



Policy and Resources Committee

28 June 2016

## Chair's Report – Development Committee – 13 June 2016

### Strategic Housing Investment Plan – Update Report No. P&R-0628-HS-01

#### 1.0 Summary

- 1.1 The purpose of this report is to consider a recommendation from the Chair of Development Committee in relation to a report requiring a decision from Policy and Resources Committee.
- 1.2 The report presented to Development Committee referred to the Strategic Housing Investment Plan (SHIP) update report presented to Social Services Committee in June 2015, which set out the Scottish Government's feedback on our SHIP 2015-2020 and also set out a range of options for the Council to consider to enable continued support to increasing housing supply locally.
- 1.3 Since then there has been a Government focus through the Joint Housing Delivery Plan which has seen the creation of new funding streams and increases to benchmark grant rates.

#### 2.0 Decision Required

- 2.1 That the Policy and Resources Committee **RESOLVES** to adopt the recommendation from the Development Committee, namely:
  - 2.1.1 Note the recent Government announcements to support housing supply;
  - 2.1.2 Approve the development of an enabling top-up fund for affordable housing projects;
  - 2.1.3 Approve that the administration of the Scheme be delegated to the Director of Development Services, or his nominee.

### **3.0 Report**

- 3.1 Recent announcements include an increase to the allocation of Affordable Housing Programme Funding for 2016/17, an Infrastructure Fund to help unblock sites for development, a Rural Housing Fund, a review of the Planning system and increases to the benchmark grants used for funding affordable housing supply
- 3.2 The creation of a Project Top-Up Scheme (the Scheme) to enable housing projects to proceed where benchmark grant is exceeded would enable the overall grant funding allocation from the Scottish Government to go further.
- 3.3 Increases in the overall programme funding, announcements on new funding streams and the increase in benchmark grant levels are all welcome news. It is clear from the Government's feedback on the SHIP that we need to continue the efforts to work in partnership to maximise external funding and best value for Shetland in the delivery of affordable housing. There may be occasions when, despite all efforts to keep costs down, project costs will exceed benchmark. The provision of a structured, delegated enabling fund to provide an agreed top-up will enable timely decisions to be taken, maximising external funding and ensuring that new housing supply is delivered to meet needs.
- 3.4 The Chair will present any further information to the Committee as to the debate or issues that the Committee considered.

### **4.0 Implications**

- 4.1 Detailed information concerning the proposals was contained within the report which includes the strategic and resources implications for the Council.
- 4.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.
- 4.3 There are no additional implications to be considered by the Committee.

---

For further information please contact:

Mr A Cooper, Chair of Development Committee  
15 June 2016

---

#### List of Appendices

None

#### Background documents:

Development Committee – 13 June 2016

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5103>

END



<b>Meeting(s):</b>	SIC Employees Joint Consultative Committee NHS Area Partnership Forum Integration Joint Board SIC Policy and Resources Committee Shetland Islands Council Shetland NHS Board	8 June 2016 9 June 2016 8 June 2016 28 June 2016 29 June 2016 21 June 2016
<b>Report Title:</b>	Joint Staff Forum Terms of Reference	
<b>Reference Number:</b>	CRP-10-16-F	
<b>Author / Job Title:</b>	Christine Ferguson, Director Corporate Services	

**Decisions / Action required:**

To AGREE the revised Terms of Reference (TOR) and membership of the Joint Staff Forum (JSF).

1. **Employees Joint Consultative Committee (EJCC) are asked to:**
  - a) consider the TOR attached as Appendix 1 and the key issues identified in this report;
  - b) recommend any changes required to the TOR to the Policy & Resources Committee; and
  - c) in accordance with the TOR, nominate members of the JSF to be appointed by the Council including a nomination for the position of joint chair.
2. **NHS Area Partnership Forum (APF) are asked to:**
  - a) consider the TOR attached as Appendix 1 and the key issues identified in this report and agree any changes required to the TOR;
  - b) recommend the TOR to the Health Board for approval; and
  - c) in accordance with the TOR, nominate members of the JSF to be appointed by the Health Board including a nomination for the position of joint chair.
3. **The Integration Joint Board (IJB) are asked to:**
  - a) consider the TOR attached as Appendix 1, the key issues identified in this report, the recommendations of the EJCC to the Council and those of the APF to the Health Board in this regard and agree any changes required to the TOR;
  - b) recommend the TOR to the Council and the Health Board for approval; and
  - c) support the nominations for membership of the JSF made by EJCC and APF.
4. **Policy and Resources Committee are asked to:**
  - a) consider the TOR attached as Appendix 1, the key issues identified in this report, the recommendations of the EJCC and the IJB in this regard and agree any changes required to the TOR;
  - b) recommend the TOR to the Council for approval; and
  - c) support the nominations for membership of the JSF made by EJCC.

**5. The Council are asked to:**

- a) approve the TOR attached as Appendix 1 having taken account of the key issues identified in this report, the recommendations of the EJCC, the IJB and Policy and Resources Committee; and
- b) approve the nominations for membership of the JSF made by EJCC.

**6. The Health Board are asked to:**

- a) approve the TOR attached as Appendix 1 having taken account of the key issues identified in this report, the recommendations of the APF and the IJB; and
- b) approve the nominations for membership of the JSF made by APF.

**High Level Summary:**

The Integration Scheme approved by the Health Board and Council at meetings on 11 and 18 February 2015 respectively (Min Ref SIC 07/15), states that *“The Parties will ensure that there is an effective Joint Staff Forum where staffing issues, professional issues and concerns relevant to joint working can be raised and discussed, where difficulties can be explored and resolved and where shared routes forward can be agreed.”*

The IJB was formally constituted in June 2015 and assumed its full role and responsibilities under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 on 20 November 2015 (Min. Ref IJB 11/15).

The Terms of Reference of the Joint Staff Forum has been revised to reflect the establishment of the IJB and subsequent discussions at meetings of the JSF.

**Corporate Priorities and Joint Working:**

The JSF was established in March 2002 as part of the governance arrangements for partnership working between the Council and the Health Board locally under the Joint Future framework.

Since 2002 a range of protocols have been prepared and agreed to support integrated staffing arrangements for jointly managed services across the Council and the Health Board. These protocols underpin existing management arrangements including a single management structure for IJB business reporting to the Director of Community Health and Social Care in his role as Chief Officer for the IJB.

The JSF was reinvigorated in early 2012 to support work on closer integration of health and social care functions of the Council and the Health Board as part of the work to implement the Public Bodies (Joint Working) (Scotland) Act 2014.

The revised TOR presented at Appendix 1 supports closer joint working arrangements across all Council and Health Board business reflecting the decisions of the Council and the Health Board in November 2014, *“ that the committees, sub-committees and governance groups that are needed for the Body Corporate should all be joint, looking at all the business of the Council and the [Health] Board unless there is a specific reason why this cannot be done e.g. legal impediment”* (Min. Ref SIC 78/14).

**Key Issues:**

The Council and the Health Board remain accountable for the functions delegated to the IJB and therefore must make sure that appropriate governance arrangements are in place for the IJB as set out in the Integration Scheme.

The proposals in this report support the “Workforce” section in the Integration Scheme, which is included in the revised TOR.

Current members of the JSF, when discussing the revised TOR, were of the view that in terms of membership, substitutes should not be allowed. However, more recently it has not been possible to find a date over the next 3 months when the JSF could meet and be quorate. In light of this, the TOR put forward at Appendix 1 to this report includes the ability for substitutes to attend meetings of the JSF with the agreement of the joint chairs.

The frequency of meetings is expected to be six weekly with meeting dates set a year in advance however, it has been normal practice over the years for formal meetings of the JSF to be convened more frequently as required in order to facilitate timely progress with service redesign and other initiatives affecting the workforce and it is expected that this practice will continue into the future.

Previously, membership of the JSF has been drawn from the members of the Council’s EJCC and the APF of the Health Board however, staff representatives have asked that staff representatives need not be on EJCC or APF in order to make sure that the people on the JSF from the staff side are those best placed to take part in wide ranging discussions on all joint and integration staffing matters. This request has been accommodated in the revised TOR at Appendix 1.

<b>Implications :</b>	
<b>Service Users, Patients and Communities:</b>	The IJB has a Participation and Engagement Strategy to ensure the views of service, users, patients and communities are heard and taken into account in developing services. Information in this regard will be available to the JSF as appropriate.
<b>Human Resources and Organisational Development:</b>	Working with staff is a key aspect of Health and Social Care Integration. The Integration Scheme includes a section on “Workforce” which states that there will be <i>“an effective Joint Staff Forum where staffing issues, professional issues and concerns relevant to joint working can be raised and discussed, where difficulties can be explored and resolved and where shared routes forward can be agreed”</i> . The Integration Scheme requires the development of a Workforce Development Strategy, an Organisational Development Action Plan and a Training Plan and part of the role of the JSF will be to keep these key documents under review. The JSF has an important role in making sure the expertise of the workforce is available to the Council, the Health Board and the IJB to ensure decisions are made in light of their knowledge and experience.
<b>Equality, Diversity and Human Rights:</b>	Quality assurance on Equalities, Diversity and Human Rights is an integral part of the activities of the Council and the Health Board. The recommendations in this report do not require an Equalities

	Impact Assessment.
<b>Legal:</b>	The proposals in this report support the work of the Council, the Health Board and the IJB required under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014, the associated Regulations and Guidance and Shetland's Integration Scheme.
<b>Finance:</b>	Any expenses and costs associated with the activities of the JSF including backfill for its members will be met from within existing budgets of the Council and the Health Board. The costs will be recorded and monitored to inform future budget setting processes.
<b>Assets and Property:</b>	There are no implications for major assets and property. All meetings of the JSF will be held in either the premises of the Council or the Health Board and that the costs will be covered accordingly by the Council and the Health Board.
<b>Environmental:</b>	There are no environmental issues arising from this report.
<b>Risk Management:</b>	<p>The JSF has operated successfully for many years supporting the Council and the Health Board through significant organisational change as the integration agenda has developed. If the JSF is to continue to fulfil this role, it is important that the TOR are updated and membership renewed so that meetings can take place as required to support this critical area of work for both the Council and the Health Board.</p> <p>Currently, a failure of the governance arrangements as such is not identified as a risk for the Council, the Health Board or the IJB however, failure to deliver the outcomes expected of integration is identified as a risk and an effective JSF is an important factor in mitigating against this risk.</p>
<b>Policy and Delegated Authority:</b>	<p>The requirement for the JSF is set out in Shetland's Health and Social Care Partnership Integration Scheme 2015.</p> <p>The remit and membership require decisions of the Parties to the Integration Scheme (the Council and the Health Board).</p> <p>For the Council, matters regarding HR policy are delegated to Policy and Resources Committee however, as the proposals in this report are regarding the membership and appointment of members of the Council to the JSF some of whom will be elected members of the Council, a decision of the Council is required.</p>
<b>Previously considered by:</b>	The JSF at meetings on 10 September 2015 and 5 November 2015.

**Contact Details:**

For further information please contact:  
Christine Ferguson, Director of Corporate Services  
[christine.ferguson@shetland.gov.uk](mailto:christine.ferguson@shetland.gov.uk)  
23 May 2016

**Appendices**

Appendix 1: Joint Staff Forum - Draft Terms of Reference

**Background Documents**

H&SCI Integration Scheme  
[http://www.shetland.gov.uk/Health\\_Social\\_Care\\_Integration/documents/SHSCPartnershipIntegrationScheme15May2015.pdf](http://www.shetland.gov.uk/Health_Social_Care_Integration/documents/SHSCPartnershipIntegrationScheme15May2015.pdf)





## JOINT STAFF FORUM

### TERMS OF REFERENCE Revised April 2016

#### 1. Background

- 1.1 The Joint Staff Forum (JSF) was established in July 2002 in line with Scottish Executive Guidance on the Joint Future initiative to ensure that joint management arrangements, joint resourcing, joint training and organisational development would be delivered in consultation with staff representatives of the partner agencies, namely Shetland NHS Board (the Health Board) and Shetland Islands Council (the Council).
- 1.2 On 27 June 2015, Shetland's Health and Social Care Partnership Integration Joint Board (IJB) was formally constituted as a public body under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) and on 20 November 2015, the IJB approved its first Strategic Plan and assumed responsibility for the functions delegated to it under the terms of the Act.
- 1.3 The Integration Scheme "sets out the detail as to how the Council and the Health Board will integrate services" under the terms of the Act and section 7 of the Integration Scheme on Workforce is included below.

#### **7. Workforce**

*The Parties will ensure that there is an effective Joint Staff Forum where staffing issues, professional issues and concerns relevant to joint working can be raised and discussed, where difficulties can be explored and resolved and where shared routes forward can be agreed.  
The Membership and Terms of Reference of the Joint Staff Forum are set out in the Supplementary Documentation.*

#### **Workforce Development Strategy**

*A Workforce Development Strategy and Action Plan developed by the Parties (the Health Board and the Council) will be agreed by the Parties with the IJB and maintained by the staff supporting the HR Strategic Management of the integrated service delivery that is under the direction of the Chief Officer including services delivered through localities.  
The Workforce Development Strategy will be agreed and put in place by*

*April 2016 or at an earlier date as agreed by the IJB with the Parties and refreshed annually thereafter.*

### **Organisational Development Action Plan**

*An Organisational Development Action Plan will be agreed by the Parties with the IJB setting out the work on organisational development and HR issues. The Organisational Development Action Plan will be maintained by the staff supporting the HR Strategic Management of integrated service delivery that is under the direction of the Chief Officer including services delivered in localities.*

*The Organisational Development Action Plan will be agreed and put into place by April 2016 or at an earlier date as agreed by the IJB with the Parties and refreshed annually thereafter.*

### **Training Plan**

*A Training Plan agreed by the Parties and agreed with the IJB will be maintained as part of the Supplementary Documentation to the Integration Scheme. Training support functions will be provided by the Parties to the integrated services managed by the Chief Officer.*

*The Training Plan will be agreed and put into place by April 2016 or at an earlier date as agreed by the IJB with the Parties and refreshed annually thereafter.<sup>1</sup>*

- 1.4 In November 2014, the Council and the Health Board agreed:
- “ that the committees, sub-committees and governance groups that are needed for the Body Corporate should all be joint, looking at all the business of the Council and the [Health] Board unless there is a specific reason why this cannot be done e.g. legal impediment”.*
- The Council's Executive Manager HR and the Health Board's Director of HR and Support Services are working together to ensure that as far as possible, one combined set of policies and procedures is developed over time to support all the staff of both organisations. Therefore, although the work on integrated health and social care services has been the main driver in the past, increasingly it is expected that the JSF will consider matters affecting all staff of the Council and the Health Board.

<sup>1</sup> Shetland Islands Health and Social Care Partnership Integration Scheme 2015

## 2. REMIT OF THE JOINT STAFF FORUM

- 2.1 To provide a joint environment “*where staffing issues, professional issues and concerns can be raised and discussed; difficulties can be explored and resolved and shared routes forward can be agreed*”<sup>2</sup>.
- 2.2 To provide a forum for dialogue encouraging the development of an open, trusting and supportive culture which recognises and explores solutions to the challenges presented by differing approaches to human resource management within the Health Board and the Council.
- 2.3 To ensure that engagement, consultation and involvement of all stakeholder parties are transparent, timely and meaningful.
- 2.4 To support effective leadership as core and central to leading a changing environment and that leaders are particularly responsive to the move to a more joined up service in order to develop the Health and Social Care Integration agenda and to develop closer partnership working between the Council and the Health Board generally.
- 2.5 To discuss agreements/recommendations proposed within the Council and the Health Board that impact on staff involved in joint working. Where particular implementation issues for staff involved in joint working arrangements are identified, the JSF may make recommendations to be raised with the author of the report, and through the Staff Governance Committee (SGC) or EJCC, depending on the detail of the proposal.
- 2.6 To monitor progress on the work set out in the Organisational Development Action Plan, the Workforce Development Strategy and Action Plan and the Training Plan.
- 2.6 The JSF does not replace or usurp the role and remit of either SGC or EJCC where staffing issues will continue to be discussed in line with the published constitutions.

---

<sup>2</sup> Shetland Islands Health and Social Care Partnership Integration Scheme, June 2015

### **3. COMPOSITION**

#### **JSF Membership**

##### **3.1 JSF membership comprises:**

- 4 Representatives (from 6 representatives) nominated by the Health Board Area Partnership Forum (APF)
- 4 Representatives (from 6 representatives) nominated by the Council's Employees Joint Consultative Committee (EJCC)

Staff representatives will comprise 50% of the membership from each of the Parties and will include the staff representatives appointed by the Council and the Health Board to the IJB.

Non-staff representatives will include at least one representative from among those appointed by each of the Parties to serve on the IJB.

#### **JSF Joint Chairs**

##### **3.2 The Council and the Health Board will each appoint a Joint Chair from their respective members at 3.1 above, who will chair each meeting in rotation.**

#### **In attendance**

##### **3.3 The following personnel will be expected to attend each meeting of the JSF. Such attendance is not intended to give a right to be elected to Joint Chair, except where the individual is also a member under 3.1 above:**

- Executive Manager Human Resources Shetland Islands Council
- Director of Human Resources Shetland NHS Board
- Director of Community Health and Social Care
- Director of Nursing and Acute Services, Shetland NHS Board
- Head of Planning and Modernisation, Shetland NHS Board
- Director of Corporate Services, Shetland Islands Council
- Director of Children's Services, Shetland Islands Council

Members and staff of the Council and the Health Board and of the trades unions will be allowed to sit in or observe with the agreement of the Joint Chairs.

#### **JSF Joint Lead Officers**

##### **3.4 The Executive Manager Human Resources for the Council and the Director of Human Resources and Support Services for the Health Board will be the joint lead officers for the JSF.**

#### **4. REPORTING MECHANISMS**

- 4.1 The minutes of each meeting of the JSF will be made available for information to SGC, APF, EJCC, the Council's Human Resources Planning Group (HRPG) and the Integration Joint Board (IJB) having been confirmed for accuracy by the Joint Chairs.  
Responsibility for this will be assigned to the minute taker.
- 4.2 Responsibility for cascading the information to staff as appropriate will rest with the managers who are listed as in attendance at meetings of the JSF.
- 4.3 Each consultative body will also take responsibility for ensuring that information is disseminated to all staff as appropriate.

#### **5. ADMINISTRATION ARRANGEMENTS**

- 5.1 The Joint Staff Forum will meet six weekly or as agreed by the JSF.  
The dates will be set a year in advance.
- 5.2 Additional meetings will be arranged as required following discussion with the Joint Chairs.
- 5.3 The Joint Staff Forum will be serviced by the Council's Committee Services. In this context servicing means booking a room, sending out a notice of the meeting along with the agenda and supporting papers, taking minutes and maintaining the business programme.
- 5.4 Requests for items to be included on the agenda should be made through the Council's Committee Services.
- 5.5 A notice calling the meeting will be issued with the agenda and supporting papers not less than seven calendar days before the date of the meeting. These will be issued by e-mail to agreed e-mail addresses unless paper copies are requested to meet the needs of any member of the JSF.
- 5.6 The JSF will not consider any item which has been submitted after the agreed clearance date, unless prior agreement has been received from the Joint Chairs.

## **6. QUORUM**

- 6.1 The quorum for a meeting will be 4 members being 2 JSF members from the Council and 2 JSF members from the Health Board.  
Substitutes will be allowed by agreement with the joint chairs.

## **7. RESOLUTION OF CONFLICT**

- 7.1 The discussion of agenda items will be carried out with the aim of reaching consensus. Where consensus is not reached, the Chair will identify the area of disagreement and this will be noted in the minute. Such areas of disagreement and any unresolved issues will be brought to the attention of the SGC, EJCC, APF, HRPG and the IJB through the minute and a joint report prepared by the lead officers as appropriate.

ENDS



**Shetland College Board**  
**Policy & Resources Committee**  
**Shetland Islands Council**

**16 June 2016**  
**28 June 2016**  
**29 June 2016**

<b>Proposed Amendment to Schedule of Charges Shetland College</b>	
Report No. SCB118-F	
<b>Acting Principal Shetland College</b>	<b>Development Services, Shetland College</b>

## **1.0 Summary**

- 1.1 The purpose of this report is to align Evening Class fees across Shetland College's learning centre short courses/evening classes and those of Community Learning and Development Adult Learning courses planned for academic session 2016/17 and to seek approval for a revised set of charges.

## **2.0 Decision Required**

- 2.1 That the Shetland College Board is consider the contents of this report and RECOMMEND to Policy and Resources Committee the proposed revisions to costs of and concessions for learning centre short courses/evening classes for 2016/17 in line with Community Learning and Development Adult Learning courses.
- 2.2 That the Policy and Resources Committee RECOMMENDS that the Council APPROVES the set of revised charges as set out in Appendix 1.

## **3.0 Detail**

- 3.1 The Schedule of Charges 2016/17 for both Shetland College and Community Planning and Development were approved as part of the "Shetland Islands Council Budget Book 2016/17" Report, by Shetland Islands Council on 10 February 2016 (Min Ref: 02/16). Evening Class charges are included within these for both services, and are currently not in alignment.

- 3.2 The table below provides a comparison of charges as approved in February (on an hourly rate basis).

Type of Evening Class	Shetland College Fee	Community Planning & Development Fee
	£	£
Certificated – No qualifying benefit	1.41	3.60
Certificated – Concession or Qualifying benefit	1.41	1.80
Non Certificated – No qualifying benefit	3.50	3.60
Non Certificated – Concession or Qualifying benefit	3.50	1.80

- 3.3 The proposal will increase the cost of certificated courses at Shetland College by between £2.19 and £0.39 per hour, which equates to a maximum increase of £87.60 for a 40 hour course
- 3.4 The proposal increases the cost of non-certificated courses for students with no qualifying benefit by £0.10 per hour (£4.00 per 40 hour course), and reduces the cost of non-certificated courses at Shetland College for concessions and those with qualifying benefit by £1.70 per hour, which equates to a reduction of £68.00 for a 40 hour course.
- 3.5 Clearly the changes proposed have a mixed impact, however it is important to align fees to ensure a focus on improving equality of opportunity for learners across Shetland.
- 3.6 An updated extract of the Schedule of Charges document is provided at Appendix 1. The proposal to increase charges for both concessions and non-concessions accessing certificated courses were made in line with sector-wide course costs and consideration of the ongoing costs associated with course delivery, and to propose reducing charges for all accessing non-certificated courses at Shetland College were reached in order to ensure equality of opportunity for learners across Shetland.

## 4.0 Implications

### Strategic

#### 4.1 Delivery on Corporate Priorities

The information in this report links to the corporate priority of maximising the opportunities for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning.

#### 4.2 Community /Stakeholder Issues

None.



#### 4.3 Policy And/Or Delegated Authority

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

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

The Policy and Resources Committee has referred authority for securing the co-ordination, control and proper management of the financial affairs of the Council and for making recommendations to the Council as to charges for council services. The power to set the levels of charges for any services is a matter reserved to the Council.

