

**Shetland Islands Council****25 May 2016****Presentation from SOTEAG**

ISD-07-16-F

**Report Presented by Executive Manager –  
Ports & Harbours****Infrastructure Services Department  
/ Directorate****1.0 Summary**

- 1.1 The purpose of this report is to introduce a presentation from SOTEAG on their activities at Sullom Voe.

**2.0 Decision Required**

- 2.1 The Council are asked to NOTE the presentation.

**3.0 Detail**

- 3.1 Dr Rebecca Kinnear (SOTEAG Engagement Officer) will give a presentation on SOTEAG's activities. The purpose of which is to keep the Council informed of any new developments at the terminal and its environs.

**4.0 Implications**Strategic

- 4.1 Delivery On Corporate Priorities – None.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority – None.
- 4.4 Risk Management – None.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

## Resources

4.7 Financial – None.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

## **5.0 Conclusions**

5.1 Presentation provided by Dr Rebecca Kinnear on SOTEAG on the activities at Sullom Voe.

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For further information please contact:  
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*16 May 2016*

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END

**Shetland Islands Council****18 May 2016****Appointment to External Organisation  
Shetland Oil Terminal Environmental Advisory Group (SOTEAG)**

GL-16-16-F

**Executive Manager – Governance and Law****Corporate Services Department****1.0 Summary**

- 1.1 This report sets out the requirement for a further external appointment to the Shetland Oil Terminal Environmental Advisory Group (SOTEAG) and asks that the Council nominate one Member to be an Executive Member on SOTEAG.
- 1.2 A report to Council on 24 February 2016, "Review of Membership of External Organisations" (Min. Ref. 05/16), approved stage 2 of a process to review external appointments. However it is unlikely that the review will identify SOTEAG as an organisation where our appointments should be discontinued. The Council's participation is by virtue of the Council's involvement with the Sullom Voe Association (SVA), the necessary continuing engagement with the Oil Industry and the obvious need for the environmental scrutiny and monitoring which SOTEAG undertakes.

**2.0 Decision Required**

- 2.1 That the Council RESOLVE to:
- 2.1.1 exclude SOTEAG from the ambit of the stage 2 review; and
- 2.1.2 nominate one elected Member of the Council to serve as an Executive Member on SOTEAG.

**2.0 Detail**

- 3.1 In the process of discharging its functions, the Council contributes to memberships, along with other authorities and organisations, to a number of national and local organisations.
- 3.2 The Council made a number of appointments at its meeting on 23 May 2012, including to SOTEAG (Min. Ref. 52/12).

- 3.3 The current representation from the Council is two substantive members, namely Alastair Cooper and Billy Fox; and two substitute members, namely Andrea Manson and Jonathan Wills.
- 3.4 Paragraph 5 of SOTEAG's constitution states that "the number of representatives of the SIC will at all times be equal to the total number of Oil Industry Representatives". Currently there are two Members representing the Council and two representing the Oil Industry from the Brent System Operator and the Ninian Pipeline Operator.
- 3.5 It has recently been agreed through the Sullom Voe Association (SVA) that the Shetland Gas Plant Operator, TOTAL E&P UK Limited, also be represented on the SOTEAG Committee. This increases the Oil Industry representation to three, therefore requiring a third substantive Member to be nominated by the Council.
- 3.6 In the event that a substitute member be nominated as the third substantive member on SOTEAG, thus leaving a substitute vacancy, there will be a requirement to make a substitute member nomination.
- 3.7 The term of office for this appointment will be from a date to be advised by SOTEAG and will be for the duration of the current Council term of office, or until the nominee ceases to be a Member of the Council.
- 3.8 As set out in section 10.5 of the Council's Standing Order for Meetings, where more than one Member is nominated a vote will be taken by a show of hands, unless the Council resolves to take the vote by secret ballot.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – The recommendation in this report is not linked directly to any of the Corporate Priorities, but will support the Council's Improvement Plan in terms of Governance, Accountability and partnership working.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority – In terms of confirming approved duty status, appointments and nominations to external organisations can only be determined by the Council or its Committees.

In this case and given that the Council commissioned a stage 2 review of external organisation, only the Council can consider the recommendations in this report.

- 4.4 Risk Management – None.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

## Resources

- 4.7 Financial – There are no significant financial implications arising from this Report. The majority of expenses incurred by Members in attending meetings are classed as an approved duty and met from the Members' Expenses budget head.

Paragraph 10 of SOTEAG's constitution states that, "SIC, Central Government and Oil Industry Representatives will cover their own expenses".

The Council continues to pursue efficiencies by carefully considering the requirement to attend meetings on the mainland and by making use of alternatives such as video conferencing to avoid the cost of travel, and such efficiencies will be sought whenever possible.

- 4.8 Legal – None.

- 4.9 Human Resources – None.

- 4.10 Assets And Property – None.

## **5.0 Conclusions**

- 5.1 This reports seeks the Council's nomination to appointment a Member to SOTEAG.

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For further information please contact:

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11 May 2016

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## List of Appendices

None

## Background documents:

[SIC Statutory Meeting – 23 May 2012](#)

END



**Shetland Islands Council****25 May 2016****Nominations to Lerwick Port Authority**

GL-05-16-F

**Report Presented by  
Executive Manager – Governance and Law****Corporate Services Department****1.0 Summary**

- 1.1 The purpose of this report is to enable the Council to nominate 3 persons to the Board of Lerwick Port Authority [LPA].

**2.0 Decision Required**

- 2.1 That the Council RESOLVES to nominate 3 persons to the Board of Lerwick Port Authority.

**3.0 Detail**

- 3.1 Lerwick Port Authority is an independent trust port governed by its own legislation and directed by 11 Board Members. As a Trust Port, the harbour is operated commercially by the Port Authority which, although not publicly funded, is accountable to the wider Shetland community, as well as harbour users.
- 3.2 Membership of the Board of Lerwick Port Authority consists of 3 persons nominated by shipowners, 3 persons nominated by business ratepayers and 3 persons nominated by the Council. The Chief Executive and Deputy Chief Executive of LPA are ex-officio members.
- 3.3 All nominees are required to complete an application form. Council nominees are also required to complete a Declaration of Interests form for submission with their application. A copy of those forms and a copy of the Guidance notes for applicants, are attached as Appendix 1.
- 3.4 Council nominees can be any person provided that their main place of residence is in Shetland. However, the convention in the past has been to nominate serving elected Members with experience in

representing wider community interests. The existing Members are eligible to be nominated again [Peter Campbell, Gary Cleaver and Gary Robinson]. The closing date for nominations is 27 May 2016.

- 3.5 The nominations will be considered by an appointing body by 3 June 2016. The appointing body shall decide which applicants shall be appointed as Members. The appointing body consists of the following 3 persons:
- Chairman of LPA;
  - The Convener of Shetland Islands Council (or his nominee); and
  - An independent person who is not a Member of LPA who shall be nominated by the Members of LPA.
- 3.6 The term of office of persons nominated by the Council and appointed by LPA in 2013 will cease on 5 July 2016. The newly appointed Members will take up their positions at this date, for a period of 3 calendar years. The first scheduled meeting of the LPA is the Annual General Meeting to be held on 19 July 2016.
- 3.7 LPA have asked the Council to note that Transport Scotland published new Trust Port Guidelines for Scotland in November 2012 – “Modern Trust Ports for Scotland – Guidance for good governance”. LPA state that “the narrative under 2.9.2 is of relevance to the nominations to be made by Shetland Islands Council for Members of Lerwick Port Authority which the Council may wish to consider.”
- 3.8 A copy of the Guidance can be accessed through the link shown at the end of this report. An extract of Section 2.9 from the Guidance is attached as Appendix 2. Although the “Guidance” does not have the status of statutory prescription, adherence to paragraph 2.9.2 in particular would suggest that current serving members on the Council’s Harbour Board should not be nominated for consideration by the appointing body.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – The subject of this report is not directly linked to any of the Council’s corporate or community priorities.
- 4.2 Community /Stakeholder Issues – No community or stakeholder consultations are required.
- 4.2 Policy And/Or Delegated Authority – The nomination referred to in this report, has not been delegated to any Committee, and therefore a decision of the Council is required.
- 4.3 Risk Management – No strategic or operational risks to the Council have been identified.
- 4.4 Equalities, Health And Human Rights – No issues have been identified.
- 4.5 Environmental – None.



## Resources

- 4.6 Financial – There are no financial implications for the Council. Any expenses incurred by the Council's nominees will be paid directly by LPA.
- 4.7 Legal – None.
- 4.8 Human Resources – None.
- 4.9 Assets And Property – None.

## **5.0 Conclusions**

- 5.1 The Council is asked to consider nominating 3 persons to the Board of Lerwick Port Authority.

