



**Policy & Resources Committee
Shetland Islands Council**

**2 March 2016
2 March 2016**

**SIC Overall Management Accounts 2015/16
Projected Outturn at Quarter 3**

F-015-F

**Report Presented by Executive Manager -
Finance**

Corporate Services

1.0 Summary

- 1.1 The purpose of this report is to enable the Policy & Resources Committee to monitor the financial performance of all Council services to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This allows the Committee the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by the year-end.
- 1.2 This report presents the projected outturn position for the 2015/16 year as at the end of the third quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant Budget Responsible Officers for the services. This report shows the impact this has on the draw on reserves for 2015/16.
- 1.3 The projected outturn position for the Council are underspends of £6.422m on revenue (including spend to save unallocated) and £17.131m on capital (after deducting Capital from Current Revenue (CFCR)). A total underspend of £23.553m.
- 1.4 The Service Committees have received reports on the performance of their services and the financial management implications of their expenditure decisions and income generation. The individual service performance reports provide narrative and data to identify how the corporate and service outcomes are progressing and where action needs to be taken.
- 1.5 Overall, the Council has undertaken to prepare and approve a budget that supports its corporate objectives. In financial terms the Council is projected to deliver on this by living within its means. The review of the financial impact of Council operations is undertaken monthly and reported on a quarterly basis to the Council.

2.0 Decision Required

2.1 The Policy & Resources Committee RESOLVE to:

- review the Management Accounts showing the projected outturn position at quarter 3; and
- note that £1m of the underspend on the Cost Pressure and Contingency budget will now be returned to reserves to be used to fund the 2016/17 budget in line with the Council's decision on 10 February 2016 (SIC Min Ref: 02/16).

2.2 The Policy & Resources Committee RECOMMEND that the Council RESOLVE to:

- approve an increased grant contribution to Zetrans of £193k to fund the running costs of the public bus service.

3.0 Detail

3.1 On 3 December 2014 (SIC Min Ref: 96/14) the Council approved the 2015/16 revenue and capital budgets (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £7.646m. The use of reserves at this affordable level has been achieved for this year only and as such the Council cannot be complacent. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves, and would be evidence that the Council is living beyond its means.

3.2 This report forms part of the financial governance and stewardship framework that ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Committee that resources are being managed effectively and allows corrective action to be taken where necessary.

3.3 Since the approval of the 2015/16 budget, revisions to the budget have been incorporated for the Council's budget carry forward scheme and the additional budgets for tug boats on the Harbour budget. Therefore this report refers to the revised budget.

3.4 The table below sets out the projected outturn position against the revised budget. There is a total projected underspend against the revised budget of £23.553m, of which £0.941m is recurring underspends.

Type of Spending	2015/16 Original Budget £m	2015/16 Revised Budget £m	2015/16 Projected Outturn £m	2015/16 Variance (over)/ underspend £m
Revenue (including Spend to Save Unallocated)	102.211	107.214	100.792	6.422
Capital	28.486	33.377	15.049	18.328

Remove CFCR included in Capital above	(1.278)	(2.193)	(0.996)	(1.197)
TOTAL	129.419	138.398	114.845	23.553

(Note: The revised budget above reflects changes to the budget such as the capital and revenue carry forwards of £6.8m (funded from underspends in 2014/15) and the approved increase on the Harbour budget of £2.2m.

- 3.5 The impact on the reserves of the projected outturn, set out in section 3.4 above, is that the draw on reserves for 2015/16 is to decrease by £7.027m against the revised budget. The main reason for the decrease is the reduction in revenue and capital spending funded from reserves.
- 3.6 The reduction in use of reserves is much less than the reduction in spending due to the majority of the capital programme underspend being funded from other sources e.g. borrowing/grants.

Draw on Reserves	2015/16 Original Budgeted Draw £m	2015/16 Revised Budgeted Draw £m	2015/16 Projected Outturn Draw £m	2015/16 Variance (over)/ underspend £m
Annual All Funds	7.646	12.646	5.619	7.027

(Note: the revised budgeted draw on reserves of £13.8m includes £6.8m of carry forwards funded by underspends from 2014/15, i.e. the revised budgeted draw relating to 2015/16 is just over £7m).

- 3.7 The projected outturn draw on reserves equates to £15k per day as can be seen from the table below.

Draw on Reserves	2015/16 Original Budgeted Draw £000	2015/16 Revised Budgeted Draw £000	2015/16 Projected Outturn Draw £000	2015/16 Variance (over)/ underspend £000
Amount Per Day	21	35	15	19

Variances shown in Appendices

- 3.8 Appendix 1 shows the revenue projected outturn variance position for the third quarter for the Council by service area and fund. Detailed reports on spending variances have been presented to individual Service Committees. The projected outturns for quarter 2 are included for reference.
- 3.9 There is a projected underspend of £8.872m on the General Fund (including Spend to Save Unallocated) against the revised budget. This underspend is a combination of the projected outturns across directorates. The most notable underspending is projected in Infrastructure (one-off additional income at Scord Quarry), Community Care (recurring savings on closure of Viewforth, and underspending

due to the ongoing shortage of social care workers) and the Contingency and Cost Pressure Budget which is unlikely to be utilised as originally envisaged due to underspending in Service areas.