#### 4.4 Risk Management

None.

#### 4.5 Equalities, Health And Human Rights

The activities of Shetland College and Train Shetland make a positive contribution to Equalities in terms of improving the accessibility to employment of young people and others in Shetland.

#### 4.6 Environmental

None.

### Resources

#### 4.7 Financial

Any reduction in Fee income will be met from within current approved budgets.

#### 4.8 Legal

None.

#### 4.9 Human Resources

None.

#### 4.10 Assets And Property

None.

## 5.0 Conclusions

- 5.1 The Board should consider the content of this report and recommend to the Policy and Resources Committee and to the Council, the proposed revisions to the Schedule of Charges in relation to Evening Classes at Shetland College as a means of increased focus on equality of opportunity for learners across Shetland for academic session 2016/17.

---

For further information please contact:

*Irene Peterson, Acting Principal*

*Tel: 01595 771401, E-mail: [irene.peterson@uhi.ac.uk](mailto:irene.peterson@uhi.ac.uk)*

---

Appendix 1 – Comparison of Charges

# Revision to 2016/17 Schedule of Charges - Evenin

SR = Standard Rated - VAT code 1  
 NB = Non Business - VAT code 3  
 EX = Exempt - VAT code 2  
 ZR = Zero rated - VAT code 0  
 OS = Outwith scope - VAT code 8

Directorate	Service	Director or Executive Manager	Activity	Charge	Unit	2016/17 Approved Charge £	2016/17 Revised Charge £	Variance %	VAT:	VAT CODE
Development	Shetland College	Irene Peterson	Evening Classes	<p>Certificated Classes - no qualifying benefit</p> <p>NB Special charges may apply to certain classes e.g. an increased hourly charge may be applied if a class has a limited number of places for health &amp; safety reasons in order to make the class viable; or where a class is delivered at the weekend; or an an additional charge may be applied for equipment / materials</p>	per hour	1.41	3.60	155	EX	2
Development	Shetland College	Irene Peterson		<p>Certificated Classes - persons aged under 18 or over 60 years, or in receipt of benefits as listed below:</p> <p>Eligible benefits are: personal benefits: carer's allowance, disability living allowance, severe disablement allowance, incapacity benefit, attendance allowance, contributory employment and support allowance. If your family are on: income support, pension credit, housing benefit, income based-job seekers allowance, income related employment and support allowance, working tax credits, net income is equivalent to, or lower than the threshold for income support.</p> <p>NB Special concessionary charges may apply to certain classes e.g. an increased hourly charge may be applied if a class has a limited number of places for health &amp; safety reasons in order to make the class viable; or where a class is delivered at the weekend; or an an additional charge may be applied for equipment / materials</p>	per hour	1.41	1.80	28	EX	2
Development	Shetland College	Irene Peterson		<p>Non Certificated Classes - no qualifying benefit</p> <p>NB Special charges may apply to certain classes e.g. an increased hourly charge may be applied if a class has a limited number of places for health &amp; safety reasons in order to make the class viable; or where a class is delivered at the weekend; or an an additional charge may be applied for equipment / materials</p>	per hour	3.50	3.60	3	EX	2

Development	Shetland College	Irene Peterson	<p>Non Certificated Classes - persons aged under 18 or over 60 years, or in receipt of benefits as listed below:</p> <p>Eligible benefits are: personal benefits: carer's allowance, disability living allowance, severe disablement allowance, incapacity benefit, attendance allowance, contributory employment and support allowance. If your family are on: income support, pension credit, housing benefit, income based-job seekers allowance, income related employment and support allowance, working tax credits, net income is equivalent to, or lower than the threshold for income support.</p> <p>NB Special concessionary charges may apply to certain classes e.g. an increased hourly charge may be applied if a class has a limited number of places for health &amp; safety reasons in order to make the class viable; or where a class is delivered at the weekend; or an an additional charge may be applied for equipment / materials</p>	per hour	3.50	1.80	-49	EX	2
-------------	------------------	----------------	--	----------	------	------	-----	----	---



**Environment and Transport Committee**  
**Policy & Resources Committee**  
**Shetland Islands Council**

**14 June 2016**  
**28 June 2016**  
**29 June 2016**

## **Low Carbon Transport – Electric Vehicle Charge Points Charge Costs**

EO-02-16-F

**Director of Infrastructure Services**

**Estate Operations/Infrastructure  
Services**

### **1.0 Summary**

- 1.1 In 2014 Council approved the acceptance of Government grant funding for EV charge points and electric vehicles. The scheme was to be operated on a cost neutral basis for the Council.
- 1.2 The purpose of this report is to seek Council approval for the charges to be levied at all publicly owned and operated Electric Vehicle (EV) Charge Points throughout Shetland.

### **2.0 Decision Required**

- 2.1 That the Environment and Transport Committee and Policy & Resources Committee RECOMMEND that the Council approve the following charges (excluding VAT), to be levied at all EV points throughout Shetland operated by the Council, on a cost neutral basis:
  - Standard Charger £5.53 (per full charge)
  - Fast Charger £3.75 (per full charge)
  - Rapid Charger £4.68 (per full charge)
- 2.2 This charge will be incorporated into the Income Charges annual review as part of the budget setting process.

### **3.0 Detail**

- 3.1 In October 2014 Council, as part of its carbon reduction strategy, approved the installation of a network of EV charge points throughout Shetland. The installation costs of these points were Government funded and are now in place. A map of their location is attached as Appendix 1.

- 3.2 The chief criteria for the scheme was that these charge points were to be operated by the Council on a cost neutral basis. To do so the Council needs to levy a charge which incorporates the cost of the energy supplied, maintenance of the equipment, an administration charge and VAT. The methodology and details of the charge to be levied are attached at Appendix 2.
- 3.3 It should be noted that the various EV points have different speeds and time durations for a full charge to be delivered. These are also detailed at Appendix 2.

## 4.0 Implications

### Strategic

- 4.1 Delivery On Corporate Priorities – Fulfilling the Public Bodies Duty to tackle climate change through carbon reduction is a core priority for Council and for our Community Planning partners. This delivers an action within both the Single Outcome Agreement and the Community Plan.
- 4.2 Community /Stakeholder Issues – The establishment of a network of charge points throughout Shetland opens up the availability of an alternative vehicle fuel source to all householders, businesses and community organisations.
- 4.3 Policy And/Or Delegated Authority – In accordance with Section 2.3.1 of the Council's Scheme of Delegation the Environment and Transport Committee has responsibility for discharging the powers and duties of the Council within its functional area.

The Policy & Resources Committee has delegated authority for the co-ordination, control and proper management of the financial affairs of the Council including recommending to the Council the setting of charges for Council Services.

The Council has overall authority for the setting charges for Council services.

- 4.4 Risk Management – Tackling climate change by reducing carbon emissions is acknowledged by Scottish Government to be one of its major challenges and areas of risk should transformation of activity not take place.
- 4.5 Equalities, Health And Human Rights – Any change to fees and charges should be subject to an equalities impact assessment. The introduction of the Electric Vehicle Charge Point Charge costs will impact on the owners of electric vehicles. Electric cars cost more to purchase than petrol or diesel equivalents because the batteries technology is an expensive, however the ongoing running costs are a lot lower than petrol or diesel equivalents. Given the higher initial cost, even with the available grant assistance, it is unlikely that people on lowest incomes are purchasing electric cars. Evidence suggests that those on lowest incomes are likely to purchase cheaper second hand

cars rather than new vehicles. There is very limited availability of cheap second hand electric vehicles. A limited number of electric vehicles are available to lease on the motability scheme for people in receipt of Personal Independence Payments (PIP) these are not approved as standard because it has been considered that the need to recharge vehicles regularly does not necessarily meet the needs of motability scheme applicants. The PIP payments assist not only with the vehicle lease costs, but also the fuel costs so the driver would still experience the benefits of lower running costs even with the charge costs being levied. The socio economic impact of these new charges can therefore be assessed as less significant than the impact of not introducing the charge. Not charging for the energy supplied will impact on all the residents of Shetland as the Council will be subsidising the travel costs of electric vehicle owners which will reduce the funding available to other frontline services.

- 4.6 Environmental – Public Bodies have a duty to operate in a manner intended to deliver sustainable development. Work to tackle climate change by reducing carbon emissions supports this aim.

### Resources

- 4.7 Financial – The EV points have been funded through external grant funding from Government.

The Electric Vehicle Charge to be levied needs to cover the cost of the energy supplied, maintenance of the equipment, an administration charge and VAT. The EV charge (including VAT) is shown in the table below:

Electric Vehicle Charge (Including VAT)				
Charge	Unit	Std Charger 7 (kWh) 4 Hrs	Fast Charger 22 (kWh) 1 Hr	Rapid Charger 50 (kWh) 40 Mins
EDF Unit Rate	£0.135 /kWh	£ 4.50	£ 2.97	£ 3.78
EV Maintenance Rate	£0.015 /kWh	£ 0.50	£ 0.33	£ 0.42
Administration charge	£0.30 per charge	£ 0.30	£ 0.30	£ 0.30
Banking fee	2.95%	£ 0.15	£ 0.10	£ 0.12
Merchant fee	1.5%	£ 0.08	£ 0.05	£ 0.06
VAT		£ 1.10	£ 0.75	£ 0.94
<b>Total charge</b>		<b>£ 6.63</b>	<b>£ 4.50</b>	<b>£ 5.62</b>

The charges levied will ensure that the EV points are operated on a cost neutral basis as previously approved. The sufficiency of the charge will be reviewed on an annual basis. This cost neutral approach means that no ongoing financial burden will be placed on the Council.

- 4.8 Legal – The Climate Change (Scotland) Act 2009 places a duty on the Council to reduce carbon emissions and support sustainable development.

- 4.9 Human Resources – The administration of the EV points is operated externally through Charge Your Car so there is no impact upon our own staff other than maintenance inspections.
- 4.10 Assets And Property – The units have a small footprint and maintenance costs have been factored into the overall charge costs.

## **5.0 Conclusions**

- 5.1 The proposed charge to be levied continues to deliver this scheme on a cost neutral basis as previously approved by Council.

---

For further information please contact:

Mary Lisk, Team Leader, Estate Operations - Carbon Management  
(01595) 744818  
[Mary.lisk@shetland.gov.uk](mailto:Mary.lisk@shetland.gov.uk)  
6 June 2016

---

### List of Appendices

Appendix 1 – Map of EV Charge Points  
Appendix 2 – Tarrif Calculations

END



# Electric Vehicle Charging Point Location Map 2016

Payments and administration of electric vehicle charging points is provided by Charge Your Car.



Step 1



Download the free app

Use the app while on the go to locate a charge point, plan a route, check availability and tariffs, start, stop and pay for charging on all app-enabled charge points. Download free from the [App Store](#) or [Google play](#).

Step 2



Register your debit or credit card to enable payment for charging

Some charge points are free to use and some are pay to use\*. Register later using the app or now via the website.

Step 3



Purchase an Access Card

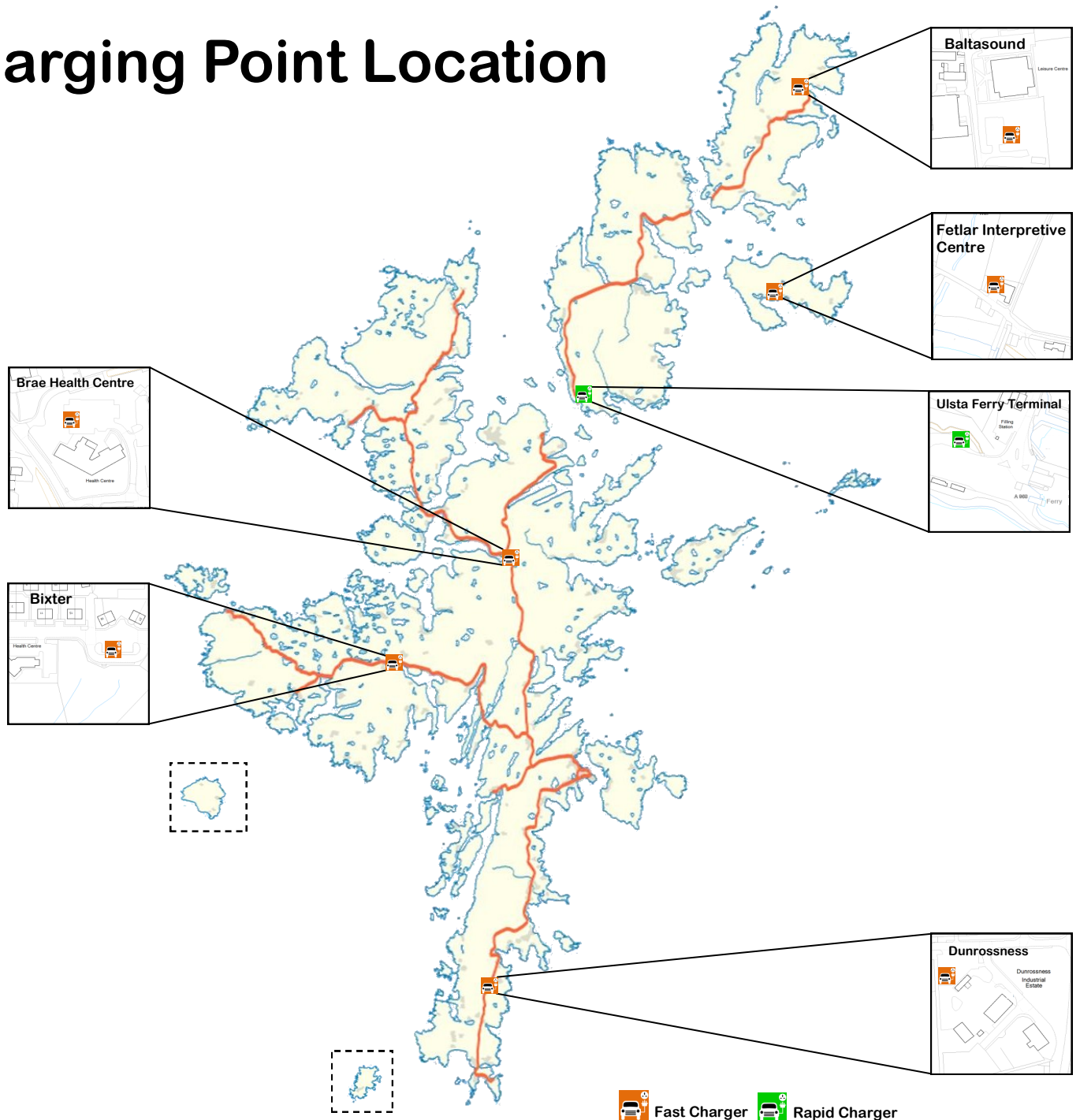
Use the RFID card to access and pay at all of the charge points on the network. Order your Access Card after you have registered your debit or credit card. Initial cost = £20 per annum.

Step 4



Charge Your Car

You are now ready to start using the network. If you need any assistance when charging call our Helpline on 0191 265 0500.

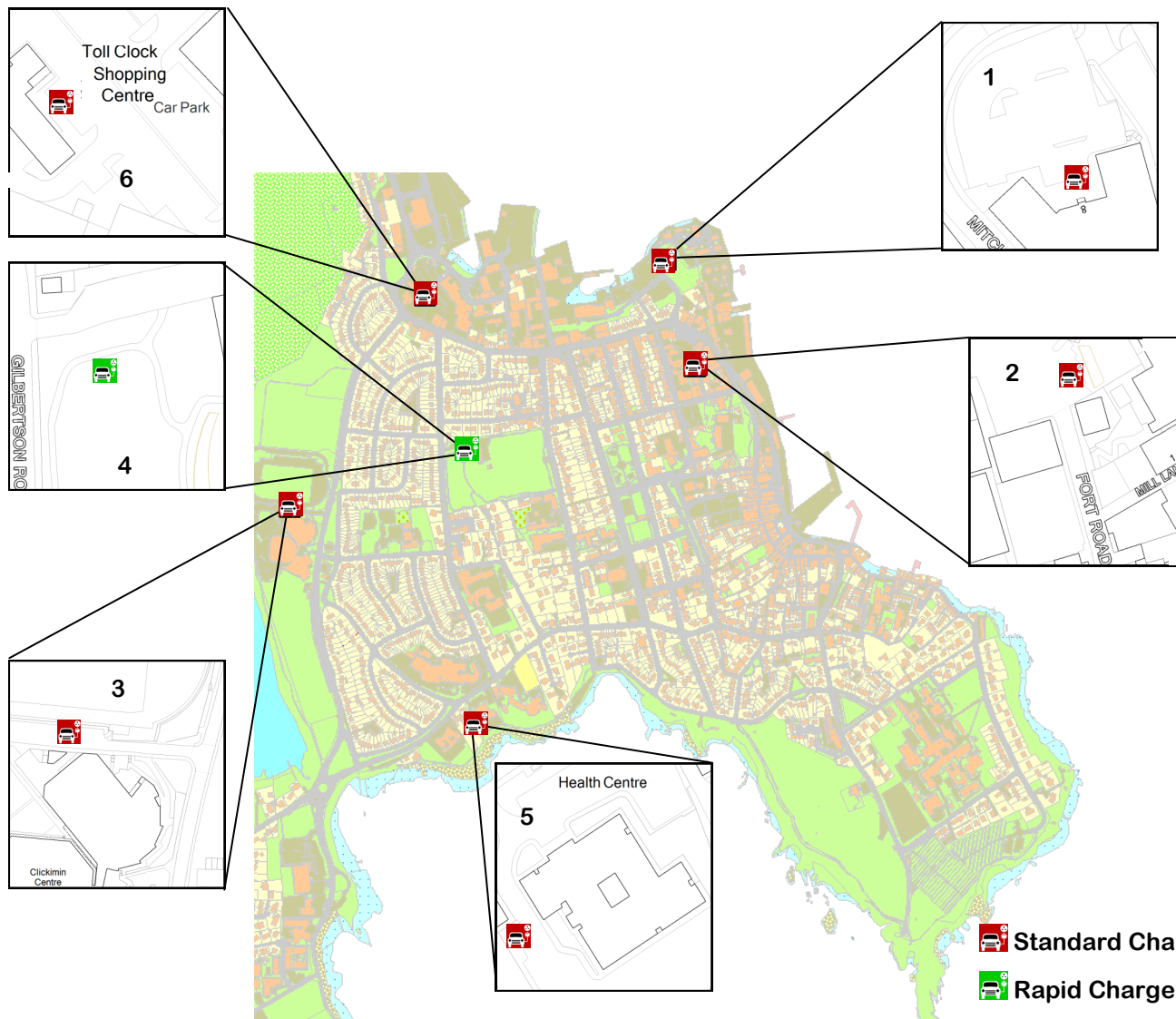


Reproduced by permission of Ordnance Survey on Behalf of HMSO  
©Crown copyright and database right 2014  
All rights reserved, Ordnance Survey Licence number 100024344

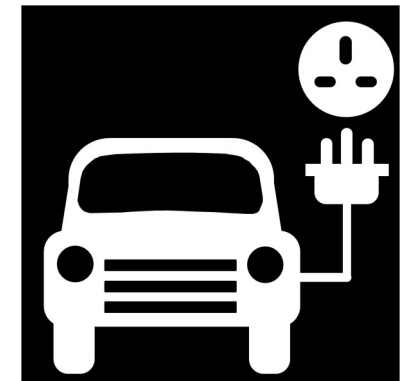
# Electric Vehicle Charging Point Map

Shetland Island  
Council

2016



Reproduced by permission of Ordnance Survey on Behalf of HMSO  
©Crown copyright and database right 2014  
All rights reserved, Ordnance Survey Licence number 100024344



Location	Charger Type	Charge Time
1 - 8 North Ness Business Park	Standard Charger	Up to 4 Hrs
2 - Fort Road	Standard Charger	Up to 4 Hrs
3 - Clickimin Leisure Centre	Standard Charger	Up to 4 Hrs
4 - Gilbertson Park	Rapid Charger	Up to 40 Mins
5 - Lerwick Health Centre	Standard Charger	Up to 4 Hrs
6 - Grantfield	Standard Charger	Up to 4 Hrs



Shetland  
Islands Council

## Electric Vehicle Charge Point - Tariff Calculations

## Appendix 2

Type of Charge	Average charge time from flat to full	Charger Size
Standard Charger	4Hrs	7 (kWh)
Fast Charger	1Hr	22 (kWh)
Rapid Charger	40Mins	50 (kWh)

Cost of EV Charge To Shetland Islands Council (Excluding VAT)				
Charge	Unit	Std Charger 7 (kWh) 4 Hrs	Fast Charger 22 (kWh) 1 Hr	Rapid Charger 50 (kWh) 40 Mins
EDF Unit Rate	£0.135 /kWh	£ 4.50	£ 2.97	£ 3.78
EV Maintenance Rate	£0.015 /kWh	£ 0.50	£ 0.33	£ 0.42
Administration charge	£0.30 per charge	£ 0.30	£ 0.30	£ 0.30
Banking fee	2.95%	£ 0.15	£ 0.10	£ 0.12
Merchant fee	1.5%	£ 0.08	£ 0.05	£ 0.06
VAT		£ 1.10	£ 0.75	£ 0.94
<b>Total charge</b>		<b>£ 6.63</b>	<b>£ 4.50</b>	<b>£ 5.62</b>

EV Charge to Consumer			
Charge	Std Charger 7 (kWh) 4 Hrs	Fast Charger 22 (kWh) 1 Hr	Rapid Charger 50 (kWh) 40 Mins
Electricity Charge	£ 4.50	£ 2.97	£ 3.78
Maint/Admin Charge	£ 1.03	£ 0.78	£ 0.90
VAT	£ 1.10	£ 0.75	£ 0.94
<b>Total Charge</b>	<b>£ 6.63</b>	<b>£ 4.50</b>	<b>£ 5.62</b>





**Policy & Resources Committee  
Shetland Islands Council**

**28<sup>th</sup> June 2016  
29<sup>th</sup> June 2016**

## **ICT Strategy 2016 - 21**

**CRP-19-16-D1**

**Report Presented by Executive Manager, ICT**

**Corporate Services**

### **1.0 Summary**

- 1.1 This report presents the Council's ICT Strategy for the 5 years from 2016 – 2021 (appendix 1).
- 1.2 The funding for the ICT Strategy has already been approved as part of ICT Services Revenue and Capital budgets.

### **2.0 Decision Required**

- 2.1 That the Policy & Resources Committee RECOMMEND that the Council resolve to approve the ICT Strategy 2016 -21.

### **3.0 Detail**

- 3.1 The report presents the ICT Strategy for the Council for the next 5 years. This includes four main strands of work, PC/LAN, Schools ICT, SPSNet, and Photocopiers. In addition, the strategy describes the main ICT initiatives planned, more details of which can be found in Appendix 1.