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For further information please contact:

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18 May 2016

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## List of Appendices

Appendix 1 – LPA Application Form, Register of Interest Form and Guidance Notes

Appendix 2 – Section 2.9 of Extract from “Modern Trust Ports for Scotland – Guidance for good governance”

## Background documents:

Trust Port Guidelines

[http://www.transportscotland.gov.uk/sites/default/files/documents/rrd\\_reports/uploaded\\_reports/j249946/j249946.pdf](http://www.transportscotland.gov.uk/sites/default/files/documents/rrd_reports/uploaded_reports/j249946/j249946.pdf)

END



**LERWICK PORT AUTHORITY**  
**Application as Board Member**  
**Shetland Islands Council Nominees Sector**

APPLICATION FORM

1. Application as nominee of Shetland Islands Council
2. Full Name .....
3. Address .....  
.....  
.....
4. Biographical Information of Applicant – complete page attached\* or append separate CV.
5. Signature of Applicant .....
6. Date .....
7. Please enclose:  
    i) this page  
    ii) biographical information or CV

## This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# **LERWICK PORT AUTHORITY**

## **GUIDANCE NOTES FOR APPLICANTS** **NOMINATION AND APPOINTMENT OF BOARD MEMBERS 2016** **SHETLAND ISLANDS COUNCIL NOMINEES**

1. All persons applying to become Board Members of Lerwick Port Authority must submit an application form to the Authority by 27 May 2016.
2. For the sector of persons nominated by Shetland Islands Council, applicants must be nominees of the Council. The Council may decide on its nominees at the full Council meeting on 18 May 2016, or an earlier meeting if appropriate.
3. Valid Applications received by the Authority by the closing date of 27 May 2016 will be considered by an appointing body.
4. The appointing body may interview such of the applicants as it sees fit.
5. Please note the appointing body will have particular regard to the following considerations:-
  - i) the special knowledge, experience or ability of applicants to contribute to the efficient and economic discharge by Members of their functions noting the Authority's Policy and procedures for handling conflicts of interest
  - ii) the special knowledge, experience or ability of applicants in one or more of the following matters:

Management of harbours; shipping or other forms of transport; the fishing industry; sailing and other water-related leisure activities; navigation; industrial, commercial or financial matters; administration; the oil industry; safety; personnel management; environmental matters affecting harbours; local community interests.
6. The appointing body shall decide which persons, who have applied as the nominees of Shetland Islands Council, shall be appointed as Members of Lerwick Port Authority. Prior to taking up the appointment, applicants are required to sign Declarations.
7. Any Application by a candidate may be withdrawn in writing by the applicant.
8. Applications, together with the necessary enclosures, should be addressed to the undersigned. The closing date for receipt of Applications is 27 May 2016.

Sandra Laurenson  
Chief Executive  
Lerwick Port Authority  
Albert Building  
Lerwick  
Shetland  
ZE1 0LL

Email: [info@lerwick-harbour.co.uk](mailto:info@lerwick-harbour.co.uk)



# **LERWICK PORT AUTHORITY**

## **BOARD POLICY & PROCEDURES FOR HANDLING CONFLICTS OF INTEREST**

### **Standards and Conduct**

Lerwick Port Authority's Policy & Procedures on the subject of handling conflicts of interest and how they should be managed are detailed below.

This sets out the main standards of behaviour that the Authority expects from Board Members based on a number of related pieces of legislation and other documents which have been used to provide guidance on this matter, including but not restricted to The Lerwick Harbour Improvement Act 1877, Standing Orders of Lerwick Port Authority and Modern Trust Ports for Scotland – Guide to good governance published by Transport Scotland (November 2012).

Examples of the kind of behaviour required and procedures which should be observed by Board Members, as referred to in the legislation and documents referred to above, are detailed below. It should be noted that this list is not exhaustive.

1. The Lerwick Harbour Improvement Act 1877

Clause 23 “and all questions shall be determined by the majority of the votes of the members present ...”

2. Standing Orders of Lerwick Port Authority

Clause 1.11 “No Member shall take part in any debate or vote on any matter in which that Member has a personal, financial or other significant involvement and at the start of any proceedings of such a matter, such a Member shall declare the interest and withdraw from the debate or vote”.

3. Modern Trust Ports for Scotland – Guide to Good Governance, published by Transport Scotland (November 2012). Section 2.7 “Role” extracts recorded below.

<b>A board member should</b>	<b>A board member should not</b>
Act independently and in good faith in the best interests of the trust port and all its stakeholders (Commissioners Clauses Act 1847).	Represent specific interests when acting as a board member.
Acquire a proper understanding of the business including – delegated authorities, the strategic plan, budget, structure and relationships, financial controls and systems, customers, competition and markets (e.g. rights and responsibilities).	Allow membership of any other organisation club, or society to influence their decisions or actions as a board member.
Send a letter explaining their views on major issues if they cannot attend.	Attempt to influence the decisions or direct the activities of the trust port servants without recourse to the board.
Be team players sharing knowledge and views with fellow board members and abiding by the view of the majority.	Become complacent or stagnant.

## **Procedures**

The primary objective of these procedures is to ensure that all occasions when a conflict of interest arises are managed fairly, consistently, professionally and with integrity and where there has been a breach of discipline by an individual Board Member or Members, to encourage an improvement in conduct or performance.

Members of the Board are appointed to serve the best interests of the Authority not as representatives of particular interests.

During Board meetings matters can arise which draw out strongly held views from individual Members. Dissent, nonconformity and disagreement are part and parcel of debate and are to be encouraged. However when a decision has to be made then the majority view of Board Members determines the outcome. If any Member or Members cannot accept the democratic majority view on a particular issue then they should withdraw from meetings when the matter in question is discussed or then resign from the Board.

Should the situation occur where a dissenting and minority Member or Members refuse to put their weight behind the majority decision of the Board, continue to oppose the majority view both within and publicly outwith the Boardroom and refuse to leave the meetings or resign then the majority of Board Members shall review the dissenting Members' performance.

Following a request by the majority of Board Members, the dissenting and minority Member or Members shall be invited to meet with the Chairman of the Authority to review their performance. If the Chairman of the Authority is a dissenting minority Member, the majority of Board Members shall appoint one of their number to undertake this performance review.

Following this meeting, in the event that the dissenting and minority Member or Members continue to oppose the majority view both within and publicly outwith the Boardroom and refuse to leave the meetings then the majority of Board Members shall reserve the right to dismiss the dissenting minority Member or Members. In such case, the decision of the majority of Board Members shall be final.



## **LERWICK PORT AUTHORITY**

### **Declaration – Conflicts of Interest**

“I, \_\_\_\_\_, having read Lerwick Port Authority’s Policy & Procedures for handling Conflicts of Interest, hereby declare that I will act in accordance with the policy as a Member of Lerwick Port Authority.

Signature: .....

Date: .....



- 2.8.3. The board should appraise the performance of the chief executive, the chairperson and deputy chairperson on a similar basis. As a general rule the board should be responsible for appointment of the chairperson and deputy chairperson from amongst its members with regard to previous performance.
- 2.8.4. The administration of remuneration policy should be the preserve of a remuneration committee of the board, where appropriate, which should comprise two or three members and should make available its terms of reference. It should have delegated responsibility to set the remuneration levels of board members and the chairperson. The remuneration committee should also recommend and monitor the remuneration of the senior executives.
- 2.8.5. The remuneration committee should, as part of its duties, consider the compensation commitments that would be entailed in the event of early termination of appointments, and where remuneration consultants are appointed, a statement should be made detailing any links that they may have with the port.
- 2.8.6. It is acknowledged that in many smaller trust ports, board members are not remunerated, due to the financial position of the port or as a matter of board policy.
- 2.8.7. At any stage through the year, but particularly during formal appraisal process, if an assessment is made that a board member is not felt to have made an effective contribution to the trust port, through both regular attendance and input to the work of the trust port, he or she should receive a formal written warning setting out the chairperson's views. Specific further targets to achieve should be set on the understanding that a lack of improvement within an agreed time scale will result in termination of his or her appointment, either through resignation or a vote of no confidence from the board. The chairperson, deputy chairperson and chief executive should be prepared to work with these members to offer encouragement and support.

## 2.9 Probity and Interests

- 2.9.1. Prudent management requires that every trust port should be subject to the direction and management of a board that is fit for purpose. Individual board members should also be 'fit and proper' persons. Suitability can be determined with regard to an individual's competence, probity, soundness of judgement, personal reputation and character, and diligence. It can also be determined by whether membership of an individual would or does pose a threat to the interest of the whole including all the stakeholders. Suitability is for the board to consider before an appointment is made, and for the chairperson and executive to consider on a continuing basis and certainly before reappointment is recommended.
- 2.9.2. As a general rule, any board member who has previously been dismissed from any trust port board should not be considered for appointment. Neither should any applicant who is bankrupt or has a criminal conviction remaining unspent. An appointee should not be a current or recent member of another trust, company or local authority port board, where the other port might be viewed as a direct or indirect competitor of the appointing body.