- 3.10 There is a projected decrease in the contribution to the Reserve Fund of £2.479m from the surplus on the Harbour Account, which mainly relates to reduced tanker numbers at Sullom Voe £2.231m and reduced income from Shetland Gas Plant £1.230m. The Shetland Gas Plant has just started in February 2016. Although the overall projected return to reserves from the Harbour Account is £2.901m against budget set of £5.379m, this surplus is mainly derived from the terminal berthing charges to Ferry Operations Service and is therefore funded from within the Council and does not result in additional income to the Council as a whole.
- 3.11 There is a projected increase in the contribution to the Housing Repairs and Renewals fund of £28k from minor under and overspends.
- 3.12 Appendix 2 shows the capital projected outturn variance position as at the third quarter for the Council. Detailed reports on spending variances have been presented to individual Service Committees. The projected outturns for quarter 2 are included for reference.
- 3.13 There is an anticipated underspend of £18.327m against the revised budget due mainly to the re-profiling on the new Anderson High School projects £14.1m, the Eric Gray Replacement £1.6m and Town Hall Conservation Project £1.2m.
- 3.14 Appendix 3 shows the Cost Pressure and Contingency budget and how much has been allocated.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Plan to ensure that the Council is “continuing to keep a balanced and sustainable budget, and are living within our means” and the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

4.2 Community /Stakeholder Issues –Audit Scotland prepares a number of reports on public sector issues. here are no issues in the report requiring Council attention.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter,

service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2015/16 financial year. The Policy & Resources Committee has delegated authority for securing the co-ordination, control and proper management of the financial affairs of the Council, and has referred authority to make recommendations to the Council as to the level of any expenditure not provided for in the annual budgets

4.4 Risk Management

4.4.1 There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.

4.4.2 From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.

4.4.3 The main variable assumptions are around anticipated income levels, returns on investments and cost pressures and demands.

4.4.4 One of the main risks is on the income expected from the Harbour Account and the Gas Plant which are projected to be well below the budgeted level.

4.4.5 This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.

4.4.6 The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.

4.4.7 A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.

4.4.8 Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

4.7.1 The 2015/16 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year and, therefore, demonstrates that the Council is living within its means. The carry forward revisions to the original budget are a direct result of underspending in the last financial year and are therefore

affordable. The additional budget required on the Harbour Account has the effect of reducing the return to reserves.

4.7.2 Every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £50k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.

4.7.3 It is therefore vital that the Council delivers its 2015/16 budget, and this report demonstrates that the Council is projecting to achieve this.

4.7.4 Revenue (GF including Spend to Save/Harbour/HRA)

The projected outturn position shows a net underspend of £6.422m. This underspend is made up of General Fund (including Spend to Save Unallocated) underspend of £8.872m, an increase in surplus income on the Housing Revenue Account of £0.028m and a reduction on the surplus on the Harbour Account of £2.478m.

4.7.5 The Council decision on 10 February 2016 (SIC Min Ref: 02/16) in respect of the SIC Budget Book 2016/17, was to remove £1m of the underspend discussed in this report from the cost pressure and contingency budget to fund the 2016/17 budget. This will now be removed and returned to reserves. This will reduce the projected underspend by £1m.

4.7.6 It has been identified that an increased grant contribution of £193k is required to be paid to Zetrans to meet the projected cost of the public bus services, that Zetrans runs on behalf of the Council. This shortfall has arisen from an under achievement of fare income. A decision of the Council is required to increase the payment to Zetrans. This is to be funded from the underspends within the Development Directorate, which is projecting to be £514k under budget.

4.7.7 Capital (GF including Spend to Save/Harbour/HRA)

The projected outturn position shows a net underspend of £18.327m. This is made up of General Fund underspend (including Spend to Save) of £17.906m. The Harbour is underspent by £0.419m and HRA shows a minor underspend of £0.002m. The majority of the underspends identified will be carried forward into 2016/17 at the year end.

4.7.8 Reserves

The projected outturn draw on reserves is £5.619m (or £15k per day) which is £7.027m (or £19k per day) less than the revised budget.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The revenue outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is

projected to be under budget by £6.422m. Of this, £0.941m has been classified as recurring underspends.

- 5.2 The capital outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £18.327m. The underspend has been identified as slippage and will be required in future years to deliver the identified projects.
- 5.3 The projected draw from reserves of £5.619m is sustainable (less than the average investment returns). This is a decrease of £7.027m against the revised budget. This outturn position is currently projecting the Council will draw sustainably from its reserves in 2015/16.
- 5.4 The Council decision on 10 February 2016 regarding the SIC Budget Book 2016/17, (SIC Min Ref: 02/16) was to remove £1m of the underspend discussed in this report from the cost pressure and contingency budget to fund the 2016/17 budget, this will now be removed and be returned to reserves.
- 5.5 An increased contribution to Zetrans of £193k is required to fund the projected cost of the public bus service carried out by Zetrans on behalf of the Council. This is to be met from projected underspends within the Development Directorate.
- 5.6 The projected underspend on Revenue will be reduced by a further £1m when the transfer back to reserves is undertaken from the contingency and cost pressure budget to fund the 2016/17 Budget.

