 | - | £3,238 (4 Community Councils) |
| 2010/11 | - | £2,822 (2 Community Councils) |

This report demonstrates that only a few Community Councils tend to have funds in excess of 10% surplus from year to year and the sums involved are generally small amounts. It is therefore proposed that authority to consider these surpluses be delegated to the Director of Development Services, or his nominee, in future years.

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For further information please contact:

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27 April 2015

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## List of Appendices

None