- 2.9.3. All candidates short listed for board appointment should be asked to complete a screening questionnaire disclosing their interests and answering other questions about their fitness to serve.
- 2.9.4. One of the commonest complaints levelled at members of trust port boards and their executives by members of the public is that they are not acting in an independent and impartial manner. Candidates who declare a potential conflict of interest should not be automatically debarred. However, should they be short listed, they should be able to demonstrate an ability to act in an independent manner in the interest of the trust port to the satisfaction of the selection panel. Appropriate questions would need to be asked to determine whether there is a genuine conflict of interest and whether it would hamper an individual's compliance with the requirements of board membership and the national standards.
- 2.9.5. In accord with Government best practice, all trust ports should maintain a register of interests for its board. The information provided by appointees in their screening questionnaire should form the basis of their entry. This should be freely open to inspection by the public on request. It is the responsibility of the chairperson, chief executive and individual members to ensure that it is kept up to date. In addition all trust ports should, through the chairperson and chief executive provide members with guidance and help them to identify and register what may constitute a conflict of interest and what action would be appropriate to resolve it.
- 2.9.6. Registers of interest should include:
- pecuniary and non-pecuniary interests of members, their close family and associates which relate closely to the port's activities ; and
  - hospitality or gifts that could not be considered insignificant accepted by the board member or close family associated with the port and its operations.
- 2.9.7. Key elements of the register should be published in the annual report. Failure to disclose an interest otherwise discovered should be a matter for formal censure by the board, supported by a written warning from the chairperson or chief executive in the first instance. Further lapses (depending on seriousness) should be considered as grounds for termination.
- 2.9.8. In the course of board business it is possible that a member's declared interest may present a conflict with the matter under discussion. In these circumstances, board members must declare such conflicts of interest either before or at the board meeting in advance of any discussion of the item concerned, and must offer to withdraw. The chairperson, in consultation with the board, should decide whether or not a conflict does arise, and if it does, should ask the member to withdraw from the meeting for the duration of the item, or invite them to stay if they can contribute on a factual basis only. The fact that a member has declared an interest and the way in which this is handled should be recorded in the minutes.
- 2.9.9. The principles relating to conflict of interest should not apply to exclude the members of any consultative or advisory committee created or routinely consulted by the board.

- 2.9.10. As with declaration in the register, if it is subsequently discovered that a participating member failed to declare a relevant interest in the course of conducting board business, the chairperson should consult the chief executive to decide what action is merited in the interests of accountability and probity. Such action should, at the very least, result in a formal censure by the board. Further lapses (depending on seriousness) should be considered as grounds for termination.

## 2.10 Personal Liability

- 2.10.1. Trust port board members have a duty of care to the trust they are appointed to oversee. Incorporation by a trust port of Section 60 of the Commissioners' Clauses Act 1847 into its local legislation means that Board members cannot be sued or prosecuted for lawfully exercising their powers as a member. In addition a member's property shall not be subject to legal process because of a contract entered into as a member or because of any lawful act in exercise of members' powers.
- 2.10.2. Section 60 also provides that members shall be indemnified out of funds held by the board for all payments made or liability incurred, and all losses/costs/damages which they may suffer, in respect of acts done in exercise of members' powers.
- 2.10.3. All boards should adopt the provisions of the Commissioners' Clauses Act into their local Act in the interests of good governance.
- 2.10.4. Boards may wish to consider ensuring that they have appropriate modern wording for the indemnity provisions in their local legislation. The wording used in Section 60 is not ideal as it does not make explicit that the indemnity applied only in respect of acts done lawfully in the exercise of the relevant powers. However if a change is required to the port's local legislation, a Harbour Revision Order would be needed.
- 2.10.5. Boards should have access to professional advice at the port's expense where they judge it necessary to discharge their responsibilities.

## 2.11 Training

- 2.11.1 In order to achieve the goals set by these standards it is essential that board members receive training to enable them to undertake their role effectively. Many trust ports have very limited resources and Scottish Ministers will seek to facilitate training in co-ordination with port industry bodies where possible.
- 2.11.2 Based on the experience of the years since *Modernising Trust Ports* was first produced Scottish Ministers will consider how the training is best delivered but it may include
- On-the-job training at port level. This will ensure all board members are familiar with board procedures, port operations, and current strategies. This functional training could be tailored to meet the needs of individual board members (taking their existing experience and skills into account) and must reflect the circumstances of individual ports; and
  - Facilitated groups on the impact of this revised guidance to deliver clear messages on the conduct of boards and the wider issues of ports policy (set in



**Shetland Islands Council****25 May 2016****Appointment of Deputy Leader**

Report No. GL-27-F

**Report Presented by  
Executive Manager – Governance and Law****Corporate Services Department****1.0 Summary**

- 1.1 The Council received formal resignation by Councillor Billy Fox from the position of Deputy Leader on 15 March 2016.
- 1.2 The purpose of this report is therefore to provide an opportunity for the Council to make the necessary appointment in line with the Council's Constitution.

**2.0 Decision Required**

- 2.1 That the Council **RESOLVES** to appoint a Councillor to the post of Deputy Leader with effect from 26 May 2016, until the last day of this Council's term of office, namely 3 May 2017.

**3.0 Background**

- 3.1 During the review of the Council's constitutional and governance arrangements in 2014 [the 'mid-term review'] the position of a Deputy Leader was considered, approved and established at a meeting of the Council on 14 May 2014 [Min. Ref. 28/14].
- 3.2 The role of Deputy Leader is in support of the Leader's responsibilities in relation to political direction and leadership. In this regard, the Deputy Leader also holds the office of Vice-Chair of the Policy and Resources Committee and chairs those meetings in the absence of the Leader.
- 3.3 In the event of the appointment of the Deputy Leader resulting in a vacancy in another senior office bearer appointment, another appointment to the vacancy may be required from amongst the remaining Councillors. Such an appointment may also result in the need for a further additional appointment to the Policy and Resources Committee in order to ensure ward representation.

## 4.0 Implications

### Strategic

4.1 Delivery On Corporate Priorities – The terms of this report does not directly support the Council's Corporate Plan, but the role of Depute Leader serves to uphold the purpose of the Council's Constitution [Part A Governance] by enabling the Council to provide clear leadership in the Community and to the organisation.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/or Delegated Authority – The appointment to a senior office bearer appointment has not been delegated to any Committee, and remains a constitutional appointment reserved to the Council.

In the event of the number of nominations being more than one, the Councillor to be appointed will be determined by a vote. The vote will normally be taken by a show of hands, or the Council may resolve to take the vote by secret ballot (Standing Order 10.5).

4.4 Risk Management – There are no direct risks involved in the proposals contained in this report. In the event that the Council does not appoint, the position will remain vacant and any risks may be political or community ones based at a local level, to be managed the other senior office bearers of the Council.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

### Resources

4.7 Financial – There are no financial implications arising from this report, as this as an existing position and is provided for within the current Members' Expenses budget for approved duty expenses.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

## 5.0 Conclusions

5.1 This report seeks the Council's appointment to the post of Depute Leader.

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19 May 2016

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List of Appendices

None.

Background documents:

Shetland Islands Council – 14 May 2014

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=16257>

END





**Policy & Resources Committee  
Shetland Islands Council**

**24 May 2016  
25 May 2016**

## **Shetland Islands Council 2015/16 Draft Outturn**

**F-035-F**

**Report Presented by Executive Manager – Finance**

**Corporate Services**

### **1.0 Summary**

- 1.1 The purpose of the 2015/16 Draft Outturn report is to present the actual spending position for Shetland Islands Council.
- 1.2 The 2015/16 actual spend is within the budget set for the year, which will assist the organisation to move closer towards achieving financial sustainability in the future.

### **2.0 Decision Required**

The Policy & Resources Committee RECOMMENDS that the Council RESOLVES to:

- note the 2015/16 draft outturn position, and
- approve the 2015/16 proposed carry-forwards.

### **3.0 Detail**

- 3.1 The detail of the 2015/16 draft outturn position is set out in Appendix 1 to this report.
- 3.2 This will be subject to final accounting and audit adjustments as part of the year end accounts preparation process.

### **4.0 Implications**

#### Strategic

- 4.1 Delivery On Corporate Priorities

The 2015/16 draft outturn position will contribute towards delivering the Medium Term Financial Plan. The actual spend is within the budget agreed for 2015/16.

4.2 Community/Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

The Chief Executive and Directors have delivered within the Council's budget in accordance with the Scheme of Delegations and Financial Regulations. The Policy and Resources Committee has responsibility for securing the co-ordination, control and proper management of the Council's financial affairs, and for making recommendations to the Council as to its capital and revenue expenditure. The approval of final revenue and capital expenditure is reserved to the Council.