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List of Appendices

Appendix 1 – Overall SIC Projected Revenue Outturn Position for 2015/16

Appendix 2 - Overall SIC Projected Capital Outturn Position for 2015/16

Appendix 3 – Contingency and Cost Pressure Budget 2015/16

Background documents:

SIC Budget Book 2015-16, SIC 3 December 2014

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=16958>

END

1. Revenue - Projected Outturn Position for 2015-16

Budget v Projected Outturn Variance Qtr 2 2015-16 £000	General/Support/Recharged	Revised Budget Qtr 3 2015-16 £000	Projected Outturn Qtr 3 2015-16 £000	Budget v Projected Outturn Variance Qtr 3 2015-16 £000
(3)	Chief Executive	1,851	1,822	29
47	Children's Services	41,202	41,204	(2)
1,424	Community Care	21,202	19,358	1,844
24	Corporate Services	8,449	8,112	337
264	Development	14,284	13,771	514
2,168	Infrastructure	21,157	18,309	2,848
(180)	Fund Managers Fees	700	840	(140)
1,274	Contingencies & Cost Pressures	5,438	2,539	2,899
580	Spend to Save (Unallocated)	680	100	580
0	Net Recharges to Other Fund	(1,966)	(1,929)	(37)
5,598	Total Net Expenditure/(Income)	112,997	104,125	8,872
	<i>Funded by:</i>			
0	Government Grants	(87,036)	(87,036)	0
0	Council Tax	(8,421)	(8,421)	0
(5,598)	Draw on Reserves	(17,540)	(8,668)	(8,872)
(5,598)	Total Funding	(112,997)	(104,125)	(8,872)
0	Balanced Budget	0	0	0

Budget v Projected Outturn Variance Qtr 2 2015-16 £000	Harbour Account	Revised Budget Qtr 3 2015-16 £000	Projected Outturn Qtr 3 2015-16 £000	Budget v Projected Outturn Variance Qtr 3 2015-16 £000
(2,931)	Sullom Voe	(1,203)	1,028	(2,231)
354	Scalloway	(322)	(744)	422
193	Other Piers	109	(92)	201
364	Terminals	650	376	274
(2,020)	Total Net Expenditure/(Income)	(766)	568	(1,334)
0	Terminal Berthing Charge	(3,045)	(3,125)	80
(1,180)	Shetland Gas Plant	(1,430)	(200)	(1,230)
(1,180)	Total Income	(4,475)	(3,325)	(1,150)
	<i>Funded by:</i>			
6	Contribution from Marine Fund	(138)	(144)	6
3,194	Contribution to Reserve Fund	5,379	2,901	2,479
3,200	Total Funding	5,241	2,757	2,484
0	Balanced Budget	0	0	0

Budget v Projected Outturn Variance Qtr 2 2015-16 £000	Housing Revenue Account	Revised Budget Qtr 3 2015-16 £000	Projected Outturn Qtr 3 2015-16 £000	Budget v Projected Outturn Variance Qtr 3 2015-16 £000
156	Housing Revenue Account	(404)	(432)	28
156	Total Net Expenditure/(Income)	(404)	(432)	28
	<i>Funded by :</i>			
(156)	Contribution to HRA R&R Fund	404	432	(28)
(156)	Total Funding	404	432	(28)
0	Balanced Budget	0	0	0

2. Capital - Projected Outturn Position for 2015-16

Budget v Projected Outturn Variance Qtr2 2015-16 £000	Service Area	Revised Budget Qtr 3 2015-16 £000	Projected Outturn Qtr 3 2015-16 £000	Budget v Projected Outturn Variance Qtr 3 2015-16 £000
11,986	Children's Services	18,723	4,604	14,119
1,562	Community Care	3,159	1,458	1,702
0	Corporate Services	676	676	0
110	Development	244	10	234
2,432	Infrastructure (including Harbour Account)	8,847	6,576	2,271
0	Development (HRA)	1,728	1,726	2
16,090	Total Costs	33,377	15,049	18,327
	<i>Funded by:</i>			
(1,561)	General Capital Grant	(7,628)	(7,628)	0
(949)	Other External Grants	(1,829)	(880)	(949)
(12,029)	External Borrowing	(19,017)	(3,754)	(15,263)
25	Spend to Save Reserve	(725)	(610)	(115)
(90)	Council Tax Second Homes Reserve	(100)	(10)	(90)
(1,160)	Capital Fund Reserve	0	480	(480)
5	Capital Receipts Reserve (General Fund)	(729)	0	(729)
0	General Fund Capital Receipts	(400)	(455)	55
(332)	General Fund CFCR	(775)	(20)	(755)
0	CFCR (HRA)	(978)	(537)	(441)
0	Capital Receipts (HRA)	(750)	(1,189)	439
0	Capital Receipts Reserve (Harbour Account)	(7)	7,917	(7,924)
0	Capital Receipts (Harbour Account)	0	(7,924)	7,924
0	CFCR (Harbour Account)	(439)	(439)	0
(16,090)	Total Funding & Financing	(33,377)	(15,049)	(18,327)
0	Balanced Budget	0	0	0