### **4.0 Implications**

#### Strategic

- 4.1 Delivery On Corporate Priorities – Our Plan 2016, in its 20 by 20 states that:-
  - Modern IT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively.

- Our staff and the public will feel more informed about the Council's activities, through excellent communications systems.

The ICT Strategy feeds directly into the ICT Service Plan.

#### 4.2 Community /Stakeholder Issues

All Services have had the opportunity to comment on the ICT Strategy.

#### 4.3 Policy And/Or Delegated Authority

Policy and Resources Committee has delegated authority to advise the Council in the development of its strategic objectives, policies and priorities and has financial responsibility for ICT Services.

Determination of the Council's Goals, Values and Strategy Framework documents or variation of existing policy or strategy is reserved to the Council [Scheme of Administration and Delegations – Section 2.1.3(2). Adopting, approving or amending any plan within the Council's Policy Framework, as set out in the Council's Constitution (Part A 3-2), is reserved to the Council (Part A 3-1).

#### 4.4 Risk Management

A failure to agree and implement an ICT strategy may jeopardise ICT's ability to enable and support the Council's aims and objectives, and its effective and efficient use of existing systems and infrastructure.

#### 4.5 Equalities, Health And Human Rights

None.

#### 4.6 Environmental

By maintaining an up to date infrastructure the Council will benefit by taking advantage of technology designed to use less energy.

### Resources

#### 4.7 Financial

There is no additional funding required to implement the ICT Strategy 2016 – 21. Budget for 2016/17 for the four main streams have been approved as part of the Council's Asset Investment Plan:

PC/LAN – £150,000  
 Schools Computing - £194,000  
 Printing/Reprographics - £75,000  
 SPSnet £256,000

The strategy assumes a similar level of funding for each financial year over the period 2017 – 2021 as is included in the approved five year Asset Investment Plan. Additional funding may be required for ICT projects not identified in this strategy, or if circumstances change significantly.

#### 4.8 Legal

None.

#### 4.9 Human Resources

Adopting the ICT Strategy will ensure that staff have access to the tools they need to carry out their duties efficiently and effectively and improve the accessibility and availability of core HR functions such as leave.

#### 4.10 Assets And Property

Adopting the ICT Strategy will ensure the ongoing viability of the Council's ICT Infrastructure, maintaining it in a fit-for-purpose condition.

### **5.0 Conclusions**

- 5.1 The ICT Strategy can be summarised as making the most of the ICT assets we have, and exploring how we can use technology in the future for further efficiencies and savings.

---

For further information please contact:  
*Susan Msalila, Executive Manager ICT*  
*01595 744798 [susan.msalila@shetland.gov.uk](mailto:susan.msalila@shetland.gov.uk)*  
*21 June 2016*

---

#### List of Appendices

Appendix 1: ICT Strategy 2016 – 21







# Shetland Islands Council

---

**ICT Strategy 2016-2021  
Version 1**

Prepared By

ICT Executive Manager  
Corporate Services  
February 2016

## 1. ICT Services - Strategic Vision and Direction

- Modern ICT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively.
- Work with partners in the communications industry and government to improve high-speed broadband and mobile connections throughout Shetland.
- ICT Systems and Infrastructure will enable and support the Corporate Plan.
- ICT Services supports Health and Social Care Integration.
- ICT Systems will be secure and will conform to legislation.
- ICT Services supports home and flexible working for SIC staff.
- Corporate Information Systems will enable good management of budgets, staff and assets.
- ICT will work with Services to develop digital as the first choice for contact.
- The Council will keep up to date with technology developments.

## 2. Introduction

The ICT Strategy aligns the use and application of ICT with the Council's aims and objectives, and ensure that the Council aligns itself with National strategic initiatives where appropriate. The ICT Strategy will support the ICT Service Plan, the Directorate Service Plan, and the Corporate Plan.

It is the purpose of this document to summarise the strategic direction and vision for the way ahead, including specific objectives for the next 5 years. In this way, a timeline of ICT Projects can be described and documented which will assist staff and managers to understand the plans, and reasoning behind these plans.

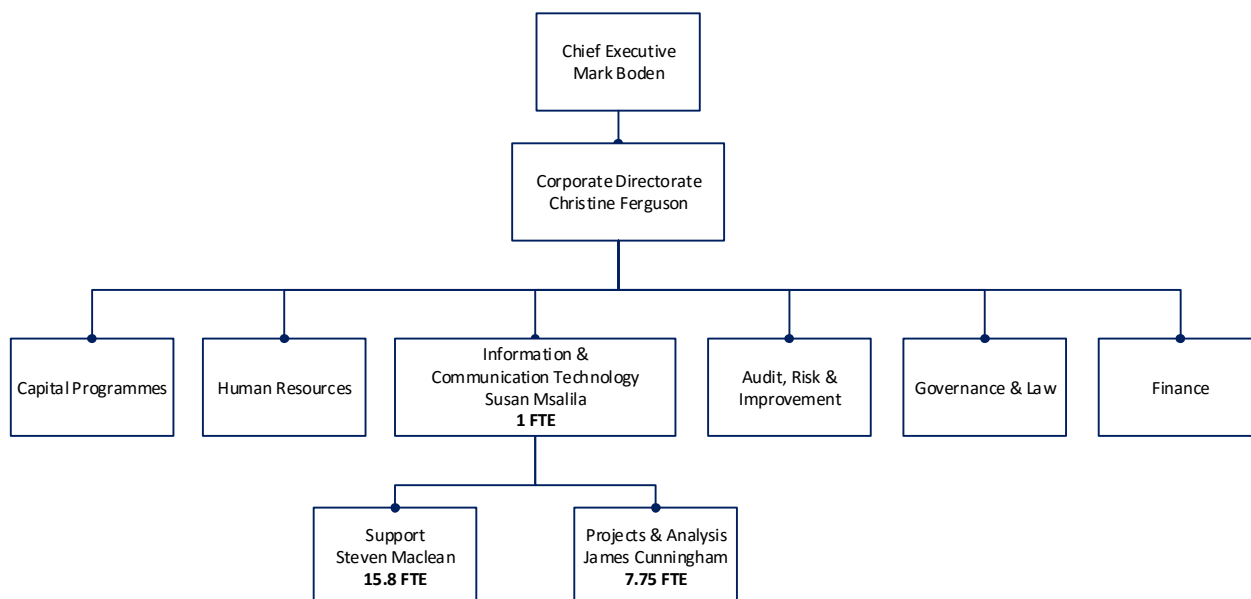
This Strategy covers the period 2016 – 2021, and was agreed by ICT Management Board in May 2016. It supersedes the previous ICT Strategy which covered the 5 year period from 2015 – 2020.

### 3. ICT Governance and management

The ICT Management Board is responsible for the development and implementation of the Council's ICT Strategy. The ICT Management Board will provide information and report progress to the Corporate Management Team and Directorates where relevant.

The Schools ICT Strategy Group provides more detailed strategic direction for Schools ICT, ensuring that investment in ICT delivers benefits to Learning and Teaching.

ICT Organisation (Chart)



## 3. Council & National ICT Strategies

### Scottish Government ICT Strategy

The Scottish Government, in partnership with Solace and SOCITM, has developed a National Government Strategy, based on 3 themes:

- **Digital Services Online** - Move to more services being online and ability for self service by citizens.

- **Collaboration and value for money** –share systems, data, and infrastructure with Public Sector partners.
- **Scottish Wide Area Network (SWAN)** – Supply of network services will be considered using the SWAN network, once the system is proven.

### **Heath & Social Care Integration**

The ICT Service will work with all involved bodies to deliver the necessary technical model to support the implementation of this programme.

### **Financial Plans**

The ICT service will continue to try to identify savings where possible through the use of ICT, and to work with other Services to deliver the Medium Term Financial Plan.

#### 4. ICT Infrastructure

ICT Infrastructure can usefully be broken down into 4 main areas; Corporate Computing, School Computing, SPSnet (Shetland Public Sector Network) and Reprographics (copying/scanning/printing); each of these areas has a corresponding Capital Budget.

#### 5. Summary of Strategic Projects

16/17	17/18	18/19	19/20	20/21
Corporate Computing				
School Computing				
SPSnet				
Printers/Photocopiers				
New AHS - ICT Support		Review backups in non-fibre linked schools	Finish encryption of all corporate computing devices.	Review of main desktop software.
Mobile Management system review	Review Data Centre	Review of VDI technology in	Phase out remaining Windows 7 O/S.	Review of original fibre links in Lerwick.
Upgrade from Office 2007 – investigate best value options.	Investigate VDI technology	Upgrade email system.	Phase out remaining Server 2008 O/S.	
Review printing. Work with Services to achieve paperless working where practical.	Review technology and infrastructure for remote sites to ensure best possible solution is in place for modern communication.			
Install fire suppression system for Computer Centre.	Investigate data archiving solution, first for email, then for data.			
Review video conferencing	Council website and intranet.			
DR centre to be established at an appropriate location				
Review WAN connections in light of SWAN/BDUK				
Public Wi-Fi review				
Evaluate IP telephony for external phone links				
Evaluate Microsoft developments for server in the cloud provision.				

#### 2016/17

Although planning for ICT the new Anderson High School will commence this year, most of the work will fall into 2017/18. A project will look at how and when we will upgrade from Office 2007. In order to support ongoing savings by reducing unnecessary printing, a Council wide project to enable departments to go paperless where possible will be undertaken. To make the physical security of the

Data Centre at Garthspool less liable to damage, we will install a fire suppression system. We will carry out a review of video conferencing provision, to ensure the right solution is available. We will look at the possibilities offered by the new Microsoft developments for virtual servers.

#### 2017/18

Having implemented server virtualisation technologies from 2013 – 16 by 2017 we will be in a position to fundamentally review options for provision of the Council's Data Centre. We will also look again at virtualisation of the desktop. Also by this time the Scottish Government's Digital Strategy will have developed to offer alternative options. Although the Council's website and intranet will be supported and maintained in the interim, by this time the technology will be several years old and is likely to require major redesign and reimplementation.

#### 2018/19

By this time the amount of data the Council holds will be such that a proper data archiving solution will almost certainly be necessary. We will review computer installations to ensure that there is a plan in place to upgrade all obsolete operating systems before they reach the end of support, i.e. Windows 7, Windows Server 2008.

#### 2019/20

Complete encryption programme for all corporate devices, including laptops, phones and desktops. Phase out all remaining Windows 7 and Server 2008 machines, as they will be end of life this year.

#### 2020/21

Review the main desktop software in use – currently Microsoft Office. Assess the oldest fibre links which may be starting to show signs of deterioration.

### **6. Financial Implications**

There are no specific financial implications in this strategy as all projects are justified on their own merits and budgets for the four streams – Corporate Computing, SPSNet, Schools Computing and Printing/Reprographics – are approved as part of the Capital Programme.

GCX43001200 – Corporate Computing – £150,000

GCX43121200 – Schools Computing - £194,000

GCX43191200 – Printing/Reprographics - £75,000

GCX43231200 – SPSnet - £256,000

The strategy assumes similar funding over the period 2016 – 2021. Additional funding may be required for ICT projects not identified in this strategy, or if circumstances change significantly.

All ICT equipment must be procured in conjunction with ICT Services. Services should not purchase equipment directly, without consultation, in order to ensure both ICT and Financial requirements and regulations are complied with.

.

Area	Current Strategy	Changes or additions for 2016 - 2021
------	------------------	--------------------------------------

#### Council & National ICT Strategies

1. Scottish Government ICT Strategy	<ul style="list-style-type: none"> <li>a. The main themes of the SG ICT Strategy – Online services, Collaboration &amp; value for money, and SWAN - are already addressed in several areas.</li> <li>b. SWAN – the Council will be able to review the systems and services provided.</li> </ul>	<ul style="list-style-type: none"> <li>c. Implement solutions which reflect the themes of the SG ICT Strategy where practical.</li> <li>d. Director of Corporate Services has been named as the Digital Champion for the Council.</li> </ul>
2. Health & Social Care Integration	<ul style="list-style-type: none"> <li>a. Some sharing of systems/data currently undertaken (OT Stock, Swift).</li> <li>b. NHS first line Service Desk provided by ICT Services</li> <li>c. ICT provided to a number of locations where SIC/NHS staff work together.</li> <li>d. Continue to deliver technical solutions to meet the needs of the health &amp; Social Care Integration Programme.</li> </ul>	
3. Financial Plan	<ul style="list-style-type: none"> <li>a. ICT Strategy is designed to be delivered within the budget limits set by the Medium Term Financial Plan (MTFP).</li> </ul>	

#### 4B – ICT Infrastructure

4. Corporate PCs and Laptops	<ul style="list-style-type: none"> <li>a. We will install the latest stable, usable version of Microsoft Windows.</li> <li>b. All corporate laptops are encrypted.</li> <li>c. Replace computers when no longer fit for purpose.</li> </ul>	<ul style="list-style-type: none"> <li>d. Encrypt all corporate computing devices by 2020.</li> <li>e. Phase out Windows 7 by 2020.</li> </ul>
5. Desktop Software	<ul style="list-style-type: none"> <li>a. Mixed Microsoft Office 2007 and 2010. 2007 as standard, 2010 where there is a requirement.</li> <li>b. Microsoft Office Professional installed where there is a business case.</li> <li>c. Various Industry standard applications, e.g. adobe acrobat, internet explorer are maintained to latest versions.</li> <li>d. Anti-virus and security updates are deployed centrally.</li> </ul>	<ul style="list-style-type: none"> <li>e. Investigate best value options for upgrading from Office 2007 in 2016 – 17.</li> </ul>

Area	Current Strategy	Changes or additions for 2016 - 2021
6. Mobiles and Tablet Devices	<ul style="list-style-type: none"> <li>a. Apple iPads are the standard tablet device for corporate and schools.</li> <li>b. Windows tablet devices are available if required.</li> <li>c. Smart phones are provided subject to BRO approval.</li> <li>d. Voice and data contracts through Procurement Scotland, with Vodafone.</li> <li>e. MobileIron deployed for management and dual factor authentication for Microsoft, Apple and Android devices.</li> <li>f. Blackberry Server for secure email integration and remote management of blackberry phones.</li> </ul>	<ul style="list-style-type: none"> <li>g. Encrypt all corporate mobile and tablet devices.</li> <li>h. Phase out Blackberry devices.</li> </ul>
7. Bring your own Device (BYOD)	<ul style="list-style-type: none"> <li>a. Email access is permitted to BYODs with basic security restrictions enforced.</li> </ul>	<ul style="list-style-type: none"> <li>b. Implement BYOD policy, as part of the review of data protection project, to enhance the security of the Council's network and data.</li> </ul>
8. Server Infrastructure and Operating System	<ul style="list-style-type: none"> <li>c. A mix of virtual and physical servers in the Computer Centre, Lystina and Schools.</li> <li>d. The latest stable version of Microsoft Windows Server is installed as standard on all virtual and physical servers, unless there is a different technical requirement, for example UNIX, or older supported Windows Server O/S.</li> <li>e. Maintain the virtualised infrastructure to be fit for purpose, with sufficient storage space and processing power to meet business needs.</li> </ul>	<ul style="list-style-type: none"> <li>f. Phase out Windows Server 2008 by 2020.</li> </ul>
9. Printers and MFD's	<ul style="list-style-type: none"> <li>a. Printers and MFDs are purchased rather than leased.</li> <li>b. ICT Print Strategy in place.</li> <li>c. Replace printers/MFDs when no longer fit for purpose, in line with Print Strategy.</li> </ul>	
10. Schools computing devices	<ul style="list-style-type: none"> <li>a. The latest stable, usable version of Microsoft Windows will be installed.</li> <li>b. Equality of ICT provision in schools is ensured by the designated numbers formula.</li> <li>c. Offer choice of devices such as netbooks, laptops, or tablets.</li> <li>d. All staff laptops which are removed from the school are encrypted; pupil machines are not encrypted.</li> <li>e. Interactive white boards or large format touch screens are provided in teaching areas where there is a justification.</li> <li>f. Participate in the Education ICT strategy group, developing appropriate provision for education.</li> <li>g. Replace computers that are more than 7 years old, and any other machines which are not fit for purpose.</li> </ul>	<ul style="list-style-type: none"> <li>h. ICT Support for new Anderson High School mainly in 2017 – 18, but possibly starting in 2016 - 17.</li> </ul>



Area	Current Strategy	Changes or additions for 2016 - 2021
11. Virtual Desktop Infrastructure (VDI)	a. 2X Terminal Services used for system access when appropriate.	b. Review of VDI technology in 2018/19.
12. Network	a. Network infrastructure is Cisco equipment. b. Main corporate sites are linked via private fibre in Lerwick. c. Various broadband solutions for a number of small sites. d. Two interconnects - Education Scotland (JaNet) and SHEFA-2 fibre connection. e. Participate in all projects relating to Digital Connectivity, along with Economic Development and partners in the private sector. f. Continue to review all site connections to ensure they are fit for purpose.	g. Explore the benefits and risks of sign up to SWAN (Scottish wide area network). h. Review technology and infrastructure for remote sites to ensure best possible solution is in place for modern communication. 2017/18
13. Public Service Partners	a. ICT provide services for other public service organisations through SLAs. Currently ICT provide services for: (i) Shetland Recreational Trust (ii) Shetland Arts (iii) Shetland Charitable Trust (iv) SHEAP (v) Assessors (vi) Voluntary Action Shetland (vii) NHS Shetland (Service Desk) (viii) Viking Energy b. Continue to share ICT infrastructure and systems with public service partners in Shetland.	
14. Public Wi-Fi	a. A public wireless network, SICGUEST, is available across most of the network. b. Access is filtered to block inappropriate content. c. SICGUEST2, which blocks social networking, is available as an alternative. d. Public Access is provided on free gratis/no guarantee of service basis. e. There are no Terms and Conditions of use. f. Continue to provide the service, dependant on future interconnect capacity, terms and conditions on use and continuing minimal cost to the Council.	g. Project to review public Wi-Fi in Council premises in 16/17.
15. IP Telephones	a. IPT telephony and voicemail provided throughout the Council, Schools and public sector partner sites b. Call charges are billed monthly for payment of personal calls.	c. Project to evaluate IP telephony for external phone links, with potential to realise savings in 2016/17

Area	Current Strategy	Changes or additions for 2016 - 2021
16. Data Centre Infrastructure	<ul style="list-style-type: none"> <li>a. In-house data centre in ICT Garthspool providing services for Council systems and public sector partners in Shetland.</li> <li>b. Secondary site at Lystina House for business continuity purposes.</li> <li>c. Provide DR data centre facilities for NHS Shetland</li> </ul>	<ul style="list-style-type: none"> <li>d. Install a fire suppression system for the Computer Centre in 2016/17.</li> </ul>
17. Virtual Server Infrastructure	<ul style="list-style-type: none"> <li>a. Virtual Server environment in place, consisting of a Storage Area Network and Blade Server infrastructure.</li> <li>b. All servers are virtualised unless there is a technical or business reason why not.</li> <li>c. Mirrored disaster recovery for the business critical virtual server environment.</li> </ul>	
18. Backup and Disaster Recovery	<ul style="list-style-type: none"> <li>a. Corporate backup using tape technology.</li> <li>b. All data held on servers is backed up.</li> <li>c. All sites connected by fibre are backed up using the corporate backup solution.</li> <li>d. Servers are backed up locally on sites which are not connected by fibre</li> </ul>	<ul style="list-style-type: none"> <li>e. Consider implementing a data archiving solution email in 2016/17 and for files in 2017/18.</li> <li>f. Project to review non-fibre linked school backups in 2017/18.</li> </ul>
19. Corporate Email	<ul style="list-style-type: none"> <li>a. Email is available for all Council staff and Service Partners.</li> <li>b. Webmail is available and secured by SecurEnvoy dual factor authentication.</li> <li>c. MobileIron is used for email security on non-Blackberry mobile devices.</li> </ul>	<ul style="list-style-type: none"> <li>d. Review email system in 2016/17.</li> <li>e. Review SecurEnvoy and MobileIron to ensure best value and optimum implementation in 2017/18.</li> </ul>
20. Public Sector Network (PSN)	<ul style="list-style-type: none"> <li>a. Retain PSN code of compliance.</li> <li>b. Separate email Exchange system for the purpose of PSN email.</li> <li>c. PSN access is securely available across the network, including schools, for accredited users.</li> <li>d. PSN users are baseline security checked and trained (delivered via HR) as part of our CoCo commitment.</li> </ul>	<ul style="list-style-type: none"> <li>e. Review services as they become available via the PSN and utilise where this delivers best value.</li> </ul>
21. Video Conferencing and multi media communications	<ul style="list-style-type: none"> <li>a. Video Conferencing facilities via IP/ISDN are available in various Council locations including schools.</li> <li>b. Glow Meet VC is available for teachers.</li> <li>c. Webex for collaborative and remote working.</li> <li>d. Skype is available for use throughout the Council.</li> </ul>	<ul style="list-style-type: none"> <li>e. Review the video conference requirement and implementation, with a view to providing best value in 2016/17.</li> </ul>

#### 4C – Management Information Systems

Area	Current Strategy	Changes or additions for 2016 - 2021
22. HR and Payroll Systems (CHRIS)	<ul style="list-style-type: none"> <li>a. Chris 21 is used for all payroll and HR purposes. HR21 provides kiosk facilities and electronic applications/authorisations for some staff.</li> <li>b. EPM21 for staff appraisals has been piloted.</li> <li>c. Continue to upgrade to latest versions when released.</li> </ul>	d. Potential to investigate market for HR/Payroll systems, depending on whether Chris continues to be fit for purpose (2016/17).
23. Financial Management Systems (INTEGRA)	<ul style="list-style-type: none"> <li>a. Integra used for Nominal, Purchase, and Sales Ledgers and Cash Management</li> <li>b. Electronic authorisation of invoices, journals implemented</li> <li>c. Continue to upgrade to latest versions when released.</li> <li>d. No plans to change system or supplier</li> </ul>	e. Project to trial Integra Mobile in 2016/17
24. Electronic Document Management System (EDMS)	<ul style="list-style-type: none"> <li>a. No dedicated package</li> <li>b. Some departmental scanning of documents for storage on file servers is taking place.</li> <li>c. Some services such as Housing, Planning, and Committee Services have electronic document management systems as part of their service systems.</li> <li>d. SharePoint is used for document storage and retrieval on the intranet.</li> <li>e. The Planning System has IDox Document Management system which could be used by other services as required.</li> </ul>	f. A proposed Records Audit of the Council may identify gaps, and may necessitate ICT projects.
25. Workflow	<ul style="list-style-type: none"> <li>a. No dedicated corporate package</li> <li>b. Workflow capability in a number of systems e.g. Integra, HR21, Recruitment Portal.</li> <li>c. Email is used for some limited authorisation for example authorisation of journals.</li> <li>d. Adobe forms used for certain processes e.g. Integra Masterfiles, ICT Network requests, HR forms .</li> </ul>	
26. CRMS	<ul style="list-style-type: none"> <li>a. No dedicated corporate package</li> <li>b. A number of Service systems have CRMS built in, e.g. Roads, Planning, Housing</li> </ul>	
27. Reporting Tools	<ul style="list-style-type: none"> <li>a. Seagate Info for Integra and Chris</li> <li>b. We implement reporting on a system by system basis depending on the best reporting tool for that system.</li> <li>c. Convergence towards Business Objects XI where appropriate.</li> </ul>	
28. Bespoke Developments	<ul style="list-style-type: none"> <li>a. Proven packages selected over bespoke systems</li> <li>b. Bespoke development only considered where there is a compelling business case.</li> </ul>	c. ICT inventory system to be a bespoke development, to evaluate whether there is potential for this for future developments. 2016/17

#### 4D – Application Systems

Area	Current Strategy	Changes or additions for 2016 - 2021
<b>Service Systems – Overall strategy.</b>	<ul style="list-style-type: none"> <li>a. Majority of services have service specific systems</li> <li>b. Maintenance and support paid for by service budgets.</li> <li>c. Systems are reviewed annually.</li> <li>d. Versions maintained to latest proven release unless there is a compelling reason not to.</li> <li>e. Upgrades/replacements on a case by case basis where there is a business case.</li> </ul>	
<b>Children's Services</b>		
29. Children & Families	a. SWIFT	
30. Children's Resources	a. no service specific systems	b. Potential requirement for a system to support GIRFEC.
31. Psychological Services	a. no service specific systems	
32. Quality Improvement	<ul style="list-style-type: none"> <li>a. GLOW is provided as a hosted virtual learning environment by the Scottish Government</li> <li>b. GLOW email, used for pupil email, has moved to Office 365.</li> <li>c. Continue to provide any technical support necessary for schools to make the best use of GLOW.</li> </ul>	
33. Schools	a. SEEMIS – Pupil & School Administration System	b. Cashless Catering for new AHS in 2017, potentially using the Parent Pay system being implemented by Schools Service.
34. Shetland Library	<ul style="list-style-type: none"> <li>a. Capita Library Management System Suite(Alto, Soprano, Prism, Mobile, EDI Gateway, Decisions, and Self-Issue)</li> <li>b. Connect services for eBooks, eAudio, etc.</li> <li>c. Netloan Public Access PC Administration System</li> </ul>	
35. Sport and Leisure	<ul style="list-style-type: none"> <li>a. Box Office – Ticket sales and management</li> <li>b. Event Perfect – facility booking and management</li> </ul>	
<b>Community Care Services</b>		
36. Adult Services (EGRC, SL&O, NCL)	<ul style="list-style-type: none"> <li>a. SWIFT</li> <li>b. Webroster (EGRC only)</li> </ul>	<ul style="list-style-type: none"> <li>c. OCT support for replacement EGRC mainly in 2017/18, with some work possible in 2016/17</li> <li>d. Support Community Health &amp; Social Care Integration and localities working.</li> </ul>
37. Adult Social Work	a. Swift	
38. Community Care Resources	<ul style="list-style-type: none"> <li>a. Swift</li> <li>b. WEBroster</li> </ul>	c. Support Community Health & Social Care Integration and localities working.