4.4 Risk Management – None.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

#### Resources

4.7 Financial

There is a net contribution to reserves required to balance the budget in 2015/16 of £5.746m (unaudited figure). This is mainly due to one-off capital receipts. Prior years required draws on reserves as follows; £2m in 2014/15, £14.9m in 2013/14 and £21.59m in 2012/13.

Despite this progress the Council's reliance on reserves to balance its budget in the medium term is forecast to remain at an unsustainable level and further work will be required, for example to identify savings, efficiencies and income generation, to ensure the Council can demonstrate its ability to live within its means year on year over the medium to long term.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

## **5.0 Conclusions**

5.1 The draft outturn position for 2015/16 will assist the Council in its progress towards achieving an ongoing financially sustainable position.

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For further information please contact:  
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## List of Appendices

### Appendix 1 – 2015/16 Draft Outturn Position

#### Background documents:

Report: F-020-F Management Accounts for Social Services Committee: 2015/16 – Draft Outturn Quarter 4

Report: F-033-F Management Accounts for Education & Families Committee: 2015/16 – Draft Outturn Quarter 4

Report: F-021-F Management Accounts for Environment & Transport Committee: 2015/16 – Draft Outturn Quarter 4

Report: F-022-F Management Accounts for Harbour Board: 2015/16 – Draft Outturn Quarter 4

Report: F-024-F Management Accounts for College Board : 2015/16 – Draft Outturn Quarter 4

Report: F-023-F Management Accounts for Development Committee: 2015/16 – Draft Outturn Quarter 4

Report: F-025-F Management Accounts for Policy & Resources Committee: 2015/16 – Draft Outturn Quarter 4



# Shetland Islands Council



## 2015/16 Financial Review

**The Council's Draft Outturn Position**

*Securing the Best for Shetland*

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## Executive Summary

- 1.01 The 2015/16 draft outturn report sets out the actual spending position for the Council.
- 1.02 The draft outturn position has exceeded the target set out in the Medium Term Financial Plan for the year and this successful management of the overall financial resources for 2015/16 is a crucial step to evidencing the organisation's ability to live within its means and aligning expenditure with available resources, a corporate objective.
- 1.03 This improved financial performance from that which was approved as the budget for 2015/16 has been delivered in an environment that was challenging for the public sector and in the face of increasing costs and changing needs and demands being placed upon it.
- 1.04 The total net draw was a contribution to reserves to balance the budget in 2015/16 of £5.746m, (unaudited figure), due mainly to one-off capital receipts and one-off fortuitous additional income and underspends. In previous years, the draw on reserves were as follows; £2.0m in 2014/15, £14.9m in 2013-14 and £21.5m in 2012-13. Despite this progress the Council's current reliance on reserves to balance its budget is forecast to remain at an unsustainable level and further work will be required, for example to identify savings, efficiencies and income generation, to ensure that the Council can demonstrate its ability to live within its means year on year over the medium to long term.

### 2015/16 Draft Draw (to)/from Reserves Summary

- 1.05 The table shows that the draft draw is a contribution to reserves of £5.746m against a targeted draw of £12.687m a reduction in the draw on reserves against the revised budget of £18.433m. Also shown is the carry-forwards requested of £5.576m which will result in a draw on reserves in 2016-17.

Spending Area	2015/16 Revised Budget £m	2015/16 Actual £m	2015/16 Variance £m	2015/16 Carry Forwards £m	2015/16 Revised Variance £m
General Fund	15.760	6.634	9.126	2.110	7.016
Harbour Account	(5.192)	(3.549)	(1.643)	0	(1.643)
Marine Fund	0.138	0.143	(0.005)	0	(0.005)
Housing Revenue Account	(0.444)	(1.429)	0.985	0	0.985
Asset Investment Plan (Capital Programme)	0.895	(7.610)	8.505	3.174	5.331
Spend to Save (Capital and Revenue)	1.530	0.065	1.465	0.292	1.173
<b>TOTAL DRAW ON RESERVES</b>	<b>12.687</b>	<b>(5,746)</b>	<b>18.433</b>	<b>5.576</b>	<b>12.857</b>

## **Reserves health check**

- 1.06 The value of the externally invested reserves stood at £286.7m on 31 March 2016 (£278.9m 31 March 2015). The valuation of funds invested as at the 31 March 2016 has increased by £7.8m since 31 March 2015, this included £10m of transfers to reserves. Excluding these transfers, the overall return for the financial year was -0.8%.
- 1.07 The transfers throughout the year into reserves of £10m were from the sale of the Sullom Voe tug vessels and the final payment from the Scottish Government in respect of the Housing debt write-off. There was no withdrawal from the fund manager portfolio reserves in the year, with close management of the cash in the bank sufficient to meet in year expenditure.
- 1.08 This will be reflected in the updated Medium Term Financial Plan in June 2016. However, it is important to recognise that stock market values will fluctuate from year to year, and this should not form a basis for altering the current course if the Council still wishes to become financially sustainable by 2020.

## The 2015/16 General Fund

2.01 The 2015/16 General Fund budget and actual comparison is set out in the table below:

Line No.	Description	2015/16 Revised Budget £000s	2015/16 Actual £000s	2015/16 Variance £000s	Remove 2015/16 Carry Forwards £000s	2015/16 Revised Variance £000s
1	Chief Executive & Cost of Democracy	2,318	2,271	47	11	36
2	Children's Services	41,614	41,295	319	189	130
3	Community Care Services	21,309	19,274	2,035	13	2,022
4	Corporate Services	8,790	8,274	516	219	297
5	Development Services	14,916	14,184	732	245	487
6	Infrastructure Services	21,360	18,887	2,473	1,433	1,040
7	Fund Manager Fees	700	824	(124)	0	(124)
8	<b>GENERAL FUND SERVICES NET EXPENDITURE (equals lines 1-7)</b>	<b>111,007</b>	<b>105,009</b>	<b>5,998</b>	<b>2,110</b>	<b>3,888</b>
9	Cost Pressures & Contingency	2,342	0	2,342	0	2,342
10	Economic Development Investment Income	0	(840)	840	0	840
11	Spend to Save Unallocated	693	0	693	0	693
12	Recharges Out (to Other Funds/External Bodies)	(2,097)	(1,942)	(155)	0	(155)
13	<b>TOTAL NET GENERAL FUND EXPENDITURE (equals line 8 - 12)</b>	<b>111,945</b>	<b>102,227</b>	<b>9,718</b>	<b>2,110</b>	<b>7,608</b>
	Funded by:					
14	GRG/NNDR (Scottish Government Allocation)	(87,036)	(87,036)	0	0	0
15	Council Tax	(8,421)	(8,492)	71	0	71
16	<b>TOTAL CORE FUNDING (equals lines 14-15)</b>	<b>(95,457)</b>	<b>(95,528)</b>	<b>71</b>	<b>0</b>	<b>71</b>
	<b>Deficit to be funded from Reserves:</b>					
17	Draw on Reserves – General Fund (Sustainable)	(10,568)	(3,085)	(7,483)	(2,110)	(5,373)
18	Draw on Reserves – Equivalent to Harbour Account Surplus	(5,192)	(3,549)	(1,643)	0	(1,643)
19	Draw on Reserves –Spend to Save	(728)	(65)	(663)	0	(663)
20	<b>TOTAL FUNDING FROM RESERVES (equals lines 17-19)</b>	<b>(16,488)</b>	<b>(6,699)</b>	<b>(9,789)</b>	<b>(2,110)</b>	<b>(7,679)</b>
21	<b>TOTAL FUNDING (equals line 16 plus line 20)</b>	<b>(111,945)</b>	<b>(102,227)</b>	<b>(9,718)</b>	<b>(2,110)</b>	<b>(7,608)</b>
22	<b>Balanced budget (lines 13 plus 21)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Expenditure**

- 2.02 The General Fund Services Net Expenditure was budgeted to be £111.007m in 2015/16 as shown at Line 8 in the table above, actual expenditure of £105.009m has been incurred resulting in an underspend for the year of £5.998m. This expenditure represents the spending on the day to day costs of Council services. Detailed variances are included in the individual committee reports. A high level summary of the main variances is set out below:
- 2.03 Chief Executive & Cost of Democracy (**£0.05m or 2% underspend**)
- There are no significant variances.
- 2.04 Children's Services (**£0.3m or 0.8% underspend**)
- Recurring savings identified through staffing reductions and operational efficiencies across the Quality Improvement/Schools service £407k.
- 2.05 Community Care Services (**£2.0m or 10% underspend**)
- Staffing underspends across the service £1.6m.
- 2.06 Corporate Services (**£0.5m or 6% underspend**)
- Increased income from commercial property leases £221k and staffing vacancies £117k.
- 2.07 Development Services (**£0.7m or 5% underspend**)
- Increased income from local investments £202k and underspending on Fairer Scotland scheme grants whilst awaiting EU funding of £186k.
- 2.08 Infrastructure Services (**£2.5m or 12% underspend**)
- Increased income from Environmental services and Scord quarry £1.6m and underspending on ferry fuel costs £725k.
- 2.09 Fund Managers Fees (**£0.1m or 18% overspend**)
- Fund Managers fees - these are calculated as a percentage of the total funds invested. These costs have increased as the value of investments throughout the year have increased above the level the budget was based upon (£125k).