3. Contingency and Cost Pressure Budget for 2015-16

Service Area	Original Budget 2015-16 £000	Contingency Allocated 2015-16 £000	Revised Budget 2015-16 £000
Cost Pressures:			
Pay Award	1,751	1139	612
Holiday Pay	300	0	300
Free School Meals	253	0	253
Nursery Places for 2 year olds	110	0	110
Demographics Pressures	301	0	301
Health & Social Care Integration	15	0	15
Social Care Workers	92	0	92
Bus & Air Contract Inflation	120	21	99
Rent Review & Legal Fees	80	0	80
IT Licences	140	0	140
TOTAL COST PRESSURES:	3,162	1160	2,002
Contingency:			
Off-Island Placements (Comm Care / Child Svs)	1,000	885	115
Children's Resources	200	0	200
Schools/Quality Improvement	140	0	140
Supply Teachers / Reliefs in Schools	258	0	258
Community Care Income	150	0	150
Ferry Fuel & Biennial Drydocking	252	0	252
Electricians for Street Light Maintenance	105	0	105
Infrastructure Equipment Failure	300	0	300
Winter Maintenance	110	0	110
Ferry Fare Income	80	0	80
Infrastructure Staffing Costs from Shortages	300	0	300
Organisational Change Fund	500	65	435
External Recruitment for Senior Officers	150	0	150
Corporate Training	181	0	181
CIPFA Trainee Programme	70	53	17
Valuation Joint Board	40	0	40
ERVR - Housing	50	0	50
Homeless Accommodation Costs Inflation	60	0	60
Insurance cost for NAFC/SSQC	50	0	50
Tertiary Education Shortfall	300	59	241
3rd Sector Funding Shortfall	50	0	50
Reduction based on risk of events occurring (17%)	-734	0	-734
TOTAL CONTINGENCIES:	3,612	1,062	2,550
TOTAL COST PRESSURES AND CONTINGENCIES	6,774	2,222	4,552
Borrowing Support Costs (AHS funded centrally)	1,256	0	1,256
Cash Management Savings	-370	0	-370
OVERALL TOTAL	7,660	2,222	5,438



**Policy and Resources Committee
Shetland Islands Council**

**2 March 2016
2 March 2016**

Progress Report – Asset Investment Plan	
CPS-05-16-F	
Executive Manager – Capital Programme	Capital Programme Service

1.0 Summary

- 1.1 This report advises the Council on the progress of the projects contained within its Asset Investment Plan.
- 1.2 It includes a summary of the financial status and predicted outturn for the full life of each project.

2.0 Decision Required

- 2.1 That the Policy and Resources Committee RECOMMENDS that the Council notes the progress on the projects within the AIP.

3.0 Detail

- 3.1 This report provides an overview of the full life of each project, based on the revised budget and the predicted outturn.
- 3.2 Where projects take place over a number of financial years, this report summarises the position from the beginning to completion of the project. Rolling programmes are not included in this report.
- 3.3 Quarterly monitoring reports on capital expenditure are now provided by the Executive Manager - Finance, detailing the progress of capital projects within the current financial year. These reports include information on rolling programmes.
- 3.4 The detailed project information is attached as Appendix A.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – This report forms part of the annual performance reporting arrangements on financial matters in support of the Financial Strategy, Reserves Policy and Budget Strategy.
- 4.2 Community/ Stakeholder Issues – None
- 4.3 Policy and/ or Delegated Authority – Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from the Policy and Resources Committee.
- 4.4 Risk Management – The main areas of risk are financial in terms of over or under-spend. Regular progress reports to Committee and the Council enable Members to monitor the investment plan.
- 4.5 Equalities, Health And Human Rights – None
- 4.6 Environmental – None

Resources

- 4.7 Financial – This report shows that the full life predicted outturn cost of the projects in the Asset Investment Plan totals £53.7m, of which £5.8m is externally funded (11%), resulting in a total estimated cost to the Council of £47.9m. The expenditure to date on these projects is £21.1m with £32.6m spend outstanding.
- 4.8 Legal – None
- 4.9 Human Resources – None
- 4.10 Assets And Property – None

5.0 Conclusions

- 5.1 This report provides an update on progress in delivering the Asset Investment Plan and summarises the full life financial position for each project.