Area	Current Strategy	Changes or additions for 2016 - 2021
39. Criminal Justice	a. Swift b. SCRO – Scottish Criminal Record Office c. VISOR – Violent & Sexual Offenders register d. LSCMI	e. Support Community Health & Social Care Integration and localities working.
40. Mental Health	a. SWIFT	b. Support Community Health & Social Care Integration and localities working.
41. Occupational Therapy	a. Swift b. ELMS - OT stock control system c. Community Alarms (PNC6)	d. Support Community Health & Social Care Integration and localities working.
<b>Corporate Services</b>		
42. Capital Programmes	a. Integra Catalogue Expert (ICE) module	
43. Finance	a. Integra (details in Corporate Systems) b. AxisE Pension Management system c. Chris for payroll d. Open Revenues	
44. Governance & Law	a. Colns Committee Management system b. FOI – Freedom of Information database c. JCAD – Insurance & Risk Management system	
45. Internal Audit	a. SCCM – software audit system b. Covalent Performance and Monitoring c. JCAD – Insurance & Risk Management system	
46. Human Resources	a. CHRIS Human Resource Management System b. Training Manager pro c. Online Recruitment Portal d. Brightwave e-learning (I Learn) training portal e. JCAD – Insurance & Risk Management system	f. Training Manager Pro replacement in 2016/17
47. ICT	a. ICT Service Desk and Asset Management (i) Assyst Service Desk software (ii) MS Remote Assistance and Microsoft Remote Desktop, for remote support (iii) SCCM b. ICT Security & Monitoring Systems (i) Anti-Virus – Symantec Endpoint protection (ii) Microsoft security patches – WSUS (iii) Email Scanning – Barracuda (iv) Annual network penetration testing (v) Surecloud – vulnerability scanning (hosted service) (vi) Surecloud – intrusion detection (hosted service) (vii) Solarwinds – network appliance monitoring and remote IOS upgrade/deployment	
<b>Development Services</b>		
48. Comm Planning & Development	a. Benefactor	
49. Economic Development	a. Benefactor	

Area	Current Strategy	Changes or additions for 2016 - 2021
50. Housing	a. Open Housing b. Servitor – stock and job costing system	c. Implementation of Customer Relationship Module for Open Housing in 2016/17
51. Planning	a. Uni-Form b. GIS MapInfo/Esri c. CAG – Corporate Address Gazetteer	
52. Shetland College	a. Train Shetland – Learn Smarter b. Pearson VUE testing centre system	
53. Transport Planning	a. Bus Ticketing b. Concession Travel Smartcard	c. Trial of ITSO transport ticketing system with Ferries Service.
<b>Infrastructure Services</b>		
54. Env Health & Trading Standards	a. Flare	
55. Ferry operations	a. Ferry ticketing b. Scrimsigns c. RAST	d. Review of infrastructure at ferry terminals
56. Port Operations	a. Port Control System b. RAST c. MarNIS	
57. Roads Maintenance	a. Servitor b. WDM	
58. Building & Transport Operations	a. Burial Grounds Software b. Tech Forge c. BMS d. PACS Secure Net e. Servitor f. Datastox	
<b>Chief Executive</b>		
59. Executive Service	a. Internet/Intranet	

#### 4E – Online Services

60. Online Services	a. Online services are made available as and when the applications are capable of delivering this functionality subject to business case.	b. Review in parallel with Scottish Government ICT Strategy.
61. Home and Flexible working	a. Support the Council's Home and Flexible working policy, using appropriate technologies to facilitate secure, fit for purpose, remote access to systems.	b. Review technologies to ensure best service to support the policy.
62. ICT Training	a. ICT Training for Council staff provided by Train Shetland b. ICT staff specialist training provided externally where not available from Train Shetland c. CBT such as iLearn used as appropriate d. Application training costs included in project costs for new system implementations	e. Continue to explore opportunities for CBT.

#### 4F – Intranet & Internet

Area	Current Strategy	Changes or additions for 2016 - 2021
63. Council Website	a. Provide infrastructure for Council services to publish information on the internet.	b. Assist the Communications team in the continuing development of the Council's website.
64. Intranet	a. Sharepoint is used as a platform to deliver Service sites as requested.	b. Consider upgrade of Sharepoint to deliver more functionality in 2016/17
65. Internet Access inc. Web filtering	a. All staff and pupils have access to the Internet, which is appropriately filtered for different levels. b. Corporate and school pupil access is logged and monitored. c. Public wifi (SICguest) is widely available in schools, library, and other public buildings, and is appropriately filtered	

#### 4G – Policy, Standards and Procedures

66. ITIL	a. All ICT staff trained in ITIL b. ICT structure and practice follow ITIL model (i) Change Control/ Management (i) Service catalogue (ii) Incident Management (iii) Service Operations (data centre management) (iv) Asset Management	
67. Benchmarking	a. Annual SOCITM benchmarking exercise undertaken to compare with other UK and Scottish local authorities. To ensure: (i) Value for money and specification for equipment purchases (e.g. PC's and laptops) (ii) Industry trends for feasibility of deploying new technologies (e.g. Virtualisation) (iii) To ensure cost effective ICT support arrangements	b. Carry out a Benchmarking exercise and a user satisfaction survey in 2016/17.
68. Business analysis	a. ICT will facilitate Business Analysis sessions for Services, in conjunction with external consultants.	b.
69. ICT project Management	a. PRINCE 2 used for all project management b. All projects are prioritised and allocated resource as follows: (i) Gold = Council Priority OR must be done (ii) Silver = Compelling business case OR strategic for Council ICT (iii) Bronze = Good business case subject to resource availability	c.







**Policy and Resources Committee  
Shetland Islands Council**

**28 June 2016  
29 June 2016**

<b>Knab Redevelopment - Masterplanning</b>	
<b>CPS-10-16-F</b>	
<b>Executive Manager – Capital Programme</b>	<b>Capital Programme Service</b>

## **1.0 Summary**

- 1.1 The new Anderson High School (AHS) project is now on site and is scheduled to be complete in September 2017. Members have made it clear that the site of the existing school at the Knab in Lerwick should not be allowed to lie disused for an extended period of time following that date and that plans for the future of the site should be developed, ready for implementation when it becomes vacant.
- 1.2 A draft Development Brief for the site has been prepared by Planning Service, which will inform the next stages. This report presents options for the way forward, and in particular how a Masterplan for the site might be progressed and procured.

## **2.0 Decision Required**

- 2.1 That the Policy and Resources Committee considers the options for proceeding with a masterplan for the Knab site as set out in section 3.9 of this report and **RECOMMENDS** to the Council that it;
- 2.2 **RESOLVES** to instruct officers to engage with Architecture and Design Scotland (A&DS) to develop a masterplanning brief for the Knab site and to bring a further report to Policy and Resources Committee and the Council detailing proposals as to how the masterplanning services should be procured.

## **3.0 Detail**

- 3.1 At an early stage of the new Anderson High School project, Council officers recognised the reputational and financial risks that would emerge once the site of the existing AHS becomes vacant in September 2017.

- 3.2 A project team was subsequently set up and the scope of the project and key deliverables were established. These include:
- Appointment of specialist advisors
  - Identify site extent and ownership
  - Establish legal position
  - Establish high-level Planning 'Vision' for site
  - Carry out consultation with all internal stakeholders and planning consultees
  - Appropriate public consultation
  - Prepare cost estimates and liabilities
  - Develop and define all options
  - Submit recommendation
- 3.3 The site is identified in the Shetland Local Development Plan (LDP) adopted by the Council in 2014, as a site with development potential for mixed use development. Due to the strategic importance and potentially complex re-development of this site, the Planning Service has produced a draft Development Brief. This was presented to Development Committee by the Executive Manager – Planning on 13 June 2016 (Min Ref: 28/16). The purpose of a Development Brief is to inform forthcoming developers and other interested groups of the constraints and opportunities presented by a site and the type of development expected or encouraged by the Council as Planning Authority.
- 3.4 Prior to starting to produce a Development Brief the Council engaged with A&DS to carry out a visioning exercise. Three sessions were held over 24-25<sup>th</sup> June 2014 with Community representatives, elected Members and Stakeholders. The results of this visioning exercise have informed the draft Development Brief. It was clear from the visioning exercise that the community has a strong desire to see a mixture of development types, designed to respect the unique character of this very important site.
- 3.5 The AHS campus inclusion as a site within the LDP means it has been through an initial assessment with key stakeholders and it was deemed that any constraints were limited enough to not compromise re-development of the site. The Development Brief final draft, taking account of comments received during the consultation exercise will be put to Council for adoption as non-statutory supplementary guidance to the Local Development Plan. As such it will form a material consideration in any planning application lodged on this site.
- 3.6 Placemaking is a Principal Planning Policy. The key aim is to create sustainable well designed places and homes which meet people's needs. The distinct characteristics and strengths of a place should be used to improve the overall quality of life for people who live, work and visit the area. With this in mind the 'visioning' sessions and work by officers so far has indicated that mixed development would be essential to engender a sense of community and to provide one or more focal points to the area

- 3.7 Due to the size of the site, its prominent location and the indications that mixed use would be appropriate, it seems likely that the Council would need to have an active role in leading the physical development of the area. Retaining a degree of strategic control of the site would help to ensure that developments are residentially compatible as well as bringing sustainable economic benefits to the Council.
- 3.8 The Planning Service has indicated that the production of a masterplan would be the recommended next step in taking the project forward. A masterplan is a plan that describes and maps an overall development concept. This includes both present and future land use, built form and landscaping, infrastructure, circulation and service provision. It sets out detailed governing principles such as building heights, spaces, movement, landscaping options and the predominant uses within the site. It is intended to provide a structured framework and a realistic and deliverable vision for the site. It is important to note that while this is a prescriptive document it does not necessarily preclude a degree of flexibility in designs within the plan. A masterplan requires the cohesive input and efforts of many professionals and the local community to set out how to deliver and sustain excellent places and spaces in which a community can live, work and play.
- 3.9 Masterplanning is not an activity that the Council is resourced to undertake in isolation. A number of options have been identified in terms of sourcing the expertise necessary to take this work forward, namely:
- 3.9.1 Proceed to market the site for re-development, leaving the developer to commission and lead on masterplanning. This is essentially the 'Do-Nothing' option.
- Pros
- Minimal resourcing requirement from Council
  - Fees borne by developer
  - Allows early engagement with potential developers
- Cons
- Risk of loss of control over the nature of development
- 3.9.2 Engage with Architecture and Design Scotland (A&DS) to develop a masterplanning brief and provide the Council with support and advice during the process. Procure masterplanning services externally.
- Pros
- A&DS have already been involved in the project and would be well placed to engage with the minimum of preparation
  - No fees associated with the involvement of A&DS
  - Greater control over nature of development
- Cons
- A masterplanning exercise on this scale is estimated to cost £100K
  - Would likely delay marketing of site

- 3.10 It can be seen that both options have benefits and risks associated with them. The decision on how to proceed is strategic and must take into account programme, risk, commercial issues, financial issues and the level of involvement and control that the Council may want to have.
- 3.11 From a landlord perspective, the introduction of a Council-led masterplanning stage would turn the process from an operational one, where the Council would begin to actively market the site, to that of a project, where the outcome would be a much clearer picture of how the Council would want the site to be developed into the future. In terms of the '5-case' model, a masterplanning exercise would underpin the drafting of a Strategic Outline Case. The Strategic Outline Case would use the masterplan to describe what the Council seeks to achieve from the site and then explore the options for delivery.
- 3.12 The benefits of this process in terms of the quality of the eventual development are considered by officers to outweigh any impact on delivery timescales and the recommendation of this report is therefore that the option described at 3.9.2 above be taken forward. The procurement of masterplanning services would be the subject of a later report.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – The project described in this report supports 'Our Plan 2016-2020' by reducing the number of buildings we have staff in, ensuring we have prioritised spending on building and maintaining assets and reducing carbon emissions from our work and buildings.
- 4.2 Community/ Stakeholder Issues – Numerous community and stakeholder engagement events have already taken place as described in section 3 above. This process will be ongoing as the project moves forward.
- 4.3 Policy and/ or Delegated Authority – The Policy and Resources Committee has delegated authority to determine functional matters relating to asset management, and has referred authority to advise and recommend to the Council in relation to the development of its strategic policies, as set out in Section 2.2.1 of the Council Scheme of Administration and Delegations.
- 4.4 Risk Management – The main areas of risk are financial and reputational. If alternative uses for the site cannot be implemented at the point it becomes vacant, the Council will continue to be liable for the cost of rates, insurance, and other inevitable costs. Allowing the site to fall into a dilapidated state would doubtless result in reputational damage.
- 4.5 Equalities, Health And Human Rights – None
- 4.6 Environmental – None arising from this report.

### Resources

- 4.7 Financial – The involvement of A&DS in supporting the council through the masterplanning process does not incur any fees. The specialist services

needed to carry out a masterplanning exercise would be expected to cost £100K. It is proposed that this would be funded from projected revenue contingency underspends.

4.7.1 The option as described at 3.9.1 to leave the developer to commission and lead on masterplanning would require minimal resourcing from Council. Any additional costs incurred would be met from within existing budgets.

4.7.2 The option as described at 3.9.2 to procure masterplanning services externally is estimated at £100k which would need to be identified from within existing resources. The involvement of A&DS in supporting the Council through the masterplanning process does not incur any fees.

4.8 Legal – Governance and Law will support any masterplanning exercise.

4.9 Human Resources – None

4.10 Assets And Property – The Assets and Property team are actively involved in this exercise and would be closely involved in developing any masterplan for the Knab site.

## 5.0 Conclusions

5.1 This report provides an update on the progress made so far by officers in developing plans for the future use of the current Anderson High School site at the Knab in Lerwick and recommends the Option as set out in 3.9.2 be taken forward.

---

For further information please contact:

*Robert Sinclair, Executive Manager Capital Programme 01595 744144*

[robert.sinclair@shetland.gov.uk](mailto:robert.sinclair@shetland.gov.uk)

---

List of Appendices: None.

Background documents: None

END



**Policy and Resources Committee****28 June 2016****Shetland Islands Council****29 June 2016****Proposed Gateway Process for the Management of Capital Projects****Report No: CPS-09-16-F****Report Presented by Executive Manager –  
Capital Programme****Capital Programme Service****1.0 Summary**

- 1.1 Council approval of projects that are to be included in the Asset Investment Plan (AIP) is currently managed through the 'gateway' process adopted in 2010. This report presents a revised process that reflects the recent training provided to both Members and officers on the 'Five Case Model'.

**2.0 Decision Required**

- 2.1 That the Policy and Resources Committee:
- a) RECOMMEND that the Council resolves to approve the Gateway Process for the Management of Capital Projects as described in this report and attached as Appendix A.

**3.0 Detail**

- 3.1 On 24 March 2010 (min ref 47/10), the Council adopted a 'Gateway' process, drawing on national and best practice guidance, to ensure the robustness of all capital projects.
- 3.2 Subsequently, on 19 May 2010 (min ref 75/10), the Council agreed a procedure for prioritising those projects that have been approved through the Gateway process.
- 3.3 Since that time, training on Prince 2 project management principles has been widely provided to Council Officers at senior and middle management levels. Members also received a synopsis of that training at two separate events. One of the key messages delivered and

accepted throughout the training was that any good project required a sound, well informed and absolutely justified mandate, sometimes called project initiation which is the fundamental decision for a project to proceed. It was recognised that the processes leading up to that point in the life of a project also would need to be carefully considered to ensure appropriate political involvement in the steps leading up to the critical decision.

- 3.4 Subsequently, the Accounts Commission in their series “How Council’s work: An Improvement Series for Councillors and Officers” in March 2014, published their paper on “Options Appraisal: Are you getting it right?” ([http://www.audit-scotland.gov.uk/docs/local/2014/nr\\_140320\\_hcw\\_options\\_appraisal.pdf](http://www.audit-scotland.gov.uk/docs/local/2014/nr_140320_hcw_options_appraisal.pdf)). That paper focused very much on the components of good option appraisal processes and if handled properly, the elements of that which would result in quality decision making at the various stages when Members had an involvement, prior to allowing a project to proceed.
- 3.5 More recently, Members and Officers have also embraced training on the Government’s Green Book Guidance on Public Sector Business Cases using the “five case model” this very much mirrors the expectations of Audit Scotland’s option appraisal paper and the Council already has a number of significant projects which are developing our approach and embedding use of the business case preparation as an objective appraisal tool in determining the projects which the Council agrees should be taken forward.
- 3.6 In its recent adoption of the 2016/2020 Corporate Plan the Council reconfirmed its recommitment to the following:
- “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”;
- “We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the Community Plan”  
(<http://www.shetland.gov.uk/documents/OurPlan2016-20final.pdf>)
- 3.7 In view of the above, the Council approved recommendations to review the current Gateway Process so as to apply the new approaches to building better business cases, sound option appraisal, and robust mandates to deliver the Council’s approved projects (Min Ref: 63/15).
- 3.8 A proposed new Gateway Process is attached as Appendix A to this report. It is very much aligned with the ‘5-case’ methodology referred to above and seeks to describe the progress of a proposed project through the process in a logical and sequential way.
- 3.9 The proposals differ from the current process in a number of key areas, namely:

#### 3.9.1 The inclusion of a Strategic Outline Programme stage



This stage should be undertaken where there is the likelihood that the proposal will result in a number of projects, which are all related to each other and may be inter-dependant. Examples would include a ferry and terminal replacement programme or a service redesign with associated property implications.

### 3.9.2 A distinct transition between business case development and implementation

The '5-case' model makes a clear separation between making the case for change and proceeding to implement a solution. The terminology used in project development can prove confusing and it is not unusual for Project Initiation Documentation to be produced very early in a project which can then largely determine the outcome of any subsequent option appraisal.

The flowchart shown on section 3.4 of Appendix A to this report sets out the sequence of approvals in accordance with the '5-case' methodology. Gateway 3 is the point where projects move to the implementation stage and where the resourcing and governance arrangements change to reflect the shift from a governance process to a technical one.

### 3.9.3 The establishment of an Asset Investment Group to manage the process

The Council's current gateway process requires the Corporate Management Team to approve Service Need Case reports prior to presentation to committee, however this approval relates only to the completeness and competency of the report, not the subject matter. The process proposed in this report would establish a separate Asset Investment Group. This would be an officer group who in addition to appraising gateway documentation for completeness and competency, would consider the nature of the proposals and would accept or reject these depending on the strength of the business case and its alignment with the strategic priorities of the council. This is described in more detail in section 2.1 of Appendix A to this report.

- 3.10 The proposals also include a scoring system to assist in the annual prioritisation of the Council's Asset Investment Plan.
- 3.11 If approved by the Council, this new Gateway process will be implemented with immediate effect.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – The Gateway Process contributes to maintaining a 5-year Asset Investment Plan that is financially sustainable.
- 4.2 Community/ Stakeholder Issues – None.

- 4.3 Policy And/ Or Delegated Authority – Policy and Resources Committee has delegated authority to advise the Council in the development of its strategic objectives, policies and priorities. Approval of the financial strategy and budget framework is a matter reserved for the Council.
- 4.4 Risk Management – Sound management and prioritisation of the Council's Asset Investment Plan is key to achieving and maintaining financial sustainability. Failure to secure a sustainable use of reserves will result in the Council's financial policy not being achieved.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

#### Resources

- 4.7 Financial – None arising directly from this report.
- 4.8 Legal – Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report.
- 4.9 Human Resources – None.
- 4.10 Assets And Property – None.

## **5.0 Conclusions**

- 5.1 This report presents a revised gateway process for the approval of the Council's capital projects. The Policy and Resources Committee is asked to make a recommendation to the Council in support of this proposal.