## **Funding**

- 2.10 The Scottish Government allocation is the Council's General Revenue Grant and the level of income that the Council will receive from the National Non-Domestic Rates Pool, this totalled £95.5m.
- 2.11 The increase in Council Tax collected of £71k is due growth in the number of properties over that estimated in the budget.
- 2.12 The remainder of the funding required to balance the General Fund has to come from the Council's reserves. This was £6.699m in 2015/16 (Line 20 in the table at 2.01) against a budgeted draw of £16.488m, in line with the overall reductions in expenditure as explained in the previous section.

## The 2015/16 Harbour Account

3.01 The 2015/16 Harbour Account budget and actual comparison is set out in the table below:

Line No.	Description	2015/16 Revised Budget £000s	2015/16 Actual £000s	2015/16 Variance £000s
	<b>Expenditure:</b>			
1	Sullom Voe	13,799	13,617	182
2	Scalloway	895	722	173
3	Other Piers	344	285	59
4	Jetties & Spur Booms	2,294	3,327	(1,033)
5	Terminals	670	364	306
<b>6</b>	<b>HARBOUR ACCOUNT SERVICES EXPENDITURE (equals lines 1-5)</b>	<b>18,002</b>	<b>18,315</b>	<b>(313)</b>
	<b>Income:</b>			
7	Harbour Fees & Charges	(16,286)	(15,066)	(1,220)
8	Terminal Berthing Charges	(3,046)	(3,145)	99
9	Jetties & Spur Booms	(2,294)	(3,327)	(1,033)
10	Shetland Gas Plant	(1,430)	(183)	(1,247)
<b>11</b>	<b>TOTAL INCOME (equals lines 7-10)</b>	<b>(23,056)</b>	<b>(21,721)</b>	<b>(1,335)</b>
<b>12</b>	<b>TOTAL HARBOUR ACCOUNT NET INCOME (equals line 6 plus line 11)</b>	<b>(5,054)</b>	<b>(3,406)</b>	<b>(1,648)</b>
	<b>Contributions (from)/to Reserves</b>			
11	Draw on Reserves – Marine Fund	(138)	(143)	5
12	Contribution to Reserves – Reserve Fund	5,192	3,549	1,643
<b>13</b>	<b>TOTAL FUNDING FROM/(TO) RESERVES (equals lines 11-12)</b>	<b>5,054</b>	<b>3,406</b>	<b>1,648</b>
<b>14</b>	<b>Balanced budget (line 11 plus line 13)</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.02 The Harbour Account budgeted for a contribution to the Reserve Fund of £5.192m in 2015/16 and this was not achieved by £1.643m resulting in contribution of £3.549m, comprising:

- Reduction in tanker traffic and low oil prices has resulted in less harbour fees and charges;
- The late start (February 2016) of the Shetland Gas Plant being operational and low gas prices has resulted in lower income.

3.03 The Ports and Harbours operations only generating a surplus of £78k. The contribution to Reserves is mainly derived from the terminal berthing charge which is funded by the General Fund and does not result in additional income to the Council as a whole.

## The 2015/16 Housing Revenue Account Budget

4.01 The 2015/16 Housing Revenue Account budget and actual comparison is set out in the table below:

Line No.	Description	2015/16 Revised Budget £000s	2015/16 Actual £000s	2015/16 Variance £000s	Remove 2015/16 Carry Forwards £000s	2015/16 Revised Variance £000s
	<b>Expenditure:</b>					
1	Supervision & Management	723	631	92	0	92
2	Repairs & Maintenance	2,524	2,722	(198)	0	(198)
3	Void Rents & Charges	181	109	72	0	72
4	Garages	30	28	2	0	2
5	Capital Funded from Current Revenue	978	0	978	0	978
6	Capital Charges – Dwellings	1,827	1,832	(5)	0	(5)
7	<b>TOTAL EXPENDITURE (equals lines 1-6)</b>	<b>6,263</b>	<b>5,322</b>	<b>941</b>	<b>0</b>	<b>941</b>
	<b>Income:</b>					
8	Interest on Revenue Balances	(4)	(2)	(2)	0	(2)
9	Rents – Dwellings	(6,526)	(6,534)	8	0	8
10	Rents – Other i.e. garages/sites etc	(177)	(215)	38	0	38
11	<b>TOTAL INCOME (equals lines 8-10)</b>	<b>(6,707)</b>	<b>(6,751)</b>	<b>44</b>	<b>0</b>	<b>44</b>
	<b>Contribution to Reserves:</b>					
12	Contribution to Reserves - Housing Repairs & Renewals Fund	444	1,429	(985)	0	(985)
13	<b>TOTAL FUNDING (equals lines 11 plus line 12)</b>	<b>(6,263)</b>	<b>(5,322)</b>	<b>(941)</b>	<b>0</b>	<b>(941)</b>
14	<b>Balanced HRA budget (line 7 plus line 13)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

4.02 The Housing Revenue Account (HRA) delivered against its 2015/16 budget. There was an increased contribution to the Housing Repairs and Renewals Fund of £985k. Detailed information is contained in the Development Committee report. The main variance was:

- There was no Capital from Current Revenue (CFCR) required to fund the capital programme. The cost of capital expenditure was met from capital receipts from the sale of houses.

4.03 The net effect is a contribution to the Housing Repairs and Renewals Fund of £1.429m.



## The Asset Investment Plan (Capital Programme) Budget

5.01 The 2015/16 Asset Investment Plan budget and actual comparison is set out in the table below:

Description	2015/16 Revised Budget £000s	2015/16 Actual £000s	2015/16 Variance £000s	Remove 2015/16 Carry Forwards £000s	2015/16 Revised Variance £000s
<b>Expenditure:</b>					
New Developments - Contractually Committed Projects	21,361	4,974	16,387	14,545	1,842
Maintenance of Existing Assets	9,701	6,803	2,898	2,556	342
Spend to Save Projects	802	510	292	292	0
Housing Revenue Account Projects	1,728	1,558	170	170	0
<b>TOTAL EXPENDITURE</b>	<b>33,592</b>	<b>13,845</b>	<b>19,747</b>	<b>17,563</b>	<b>2,184</b>
<b>Income:</b>					
Capital Grants/External Funding	(9,576)	(8,683)	(893)	(113)	(780)
Capital Funded from Current Revenue (GF, Harbour and HRA)	(2,399)	0	(2,399)	0	(2,399)
Capital Receipts (General Fund and HRA)	(1,150)	(9,168)	8,018	(1884)	9,902
<b>TOTAL INCOME</b>	<b>(13,125)</b>	<b>(17,851)</b>	<b>(4,726)</b>	<b>(1,997)</b>	<b>6,723</b>
Spend to Save – Draw on Reserves	(802)	0	(802)	(292)	(510)
(Draw from)/Contribution to Reserves	(895)	7,610	(8,505)	(3,174)	(5,331)
Borrowing – GF and Harbour	(18,770)	(3,604)	(15,166)	(12,100)	(3,066)
<b>TOTAL DEFICIT FUNDING REQUIRED</b>	<b>(20,467)</b>	<b>4,006</b>	<b>(24,473)</b>	<b>(15,566)</b>	<b>(8,907)</b>
<b>TOTAL FINANCING</b>	<b>(33,592)</b>	<b>(13,845)</b>	<b>(19,747)</b>	<b>(17,563)</b>	<b>(2,184)</b>
<b>Balanced Asset Investment Plan</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

5.02 The Asset Investment Plan underspent against its revised expenditure budget for 2015/16 by £19.747m. This comprised of:

- This was due to budget provision being made in 2015/16 to allow should projects be ready to go ahead, projects to proceed. The projects underspent were mainly on the new AHS £14.8m; Eric Gray Resource Centre and the Town Hall Conservation project £1.2m. There is a requirement to request a carry-forward of £17.563m.

## Spend to Save Budget

6.01 The 2015/16 Spend to Save budget and actual comparison is set out in the table below, these budgets are included in the General Fund and Asset Investment Plan above :

Description	2015/16 Revised Budget £000s	2015/16 Actual £000s	2015/16 Variance £000s	Remove 2015/16 Carry Forwards £000s	2015/16 Revised Variance £000s
<b>Expenditure:</b>					
Revenue Projects	728	65	663	0	663
Capital Projects	802	510	292	292	0
<b>TOTAL EXPENDITURE</b>	<b>1,530</b>	<b>575</b>	<b>955</b>	<b>292</b>	<b>663</b>
<b>Funded by:</b>					
Capital Grant	0	(510)	510	0	510
Draw on Reserves – Spend to Save	(1,530)	(65)	(1,465)	(292)	(1,173)
<b>TOTAL FUNDING</b>	<b>(1,530)</b>	<b>(575)</b>	<b>(955)</b>	<b>(292)</b>	<b>(663)</b>
<b>Balanced Spend to Save</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

6.02 The 2015/16 Spend to Save budget was underspent due to less revenue projects coming to fruition in the year as anticipated. Budget provision was made to allow the ET & Taing project to progress in 2015/16 should it be ready to do so. There is a requirement to request a carry-forward of £0.2m.