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List of Appendices: Appendix A - Progress Report - Asset Investment Plan

Background documents: None

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Capital Projects - Full Life Project Costs

CPS-05-16 Appendix A

Directorate	Service Area	Budget				Funding		Expenditure	
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to Date £	Project Cost Outstanding £
Corporate Service	Capital Programme Service	1,849,617	0	1,849,617	0	0	1,849,617	91,191	1,758,426
		1,849,617	0	1,849,617	0	0	1,849,617	91,191	1,758,426
Children's Services	Schools	23,539,480	0	23,539,480	0	1,007,500	22,531,980	5,453,532	18,085,948
		23,539,480	0	23,539,480	0	1,007,500	22,531,980	5,453,532	18,085,948
Community Care Services	Adult Service	10,012,631	0	10,030,338	(17,706)	2,000,000	8,030,338	3,621,812	6,408,526
		10,012,631	0	10,030,338	(17,706)	2,000,000	8,030,338	3,621,812	6,408,526
Development Services	Economic Development	190,000	0	190,000	0	0	190,000	0	190,000
	Housing	3,582,664	0	3,548,108	34,556	460,000	3,088,108	2,833,295	714,813
	Shetland College	5,219,864	0	5,178,003	41,860	2,307,476	2,870,527	5,040,538	137,466
		8,992,528	0	8,916,112	76,416	2,767,476	6,148,636	7,873,833	1,042,279
Infrastructure Services	Environmental Services	1,190,291	0	1,190,291	0	0	1,190,291	388,550	801,741
	Estate Operations	1,498,883	0	1,498,883	0	0	1,498,883	501,850	997,033
	Ferry Operations	4,050,000	0	3,900,000	150,000	0	3,900,000	1,155,597	2,744,403
	Roads	1,862,033	0	1,651,342	210,691	0	1,651,342	1,425,341	226,000
	Ports & Harbours	1,066,000	0	1,059,720	6,280	20,000	1,039,720	575,988	483,732
		9,667,207	0	9,300,236	366,971	20,000	9,280,236	4,047,327	5,252,909
	Total All Funds	54,061,463	0	53,635,782	425,681	5,794,976	47,840,806	21,087,694	32,548,088

		Budget				Funding		Expenditure		
Code	Project Name	Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	Update
GCK3007	Market Street Store Redevelopment	91,000.00	0	91,000	0	0	91,000	0	91,000	Budget set for 16/17, however some preparatory work being carried out by CPS in 15/16.
GCK3009	Town Hall Conservation Project	1,758,617	0	1,758,617	0	0	1,758,617	91,191	1,667,426	Expenditure in 15/16 will be on fees, consents and procurement only. Works expenditure planned for 16/17 and 17/18; so slippage from 15/16 required. Following relisting of the building from B to A the project team prepared and submitted, on 30/01/16, an Historic Environment Grant application to HES. A decision from HES is expected by the end of March 2016.
Total		1,849,617	0	1,849,617	0	0	1,849,617	91,191	1,758,426	

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCE1304	Anderson High School Replacement	5,424,453	0	5,424,453	0	0	5,424,453	3,763,099	1,661,354	Financial close achieved in July 2015. The cost of project shown now only includes the expenditure to be funded by the Council. The £42m contract expenditure to be funded by SFT will not go through the Council and will therefore be unable to be monitored. Construction work began on site in summer 2015. The bulk excavation work and construction of the foundations is complete. Work is progressing on the building superstructure. Work is due to be completed by September 2017
GCE1305	Anderson High Clickimin Path Upgrade	1,015,000	0	1,015,000	0	507,500	507,500	631,161	383,839	SIC / Sustrans funded project. The East Path, West Path, link around the north side of the loch and the Staney Hill link are now open, with only some fencing to be completed. The path around the Rugby pitch will not be built until the roundabout and new school works are complete. The budget balance will be required in future years for the Rugby Pitch and loch link.
GCE1306	Anderson High - Halls of Residence	14,093,103	0	14,093,103	0	0	14,093,103	1,059,272	13,033,831	Construction work began on site in summer 2015. The foundations and ground floor slab are complete and work is progressing on the building's superstructure. Work is due to be completed by September 2017
GCE1307	Clickimin Works	3,006,924		3,006,924	0	500,000	2,506,924	0	3,006,924	Planning consent for the covered indoor training facility has been obtained and a building warrant has been applied for. Work is anticipated to begin in March 2016. Proposals for internal modifications to the existing Clickimin Leisure Facility are being developed.
Total		23,539,480	0	23,539,480	0	1,007,500	22,531,980	5,453,532	18,085,948	

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCA0241	Extensions to ET & Taing Houses - <i>Spend to Save Project</i>	2,284,026	0	2,325,026	(41,000)	0	2,325,026	1,598,310	726,716	Phase 1 complete, but Final A/C not yet settled. Phase 2 delayed as scope of project reduced, with works expected to be complete by end of May 2016. Additional funding required to upgrade laundry equipment and material testing.
GCA0242	NHS Conversion Scalloway School	2,023,294	0	2,000,000	23,294	2,000,000	0	1,803,197	196,804	NHS funded project, works programme commenced August 2014. Upgrade to 'old' secondary premises complete and Primary School moved in December 2014. Health Centre works are now complete and NHS moved in August 2015. Some works still to be certified for payment with the final account and retention to be settled one year after completion.
GCA0237	Eric Gray Replacement	5,705,311	0	5,705,311	0	0	5,705,311	220,306	5,485,006	Detailed design ongoing with planning permission agreed on 29 May 2015. The building warrant was submitted on 15 June and validated on 22 June 2015. Tenders are expected to be issued in March 2016, the under spend in 15/16 will not be carried forward to future years as the future budget requirement has already been accounted for in the 5 Year AIP.
Total		10,012,631	0	10,030,338	(17,706)	2,000,000	8,030,338	3,621,812	6,408,526	