---

For further information please contact:

*Robert Sinclair, Executive Manager – Capital Programme*

*Tel: 01595 74 4144 Email: robert.sinclair@shetland.gov.uk*

---

#### Appendices

Appendix A – Gateway Process for the Management of Capital Projects

#### Background documents:

None.

END



Shetland Islands Council

Gateway Process for the Management of Capital Projects

June 2016

## **Contents**

- 1 Introduction
- 2 Roles and Responsibilities
- 3 Overview of Gateway Process
- 4 Gateway 0 - Strategic Outline Programme Stage
- 5 Gateway 1 – Strategic Outline Case Stage
- 6 Gateway 2 – Outline Business Case Stage
- 7 Gateway 3 – Full Business Case Stage
- 8 Gateway 4 – Implementation Stage
- 9 Gateway 5 – Evaluation Stage
- 10 Exceptions

## **Appendices**

- Appendix A – ‘Five-Case’ Gateway Report Templates
- Appendix B - Project Initiation Document Template
- Appendix C – Project Execution Plan Template
- Appendix D – Project Prioritisation – Scoring System

## VERSION CONTROL

This document is only valid on the day it was printed

## Revision History

Version Number	Revision Date	Summary of Changes	Status	Author
Version A		First Issue		Robert Sinclair

## Approvals

Name	Signature	Title	Date of Issue	Version
Robert Sinclair		Executive Manager – Capital Programme		

## Distribution

Chief Executive  
All Directors  
All Executive Managers

## **THE GATEWAY PROCESS**

### **1 INTRODUCTION**

- 1.1 The purpose of this document is to set out the Gateway Process that should be followed for all Capital Projects to be undertaken by Shetland Islands Council and to provide examples and guidance on the supporting documentation that will need to be produced in the course of each project. It is not intended to cover project management measures associated with implementation, but instead focuses on the decision making process to be followed up until that point.
- 1.2 The Gateway Process described in this document is based on the process developed by the Office of Government Commerce (OGC) and is in common use throughout the public sector. It applies 'Prince 2' principles to the process and is aligned with the '5-Case Model' that has been promoted to both Officers and Members through recent 'Building Better Business Case' training.
- 1.3 The Gateway Process examines projects at key decision points in their lifecycle and looks ahead to provide assurance that they can progress successfully to the next stage. The overall objectives of the Gateway Process are to ensure that projects are delivered on time; to the right quality and to the right cost thus ensuring that they deliver value for money and that the outcomes expected from of the project are realised.
- 1.4 Once a project has been proposed by the sponsoring service it will undergo a number of gateway reviews during its lifecycle, depending on the scale and complexity of the project. The stages are set out diagrammatically in section 3.4 of this document.

## **2 ROLES AND RESPONSIBILITIES**

### **2.1 Asset Investment Group**

The Asset Investment Group (AIG) is a Group of Senior Officers with responsibility for the overview of the Council's Asset Investment Plan. It is chaired by the Executive Manager – Capital Programme. Membership of the group will be comprised of members of Corporate Management Team (CMT), or their nominees and will vary depending on the nature of the proposals under consideration at the time.

The purpose of the AIG is to:

- Receive and assess proposals for new projects from individual services.
- Assess requests from Services to vary the scope or nature of projects.
- Make recommendations to P&R Committee on projects to be included in the Asset Investment Plan or any variations to existing projects. This includes recommendations on project prioritisation when the number of projects being brought forward exceeds existing budgets.
- Review and report on the progress of the Asset Investment Plan and Asset Strategy

Where The AIG rejects a proposal at any stage of the Gateway Process, Members will be briefed as to the nature of the proposal, the reason for rejection and what action, if any, is proposed by the Project Sponsor in taking the proposal forward.

### **2.2 Project Sponsor**

The project sponsor is a senior officer from within the Service originating the project or programme (to be termed the "Client") who is responsible for proposing to the AIG that a project be included in the Asset Investment Plan.

If approved the Project Sponsor will then act as first point of contact with the Project Manager on behalf of the Client for all project related issues. Although independent of the Project Team the Project Sponsor will have a key role in championing the project both within the Council and externally.

The Project Sponsor will report on project progress to the AIG. The main roles of the Project Sponsor in relation to the Gateway Process are:-

- Lead the development of the business case and supporting documentation for the project.
- Present the required evidence to the AIG to assist the AIG to assess the merits of the project and make decisions on whether it should be included in the Asset Investment Plan or not and the prioritisation of the project.
- Provide regular reports to the AIG on progress with approved projects giving clear reasons for any changes to the programming or scope of the project.
- Contributes to monitoring reports to go to Corporate Management Team or Council Committee.
- The Project Sponsor will be jointly accountable along with the Project Manager to both the Client Service and AIG for the performance and delivery

of the project.

- The Project Sponsor represents the view of the Client to the Project Manager and has a key role in issues resolution, and as mentor to the Project Manager.

### 2.3 **Project Manager**

The person given the authority and responsibility to manage the project on a day-to-day basis to deliver the required products within the constraints agreed with the Project Sponsor and AIG. In addition, unless the AIG or Project Sponsor agrees to take on part of this role, the Project Manager will be responsible for leading the communication and consultation that takes place within each stage of the project cycle, agreeing what is to be communicated to whom, by when and by what channel.

The main roles of the Project Manager in relation to the Gateway Process are:-

- Planning, managing and monitoring the costs of the project to ensure appropriate progress is achieved. As required ensuring issues are escalated to the Capital AIG for their direction and support.
- Being accountable to the Project Sponsor for the overall performance of the Project ensuring objectives are delivered on time and within the budget agreed with the AIG.
- Selecting, effectively leading and motivating the Project Team set up to deliver the project by applying the principles of PRINCE2 methodology..
- Producing stage and final reports within agreed timescales confirming end stage project details and making any recommendations for the future.
- Ensuring that progress reports and relevant information are effectively communicated to employees and other stakeholders during the course of the project.
- Ensuring effective stakeholder engagement and consultation takes place throughout the process.

### 2.4 **Project Team**

This is the team of professionals brought together to support the Project Manager with the delivery of any approved projects. Individuals may remain members of the Project Team for the whole duration of the project or may alternatively join the Team to deliver specific pieces of work. The roles of individual Project Team members will vary depending on the type of project being undertaken.

### 2.5 **Stakeholders**

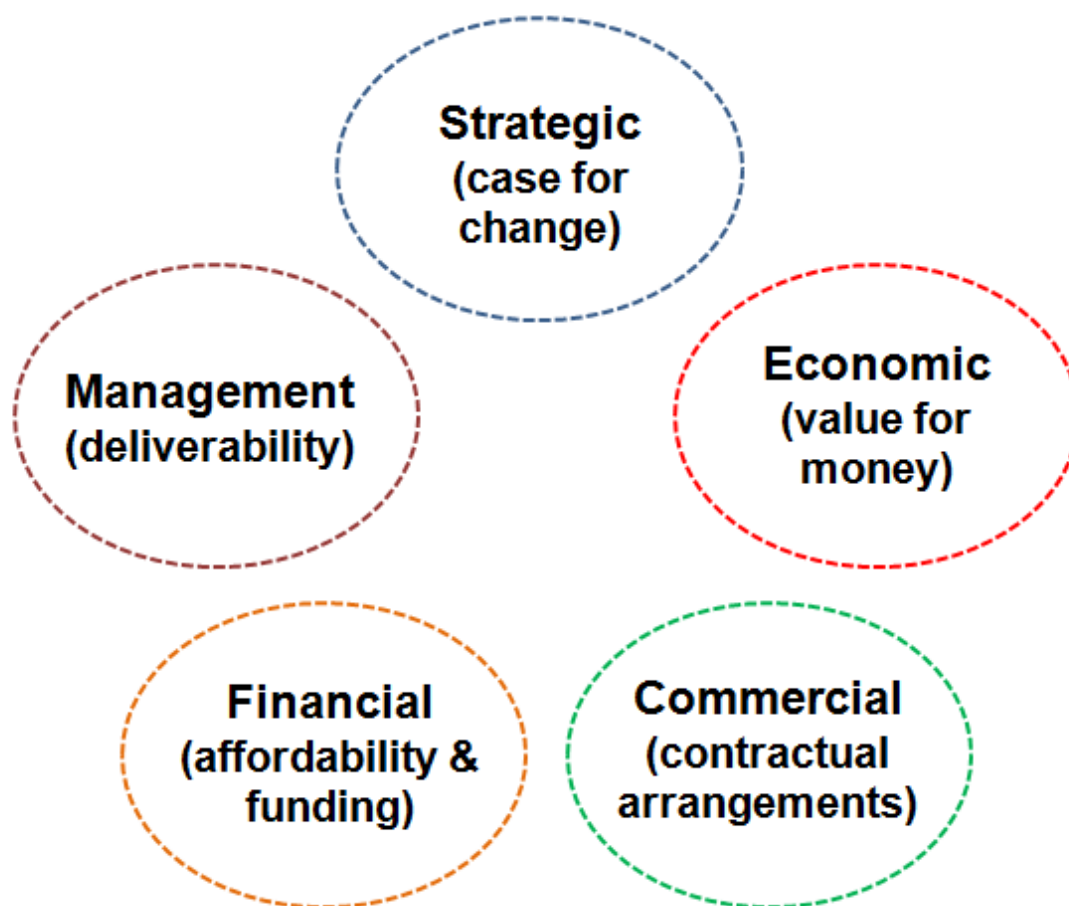
Stakeholders are individuals or groups both internal and external to the Council that can be impacted upon by the proposed project.



### 3 OVERVIEW OF GATEWAY PROCESS

#### 3.1 The 'Five Case' Model – General Principles

The Council's Gateway Process has the 'Five-Case' model at its core. The Principle that underpins the 'Five-Case' model is that five aspects (the 'cases') of a project are evaluated or re-evaluated at a number of stages in the development of the project. The diagram below provides an overview of the 'Five-Case' model.



#### 3.2 The five cases – definitions

##### 3.2.1 The Strategic Case

This demonstrates:

- Strategic Fit – how the proposal fits with wider public sector policy and furthers more immediate objectives.
- Robust Case for Change – A clear rationale for intervention

##### 3.2.2 The Economic Case

This demonstrates:

- Choice – a wide range of options has been appraised
- Preferred option – offers optimum value for money in relation to associated costs, benefits, dis-benefits and risks

##### 3.3.3 The Commercial Case

This demonstrates:

- Procurement – supply side can deliver requirements on an efficient market basis
- Potential Deal – contractual arrangements for specified goods and services

#### 3.3.4 The Financial Case

This demonstrates:

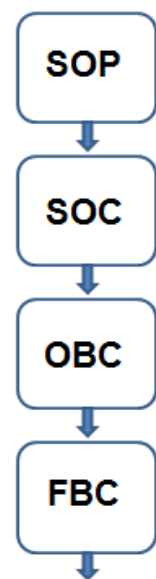
- Affordability – realistic capital and revenue costs and savings over life span of investment
- Funding – agreed sources of finance and support

#### 3.3.5 The Management Case

This demonstrates:

- Delivery – governance structures, plans and resources are in place for successful implementation and post evaluation
- Robust approach – agreed systems and processes are based on proven best practice

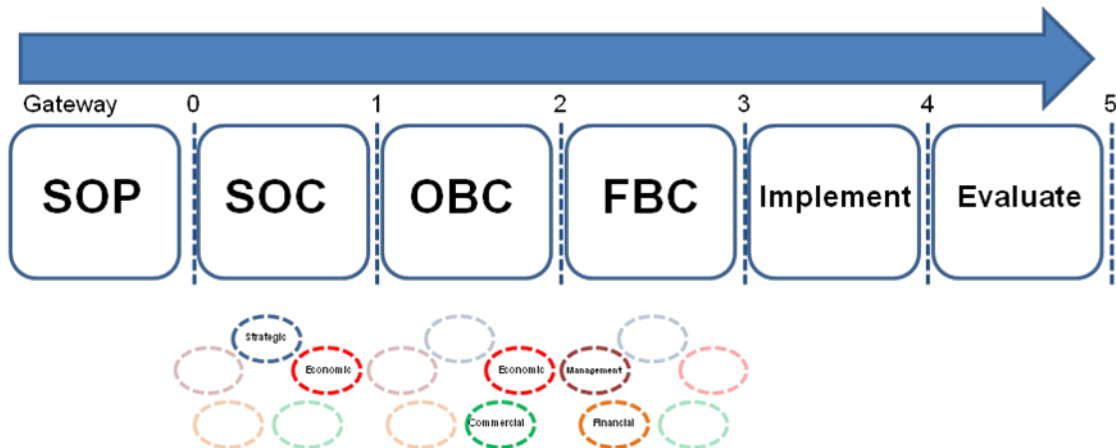
### 3.3 The 'Five-Case' model – Project Stages



- **Strategic Outline Programme**  
Strategic Assessment
- **Strategic Outline Case**  
Business Justification
- **Outline Business Case**  
Delivery Strategy
- **Full Business Case**  
Investment Decision
- Readiness for Service
- Benefits Realisation

### 3.4 Gateway Process – Review Points

A key principle of the '5-case' model is the way in which the Business Case is subject to a number of review points or 'gateways'. Whilst the process is not an exact science and the scale of some project may not justify application of every stage, it is set out diagrammatically below.



This diagram shows each 'gateway' point in relation to the various stages of Business Case development. It also shows the points at which all 5 'cases' must be addressed. Whilst it is key to the principles of the '5-case' model that all 5 'cases' are considered at each of these stages, the emphasis will be on different cases at different stages as described below.

## 4 GATEWAY 0 - STRATEGIC OUTLINE PROGRAMME STAGE

- 4.1 The Gateway Process applies to individual projects or to programmes of work. Programmes of work consist of multiple, related, projects. This is therefore a gateway stage that is not always applicable, but it must always be addressed, particularly where it is clear that there is an aspiration or need to address multiple issues of a similar nature over a period of time.
- 4.2 The starting point for any proposed project or programme of work is the sponsoring service. Where it is clear that the proposal represents a programme of work rather than an individual project, a Strategic Outline Programme (SOP) must be produced. Within the service a Project Sponsor should be appointed to develop the SOP. As part of this process the Project Sponsor will need to show how the programme supports:-
- Their service plan
  - The relevant Directorate Plan;
  - The Council's current Corporate Plan;
  - The Community Planning Partnership's Local Outcomes Improvement Plan;

Templates for the documents relating to the various stages of the 5-case model are attached as **Appendix A** to this document.

The purpose of the SOP is to:-

- facilitate strategic ('macro') and collaborative planning and the setting of associated budgets
- identify and cost key components of the strategy (programmes) and enabling deliverables (projects)
- provide the strategic context for subsequent investments
- facilitate the speedy production of subsequent business cases for related investment.
- Ensure that the programme has a sound basis before asking the Asset Investment Group to consider the proposals
- Provide a single source of reference about the programme so that any new participants can quickly and easily find out what the programme is about and how it is being managed.

At Gateway 0 the Asset Investment Group will make a judgement as to whether the programme should proceed to the Outline Business Case Stage or not. The information contained in the SOP should be sufficient to allow the Asset Investment Group to make that decision.

A number of Outline Business Cases may be necessary beyond this point in the process, depending on the nature and duration of the programme.

**Appendix B** to this document describes how information is extracted from the SOP for use in the Capital Project Scoring Matrix.

### 4.3 Notes:-

#### 4.3.1 **Asset Strategy**

The Council's Asset Strategy is the document that sets out how the Council plans to manage its estate moving forward. It describes how it is aligned with other strategic documents and the Council's current policies, priorities and outcomes. It establishes how the Council intends to deal with non-operational assets and its commercial portfolio. This is described in more specific terms in an associated Implementation Plan.

The Asset Strategy is produced by the Asset and Properties team within Capital Programme Service. It is updated periodically to reflect changing circumstances. The associated Implementation Plan gives Members the opportunity to approve specific transactions and transfers.

Appropriate use of assets can make the difference between good and poor service delivery. The Gateway Process provides a mechanism to effectively coordinate the complete strands of asset management and capital investment.

#### 4.3.2 **Asset Investment Plan**

The Council's Asset Investment Plan is the document that details at a high level the individual projects that are to be undertaken and in which year. The current plan covers the 5-year period beginning with the current financial year. Projects in later years will be set out in a Long-Term Asset Investment Plan, currently under development. The 5-year Asset Investment Plan is reviewed and re-prioritised on an annual basis by the Policy and Resources Committee, who then recommend it to the Council for approval.

The annual re-prioritisation is based on a points system, which scores each project against the Council's corporate priorities but also takes account of circumstantial factors that may affect the ideal timing of implementation. This scoring system is described in **Appendix D** to this document.

#### 4.4 The SOP should initially be presented to the Asset Investment Group who will:-

- Review the outcomes and objectives for the proposed programme and confirm it makes the necessary contribution to the overall strategy of the service and Council.
- Ensure the programme is supported by key stakeholders.
- Check links with other programmes or projects within the organisation.
- Ensure that proposed projects within the programme are identified as far as is possible, with estimated costs and timescales for delivery.
- Review the arrangements for leading, managing and monitoring the programme.
- Review the arrangements for identifying and managing the main programme risks.
- Check that the estimated cost of the programme is realistic and that sufficient resources are available to take the programme through its development stages. This includes any revenue costs of the development work as well as

ensuring that sufficient people of appropriate experience and authority has been made to deliver each stage of the project. (Note the service will incur some revenue expenditure during Stage 0 and Stage 1 and this will not be recharged to the capital budget if the Asset Investment Group decides not to recommend the programme be progressed further).

- 4.5 In summary this process draws together the justification for the programme based on the policy or organisational objectives that are to be secured, an analysis of stakeholder views, an initial assessment of the likely costs and the potential for success.
- 4.6 After reviewing the evidence in the SOP the Asset Investment Group must either:-
- (i) Reject the programme on the grounds that either the business case is too weak, or that insufficient information has been provided to support the business case;
  - (ii) Make a recommendation to members that the programme proceeds through Gateway 0 to the Strategic Outline Case Stage for possible inclusion in the Asset Investment Plan.

## 5 GATEWAY 1 - STRATEGIC OUTLINE CASE STAGE

5.1 Where the scale and nature of the proposal does not warrant a SOP, producing a Strategic Outline Case (SOC) is the first stage in taking a project toward inclusion in the Council's Asset Investment Plan. The main purpose of the SOC is to establish the need for investment; to appraise the main options for service delivery; and to provide Members with a recommended – or preferred – way forward for further analysis. In short, it must make a robust case for change.

5.2 As with a SOP, the starting point for any proposed project is the sponsoring service. Within the service a Project Sponsor should be appointed to develop the SOC. As part of this process the Project Sponsor will need to show how the project supports:-

- Their service plan
- The relevant Directorate Plan;
- The Council's current Corporate Plan;
- The Community Planning Partnership's Local Outcomes Improvement Plan;

5.3 As referred to in section 3.1 above, all five 'cases' must be addressed at each stage of the process prior to implementation, however the emphasis will change depending on the stage in question. At the SOC stage, the main cases to address are:

- The Strategic Case
- The Economic Case

The Commercial, Financial and Management cases must also be addressed, but the process recognises that at this stage there will most likely be insufficient data to describe these in detail.

5.4 Templates for the documents relating to the various stages of the 5-case model are attached as **Appendix A** to this document, but in summary the SOC must cover:

- Strategic Case
  - Agree strategic context
  - Determine investment objectives, existing arrangements and business needs
  - Determine potential business scope and key service requirements
  - Determine benefits, risks, constraints and dependencies
- Economic Case
  - Agree critical success factors (CSFs)
  - Determine long list options and SWOT analysis
  - Recommend preferred way forward

5.5 The SOC should initially be presented to the Asset Investment Group who will:-

- Review the outcomes and objectives for the proposed project and confirm it makes the necessary contribution to the overall strategy of the service and Council.
- Ensure the project is supported by key stakeholders.
- Check links with other projects within the Council and the Shetland Partnership

- Ensure that estimated costs and timescales for delivery are identified as far as possible
- Review the arrangements for leading, managing and monitoring the project.
- Review the arrangements for identifying and managing the main project risks.
- Check that the estimated cost of the project is realistic and that sufficient resources are available to take the project through its development stages. This includes any revenue costs of the development work as well as ensuring that sufficient people of appropriate experience and authority has been made to deliver each stage of the project. (Note the service will incur some revenue expenditure during Stage 0 and Stage 1 and this will not be recharged to the capital budget if the Asset Investment Group decides not to recommend the programme be progressed further).

5.6 After reviewing the evidence in the SOC the Asset Investment Group must either:-

- (i) Reject the project on the grounds that either the business case is too weak, or that insufficient information has been provided to support the business case;
- (ii) Make a recommendation to members that the project proceeds through Gateway 1 to the Outline Business Case Stage for possible inclusion in the Asset Investment Plan.



## 6 GATEWAY 2 – OUTLINE BUSINESS CASE STAGE

- 6.1 Projects will only advance to this stage if the Council has previously approved an associated SOC at Gateway 1 stage.
- 6.2 The purpose of the Outline Business Case (OBC) is to revisit the case for change and the preferred way forward identified in the SOC; establish the option which optimises value for money; outline the deal and assess affordability; and demonstrate that the proposed scheme is deliverable. This entails:
- Updating the strategic case;
  - Undertaking investment appraisal within the economic case; and
  - Completing the commercial, financial and management cases, with supporting benefits and risk registers.

- 6.3 As referred to in section 3.1 above, all five ‘cases’ must be addressed at each stage of the process prior to implementation, however the emphasis will change depending on the stage in question. At the OBC stage, the main cases to address are:

- The Economic Case
- The Commercial Case

The Strategic Case will be updated as referred to above. The Financial and Management cases must also be addressed although not usually in the level of detail that would be applied at the Full Business Case stage.

- 6.4 Templates for the documents relating to the various stages of the 5-case model are attached as **Appendix A** to this document, but in summary the OBC must cover:

### Economic Case

- Revisit SOC and determine short list including the reference project (outline PSC)
- Prepare the economic appraisals for short-listed options
- Undertake benefits appraisal
- Undertake risk assessment/appraisal
- Select preferred option and undertake sensitivity analysis

### Commercial Case

- Determine procurement strategy
- Determine service streams and required outputs
- Outline potential risk apportionment
- Outline potential payment mechanisms
- Ascertain contractual issues and accountancy treatment

### Financial Case

- Prepare financial model and financial appraisals

### Management Case

- Plan project management – strategy, framework and outline plans
- Plan change management – strategy, framework and outline plans
- Plan benefits realisation – strategy, framework and outline plans

- Plan risk management – strategy, framework and outline plans
- Plan post project evaluation – strategy, framework and outline plans

- 6.5 The OBC should initially be presented to the Asset Investment Group who will:-
- Review the outcomes and objectives for the proposed project and confirm it makes the necessary contribution to the overall strategy of the service and Council.
  - Ensure the project is supported by key stakeholders.
  - Check links with other projects within the Council and the Shetland Partnership
  - Ensure that estimated costs and timescales for delivery are identified as far as possible
  - Review the arrangements for leading, managing and monitoring the project.
  - Review the arrangements for identifying and managing the main project risks.
  - Check that the estimated cost of the project is realistic and that sufficient resources are available to take the project through its development stages. This includes any revenue costs of the development work as well as ensuring that sufficient people of appropriate experience and authority has been made to deliver each stage of the project. (Note the service will incur some revenue expenditure during Stage 0 and Stage 1 and this will not be recharged to the capital budget if the Asset Investment Group decides not to recommend the programme be progressed further).
- 6.6 After reviewing the evidence in the OBC the Asset Investment Group must either:-
- (i) Reject the project on the grounds that either the business case is too weak, or that insufficient information has been provided to support the business case;
  - (ii) Make a recommendation to members that the project proceeds through Gateway 2 to the Full Business Case Stage for possible inclusion in the Asset Investment Plan.