## 2015/16 Carry Forwards into 2016-17

7.01 The 2016/17 revenue budget did not include any carry-forward allocations. However, in line with the carry-forward scheme there are a number of carry-forward requests by Directorates into the new financial year. The table below sets these items out:

Directorate	Reason	2015/16 Carry-Forward Budget Request £000s	2016-17 Additions to Directorate Totals £000s
Executive & Corporate	External Funding	115	
	50% Underspend	116	231
Children's Services	External Funding	117	
	50% Underspend	72	189
Community Care	External Funding	13	
	50% Underspend	0	13
Development	External Funding	58	
	Committed Expenditure	118	
	50% Underspend	245	421
Infrastructure	External Funding	393	
	50% Underspend	1,040	1,433
<b>TOTAL EXPENDITURE</b>			<b>2,287</b>
<i>Funded by:</i>			
General Fund - Draw on Reserves in 2016-17			(2,287)
<b>TOTAL FUNDING</b>			<b>(2,287)</b>
<b>Balanced Carry Forwards</b>			<b>0</b>

7.02 The 2015/16 outturn has been adjusted so that the revised variances in this report exclude the items above so that they are budgeted in the correct year.

7.03 The 2016/7 capital budget did not include any carry-forward money. However, in line with the carry-forward scheme only committed project underspends can be carried forward. The carry-forward requests by Directorates into the new financial year are set out in the table below:

Directorate	Reason	2016-17 Requested Additions to Directorate Totals £000s
Children's Services	Committed Projects	14,510
Community Care	Committed Projects	299
Development	Committed Projects	270
Executive & Corporate	Committed Projects	1,174
Infrastructure	Committed Projects	1,310
<b>TOTAL EXPENDITURE</b>		<b>17,563</b>
<i>Funded by:</i>		
General Fund-Draw on Reserves in 2016-17		(5,058)
Spend to Save-Draw on Reserves in 2016-17		(292)
Grant Funding		(113)
Borrowing		(12,100)
<b>TOTAL FUNDING</b>		<b>(17,563)</b>
<b>Balanced Carry Forwards</b>		<b>0</b>

7.04 The 2015/16 outturn has been adjusted so that the revised variances in this report exclude the items above so that they are budgeted in the correct year.



**Policy and Resources Committee  
Shetland Islands Council**

**24 May 2016  
25 May 2016**

## **Asset Investment Plan – Progress Report**

**CPS-08-16-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 which are currently underway or to be started in 2016/17.
- 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 Asset Investment Plan.

### **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 all capital projects within the current financial year including 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 – The Asset Investment Plan projects which are currently underway or to be commenced in 2016/17, detailed in this report, have the following overall financial implications:

Full Life Predicted Outturn Cost	£49.1m
External Funding Contributions	£5.7m (12%)
Cost to the Council	£43.4m
Total Expenditure to Date	£17.6m
Outstanding Expenditure	£31.5m

- 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 which is currently underway or to be commenced in 2016/17.

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

Background documents: None

END





**Shetland Islands Council****25 May 2016**

<b>Council Business Programme 2016/17</b>	
GL-20-16-F	
<b>Executive Manager – Governance and Law</b>	<b>Corporate Services Department</b>

## **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.

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For further information please contact:

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*17 May 2016*

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#### 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, 18 May 2016**

Shetland Islands Council			
<i>D= Delegated R=Referred</i>			
Quarter 1 1 April 2016 to 30 June 2016	Date of Meeting	Business	
	Ordinary 20 April 2016 10 a.m.	Shetland's Local Outcomes Improvement Plan 2016-20	D
		Corporate Risk Register	D
		Shetland Inter Island Transport Study	D
		College Integration – Progress Update and Next Steps	D
		College Integration – Joint Principal Recruitment	D
		Update on request for Support	D
	Special (3 Fund Managers) 18 May 2016 10am	Fund Management Annual Investment Report 2015/16	D
	PPMF 25 May 2016 2 p.m.	SOTEAG Presentation	D
		Shetland Islands Council 2015/16 Draft Outturn	D
		Progress Report - Asset Investment Plan	D
		LPA Appointments	D
		SOTEAG Appointments	D
		Appointment of Depute Leader	D
		Risk Registers	D
		Confidential Risks	D
		Strategic Outline Case – Property Acquisition	D
		Shetland Islands Council Business Programme 2016/17	D



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17  
as at Wednesday, 18 May 2016**

Shetland Islands Council (continued)			
<i>D= Delegated R=Referred</i>			
<b>Quarter 1</b> <b>1 April 2016</b> <b>to</b> <b>30 June 2016</b> <b>(continued)</b>	<b>Date of Meeting</b>	<b>Business</b>	
	<i>Ordinary</i> 29 June 2016 10 a.m.	National Housing Trust Options	D
		Joint Staff Forum – Terms of Reference	D
		Financial Regulations Review	D
		Shetland Islands Council Unaudited Accounts 2015/16	D
		Zetland Educational Trust Unaudited Accounts 2015/16	D
		Low Carbon Transport – Electric Vehicle Charge Points Charge Costs.	D
		Property Acquisition	D
		New Gateway Process for the Approval of Capital Projects	D
		Knab Site – Development Brief	D
		Deliver Sustainable Model for HE, FE, Research and Training	D
		Shetland College Fees	D
<b>Quarter 2</b> <b>1 July 2016</b> <b>to</b> <b>30 September</b> <b>2016</b>	<b>Date of Meeting</b>	<b>Business</b>	
	<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
	<b>Date of Meeting</b>	<b>Business</b>	
	<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, 18 May 2016**

Shetland Islands Council (continued)			
<i>D= Delegated R=Referred</i>			
Quarter 3 1 October 2016 to 31 December 2016	Date of Meeting	Business	
	<i>Ordinary</i> 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
		Knab Site – Redevelopment Options	D
	<i>PPMF &amp; Budget &amp; Ordinary</i> 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, 18 May 2016**

Shetland Islands Council (continued)			
<i>D= Delegated R=Referred</i>			
<b>Quarter 4 1 January 2017 to 31 March 2017</b>	<b>Date of Meeting</b>	<b>Business</b>	
	<i>Ordinary</i> 22 February 2017 10 a.m.	Annual Investment and Treasury Strategy 2017/18	D
	<b>Date of Meeting</b>	<b>Business</b>	
	<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, 18 May 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, 18 May 2016





**Policy and Resources Committee  
Shetland Islands Council**

**24 May 2016  
25 May 2016**

## **Corporate Risk Register**

**Report No: CRP-12-16-F**

**Director of Corporate Services**

### **1.0 Summary**

- 1.1 Risk management is an integral part of the Council's activities. Each Committee receives an updated register of risks for the services within their functional areas on a quarterly basis. The purpose of this report is to present the Council's Corporate Risk Register, appended, to Policy and Resources Committee and to Shetland Islands Council.
- 1.2 The Corporate Risk Register includes risks with regard to the Council's priorities as set out in Our Plan 2016-20 and risks that affect all areas of Council business including high financial risks or potential claims against the Council.
- 1.3 Risks of a confidential nature or that are commercially sensitive are recorded separately.

### **2.0 Decision Required**

- 2.1 That the Policy & Resources Committee and Council RESOLVE to
  - 2.1.1 NOTE the changes to the Corporate Risk Register;
  - 2.1.2 NOTE key risks facing the Council at this time and the action taken to mitigate those risks; and
  - 2.1.3 COMMENT and ADVISE the Chief Executive and senior managers of their views and any changes required.

### **3.0 Detail**

3.1 On 18 April 2016 Policy and Resources Committee requested that a risk relating to pension liability be added to the Corporate Risk Register.

3.2 On 20 April 2016, Shetland Islands Council requested that:

- the Corporate Risk Register be reported to Policy and Resources Committee and to Shetland Islands Council on a quarterly basis as part of the Planning and Performance Management Framework; and that
- A Director or nominee from each directorate attend Policy and Resources Committee and Council to respond to questions on the Corporate Risk Register.

3.3 Three risks have been added to the Corporate Risk Register, namely:

- (031) - The risk of missed opportunities - an organisation-wide Staff Viewpoint Survey was carried out in January 2015 for the purpose of gauging staff opinions. The returns were analysed and reported to all staff. Managers and Directors were then tasked with putting in place a range of measures to address the specific issues raised. This is a significant opportunity to address a range of concerns expressed by staff.