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
GCY5141	Landfill Capping	1,026,291	0	1,026,291	0	0	1,026,291	388,550	637,741	Phase 1 complete in 14/15. Phase 2, 180K, unable to progress in 15/16 as landfill had not reached required tonnage, but some expenditure has been incurred following the landfill fire in September 2015. 2015/16 slippage will be required to 16/17. The budget shown here also includes further phases.
GCY5142	Waste Management Recycling	164,000	0	164,000	0	0	164,000	0	164,000	Discussion ongoing with Zero Waste Scotland, Scottish Government & SEPA regarding suitable future requirements - project now likely to slip to 17/18.
GCY5512	Bells Brae PS Refurbishment	857,037	0	857,037	0	0	857,037	42,442	814,595	Bells Brae PS reroof at design stage with consultant appointments made. The main contract works are unlikely to start before 16/17. Slippage between years required.
GCY5513	Sound PS Refurbishment	641,846	0	641,846	0	0	641,846	459,408	182,438	Sound PS reroof, main contract works onsite and phased over two financial years 15/16 & 16/17. Increased spend in 15/16 as the project is ahead of schedule.
GCY6139	Clickimin Roundabout Works	1,059,000	0	1,069,809	(10,809)	0	1,069,809	1,018,193	51,616	Culvert works and roundabout complete with only surfacing, white lining and planting costs still to be processed. Slippage will be required to future years to link roundabout with AHS and link road. Additional works added to main contract have resulted in a predicted overspend over the complete project, however some works costs may be recouped from Hjaltland.
GCY6209	Burra Bridge Bearings	320,288	0	283,788	36,500	0	283,788	269,604	14,184	Bearings installed and walkway constructed. Internal recharge to be processed at year end. BRO anticipates an under spend on this project.
GCY6210	Trondra Bridge Bearings	482,745	0	297,745	185,000	0	297,745	137,545	160,200	Works contract started September 2015. BRO anticipates under spend of £185k.

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
GCY7635	Bigga Life Extension	900,000	0	900,000	0	0	900,000	872,881	27,119	New propellers fitted, shot blasting and re-engine completed in 14/15. Balance of 117K carried forward to 2015/16 to pay retention and purchase spare propellers - all goods should be here before the end of March.
GCY7637	Linga Conversion	2,150,000	0	2,000,000	150,000	0	2,000,000	0	2,000,000	Design fees for propulsion and control systems upgrade delayed in 15/16 as Rolls Royce are to provide proposals, the 150K will not be spent. Further report to Council will be required - budget of £2M now likely to be requested for 2018/19 in 5 Year AIP.
GCY7638	Fivla Life Extension	1,000,000	0	1,000,000	0	0	1,000,000	282,716	717,284	Life extension works involve bridge and equipment upgrade, internal and external refurbishment, and generator / engine part replacement. BRO advises works are complete this year, but some invoices still to come in. Further works of 500K proposed 16/17.
PCM2128	Scalloway Fishmarket	200,000	0	193,721	6,279	0	193,721	189,721	4,000	Replacement of coolers/ condensing units complete, the sectional overhead doors are paid for should be completed by end of March, 2016. Some additional items including disposal of gas and drainage have resulted in an anticipated 14K overspend.
PCM2141	Lerwick Terminal Life Extension	155,000	0	155,000	0	0	155,000	0	155,000	Works to linkspan deck plating and hydraulics delayed due to staffing changes, 75K slippage carried forward from 14/15. BRO advises further slippage will be required.
PCM2142	Bressay Terminal Life Extension	75,000	0	75,000	0	0	75,000	0	75,000	Works to linkspan deck plating and hydraulics delayed due to staffing changes, slippage carried forward from 14/15. BRO advises further slippage will be required.

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
PCM2143	Belmont Terminal Life Extension	135,000	0	135,000	0	0	135,000	75,641	59,359	Refendering completed in 14/15. Works to linkspan deck plating and hydraulics delayed due to staffing changes, slippage carried forward from 14/15. BRO advises further slippage will be required.
PCM2144	Gutcher Terminal Life Extension	202,989	0	168,087	34,902	0	168,087	78,713	89,374	Refendering completed in 14/15. Works to linkspan deck plating and hydraulics delayed due to staffing changes, slippage carried forward from 14/15. BRO has reduced projected outturn to cover PCM2147-49 overspend and anticipates that slippage may also be required.
PCM2146	Toft Terminal Life Extension	1,000	0	1,000	0	0	1,000	0	1,000	Dive survey funding.
PCM2147	Vidlin Terminal Life Extension	61,068	0	72,702	(11,634)	0	72,702	72,702	0	Rubber D fendering replaced at Terminal, further works carried out this year. Overspend to be covered by under spend in budgets above.
PCM2148	Laxo Terminal Life Extension	68,061	0	79,695	(11,634)	0	79,695	79,695	0	Ditto above
PCM2149	Symbister Terminal Life Extension	67,881	0	79,515	(11,634)	0	79,515	79,515	0	Ditto above
PCM2151	Ferry Terminal Access	40,000	0	40,000	0	20,000	20,000	0	40,000	Upgrade of ferry terminal disabled access, slippage to 16/17 required due to delay in implementation.
PCM2152	Ferry Terminal Security	60,000	0	60,000	0	0	60,000	0	60,000	Upgrade of ferry terminal security.
Total		9,667,207	0	9,300,236	366,971	20,000	9,280,236	4,047,327	5,252,909	