## 7 GATEWAY 3 – FULL BUSINESS CASE STAGE

7.1 Projects will only advance to this stage if the Council has previously approved an associated OBC at Gateway 2 stage.

7.2 The purpose of the Full Business Case (FBC) is to evidence that the most economically advantageous offer is being procured and that it is affordable. In addition, the FBC explains the fundamentals of the negotiated deal and demonstrates that the required outputs can be successfully achieved. This entails:

- Updating the economic case to reflect the procurement phase;
- Completing the commercial case to record the preferred service provider's offerings; and,
- Putting in place robust management arrangements for delivery of the required products and services.

7.3 As referred to in section 3.1 above, all five 'cases' must be addressed at each stage of the process prior to implementation, however the emphasis will change depending on the stage in question. At the FBC stage, the main cases to address are:

- The Financial Case
- The Management Case

The Economic and Commercial Cases will be updated and/ or completed as referred to above.

7.4 Templates for the documents relating to the various stages of the 5-case model are attached as **Appendix A** to this document, but in summary the FBC must cover:

### Economic Case

- Revisit the case for change
- Revisit the OBC options, including the PSC
- Detail procurement process and evaluation of best and final offers (BAFOs) (in £s)

### Commercial Case

- Set out the negotiated deal and contractual arrangements

### Financial Case

- Set out the financial implications of the deal

### Management Case

- Finalise project management arrangements and plans
- Finalise change management arrangements and plans
- Finalise benefits realisation arrangements and plans
- Finalise risk management arrangements and plans
- Finalise contract management arrangements and plans
- Finalise post project evaluation arrangements and plans

7.5 The FBC should initially be presented to the Asset Investment Group who will:-

- Review the outcomes and objectives for the proposed project and confirm it makes the necessary contribution to the overall strategy of the service and Council.
- Ensure the project is supported by key stakeholders.
- Check links with other projects within the Council and the Shetland Partnership
- Ensure that estimated costs and timescales for delivery are identified as far as possible
- Review the arrangements for leading, managing and monitoring the project.
- Review the arrangements for identifying and managing the main project risks.
- Check that the estimated cost of the project is realistic and that sufficient resources are available to take the project through its development stages. This includes any revenue costs of the development work as well as ensuring that sufficient people of appropriate experience and authority has been made to deliver each stage of the project. (Note the service will incur some revenue expenditure during Stage 0 and Stage 1 and this will not be recharged to the capital budget if the Asset Investment Group decides not to recommend the programme be progressed further).

7.6 After reviewing the evidence in the FBC the Asset Investment Group must either:-

- (i) Reject the project on the grounds that either the business case is too weak, or that insufficient information has been provided to support the business case;
- (ii) Make a recommendation to members that the project proceeds through Gateway 3 to the Implementation Stage and for inclusion in the Asset Investment Plan.

7.7 Once the FBC has been approved by the Council and have therefore passed through Gateway 3, they can pass to the implement stage, subject to being prioritised and included in the Council's Asset Investment Plan. This process is described in section 4.3.2 of this report.

## 8 GATEWAY 4 - IMPLEMENTATION STAGE

- 8.1 Gateway Stage 3 covered all activities up to contract signature or agreement to place work with an existing supplier or partner. This stage covers the transition from the specification/solution to implementation.
- 8.2 During this stage the key tasks of the Project Team will typically include:-
- Setting up contract documentation
  - Project planning
  - Managing the contractor whilst implementing project
  - Implementation of Change Management procedures
  - Update Risk Management Plan and Risk Register
  - Cost monitoring and control
  - Communications Plan and Staff Training
- 8.3 Prior to any implementation, the Project Sponsor must ensure that a Project Initiation Document (PID) is produced. This details issues such as:
- Project background
  - Aims and deliverables
  - The project team
  - Roles and responsibilities
  - Stakeholders
  - Programme
- 8.4 The PID must identify a named Project Manager, if this has not already been addressed during earlier stages of the project. One of the first tasks that the Project Manager should undertake is to produce a Project Execution Plan (PEP). This document sets out how the project will be delivered and builds on the information contained in the PID to include issues such as:
- Co-ordination & communication
  - Control
  - Safety, Health & Environmental Protection
  - Procurement
  - Completion & Handover
- 8.5 A template PID is attached as **Appendix B** to this document. A template PEP with all associated pro-forma project control documentation is attached as **Appendix C** to this document.

## 9 **GATEWAY 5 – EVALUATION STAGE**

9.1 In order to ensure that lessons are learnt and that the Council's ability to manage future projects continues to develop, on completion projects must be subjected to review to establish:

- Whether the stated project objectives have been met and the intended benefits have been realised
- Whether the project was properly resourced
- Programme delivery
- Adequacy of contract administration
- Budgetary position
- Assessment of workmanship
- Health & Safety issues
- Issues at hand over and any outstanding defects
- Performance of Client
- Performance of Consultants
- Performance of Contractors

9.2 Due to the wide variety of project types undertaken by the Council, the method of carrying out each review will tend to be unique to the project. Capital Programme Service can provide templates and advice on request.

## 10 EXCEPTIONS

10.1 The sections above describe the process to be followed on a project of typical scale. It is recognised that this procedure may not be proportionate in all cases or that in some cases additional process may have to be applied.

### 10.2 Large projects (typically over £5m)

Where the scale of the project is significant, the process of preparing the '5-case' documentation described earlier in this document and carrying out the technical work informing it, may in itself represent a sizeable undertaking that involves many staff or other stakeholders. In such cases it should be treated as a project in its own right and it would be appropriate to produce a PID, so that the team are aware of what is expected of them and the work has a degree of structure, with deliverables and timescales clearly defined. The PID essentially becomes an Action Plan for staff and stakeholders for taking the project or programme through Gateways 0 to 3 of the '5-case' model.

### 10.3 Lower value (typically below £250K) or very straightforward projects

Where the project is of relatively low value project or is one that, for example, assesses the options for purchasing equipment or carrying out straightforward or routine construction work, the rigour of the multi-stage process described above may be disproportionate. In such instances a **Business Justification Case (BJC)** may suffice.

The BJC is a single-stage process that addresses all 5 'cases', providing levels of detail akin to an OBC. For these lower value projects it replaces Gateways 0 to 3, and if approved by Members takes a project to the implementation stage. A template BJC is attached in **Appendix A** to this document, but in summary it must cover:

- Purpose
- Strategic context
- Case for change
- Available options
- Preferred option
- Procurement route
- Funding and affordability
- Management arrangements

10.4 Advice on the scenarios described in sections 10.2 and 10.3 above should be sought from Capital Programme Service.

# **Public Sector Business Cases using the Five Case Model: a Toolkit**

## **The Templates**

Crown Copyright

**1**

Version No:

Date: 2013

Author:



**Authors:**

**Joe Flanagan**

**Paul Nicholls**

Crown Copyright

**2**

Version No:

Date: 2013

Author:

## **Contents**

Explanatory Note

Overview of the Business Case Development Process

Templates

1. Strategic Outline Programme (SOP)

2. Strategic Outline Case (SOC)

3. Outline Business Case (OBC)

4. Full Business Case (FBC)

5. Business Justification

Crown Copyright

**3**

Version No:

Date: 2013

Author:

## Explanatory Note

These templates are designed to be used in conjunction with the HFMA's guide Public Sector Business Cases using the Five Case Model: a Toolkit. The Toolkit provides detailed explanations for each key stage in the business case development process and is provided in accordance with HM Treasury's Green Book (a Guide to Investment Appraisal in the Public Sector) and the Capital Investment Manuals for the NHS in England, Scotland and Wales.

The Five Case Model is the Office of Government Commerce's (OGC) recommended standard for the preparation of business cases and is used extensively within central government departments and their agencies.

The templates in this publication use the Five Case Model and are for the development of:

- Strategic Outline Programmes (SOPs)
- Strategic Outline Cases (SOCs)
- Outline Business Cases (OBCs)
- Full Business Cases (FBCs).

There is also a template for 'business justifications' for small and medium sized investments.

## Overview of the Business Case Development Process

### Stage 0 – Business planning

Phase 0 – determining the strategic context (Strategic Outline Plan – SOP)

Step 1: ascertaining strategic fit

Gate 0: strategic fit

### Stage 1 – Scoping

Phase 1 – preparing the Strategic Outline Case (SOC)

Step 2: making the case for change

Step 3: exploring the preferred way forward

Gate 1: business justification

### Stage 2 – Planning

Phase 2 – preparing the Outline Business Case (OBC)

Step 4: determining potential VFM

Step 5: preparing for the potential deal

Step 6: ascertaining affordability and funding requirement

Step 7: planning for successful delivery

Gate 2: procurement strategy

### **Stage 3 – Procurement**

Phase 3 – preparing the Full Business Case (FBC)

Step 8: procuring the VFM solution

Step 9: contracting for the deal

Step 10: ensuring successful delivery

Gate 3: investment decision

### **Stage 4 – Implementation**

Gate 4: 'Go Live'

### **Stage 5 – Evaluation**

Gate 5: benefits realisation

# TEMPLATE 1: STRATEGIC OUTLINE PROGRAMME (SOP)

Crown Copyright

7

Version No:

Date: 2013

Author:

Project Title:

Strategic Outline Programme (SOP)

Version No:

Issue Date:

Crown Copyright

**9**

Version No:

Date: 2013

Author:



## **Purpose of this document**

This document provides a template for the Strategic Outline Programme (SOP) and is for guidance purposes only – SOPs are not mandated.

SOPs have been devised to support the development and agreement of programmes in support of an agreed strategy/ strategies. The functional content of the programme may be scoped on either a national, regional or organisational basis. Following agreement to the SOP, the projects comprising the programme must be subject to individual business cases.

Importantly, even programmes are subject to choice in terms of their key components and critical paths – hence the need to address the available ‘macro’ options at the outset, thus minimising analysis at subsequent stages.

Best practice guidance on the management of programmes is available on the Office of Government Commerce’s (OGC) website.

## VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft	00.00.00	First Draft Version	

## **CONTENTS – SOP TEMPLATE**

### **OVERVIEW OF THE SOP PROCESS**

### **TEMPLATE AND SUPPORTING GUIDANCE**

Executive summary

Purpose

Strategic case

Economic case

Commercial case

Financial case

Management case

## OVERVIEW OF THE SOP PRODUCTION PROCESS

The table below shows the systematic approach to the preparation of the SOP development phase of the business case:

Stages	Development Process	Deliverables
<b>Phase 0 – Step 1/ action1</b>	<b>Determining strategic context Ascertain strategic fit</b>	<b>Strategic context</b>
<b><i>Output</i></b>	<b><i>Strategic Outline Programme (SOP)</i></b>	
<b><i>Outcome</i></b>	<b><i>Strategic fit</i></b>	
<b><i>Review point</i></b>	<b><i>Gateway 0 – strategic fit</i></b>	

## **SOP TEMPLATE AND SUPPORTING GUIDANCE**

### **1. Executive summary**

Please provide a concise and comprehensive overview of the SOP's content, key conclusions and principal recommendations.

### **2. Purpose**

Please state the programme for which approval to proceed is being sought.

Please note that the primary purpose of the SOP is to:

- facilitate strategic ('macro') and collaborative planning and the setting of associated budgets
- identify and cost key components of the strategy (programmes) and enabling deliverables (projects)
- provide the strategic context for subsequent investments
- facilitate the speedy production of subsequent business cases for related investment.

### **3. Strategic case**

#### **3.1 Organisation overview**

Please provide a snapshot of the organisation or geographical area to which the proposed programme applies.

Crown Copyright

**14**

Version No:

Date: 2013

Author:

### **3.2 Strategy and programme investment aims**

Please provide an overview of the strategy and its component programmes, together with the specific investment aims for the programme for which approval is being sought.

### **3.3 Existing arrangements**

Please state what the existing arrangements are in relation to the programme for which approval is being sought.

### **3.4 Business needs**

Please state what the current and future business needs are in relation to the existing position within the proposed programme.

### **3.5 Potential scope and service requirements**

In relation to the above needs, please outline the potential scope for the proposed programme and associated service needs.

### **3.6 Benefits, risks, dependencies and constraints**

Please provide a résumé of the main benefits and risks associated with the delivery of the programme, together with any dependencies (between this programme and other components of the strategy) and constraints.

## **4. Economic case**

Crown Copyright

15

Version No:

Date: 2013

Author:

#### **4.1 Critical success factors**

Please list the criteria (critical success factors – CSFs) against which you will assess the successful delivery of the programme and the evaluation of options.

#### **4.2 Main options**

Within the potential scope for the programme, please list and evaluate the main choices (or options) for the successful delivery of the potential scope and/or required services.

This should be done by:

- describing the options for the programme

And then in relation to the investment aims and CSFs:

- assessing its main advantages
- assessing its main weaknesses
- outlining the potential projects (or investments) within the defined scope for the programme.

Please note that:

these options may differ in relation to potential configuration and services, service solution, service delivery, implementation timescale and funding

the minimum level of activity (or 'do minimum') should be identified as a baseline option.

### **4.3 Preferred way forward**

Please state the preferred way forward in relation to the options identified for the successful implementation of the programme.

This should outline:

- the key investments within the programme
- those that will lead to separate procurements in their own right (and thus be subject to individual business cases – SOC's, OBC's, FBC's)
- related timescales
- the indicative economic cost (in £s), taking into account any attributable costs (including those falling to other organisations); quantifiable benefits (in £s) and risks (in £s). The use of optimism bias should be considered here.

## **5. Commercial case**

### **5.1 Commercial strategy**

Please outline the commercial strategy for the programme.

This may differ for individual investments and describes how the organisation(s) will endeavour to 'leverage' the best available deal for each investment, or combination of investments, from the supply-side and market place.



## **5.2 Procurement strategy**

Please outline the procurement strategy for the programme and how its components (projects) will be procured in accordance with the Government Procurement Agreement (WTO) and the EU Consolidated Public Sector Procurement Directive (2004).

This may differ for individual investments and range from the use of existing call-off contracts and catalogues, to new procurements.

## **6. Financial case**

### **6.1 Indicative cost**

Please indicate the total financial cost (in £s) of the programme, broken down by constituent investments and/or procurements.

This should be based on the additional cash cost of these investments to the organisation(s), taking into account any cash releasing benefits or off-setting costs.

### **6.2 Funding arrangements**

Please indicate how it is intended that these investments will be funded.

### **6.3 Affordability**

Please confirm the affordability of the overall programme, indicating any agreements or understandings in place with commissioning bodies and/or any affordability gaps.

## **7. Management case**

### **7.1 Programme management arrangements**

Please outline the programme management arrangements, including your framework (roles and responsibilities), strategy for dealing with stakeholders and customers, and outline plans.

In accordance with best practice, the programme must have a Senior Responsible Owner (SRO), who takes ownership of the programme and is responsible for its direction.

### **7.2 Programme milestones**

Please outline the main milestones for the programme in the years ahead.

### **7.3 Programme assurance**

Please state what these arrangements are, including any provision for gateway reviews on an ongoing basis for strategic fit (Gate 0).

# TEMPLATE 2: STRATEGIC OUTLINE CASE (SOC)

Crown Copyright

20

Version No:

Date: 2013

Author:

Project Title:

Strategic Outline Case (SOC)

Version No:

Issue Date

Crown Copyright

**22**

Version No:

Date: 2013

Author:

---

## **Purpose of this document**

This document provides a template for a Strategic Outline Case (SOC), in support of an investment (project, procurement or scheme) which has been identified within a strategy and/or its supporting programme. The strategic outline programme (SOP) refers.

At an early stage, the main purpose of the SOC is to establish the need for investment; to appraise the main options for service delivery; and to provide management with a recommended – or preferred – way forward for further analysis.

In practice, the author will find this entails building on strategy documents to make the case for change within the strategic case; preparing and appraising the long list of options within the economic case; and recommending a preferred way forward, together with indicative costs, for much further analysis within the Outline Business Case (OBC).

Business planning is an iterative exercise, so the author should bear in mind the need to revisit earlier assumptions. Also note that the SOC should be prepared in accordance with best practice guidance provided in HM Treasury's Green Book.

## VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft	00.00.00	First Draft Version	

## **CONTENTS – SOC TEMPLATE**

### **HOW TO USE THIS TEMPLATE**

### **OVERVIEW OF THE SOC PRODUCTION PROCESS**

### **TEMPLATE AND SUPPORTING GUIDANCE**

1. Executive summary
2. Strategic case
3. Economic case
4. Commercial case
5. Financial case
6. Management case

### **APPENDICES**

These must include:

- Strategic plans/ organisational/ business strategies (as appropriate)
- Strategic business plans/ SOP
- Risk potential assessment (RPA)



## HOW TO USE THIS TEMPLATE

There are four points that you should take into consideration:

- first, that the business planning process for the scoping (SOC), planning (OBC) and procurement (FBC) of a scheme is an **iterative exercise**. Therefore, it follows that whilst some sections of the above cases using the Five Case Model may look remarkably similar, the level of detail required will vary significantly over the developmental phases of a business case
- second, that the guidance provided in Departmental Capital Investment Manuals should continue to be referred to, along with the Treasury Green Book: A Guide to Investment Appraisal in the Public Sector
- third, wherever you are in the business case development process, remember that the business case for a scheme is a single document, developed over time, in four distinct phases
- fourth, detailed guidance on the completion of this template is set out in Public Sector Business Cases using the Five Case Model: a Toolkit, published by the HFMA.

## OVERVIEW OF THE SOC PRODUCTION PROCESS

The table below shows the systematic approach to the preparation of the SOP and SOC development phases of the business case:

Stages	Development Process	Deliverables
Phase 0 – Step 1/ action1	Determining strategic context Ascertain strategic fit	Strategic context
<i>Output</i>	<i>Strategic Outline Programme (SOP)</i>	
<i>Outcome</i>	<i>Strategic fit</i>	
<i>Review point</i>	<i>Gateway 0 – strategic fit</i>	
<b>Phase 1 – scoping</b>	<b>Preparing the Strategic Outline Case (SOC)</b>	<b>Strategic case</b>
<b>Step 2</b>	<b>Making the case for change</b>	
Action 2	Agree strategic context	
Action 3	Determine investment objectives, existing arrangements and business needs	
Action 4	Determine potential business scope and key service requirements	
Action 5	Determine benefits, risks, constraints and dependencies	
<b>Step 3</b>	<b>Exploring the preferred way forward</b>	<b>Economic case – part 1</b>
Action 6	Agree critical success factors (CSFs)	Outline commercial, financial and
Action 7	Determine long list options and SWOT analysis	
Action 8	Recommend preferred way forward, including other arrangements.	

Crown Copyright

27

Version No:

Date: 2013

Author:

management  
cases

<b><i>Output</i></b>	<b><i>Strategic Outline Case (SOC)</i></b>
<b><i>Outcome</i></b>	<b><i>Robust case for change</i></b>
<b><i>Review point</i></b>	<b><i>Gateway 1 – business justification</i></b>

## **SOC TEMPLATE AND SUPPORTING GUIDANCE**

### **1. Executive summary**

#### **1.1 Introduction**

This SOC seeks approval to invest an estimated £..... in .....

#### **1.2 Strategic case**

##### ***1.2.1 The strategic context***

The strategic drivers for this investment and associated strategies, programmes and plans are as follows: .....

##### ***1.2.2 The case for change***

The existing situation is as follows: .....

The related business needs are as follows: .....

On the basis of this analysis, the potential scope for the scheme is as follows: .....

#### **1.3 Economic case**

##### ***1.3.1 The long list***

Crown Copyright

**29**

Version No:

Date: 2013

Author:

Within this potential scope, the following options were considered using the options framework.....

### **1.3.2 The preferred way forward**

On the basis of the above analysis, the preferred and recommended way forward is as follows: .....

The main benefits to stakeholders, customers/ users are as follows: .....

### **1.3.3 The short list**

On the basis that the preferred way forward is agreed, we recommend the following options for further, more detailed evaluation within the Outline Business Case (OBC):

- **option 1** – status quo, do nothing or do minimum
- **option 2** – the reference project or outline Public Sector Comparator (PSC)
- **option 3** – the outline PSC – more ambitious
- **option 4** – the outline PSC – less ambitious.

Consequently, the preferred option will be identified and recommended for approval within the OBC.

### **1.3.4 Indicative economic costs**

The indicative costs for the scheme are as follows:

	Undiscounted (£)	Net Present Cost (Value) (£)
--	------------------	---------------------------------

Crown Copyright

30

Version No:

Date: 2013

Author:

<b>Option 1</b>		
Capital Revenue		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non- cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 2</b>		
Capital Revenue		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 3</b>		
Capital Revenue		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 4</b>		
Capital		
Revenue		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		

Note: it should be possible to provide indicative costs and benefits for all options.

## 1.4 Commercial case

### 1.4.1 Procurement strategy

Subject to further analysis at OBC stage, we would envisage procuring this scheme as follows in accordance with the Government Procurement Agreement (WTO) and the EU Consolidated Public Sector Procurement Directive (2004).....

### 1.4.2 Required services

The required products and services in relation to the preferred way forward are briefly as follows:.....

### 1.4.3 Potential for risk transfer and potential payment mechanisms

The main risks associated with the scheme are as follows:.....

Crown Copyright

32

Version No:

Date: 2013

Author:

These could potentially be tied down contractually within the deal and associated payment mechanisms as follows: .....

## 1.5 Financial case

### 1.5.1 Summary of financial appraisal

The indicative financial implications of the proposed investment are as follows:

£ xxx	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	£	£	£	£	£	£	£	£
<b>Preferred way forward:</b>								
Capital								
Revenue								
<b>Total</b>								
<b>Funded by:</b>								
Existing								
Additional								
<b>Total</b>								

### 1.5.2 Overall affordability and balance sheet treatment

The overall affordability of the scheme is as follows: .....



The organisation's commissioners/ stakeholders have expressed their support as follows:  
.....

The funding requirement (if any) is as follows: .....

The balance sheet treatment of the scheme is expected to be as follows: .....