Any perception (real or imagined) that the organisation has not acted upon the findings of the survey, could lead to disillusioned or disengaged staff, a range of associated issues and an impact on services. To control the likelihood of this happening, an action plan was prepared and various pieces of work are currently taking place;

- (032) - The risk that the Corporate Plan will not be met because of the increased workload, particularly for parts of Corporate Services. There is a limit to how much additional work staff can absorb and services are considered to be at capacity. However, to mitigate this risk, Directorate Plans are agreed in advance, the financial planning process is more robust and aligned with other planning processes, and risks to Directorate and Service plans are articulated and considered on a regular basis;
- (033) – Partnership working failure - The Council is involved in various partnerships. Legislative requirements and governmental initiatives such as Health and Social Care (H&SC) Integration and the Community Empowerment Act require the Council to participate in partnership working. Specific governance arrangements may need to be established, depending on the purpose and membership of a partnership, and this can demand significant input from the Council at a time of scarce resources and conflicting demands.

Failure of a partnership can mean a demand on resources, impact on partners and impact on communities. The purpose of the

partnership may not be achieved and the Council may be required to 'pick up the pieces' and step in to provide services until other arrangements can be established, with the related resource implications.

The Council recently arranged training sessions on risk management for the Shetland Partnership and separately for the Integration Joint Board (IJB) of Shetland's H&SC Partnership.

The IJB has its own Risk Management Strategy, Risk Register and reporting arrangements on risk. Work to establish similar risk management arrangements for the Shetland Partnership is at an early stage.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – Our Plan 2016, in its 20 by 20 states that:-
  - High standards of governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.
  - Our approach to managing the risks we face will have resulted in a more risk-aware organisation that avoids high risk activities.
- 4.2 Community /Stakeholder Issues – A robust approach to risk management at all levels of the organisation is essential in order to prevent or reduce potentially negative impacts on the Community/Stakeholders.
- 4.3 Policy And/Or Delegated Authority – Policy and Resources Committee requires the Corporate Risk Register to be reported periodically as per report IA-25-15 [Min. Ref. P&R 75/15]. The Risk Management Strategy forms part of the Policy Framework contained in Section A of the Constitution – Governance, which states that the management body for the Risk Management Strategy lies within the remit of the Policy and Resources Committee. Ensuring the proper management of the Corporate Risk Register is therefore a delegated matter for the Policy and Resources Committee. However, the Council instructed that the Corporate Risk Register be reported to the Council quarterly as part of the PPMF cycle [Min. Ref. SIC 20/16] so that all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information.
- 4.4 Risk Management – Risk management is a continuous process which requires that risk information be presented periodically to Members and senior decision-makers for their consideration. The Council's Risk Management Strategy and associated documents ensure that the Council is actively managing risks, mitigating negative impacts and promoting positive risk taking.

- 4.5 Equalities, Health And Human Rights – By actively managing risks the Council ensures that negative impacts on the staff and service users are anticipated and prevented or minimised.
- 4.6 Environmental – Risks to the environment are considered in reports to committee or the Council in order to ensure that negative impacts are identified and reduced as far as practicable.

### Resources

- 4.7 Financial – Recognising and highlighting risks facing the Council will help ensure that appropriate controls are considered and put in place. There are no financial consequences arising directly from this report.
- 4.8 Legal – There are no legal implications arising directly from this report. Legal issues are considered as an integral part of the risk management process.
- 4.9 Human Resources – Risk management promotes best practice and seeks to protect staff across the Council.
- 4.10 Assets And Property – The effective management of the Council's estate, coupled with appropriate and carefully managed insurance policies for a range of classes of business, ensures that property assets are adequately protected.

## **5.0 Conclusions**

- 5.1 This report presents the Corporate Risk Register (Appendix 1) and highlights the changes to risk data since the last report to Policy & Resources Committee.
- 5.2 Risk management is an integral part of all the Council's activities and regular reports on high level risks as part of the quarterly PPMF cycle keeps Members informed and provides an opportunity for Members to consider the risks in the context of the Council's performance against "Our Plan 2016-20".

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For further information please contact:  
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17 May 2016

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### List of Appendices

Appendix 1 – Corporate Risk Register as at 10 May 2016

END

## Shetland Islands Council

Risk & Details	Frequency	Current Severity	Risk Profile	Current and Planned Control Measures	Probability	Target Severity	Risk Profile	Assigned To
<b>Level</b>	<b>Corporate</b>							
<i>Corporate Plan</i>	<i>A2. Young People - Vulnerable Children and young people's opportunities</i>							
ORG0025 - Physical - People / Property - Other - Child Protection - Children's Services deliver a range of services across a wide geographic area and all service users need to be safe. Children's Social Work manage high risk, complex situations in their work with families. Often it requires significant resource provision to mitigate risks and ensure the safety of a child or young person. A crisis or escalation of a complex situation (often unanticipated) can put a child at increased risk of harm. A failure to act quickly or to the extent required because of restricted resources can result in the child being exposed to potentially more harm or to harm for a longer period of time, resulting in harm to the child, impact on services and financial impact	Possible	Major	High	• Robust systems and procedures in place.Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly.	Unlikely	Major	Medium	Helen Budge Shetland Islands Council
ORG0026 - Economic / Financial - Other - Failure to appropriately accomodate looked-after children, off-island placement. There are circumstances when the Children & Families Team is required to accomodate children and young people away from home. Currently, there is a shortage of foster placements and residential placements in Shetland. On occasion this results in placements being sought away from Shetland, which is undesirable and which comes at a high cost to the Local Authority. There are however situations whereby the assessed needs of a child or young person are such that they require a specialist service that is not available in Shetland, such as secure accommodation or a parenting assessment unit.	Likely	Significant	High	• Working to identify and develop alternative and flexible solutions which includes development of fee-paid foster carers and ensuring a second residential property becomes operational	Possible	Significant	Medium	Helen Budge Shetland Islands Council
<i>Corporate Plan</i>	<i>B2. Older People - Independant Living</i>							

ORG0024 - Communications failure - Risk of harm to a vulnerable adult - Shetland has an increasing older population and an increase in people with a learning disability reaching older age. Statutory services will need to have oversight of an increasing number of vulnerable adults to prevent harm occurring. A transition group is being established to manage clients moving from children to adult services	Possible	Major	High	• There are well established mechanisms in place to support the detection of risk with an active Adult Protection Committee overseeing the work. There is good multi-agency working with formal arenas to discuss individual cases causing concern.	Unlikely	Major	Medium	Simon Bokor-Ingram Shetland Islands Council
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## Corporate Plan

## F1. Our "20 by '20" - Leadership & Management

ORG0013 - Professional Errors and Omissions - Lack of compliance with standing orders on procurement, particularly in Ports and Harbours and Ferries Service. Internal Audit has previously identified widespread non-compliance issues, including potential breach of EU procurement regs. This issue is already live with Audit Scotland and risk damaging the Council's reputation as well as the potential for financial loss.	Possible	Minor	Medium	• The Council's Contract Standing Orders have been updated in order to make them more fit for purpose including streamlining them to minimise the scope for breaches that are material. Updated standing orders, monitoring, training and information. Procurement sessions held with the majority of Executive Managers during 2014. Further work on awareness raising and monitoring is on-going across the Council.	Unlikely	Minor	Low	Maggie Sandison Shetland Islands Council
ORG0015 - Professional Errors and Omissions - Lack of compliance with policies leading to a poorly run organisation with costly consequences. The Council could still improve further compliance with council policies and procedures. These include Standing Orders, Health & Safety, Risk Management, Insurance, Financial Regulations, Travel & Expenses, Employee Review & Development, managing poor performance and attending mandatory training events.	Possible	Extreme	High	• CMT has been sending out a strong message on compliance with policies which is having an effect, particularly with regard to budgetary control and financial management. However, there is still an issue of non-compliance in a number of other areas which has yet to be addressed. Some policies and processes need to be reviewed in order to ensure that compliance across the organisation is more achievable.	Possible	Significant	Medium	Mark Boden Shetland Islands Council
ORG0016 - Professional - Other - Management capacity to deliver the benefits of health and social care integration. Significant effort is required to continue driving the integration agenda and to realise the benefits, and adequate management capacity and skill is required to achieve this. Locality working will require further drive and effort to achieve a shift in structure that delivers front line benefits to residents.	Possible	Major	High	• There is a joint management structure in place. The shift will be a collective approach from a cohesive management team. Pilot project creating wider shared understanding for staff and managers of options for change.	Possible	Significant	Medium	Simon Bokor-Ingram Shetland Islands Council