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCD7004	Walls Pier Crane	30,000	0	30,000	0	0	30,000	0	30,000	Existing fixed crane is beyond economic repair, however BRO advises that due to lack of resources the new purchase may slip into next financial year.
GCH3104	Leaside Conversion	160,000	0	160,000	0	0	160,000	0	160,000	Continued demand for smaller housing units at a premium; so conversion of 24/25 Leaside to 4 flats with external stairway deemed the best value for money at £40K per unit.
UCL5203	Shetland College Extension	5,219,864	0	5,178,003	41,860	2,307,476	2,870,527	5,040,538	137,466	Practical completion issued end March 2014. The final A/C has been issued but payment still to be processed. Officer time in 15/16 relates to completion of final A/C.
Total		5,409,864	0	5,368,003	41,860	2,307,476	3,060,527	5,040,538	327,466	

Code	Project Name	Budget				Funding		Expenditure		Update
		Approved Budget £	Provisional Earmarked Funding £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
HCH3304	Brae New Housing	1,882,664	0	1,848,108	34,556	460,000	1,388,108	1,848,108	0	Contract works complete at end July 2014, with only retention to be paid in 2015/16. Final certificate processed 6.5K less than 14/15 accrual. Budget of 28K in 15/16 will not be used as anticipated outstanding expenditure accrued in 14/15.
HCH3706	Heating Replacement Programme	300,000	0	300,000	0	0	300,000	217,145	82,855	Rolling programme of works with the budget and spend identified here for financial year 15/16 only.
HCH3712	Housing Quality Standard	1,400,000	0	1,400,000	0	0	1,400,000	768,042	631,958	Numerous contractual appointments made (Kitchens / Windows / Insulation / Roofing etc). Rolling programme of works with the budget and spend identified here for financial year 15/16 only.
Total HRA		3,582,664	0	3,548,108	34,556	460,000	3,088,108	2,833,295	714,813	

**Shetland Islands Council****2 March 2016**

Council Business Programme 2016/17	
GL-12-16-D1	
Executive Manager – Governance and Law	Corporate Services Department

1.0 Summary

- 1.1 The purpose of this report is to inform the Council of the planned business to be presented to Council for the financial year 1 April 2016 to 31 March 2017, and discuss with Officers any changes or additions required to that programme.

2.0 Decision Required

- 2.1 That Shetland Islands Council considers its business planned for the financial year 1 April 2016 to 31 March 2017, and RESOLVES to approve any changes or additions to the Business programme.

3.0 Detail

- 3.1 The Council approved the schedule of meetings for 2016/17 at its meeting on 16 December 2015 (Min Ref: 79/15).
- 3.2 It was agreed that the Business Programme would be presented by Committee Services to the Council and each Committee on a quarterly basis for discussion and approval.
- 3.3 The manner in which meetings have been scheduled is described below:
- Ordinary meetings have been scheduled, although some have no scheduled business at this stage. Where there is still no scheduled business within two weeks of the meeting, the meeting will be cancelled;
 - Special meetings may be called on specific dates for some items – other agenda items can be added, if time permits;
 - PPMF = Planning and Performance Management Framework meetings have been called for all Committees and Council once per quarter. These meetings are time restricted, with a specific focus on

PPMF only, and therefore no other business will be permitted on those agendas;

- Budget = Budget setting meetings – other agenda items can be added, if time permits, or if required as part of the budget setting process; and
- In consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue and location of any meeting may be changed, or special meetings added.

3.4 The Business Programme for 2016/17 is presented by Committee Services to the Council and each Committee, on a quarterly basis, for discussion and approval, particularly in relation to the remaining projects and reports which are listed at the end of the business programme page for each Committee, as still to be scheduled.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – The recommendation in this report is consistent with the following corporate priorities:

Our Corporate Plan 2013-17

- To be able to provide high quality and cost effective services to people in Shetland, our organisation has to be run properly.
- Fully align the timetables, time spans and approaches for financial planning relating to the medium term yearly budgeting with Council, directorate and service planning.

4.2 Community /Stakeholder Issues – The Business Programme provides the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.