## **1.6 Management case**

### ***1.6.1 Project management arrangements***

The scheme is an integral part of the ..... programme, which comprises a portfolio of projects for the delivery of.....

These are set out in the Strategic Outline Programme (SOP) for the project, which was agreed on.....This is attached as an Appendix.

The following arrangements will be put in place to ensure the successful development of the scheme and production of the OBC.....

### ***1.6.2 Gateway reviews arrangements***

A Gate 0 (strategic fit) has been undertaken on the programme, in conjunction with agreement to the SOP. The consequent actions are as follows.....

A Gate 1 (business justification) has been undertaken on the project, in conjunction with the submission of this SOC. The consequent actions are as follows.....

## **1.7 Recommendation**

Crown Copyright

**34**

Version No:

Date: 2013

Author:

We recommend .....

**Signed:**

**Date:**

**Senior Responsible Owner**

**Project team**

Crown Copyright

**35**

Version No:

Date: 2013

Author:

## 2. The Strategic Case

### 2.0 Introduction

This Strategic Outline Case (SOC) is for .....

#### ***Structure and content of the document***

This SOC has been prepared using the agreed standards and format for business cases, as set out in .....

The approved format is the Five Case Model, which comprises the following key components:

- the **strategic case** section. This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme
- the **economic case** section. This demonstrates that the organisation has selected a preferred way forward, which best meets the existing and future needs of the service and is likely to optimise value for money (VFM)
- the **commercial case** section. This outlines what any potential deal might look like
- the **financial case** section. This highlights likely funding and affordability issues and the potential balance sheet treatment of the scheme
- the **management case** section. This demonstrates that the scheme is achievable and can be delivered successfully in accordance with accepted best practice.

The purpose of this section is to explain and revisit how the scope of the proposed project or scheme fits within the existing business strategies of the organisation and provides a compelling case for change, in terms of the existing and future operational needs of the organisation.

Please refer back to the Strategic Outline Programme (SOP) noting any key changes since the production and approval of these documents.

### **Part A: The strategic context**

#### **2.1 Organisational overview**

Crown Copyright

36

Version No:

Date: 2013

Author:

Please provide an updated overview of the organisation(s) making the case for investment in the scheme, with particular reference to purpose, structure, and operational environment.

## 2.2 Business strategies

Please reference the business strategy for the organisation(s) and any related national, regional or local strategies.

Other projects within the SOP should also be referenced.

## 2.3. Other organisational strategies

Please provide an update on any other related organisational strategies, as appropriate.

## Part B: The case for change

### 2.4 Investment objectives

The investment objectives for this project are as follows:

- investment objective 1: .....
- investment objective 2: .....
- investment objective 3: .....
- investment objective 4: .....
- investment objective 5: .....

Note: these are **crucial** to making a compelling case for investment.

Please note how these were derived with the involvement of stakeholders and customers for the proposed scheme. They **must** be SMART – specific, measurable, achievable, relevant, and time constrained. In particular, consideration should be given to investment objectives

which will reduce cost (economy); improve throughput (efficiency) and improve quality (effectiveness); and the need for replacement services.

There is no restriction on the number of investment objectives for a scheme, but a maximum of 5 is suggested in order to make the case manageable.

## 2.5 Existing arrangements

This section describes the existing situation with regard to the investment – the status quo.

The existing arrangements are as follows: .....

Note: If applicable – for example, in the case of a replacement service – details of existing costs can be included here

Table 1: existing costs

Existing costs (£)	Service stream	Service stream	Service stream	Service stream	Total
Current					
Capital					
Duration of contract					

## 2.6 Business needs

This section provides a detailed account of the problems, difficulties and service gaps associated with the existing arrangements in relation to future needs.

## 2.7 Potential business scope and key service requirements

This section describes the potential business scope and key service requirements for the project in relation to the above business needs.

Note: it may be helpful to consider the potential business scope and key service requirements assessed against a continuum of need ranging from:

- a minimum scope – essential or core requirements/outcomes
- an intermediate scope – essential and desirable requirements/outcomes
- a maximum scope – essential, desirable and optional requirements/outcomes.

The options within these ranges are considered within the economic case.

Table 2: business scope and key service requirements

	Minimum	Intermediate	Maximum
Potential business scope			
Key service requirements			

## 2.8 Main benefits criteria

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs.

Satisfying the potential scope for this investment will deliver the following high-level strategic and operational benefits. By investment objectives these are as follows:

Table 3: investment objectives and benefits criteria

Investment objectives	Main benefits criteria by stakeholder group
Investment objective 1	
Investment objective 2	
Investment objective 3	
Investment objective 4	

Investment objective 5	
------------------------	--

The main 'dis-benefits' are as follows (if applicable):

Note: this section identifies the benefits criteria for the assessment of options within the economic case.

## 2.9 Main risks

The main business and service risks associated with the potential scope for this project are shown below, together with their counter measures.

Note: the table that follows provides a starting point for consideration in relation to service risks. Business risks will need to be identified separately by the organisation on a case by case basis. The aim should be to identify the 20% of risks that account for 80% of the value on fruition. In some cases it may also be pertinent to consider any notable external environmental risks.

Table 4: risks and counter measures

Main Risk	Counter Measures
Design	
Development <ul style="list-style-type: none"> <li>• supplier</li> <li>• specification</li> <li>• timescale</li> <li>• change management and project management</li> </ul>	

<b>Implementation risks</b> <ul style="list-style-type: none"> <li>• supplier</li> <li>• timescale</li> <li>• specification and data transfer</li> <li>• cost risks</li> <li>• change management and project management</li> <li>• training and user</li> </ul>	
<b>Operational risks</b> <ul style="list-style-type: none"> <li>• supplier</li> <li>• availability</li> <li>• performance</li> <li>• operating cost</li> <li>• project management</li> </ul>	
<b>Termination risks</b>	

## 2.10 Constraints

The project is subject to the following constraints: .....

Note: these are the internal parameters which have been established at outset of the project.

## 2.11 Dependencies

The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

Note: these are the external influences on the project – namely things which have to be in place in order to make a success of this investment.



## 3. The Economic Case

### 3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the SOC documents the wide range of options that have been considered in response to the potential scope identified within the strategic case.

### 3.2 Critical success factors

The key CSFs for the .... project were developed by an 'options workshop' held by .... on .....

The attendees included relevant stakeholders and customers (for example, patients, commissioners, clinicians, administrators) – see Appendix...

These CSFs have been used alongside the investment objectives for the project to evaluate the long list of possible options.

Note: You may find it useful to consider the following for this purpose:

- CSF1: business needs – how well the option satisfies the existing and future business needs of the organisation.
- CSF2: strategic fit – how well the option provides holistic fit and synergy with other key elements of national, regional and local strategies.
- CSF3: benefits optimisation – how well the option optimises the potential return on expenditure – business outcomes and benefits (qualitative and quantitative, direct and indirect to the organisation) – and assists in improving overall VFM (economy, efficiency and effectiveness).
- CSF4: potential achievability – the organisation's ability to innovate, adapt, introduce, support and manage the required level of change, including the management of associated risks and the need for supporting skills (capacity and capability). Also the organisation's ability to engender acceptance by staff.
- CSF5: supply side capacity and capability – the ability of the market place and potential suppliers to deliver the required services and deliverables.

- CSF6: potential affordability – the organisation’s ability to fund the required level of expenditure – namely, the capital and revenue consequences associated with the proposed investment.

### 3.3 The long-listed options

The long list of options was generated by the workshop in accordance with best practice contained in the Capital Investment Manual.

The evaluation was undertaken in accordance with how well each option met the investment objectives and CSFs.

Note: the options framework can be used to generate the required number of options for the long list. It does so by systematically working through the available choices for what, how, who, when and funding.

This process results in options either being discounted, carried forward for further consideration in the short list or identified as a preferred choice and basis for the reference project (or outline Public Sector Comparator, as it is technically known).

In some cases, it may be necessary to redefine these ‘categories of choice’ in order to meet the specific needs of the investment.

The long list of options for this investment was generated by the workshop using the options framework. This generated options within the following key categories of choice:

#### ***Scoping options – choices in terms of coverage (the what)***

The choices for potential scope are driven by business needs and the strategic objectives at both national and local levels. In practice, these may range from business functionality to geographical, customer and organisational coverage. Key considerations at this stage are ‘what’s in?’ ‘what’s out?’ and service needs. See 3.4 below.

#### ***Service solution options – choices in terms of solution (the how)***

The choices for potential solution are driven by new technologies, new services and new approaches and new ways of working, including business process re-engineering. In practice, these will range from services to how the estate of an organisation might be configured. Key considerations range from ‘what ways are there to do it?’ to ‘what processes could we use?’ See 3.5 below.

### ***Service delivery options – choices in terms of delivery (the who)***

The choices for service delivery are driven by the availability of service providers. In practice, these will range from within the organisation (in-house), to outsourcing, to use of the public sector as opposed to the private sector, or some combination of each category. The use of some form of public private sector partnership (PPP) is also relevant here. See 3.6 below.

### ***Implementation options – choices in terms of the delivery timescale***

The choices for implementation are driven by the ability of the supply side to produce the required products and services, VFM, affordability and service need. In practice, these will range from the phasing of the solution over time, to the modular, incremental introduction of services. See 3.7 below.

### ***Funding options – choices in terms of financing and funding***

The choices for financing the scheme (public versus private) and funding (central versus local) will be driven by the availability of capital and revenue, potential VFM, and the effectiveness or relevance/ appropriateness of funding sources. See 3.8 below.

## **3.4 Scoping options**

### ***3.4.1 Introduction***

This range of options considers coverage of ....

In accordance with the Treasury Green Book and Capital Investment Manual, the do nothing / status quo/ do minimum (delete as applicable) has been considered as a benchmark for potential VFM.

An infinite number of options and permutations are possible; however, within the broad scope outlined in the strategic case, the following main options have been considered:

- option 1.1 – do nothing
- option 1.2 – the ‘minimum’ scope – marginal improvements in ...
- option 1.3 – the ‘intermediate’ scope – for improvements in .....

- option 1.4 – ‘maximum’ scope – for improvements in .....

### ***Option 1.1: do nothing***

#### *Description*

This option...

#### *Advantages*

The main advantages are:

#### *Disadvantages*

The main disadvantages are that:

#### *Conclusion*

This option would ....

Note: focus on how well the option meets the investment objectives and agreed CSFs for the project (SWOT analysis) and summarise the overall findings in the conclusion.

### ***Option 1.2: do minimum – marginal improvements in ....***

#### *Description*

This option...

#### *Advantages*

Crown Copyright

45

Version No:

Date: 2013

Author:

The main advantages are that:

#### *Disadvantages*

The main disadvantages are that:

#### *Conclusion*

This option would ...

### ***Option 1.3: intermediate scope for improvements in .....***

#### *Description*

This option ...

#### *Advantages*

The main advantages are that:

#### *Disadvantages*

The main disadvantages are that:

#### *Conclusion*

This option provides ...

### ***Option 1.4: maximum scope for improvements in .....***

Crown Copyright

46

Version No:

Date: 2013

Author:

### *Description*

This option ...

### *Advantages*

The main advantages are that:

### *Disadvantages*

The main disadvantages are that:

### *Conclusion*

This option provides ...

## **3.4.2 Overall conclusion: scoping options**

The table below summarises the assessment of each option against the investment objectives and CSFs.

Table 5: summary assessment of scoping options

<b>Reference to:</b>	Option 1.1	Option 1.2	Option 1.3	Option 1.4
<b>Description of option:</b>	Do nothing	Minimum	Intermediate	Maximum
<b>Investment objectives</b>				
1	x	?	✓	✓
2	x	?	✓	✓
3	x	?	✓	✓

4	?	?	✓	✓
5	x	?	✓	✓
<b>Critical success factors</b>				
Business need	x	?	✓	✓
Strategic fit	x	x	✓	✓
Benefits optimisation	x	?	✓	?
Potential achievability			?	?
Supply-side capacity and capability				?
Potential affordability	x		?	x
<b>Summary</b>	<b>Discounted</b>	<b>Possible</b>	<b>Preferred</b>	<b>Discounted</b>

*Option 1.1: do nothing*

This option has been discounted because it does not satisfy .....

*Option 1.2: minimum scope – marginal improvements*

This option would deliver ...

This option is possible because...

*Option 1.3: intermediate scope for improvements*

This option would deliver.....

This option is preferred because...

*Option 1.4: maximum scope*

Crown Copyright

48

Version No:

Date: 2013

Author:

This option would deliver.....

This option has been discounted because.....

Note: one option is carried forward as the preferred choice for assessment within the next category – in this example it is option 1.3.

### **3.5 Service solution options**

#### **3.5.1 Introduction**

This range of options considers potential solutions in relation to the preferred scope.

The range of options that have been considered are:

- option 2.1
- option 2.2.....

#### ***Option 2.1***

##### *Description*

This option is for.....

##### *Advantages*

The main advantages are that: .....

##### *Disadvantages*



The main disadvantages are that: .....

#### *Conclusion*

This option meets.....

#### ***Option 2.2***

#### *Description*

This option is for .....

#### *Advantages*

The main advantages are that: .....

#### *Disadvantages*

The main disadvantages are that: .....

#### *Conclusion*

This option meets ...

And so on...

### ***3.5.2 Overall conclusion: service solutions options***

The table and narrative below summarises the assessment of each option against the investment objectives and CSFs.

Crown Copyright

50

Version No:

Date: 2013

Author:

Table 6: summary assessment of service solutions options

Reference to:	Option 2.1	Option 2.2
<b>Description of option:</b>		
<b>Investment objectives</b>		
1		
2	?	
3	?	
4	?	
5	x	
<b>Critical success factors</b>		
Business need	?	
Strategic fit	?	
Benefits optimisation	?	?
Potential achievability	?	?
Supply-side capacity and capability	?	
Potential affordability	✓	?
<b>Summary</b>	<b>Possible</b>	<b>Preferred</b>

### ***Option 2.1***

This option is possible because .....

### ***Option 2.2***

This option is preferred because .....

Note: the preferred option, with previous choices, is carried forward for subsequent assessment in the next category of choice.

## **3.6 Service delivery options**

### **3.6.2 Introduction**

This range of options considers the options for service delivery in relation to the preferred scope and potential solution.

The ranges of options that have been examined are:

- option 3.1: in-house
- option 3.2: outsource
- option 3.3: strategic partnership.

#### ***Option 3.1: in-house***

##### *Description*

This option describes the provision of.....

##### *Advantages*

The main advantages are that:

##### *Disadvantages*

The main disadvantages are that:

##### *Conclusion*

This option would .....

Crown Copyright

**52**

Version No:

Date: 2013

Author:

### ***Option 3.2: outsource***

#### *Description*

This option describes the provision of.....

#### *Advantages*

The main advantages are that:

#### *Disadvantages*

The main disadvantages are that:

#### *Conclusion*

This option would.....

### ***Option 3.3: strategic partnership***

#### *Description*

This option describes the provision of.....

#### *Advantages*

The main advantages are that:

#### *Disadvantages*

The main disadvantages are that:

Crown Copyright

Version No:

Date: 2013

Author:

## Conclusion

This option would.....

### 3.6.2 Overall conclusion: service delivery options

The table below summarises the assessment of each option against the investment objectives and CSFs.

Table 7: summary assessment of service delivery options

Reference to:	Option 3.1	Option 3.2	Option 3.3
Description of options:	<i>In-house</i>	<i>Outsource</i>	<i>Strategic partnership</i>
Investment objectives			
1		?	
2		?	
3		?	
4			
5		✓	x
Critical success factors			
Business need	✓	?	?
Strategic fit	✓	x	?
Benefits optimisation	✓	x	
Potential achievability		x	
Supply-side capacity and capability	✓	?	?
Potential affordability	✓	?	?
Summary	Preferred	Discounted	Possible

#### *Option 3.1: In-house*

This option would/would not .....

This option is preferred because.....

#### *Option 3.2: outsource*

This option would/would not .....

This option has been discounted because .....

#### ***Option 3.3: strategic partnership***

This option would/would not .....

This option is possible because .....

### **3.7 Implementation options**

#### ***3.7.1 Introduction***

This range of options considers the choices for implementation in relation to the preferred scope, solution and method of service delivery.

- option 4.1: 'Big Bang'
- option 4.2: phased.

#### **Option 4.1: 'Big Bang'**

Crown Copyright

55

Version No:

Date: 2013

Author:

### *Description*

This option assumes that all the required services could be delivered within the initial phase(s) of the project.

### *Advantages*

The main advantages are that:

### *Disadvantages*

The main disadvantages are that:

### *Conclusion*

This option is .....

## ***Option 4.2: phased***

### *Description*

This option assumes that the implementation of the required services would be phased on an incremental basis .....

### *Advantages*

The main advantages are that:

### *Disadvantages*

The main disadvantages are that:

Crown Copyright

56

Version No:

Date: 2013

Author:

## Conclusion

This option is .....

### 3.7.2 Overall conclusion: implementation options

The table below summarises the assessment of each option against the investment objectives and critical success factors.

Table 8: summary assessment of implementation options

Reference to:	Option 4.1	Option 4.2
Description of options:	'Big Bang'	phased
Investment objectives		
1	✓	✓
2	✓	✓
3	✓	✓
4	✓	✓
5	✓	✓
Critical success factors		
Business need	✓	✓
Strategic fit	x	✓
Benefits optimisation	?	?
Potential achievability	x	✓
Supply-side capacity and capability	x	✓
Potential affordability	?	?
Summary	Discounted	Preferred

#### Option 4.1: 'Big Bang'

Crown Copyright

57

Version No:

Date: 2013

Author:



This option has been discounted because.....

#### ***Option 4.2: Phased***

This option is preferred because .....

### **3.8 Funding options**

Note: where it has been agreed that the scheme will be publicly funded as part of the capital expenditure programme, it will be unnecessary to consider the use of alternative methods of finance. However, where the funding mechanism has **not** been agreed this set of options may still have a use for appraisal purposes – for example, as in the case of central versus local funding.

It should also be noted that the use of private finance does not simply consist of Public Private Partnerships (PPP) and the Private Finance Initiative (PFI). In this context, the use of financial leases and operating leases, and other forms of rental payment might also be considered, together with sponsorship arrangements.

#### ***3.8.1 Introduction***

This range of options considers the choices for funding and financing in relation to the preferred scope, solution, method of service delivery and implementation.

The options are as follows:

- option 5.1: private funding
- option 5.2: public funding.

#### ***Option 5.1: private funding***

##### *Description*

Crown Copyright

58

Version No:

Date: 2013

Author:

Under this option, the required services might be provided on a PPP (PFI) basis from a single service provider or consortium made up of potential service providers on the private sector side.

The assets underpinning the provision of services would be an integral part of the service and indistinguishable within the resultant service charge. All elements of the service would be within the potential scope of the deal.

### *Relevant background*

The Confederation of British Industry (CBI) has developed the following criteria for assessing the eligibility of public sector investment schemes against private funding arrangements (CBI Report: Private Skills in Public Service). The Project team has assessed the potential for private finance using these criteria.

Table 9: assessment of favourable characteristics for a privately financed project

	High	Medium	Low
1. Output/service-delivery driven	✓		
2. Substantial operating content within the project			✓
3. Significant scope for additional/alternative uses of the asset			✓
4. Scope for innovation in design			✓
5. Surplus assets intrinsic to transaction			✓
6. Long contract term available		✓	
7. Committed public sector management		✓	
8. Political sensitivities are manageable		✓	
9. Risks primarily commercial in nature	✓		
10. Substantial deal			✓
11. Complete or stand alone operations to allow maximum synergies		✓	

<b>Note: none of these conditions will themselves guarantee success but they point to a particular direction and allow for a more informed decision</b>	
---	--

### *Advantages*

The main advantages are that:

### *Disadvantages*

The main disadvantages are that:

### *Conclusion*

In the context of this investment it is considered....

## ***Option 5.2: public funding***

### *Description*

The options for public funding are essentially to .....

### *Advantages*

The main advantages are that:

### *Disadvantages*

The main disadvantages are that:

## Conclusion

Under this option .....

### **3.8.2 Overall conclusion: funding**

Use of the CBI table above indicates that the deal would be suitable/ not suitable for private finance because .....

## **3.9 The long list: inclusions and exclusions**

The long list has appraised a wide range of possible options.

Table 10: summary of inclusions, exclusions and possible options

Options	Finding
<b>1.0 Scope</b>	
1.1 'Do Nothing'	Discounted - because
1.2 Minimum	Possible - because
1.3 Intermediate	Preferred - because
1.4 Maximum	Discounted – because
<b>2.0 Service solutions</b>	
2.1	
2.2	
<b>3.0 Service delivery</b>	
3.1 In-house	
3.2 Outsource	
3.3 Strategic partnership	

<b>4.0 Implementation</b>	
4.2 Big bang	
4.3 Phased	
<b>5.0 Funding</b>	
5.1 Private Funding	
5.2 Public Funding	

### 3.10 Short-listed options

#### 3.10.1 Overview

The 'preferred' and 'possible' options identified in table 6 above have been carried forward into the short list for further appraisal and evaluation. All the options that were discounted as impracticable have been excluded at this stage.

On the basis of this analysis, the recommended short list for further appraisal within the OBC is as follows:

- option 1 – the do minimum, do nothing or status quo
- option 2 – the reference project or outline Public Sector Comparator (PSC) based on totality of the preferred choices within each of the above categories
- option 3 – the reference project or outline PSC (more ambitious option) based on the more ambitious possible options within each of the above categories
- option 4 – the reference project or outline PSC (less ambitious option) – based on the less ambitious options within each of the above categories.

Note: please provide full descriptions of each option and note that indicative amounts (in £s) for the benefits and costs associated with each of the above short listed options should be provided within the SOC.

Also, if it is possible to go on to the next stage in more detail, then the guidance provided in the template for the OBC in relation to the economic case (short list) should be pursued. In

other words, the above information and analysis constitutes the minimum requirement for the purpose of the SOC.

Finally, when calculating the estimated costs for the scheme, please note the need to make some allowance for optimism bias or risk adjustment.

## **4. The Commercial Case**

### **4.1 Introduction**

This section of the SOC outlines the proposed deal in relation to the preferred option outlined in the economic case.

Note: the detailed consideration of the commercial case takes place at OBC stage. However, you need to start thinking about it in outline terms now. The SOC should contain an initial, less detailed review

This is for the provision of .... under a .... contract.

### **4.2 Required services**

These are as follows ...

### **4.3 Potential for risk transfer**

This section provides an initial assessment of how the associated risks might be apportioned between.....

Note: detailed analysis of risks takes place at OBC stage

The general principle is to ensure that risks should be passed to 'the party best able to manage them', subject to value for money (VFM).

The table below outlines the potential allocation of risk ...