ORG0022 - Professional - Other - Failure to deliver major STERT review on time and on budget.	Unlikely	Significant	Medium	• There are project management arrangements in place which have been enhanced and strengthened recently. Both the Council and the NAFC Marine Centre Board confirmed their commitment to the next steps towards integration on 24 Feb and 3 March respectively. Project timescales are however challenging.	Unlikely	Minor	Low	Neil Grant Shetland Islands Council
ORG0028 - Professional - Other - Failure to deliver major AHS build project on time and on budget. Complex project involving several external parties, following a methodology not previously used by the Council Design Build Financial Model (DBFM) which increases the risk of the project going off track. However, financial close was achieved in July 2015, and construction has commenced. A lack of understanding of DBFM, project management failure or partner failure can lead to project delay and/or budget rises, negative reaction in press and public. Project completion is currently timetabled for Sept 2017	Possible	Significant	Medium	• Project risk register in place which is closely monitored and managed	Unlikely	Significant	Medium	Mark Boden Shetland Islands Council
ORG0032 - Corporate/Community plan - failure to meet - Recent Council activities plus local / national issues have led to an increased workload for Services across the Council and within Corporate Services - and particularly for Finance, Governance and Law, Capital Programme and Human Resources. There is a limit to how much additional work staff can absorb - staff and services are considered to be at capacity.	Possible	Significant	Medium	• Our Plan 2016-20 has been agreed. This explains the outcomes that the SIC wants to achieve by April 2020. Our financial planning process is more robust and in line with other planning processes. The risks to Directorate and Service plans are articulated and considered in reports. The Risks for new initiatives including the allocation of resources are considered at Project start up and kept under review.	Unlikely	Minor	Low	Christine Ferguson Shetland Islands Council

#### Corporate Plan

#### F13. Our "20 By '20" - Workforce Planning

ORG0018 - Demographic change - Recruitment & Retention of some technical/ skilled/semi-skilled staff - The distant and remote nature of Shetland means that there is a small labour pool and therefore limited skills locally which is a greater challenge due to occupational segregation in areas such as ferries and social care. The national pay structures also place restrictions on our ability to match salaries of larger organisations.	Possible	Minor	Medium	• HR continually reviews the council's HR policies and processes to maximise the successful recruitment and retention of our workforce. Support is also provided to managers to ensure effective people management that encourages staff retention within service areas.	Unlikely	Minor	Low	Denise Bell Shetland Islands Council
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#### Corporate Plan

#### F15. Our "20 By '20" - Assets

ORG0035 - Missed opportunities - The current Anderson High School campus is a large open site with a number of buildings on it. There are various access points to the campus and it is surrounded by residential properties. The school will be vacated when the service/ staff/ pupils, etc move to the new build at the Clickimin. A failure to properly plan for the vacant campus may lead to missed opportunities to capitalise on this asset. There will be on-going costs associated with the site, rates, maintenance etc, and a risk of vandalism or other damage. There is also a risk of reputational damage if the site is not developed.	Unlikely	Extreme	High	• The Council is preparing a Development Brief for the site - and aims to have options for the site presented to Members in the Autumn of 2016. The aim is to have plans for re-use of the site in place by October 2017.	Unlikely	Significant	Medium	Robert Sinclair Shetland Islands Council
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#### Corporate Plan

#### F2. Our "20 By '20" - Staff Value & Motivation

ORG0031 - Missed opportunities - An organisation-wide Staff Viewpoint Survey was carried out in January 2015 for the purpose of gauging staff opinions. The returns were analysed with the issues prioritised, and that information was reported to Directors, Managers and staff. Managers and Directors were then tasked with putting in place a range of measures to address the specific issues raised. The comments made reflect concerns about the Council, recent changes, and the impact of those changes. In general you suggested things such as: •better communication, •listening more, •being clear about Council strategy and sticking to it, •having better training for Managers, •Senior Leaders spending more time on the "shop floor".	Possible	Significant	Medium	• Various measures in progress: Action plan prepared following Viewpoint Survey, Workforce Planning (Policy?) being prepared,	Rare	Significant	Low	Denise Bell Shetland Islands Council
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#### Corporate Plan

#### F4. Our "20 By '20" - It Equipment & Systems

ORG0029 - Malicious damage/ vandalism/sabotage - Malicious cyberattack could happen at any time. ICT and SIC have a host of security systems and approaches in place. However, an attack, successful or otherwise, can always happen. It may be impossible to tell whether there has been an attack, nor what any attack has looked at/ taken/ copied. Any attack could result in compromise /damage to systems or reputation, data leak, loss of data or system downtime.	Unlikely	Major	Medium	• Anti-virus and firewall defences, ICT security policy, Message Labs scan all incoming e-mail. Corporate anti-virus installed on all servers and workstations. Corporate firewalls Surecloud monitoring server appliance - Operations Bridge to monitor network activity and check open server ports	Rare	Significant	Low	Susan Msalila Shetland Islands Council
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ORG0014 - Policies - effect of - ORG0014 - Policies - effect of - Health & Social Care Integration. Shetland's Integration Joint Board has delegated authority for the strategic planning of services, and the responsibility for directing delivery to achieve those strategic aims. Board has been established and core constitutional documents approved. The risk is that the outcomes for the individuals and communities does not improve within a new framework.	Possible	Significant	Medium	<ul style="list-style-type: none"> <li>• A Strategic Plan is in place for 15/16, and a plan for 2016/17 has been developed that sets out service delivery matched to available funding.</li> <li>• Performance indicators have been developed to complement the national core suite of indicators. Joint governance arrangements are in place with NHS Shetland that bring together scrutiny of both clinical and social care activity. .</li> <li>• The Chief officer for the IJB is the Director of Community Health and Social Care, who is a member of a national group of Chief Officers and information from the meeting/ activities of the group will ensure that the Council is kept up to date with developments so that these can be fed back to a wider audience.</li> </ul>	Unlikely	Minor	Low	Simon Bokor-Ingram Shetland Islands Council
ORG0021 - Physical - People / Property - Other - The Council invested heavily in infrastructure at the time when the oil industry was taking off. This infrastructure was funded from income generated from the oil industry. That infrastructure is now aging and will need to be replaced, however, the financial situation is now tighter which will mean that it will be challenging to finance this.	Likely	Extreme	High	<ul style="list-style-type: none"> <li>• The current Asset Investment Plan focuses on the maintenance of existing assets in order to prolong their useful economic lives. This should mitigate against the risk of immediate failure. In order to address the longer term replacement of assets, a Borrowing Policy was approved by Council on 11 December 2013.</li> </ul>	Likely	Major	High	Christine Ferguson Shetland Islands Council
ORG0030 - Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc - The Council handles significant quantities of data including confidential and personal data on a daily basis. It is expected to be an exemplar of good practice and to maintain high standards of security and confidentiality at all times. Information management is managed within the legislative framework as set out by the Information Commissioner. Uncontrolled release of data could expose the organisation to a range of impacts - reputational damage or action against the organisation by the Information Commissioner, financial loss/ fine, negative media coverage and reputational damage, possible disciplinary action, stress for staff, loss of confidence in Services.	Unlikely	Major	Medium		Rare	Major	Medium	Jan R Riise Shetland Islands Council

ORG0033 - Partnership working failure - The Council is in, or involved in, various and different partnerships. Various local and national legislative requirements and governmental initiatives, such as the Community Care Act and Community Care Model, will require the Council to participate in partnership working to ensure effective implementation. Specific governance arrangements may need to be established, depending on the purpose and membership of a partnership, and this can demand significant input from the Council at a time of scarce resources and conflicting demands on those resources.	Possible	Significant	Medium		Unlikely	Significant	Medium	Mark Boden Shetland Islands Council
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*Corporate Plan*

*F6. Our "20 By '20" - Financial Management*

ORG0034 - Customer / Citizen - Other - The SIC Pension Fund is currently not 100% funded. At 31 March 2014 triennial evaluation the Fund was 91.7% funded. The SIC Pension Fund has a number of Admitted Bodies that have liabilities to fund over the long term, with potential risks to the Council from these arrangements.	Almost Certain	Major	High	• For Bodies seeking admission to the Pension Fund they now have to be supported in doing so by the Council (as a Schedule 1 Body) and also provide a guarantee / bond to meet any liabilities should they default in the future. This mitigates the risk in relation to new entrants.	Rare	Extreme	High	Jonathan Belford Shetland Islands Council
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*Corporate Plan*

*F8. Our "20 by '20" - Efficient*

ORG0020 - Economic / Financial - Other - Failure to deliver on Medium term Financial Plan - The Council's reserves have decreased by 60% since the turn of the century due to an over reliance on them to meet the funding gap between income and expenditure. The Council continues to operate unsustainably and without intervention, the Council would eventually run out of reserves altogether.	Unlikely	Extreme	High	• The Financial Management arrangements of the Council have been strengthened with the introduction of the MTFP and more rigorous budgetary control.	Unlikely	Major	Medium	Mark Boden Shetland Islands Council
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