4.3 Policy And/Or Delegated Authority – Maintaining a Business Programme ensures the effectiveness of the Council's planning and performance management framework. The Business Programme supports each Committees' role, as set out in paragraph 2.3 of the Council's Scheme of Administration and Delegations, in monitoring and reviewing achievements of key outcomes within its functional areas, whilst ensuring best value in the use of resources is met to achieve these outcomes within a performance culture of continuous improvement and customer focus.

4.4 Risk Management – The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the objectives and actions contained in its corporate plans could mitigate against those risks.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial – The there are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The presentation of the Business Programme 2016/17 on a quarterly basis provides a focussed approach to the business of the Council, and allows senior Officers an opportunity to update the Council on changes and/or additions required to the Business Programme in a planned and measured way.

For further information please contact:

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19 February 2016

List of Appendices

Appendix 1 – Council Meeting Dates and Business Programme 2016/17

Background documents:

Report GL-60-F: SIC Diary of Meetings 2016/17

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=4785>



Shetland Islands Council - Meeting Dates and Business Programme 2016/17 as at Wednesday, 24 February 2016

Shetland Islands Council			
			<i>D= Delegated R=Referred</i>
Quarter 1 1 April 2016 to 30 June 2016	Date of Meeting	Business	
	<i>Ordinary</i> 20 April 2016 10 a.m.	Digital Connectivity – Business Case	D
		2016/17 Settlement Impact on the 2016/17 Medium Term Financial Plan	D
		Deliver Sustainable Model for HE, FE, Research and Training	D
		Shetland Inter Island Transport Study	D
		2018 Northern Isles Lifeline Ferry Contract	D
		National Housing Trust	D
		Lending Policy	D
	<i>Special</i> (3 Fund Managers) 18 May 2016 10am	Fund Management Annual Investment Report 2015/16	D
	<i>PPMF</i> 25 May 2016 2 p.m.	Shetland Islands Council 2015/16 Draft Outturn	D
		Progress Report - Asset Investment Plan	D
		Corporate Plan – 2016 Update	D
		Shetland Islands Council Business Programme 2016/17	D
	<i>Ordinary</i> 29 June 2016 10 a.m.	National Housing Trust Options	D
		Financial Regulations Review	D
		New Gateway Process for the Approval of Capital Projects	D
		Deliver Sustainable Model for HE, FE, Research and Training	D
		Shetland College Fees	D



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Wednesday, 24 February 2016**

Shetland Islands Council (continued)			
<i>D= Delegated R=Referred</i>			
Quarter 2 1 July 2016 to 30 September 2016	Date of Meeting	Business	
	<i>PPMF</i> 31 August 2016 2 p.m.	Overall SIC Management Accounts – Quarter 1	D
		Asset Investment Plan – Progress Report – Quarter 1	D
		Council Business Programme 2016/17	D
	Date of Meeting	Business	
	<i>Special</i> 21 September 2016 2 p.m.		
		SIC Final Audited Accounts 2015-16 & Report to those Charged with Governance	D
		Final Audited Zetland Educational Trust Annual Report and Financial Statements to 31 March 2016	D



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Wednesday, 24 February 2016**

Shetland Islands Council (continued)			
<i>D= Delegated R=Referred</i>			
Quarter 3 1 October 2016 to 31 December 2016	Date of Meeting	Business	
	Ordinary 2 November 2016 10 a.m.	Medium Term Financial Plan 2017/18 to 2012/22	D
		Borrowing Policy 2016/17 to 2021/22	D
		Long Term Financial Plan 2016	D
		Charging Policy Review	D
	PPMF & Budget & Ordinary 14 December 2016 10 a.m.	Medium Term Financial Plan	D
		2017-18 HRA Budget and Charging Proposals	D
		Proposed Five year Asset Investment Plan 2017/18 to 2021/22	D
		2017-18 SIC Budget Book	D
		Council Reserves – 2016-17 Mid Year Investments Performance Review Report	D
		Overall SIC Management Accounts – Quarter 2	D
		Asset Investment Plan – Progress Report – Quarter 2	D
		Council Business Programme 2016/17	D
		2017-18 Budget and Charging Proposals	D
		Long Term Asset Investment Plan – Project Update	D
		SIC Meetings Diary 2017/18	D



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Wednesday, 24 February 2016**

Quarter 4 1 January 2017 to 31 March 2017	Date of Meeting	Business	
	<i>Ordinary</i> 22 February 2017 10 a.m.	Annual Investment and Treasury Strategy 2017/18	D
	Date of Meeting	Business	
	<i>PPMF</i> 8 March 2017 2 p.m.	Overall SIC Management Accounts – Quarter 3	D
		Asset Investment Plan – Progress Report – Quarter 3	D
		Annual Investment and Treasury Strategy 2017-18	D
		SIC Business Programme 2017-18	D

Planned Committee business still to be scheduled - as at Wednesday, 24 February 2016

tbc = to be confirmed

PPMF = Planning and Performance Management Framework meetings – no other business to be added

Budget = Budget setting meetings – other items can be added if time permits

Ordinary = Ordinary meetings – other items can be added

Special = Special meetings arranged for particular item(s) – other items can be added if time permits

END OF BUSINESS PROGRAMME as at Wednesday, 24 February 2016