Table 11: risk transfer matrix

Risk Category	Potential allocation		
	Public	Private	Shared
1. Design risk	✓		✓
2. Construction and development risk			✓
3. Transition and implementation risk			✓
4. Availability and performance risk			✓
5. Operating risk	✓		
6. Variability of revenue risks	✓		
7. Termination risks	✓		
8. Technology and obsolescence risks			✓
9. Control risks	✓		
10. Residual value risks	✓		
11. Financing risks	✓		
12. Legislative risks	✓		
13. Other project risks	✓		

#### 4.4 Proposed charging mechanisms

The organisation intends to make payments with respect to the proposed products and services as follows ....

#### 4.5 Proposed contract lengths

The following contract lengths will be considered.....

Crown Copyright

65

Version No:

Date: 2013

Author:



#### **4.6 Proposed key contractual clauses**

These are as follows:

#### **4.7 Personnel implications (including TUPE)**

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 – will/ will not apply to this investment as outlined above.

#### **4.8 Procurement strategy and implementation timescales**

It is anticipated that the procurement strategy will follow...

Subject to agreement of the SOC, it is anticipated that the implementation milestones to be agreed for the scheme with the service provider will be as follows...

#### **4.9 FRS 5 accountancy treatment**

It is envisaged that the assets underpinning the delivery of service will/will not be on the balance sheet of the organisation.....

## 5.0 The Financial Case

### 5.1 Introduction

The purpose of this section is to set out the indicative financial implications of the preferred option (as set out in the economic case section) and the proposed deal (as described in the commercial case section).

Note: detailed analysis of the financial case including affordability takes place at OBC stage.

### 5.2 Impact on the organisation's income and expenditure account

The anticipated payment stream for the project over its intended life span is .....

Table 12: summary of financial appraisal

£ xxx	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	£	£	£	£	£	£	£	£
<b>Preferred way forward:</b>								
Capital								
Revenue								
<b>Total</b>								
<b>Funded by:</b>								
Existing								
Additional								
<b>Total</b>								

### 5.3 Impact on the balance sheet

The proposed capital expenditure will have the following impact...

## 5.4 Overall affordability

The proposed cost of the project is ... over the .... years of the expected lifetime of the contract.

The organisation's commissioners have signified their agreement to the required level of funding required...

Note: costs should be broken down, as appropriate, within the categories shown for the design, build and operational phases of the scheme. In all cases, capital charges, VAT, and the cost of risk (any contingency or allowance for risk adjustment and optimism bias) should be shown separately.

## **6. The Management Case**

### **6.1 Introduction**

This section of the SOC addresses the 'achievability' of the scheme. Its purpose is to set out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

### **6.2 Programme management arrangements**

The scheme is an integral part of the ..... programme, which comprises a portfolio of projects for the delivery of...

These are set out in the SOP for the project, which was agreed on.....

The programme management arrangements are as follows.....

### **6.3 Project management arrangements**

The project will be managed in accordance with PRINCE 2 methodology.

#### ***6.3.1 Outline project reporting structure***

#### ***6.3.2 Outline project roles and responsibilities***

#### ***6.3.3 Outline project plan***

Table 12: milestones

Milestone activity	Week no.

## 6.4 Use of special advisers

Special advisers have been used in a timely and cost-effective manner in accordance with the Treasury Guidance: Use of Special Advisers.

Details are set out in the table below:

Table 13: special advisers

Specialist Area	Adviser
Financial	
Technical	
Procurement and legal	
Business assurance	
Other	

## 6.5 Gateway review arrangements

The impacts/risks associated with the project have been scored against the risk potential assessment (RPA) for projects. The RPA scores are attached at Appendix....

A Gate 0 (strategic fit) has been undertaken on the programme, in conjunction with agreement to the SOP. The consequent actions have been as follows...

Crown Copyright

70

Version No:

Date: 2013

Author:

A Gate 1 (business justification) has been has been undertaken on the project, in conjunction with the submission of this SOC. The consequent actions have been addressed as follows ...

Further reviews are planned as follows...

**Signed:**

**Date:**

**Senior Responsible Owner**

**Project Team**

# TEMPLATE 3: OUTLINE BUSINESS CASE (OBC)

Crown Copyright

72

Version No:

Date: 2013

Author:

Project Title:

Outline Business Case (OBC)



Version No:

Issue Date:

Crown Copyright

**74**

Version No:

Date: 2013

Author:

## **Purpose of this document**

This document provides a template for an Outline Business Case (OBC) in support of an investment – a project, procurement or scheme.

In all cases, a Strategic Outline Case (SOC) should have been completed, prior to the submission of this document for approval.

The main purpose of the OBC is to: revisit the case for change and the preferred way forward identified in the SOC; establish the option which optimises value for money; outline the deal and assess affordability; and demonstrate that the proposed scheme is deliverable.

In practice, the author will find this entails updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, with supporting benefits and risk registers.

Business planning is an iterative exercise, so the author should note that all earlier assumptions require revisiting within the OBC.

Please note that this template is for guidance purposes only and should be completed in accordance with the guidelines laid down in HM Treasury's Green Book.

## VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft	00.00.00	First Draft Version	

## **CONTENTS – OBC TEMPLATE**

### **HOW TO USE THIS TEMPLATE**

### **OVERVIEW OF THE OBC DEVELOPMENT PROCESS**

### **TEMPLATE AND SUPPORTING GUIDANCE**

1. Executive summary
2. Strategic case
3. Economic case
4. Commercial case
5. Financial case
6. Management case

## **APPENDICES**

These must include:

- economic appraisals
- financial appraisals
- benefits register
- risk register
- risk potential assessment (RPA)
- letter of commissioner/ stakeholder support
- draft OJEU notice
- SOP/ strategic business plans.

## HOW TO USE THIS TEMPLATE

There are four points that you should take into consideration:

- first, the business planning process for the scoping (SOC), planning (OBC) and procurement (FBC) of a scheme is an **iterative exercise**. Therefore, it follows that whilst some sections of the above cases using the Five Case Model may look similar, the level of detail required will vary significantly over the developmental phases of a business case
- second, the guidance provided in Departmental Capital Investment Manuals should be referred to, along with the Treasury Green Book: A Guide to Investment Appraisal in the Public Sector
- third, wherever you are in the business case development process, remember that the business case for a scheme is a single document, developed over time, in four distinct phases
- fourth, detailed guidance on the completion of this template is set out in Public Sector Business Cases using the Five Case Model: a Toolkit (published by the HFMA).

## OVERVIEW OF THE OBC DEVELOPMENT PROCESS

The table below shows the systematic approach to the preparation of the business case – SOP, SOC and OBC development phases.

Stages	Development Process	Deliverables
Phase 0 – Step 1/ action 1	Determining strategic context Ascertain strategic fit	Strategic context
<i>Output</i>	<i>Strategic Outline Programme (SOP)</i>	
<i>Outcome</i>	<i>Strategic fit</i>	
<i>Review point</i>	<i>Gateway 0 –strategic fit</i>	
Phase 1 – scoping	Preparing the Strategic Outline Case (SOC)	Strategic case
Step 2	Making the case for change	
Action 2	Agree strategic context	
Action 3	Determine investment objectives, existing arrangements and business needs	
Action 4	Determine potential business scope and key service requirements	
Action 5	Determine benefits, risks, constraints and dependencies	Economic case – part 1
Step 3	Exploring the preferred way forward	
Action 6	Agree critical success factors (CSFs)	
Action 7	Determine long list options and SWOT analysis	
Action 8	Recommend preferred way forward, including other arrangements	Outline commercial, financial and

<i>Output</i>	<i>Strategic Outline Case (SOC)</i>
<i>Outcome</i>	<i>Robust case for change</i>
<i>Review point</i>	<i>Gateway 1 – business justification</i>

<b>Phase 2 – planning</b>	<b>Preparing the Outline Business Case (OBC)</b>	
<b>Step 4</b>	<b>Determining potential value for money (VFM)</b>	<b>Economic case – part 2</b>
Action 9	Revisit SOC and determine short list including the reference project (outline PSC)	
Action 10	Prepare the economic appraisals for short-listed options	
Action 11	Undertake benefits appraisal	
Action 12	Undertake risk assessment/appraisal	
Action 13	Select preferred option and undertake sensitivity analysis	
<b>Step 5</b>	<b>Preparing for the potential deal</b>	<b>Commercial case</b>
Action 14	Determine procurement strategy	
Action 15	Determine service streams and required outputs	
Action 16	Outline potential risk apportionment	
Action 17	Outline potential payment mechanisms	
Action 18	Ascertain contractual issues and accountancy treatment	
<b>Step 6</b>	<b>Ascertaining affordability and funding requirement</b>	<b>Financial case</b>
Action 19	Prepare financial model and financial appraisals.	



<b>Step 7</b>	<b>Planning for successful delivery</b>	<b>Management case</b>
Action 20	Plan project management – strategy, framework and outline plans	
Action 21	Plan change management – strategy, framework and outline plans	
Action 22	Plan benefits realisation – strategy, framework and outline plans	
Action 23	Plan risk management – strategy, framework and outline plans	
Action 24	Plan post project evaluation – strategy, framework and outline plans	
<b>Output:</b>	<b><i>Outline Business Case</i></b>	
<b>Outcome:</b>	<b><i>Planned procurement for VFM solution</i></b>	
<b>Review point:</b>	<b><i>Gateway 2 – procurement strategy</i></b>	

## **OBC TEMPLATE AND SUPPORTING GUIDANCE**

### **1. Executive Summary**

#### **1.1 Introduction**

This OBC seeks approval to invest £..... in .....

#### **1.2 Strategic case**

##### ***1.2.1 The strategic context***

Please summarise the strategic drivers for this investment, with particular reference to supporting strategies, programmes and plans.

##### ***1.2.2 The case for change***

Please summarise the business needs for this investment, with particular reference to existing difficulties and the need for service improvement.

#### **1.3 Economic case**

##### ***1.3.1 The long list***

Please summarise the long list of options explored within the economic case.

##### ***1.3.2 The short list***

The following short list of options emerged:

- **option 1** – status quo, do nothing or do minimum
- **option 2** – the reference project or outline Public Sector Comparator (PSC)
- **option 3** – the PSC – more ambitious
- **option 4** – the PSC – less ambitious.

### 1.3.3 Key findings

Set out the key findings from the economic appraisals here.

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 1 – Do Nothing/Do Minimum/Status Quo</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 2 – Reference Project/ Outline Public Sector Comparator</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		

Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 3 - Reference Project/ Outline Public Sector Comparator (more ambitious)</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 4 - Reference Project/ Outline Public Sector Comparator (less ambitious)</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		

Option appraisal conclusions:

- Option 1 – this option ranks .....

- Option 2 – this option ranks .....
- Option 3 – this option ranks .....
- Option 4 – this option ranks .....

### ***1.3.4 Overall findings: the preferred option***

Summary of overall results

<b>Evaluation Results</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
Economic appraisals				
Benefits appraisal				
Risk appraisal				
<b>Overall ranking</b>				

Overall conclusions .....

## **1.4 Commercial case**

### ***1.4.1 Procurement strategy***

Please summarise the procurement strategy and intended contractual arrangements.

### ***1.4.2 Required services***

Please summarise the products and services intended for use and procurement with regard to the recommended option.

### ***1.4.3 Potential for risk transfer and potential payment mechanisms***

Please summarise the main risks associated with the scheme and supporting arrangements for payment for the required products and services.

## 1.5 Financial case

### 1.5.1 Financial expenditure

Summary of financial appraisal

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	£	£	£	£	£	£	£	£
<b>Preferred option:</b>								
Capital								
Revenue								
<b>Total</b>								
<b>Funded by:</b>								
Existing								
Additional								
<b>Total</b>								

### 1.5.2 Overall affordability and balance sheet treatment

Please summarise the overall affordability of the scheme – both in terms of its capital and revenue consequences – over the lifespan of the investment.

Where the scheme requires the support and approval of external parties, please indicate that this is forthcoming. A letter of support should be attached as an appendix.

In instances where the investment is above the delegated limit of the organisation and/ or is 'novel and contentious', please indicate the sums requiring approval and any additional funding requirements.

## **1.6 Management case**

### ***1.6.1 Project management arrangements***

Please summarise the project management arrangements for the scheme.

### ***1.6.2 Benefits realisation and risk management***

Please summarise these arrangements.

### ***1.6.3 Post project evaluation arrangements***

Please summarise these arrangements, with reference to arrangements for the Gateway Review process, as required.

## **1.7 Recommendation**

Please formally make the required recommendation for approval of the scheme to proceed to the next stage.

**Signed:**

**Date:**

**Senior Responsible Owner Project**  
**Project Team**



## 2. The Strategic Case

### 2.0 Introduction

This Outline Business Case (OBC) is for .....

#### ***Structure and content of the document***

This OBC has been prepared using the agreed standards and format for business cases, as set out in .....

The approved format is the Five Case Model, which comprises the following key components:

- the **strategic case** section. This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme
- the **economic case** section. This demonstrates that the organisation has selected the choice for investment which best meets the existing and future needs of the service and optimises value for money (VFM)
- the **commercial case** section. This outlines the content and structure of the proposed deal
- the **financial case** section. This confirms funding arrangements and affordability and explains any impact on the balance sheet of the organisation
- the **management case** section. This demonstrates that the scheme is achievable and can be delivered successfully to cost, time and quality.

The purpose of this section is to explain and revisit how the scope of the proposed project or scheme fits within the existing business strategies of the organisation and provides a compelling case for change, in terms of existing and future operational needs.

Please refer back to the Strategic Outline Programme (SOP) and Strategic Outline Case (SOC), noting any key changes since the production and approval of these documents.

### **Part A: The strategic context**

#### **2.1 Organisational overview**

Please provide an updated overview of the organisation(s) making the case for investment in the scheme.

## 2.2 Business strategies

Please reference the business strategy for the organisation(s) and any related national or regional strategies, noting any changes since agreement to the SOC for the scheme.

In the main, this will include consideration of national policy documents, regional plans and supporting SOPs and other relevant initiatives.

## 2.3. Other organisational strategies

Please provide an update on any other related organisational strategies, as appropriate.

## Part B: The case for change

## 2.4 Investment objectives

The investment objectives for this project are as follows:

- investment objective 1: .....
- investment objective 2: .....
- investment objective 3: .....
- investment objective 4: .....
- investment objective 5: .....

Note: these are **crucial** to making a compelling case for investment and should be revisited since the preparation of the SOC.

Please note how these were derived with the stakeholders and customers for the proposed scheme. They **must** be SMART – specific, measurable, achievable, relevant, and time constrained. In particular, consideration should be given to investment objectives which will reduce cost (economy); improve throughput (efficiency) and improve quality (effectiveness); and the need for replacement services.

## 2.5 Existing arrangements

This section describes the existing situation with regard to the investment.

The existing arrangements are as follows: .....

Note: If applicable – for example, in the case of a replacement service – details of existing costs can be included here.

Table 1: Existing costs

Existing costs (£)	Service stream	Service stream	Service stream	Service stream	Total
Current					
Capital					
Duration of contract					

## 2.6 Business needs

This section provides a detailed account of the problems, difficulties and service gaps associated with the existing arrangements in relation to future needs and changes since submission of the SOC.

## 2.7 Potential business scope and key service requirements

This section describes the potential scope for the project in relation to the above business needs and the changes (if any) since submission of the SOC.

Note: it may be helpful to consider the potential scope assessed against a continuum of need ranging from:

- a minimum scope – essential or core requirements/outcomes

- an intermediate scope – essential and desirable requirements/outcomes
- a maximum scope – essential, desirable and optional requirements/outcomes.

The options within these ranges are considered within the economic case.

Table 2: business scope and key service requirements

	Minimum	Intermediate	Maximum
Potential business scope			
Key service requirements			

## 2.8 Main benefits criteria

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs.

Satisfying the potential scope for this investment will deliver the following high-level strategic and operational benefits. By investment objectives these are as follows:

Table 3: Investment objectives and benefits

Investment objectives	Main benefits criteria by stakeholder group
-----------------------	---

<b>Investment objective 1</b>	<b>Patients</b> Cash releasing (£s) <i>For example, avoided costs</i> Non cash releasing (£s) <i>For example, Staff time saved (x hours)</i> Qualitative <i>For example, staff morale</i> <b>Clinicians</b> Ditto <b>Administrators</b> Ditto
<b>Investment objective 2</b>	
<b>Investment objective 3</b>	
<b>Investment objective 4</b>	
<b>Investment objective 5</b>	

The main 'dis-benefits' are as follows: (if applicable)

Note: this section identifies the benefits criteria for the assessment of options within the economic case.

## 2.9 Main risks

The main business and service risks associated with the potential scope for this project are shown below, together with their counter measures.

Table 4: main risks and counter measures

<b>Main Risk</b>	<b>Counter Measures</b>
Design	

Development <ul style="list-style-type: none"> <li>• supplier</li> <li>• specification</li> <li>• timescale</li> <li>• change management and project management</li> </ul>	
Implementation risks <ul style="list-style-type: none"> <li>• supplier</li> <li>• timescale</li> <li>• specification and data transfer</li> <li>• cost risks</li> <li>• change management and project management</li> <li>• training and user</li> </ul>	
Operational risks <ul style="list-style-type: none"> <li>• supplier</li> <li>• availability</li> <li>• performance</li> <li>• operating cost</li> <li>• project management</li> </ul>	
Termination risks	

Note: this section should update and expand on the key risks identified within the SOC.

The above table shows the main risk categories typically associated with the provision of the service – business and external environmental risks also need to be considered.

## 2.10 Constraints

The project is subject to the following constraints: .....

Note: these are the internal parameters which have been established at outset of the project. Any changes since the SOC should be noted.

## **2.11 Dependencies**

The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

Note: these are the external influences on the project – namely things which have to be in place in order to make a success of this investment. Any changes since the SOC should be noted.

### 3. The Economic Case

#### 3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the OBC documents the wide range of options that have been considered in response to the potential scope identified within the strategic case.

#### 3.2 Critical success factors

The critical success factors (CSFs) shown within the SOC were as follows: .....

These have been re-visited in the context of the OBC and remain valid/ have changed as follows (please delete as required).....

#### 3.3 The long-listed options

The long list shown within the SOC was as follows: .....

Note: for illustrative purposes, the options are taken from the SOC template.

Table 5: long list – summary of inclusions, exclusions and possible options

Options	Finding
<b>1.0 Scoping</b>	
1.1 Do nothing	
1.2 Minimum scope	
1.3 Intermediate scope	
1.4 Maximum scope	
<b>2.0 Service solution</b>	
2.1	
2.2	
<b>3.0 Service delivery</b>	



3.1 In house	
3.2 Outsource	
3.3 Strategic partnership	
<b>4.0 Implementation</b>	
4.2 Big Bang	
4.3 Phased	
<b>5.0 Funding</b>	
5.1 Private funding	
5.2 Public funding	

These have been re-visited in the context of the OBC and remain valid/ have changed as follows (please delete as required): .....

### 3.4 Short-listed options

The short list shown within the SOC was as follows:

- option 1 – the do nothing, do minimum or status quo
- option 2 – the reference project or outline Public Sector Comparator (PSC) based on totality of the preferred choices within each of the above categories
- option 3 – the reference project or outline PSC (more ambitious option) based on the more ambitious possible options within each of the above categories
- option 4 – the reference project or outline PSC (less ambitious option) based on the less ambitious options within each of the above categories.

In detail, the short-listed options are:

#### ***Option 1 – the do nothing, do minimum or status quo***

This option provides the benchmark for VFM and is predicated upon the following parameters:

Scope: .....  
Solution: .....  
Service delivery: .....  
Implementation: .....  
Funding: .....

***Option 2 – reference project or outline Public Sector Comparator (PSC)***

This option provides an outline of the ‘preferred way forward’ (**not** preferred option) at SOC stage and is predicated upon the following parameters drawn from the long list for:

Scope: .....  
Solution: .....  
Service delivery: .....  
Implementation: .....  
Funding: .....

***Option 3 – the reference project or outline PSC (more ambitious) option***

This option provides an outline of a more ambitious version of the preferred way forward at SOC.

Scope: .....  
Solution: .....  
Service delivery: .....  
Implementation: .....  
Funding: .....

***Option 4 – the reference project or outline PSC (less ambitious) option***

This option provides an outline of a less ambitious version of the preferred way forward at SOC.

Scope: .....

Solution: .....

Service delivery: .....

Implementation: .....

Funding: .....

## **3.5 Economic appraisal**

### **3.5.1 Introduction**

This section provides a detailed overview of the main costs and benefits associated with each of the selected options. Importantly, it indicates how they were identified and the main sources and assumptions.

More detailed information is shown for each cost and benefit line within the economic appraisals at Appendix.....

### **3.5.2 Estimating benefits**

#### *Methodology*

The benefits associated with each option were identified during a workshop held on ..... with the stakeholders and customers for the scheme. A list of participants is attached at Appendix....

#### *Description, sources and assumptions*

The benefits identified fell into the following **main** categories. In each case, the sources and assumptions underlying their use are explained. A more detailed explanation for each benefit line is attached to the economic appraisals in Appendix .....

Note: benefits fall into different categories which require different treatment within the OBC appraisals supporting the economic and financial cases – the distinctions are shown in the table below.

Table 6: main benefits

Type	Direct to Organisation(s)	Indirect to Organisation(s)
Quantitative (or quantifiable)	Measurable – for example, £s or numbers of transactions etc.	As shown
Cash releasing	These are financial benefits – for example, avoided spend, reduced cost etc.	As shown
	<b><i>The above are accounted for in the financial case appraisals</i></b>	<b><i>The above are NOT accounted for in the financial case appraisals</i></b>
Non-cash releasing	These are economic benefits – for example, opportunity cost of staff time etc.	As shown
	<b><i>All of the above are accounted for in the economic case appraisals</i></b>	<b><i>All of the above are accounted for in the economic case appraisals</i></b>
Qualitative (or non-quantifiable)	Non-measurable – for example, quality improvements such as patient well-being, improved morale etc	As shown
	<b><i>Subject to weighting and scoring – see below</i></b>	<b><i>Subject to weighting and scoring – see below</i></b>

### 3.5.3 Estimating costs

#### Methodology

Costs were estimated by .....in accordance with .....

### *Description, sources and assumptions*

The costs identified fell into the following **main** categories. In each case, the sources and assumptions underlying their use are explained. A more detailed explanation for each cost line is attached to the economic appraisals in Appendix .....

Note: special consideration should be given to the use of 'optimism bias' at OBC stage.

Transfer payments (VAT and capital charges etc) should **not** be included.

Costs falling to other public sector organisations **should** be included.

### **3.5.4 Net present cost findings**

The detailed economic appraisals for each option are attached at Appendix ..... together with detailed descriptions for costs and benefits, and their sources and assumptions.

(If applicable) The short-listed options have been risk-adjusted to account for the 'risk retained' (in £s) by the organisation under each option.

The following table summarises the key results of the economic appraisals for each option:

Table 7: key results of economic appraisals

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 1 – Do Nothing/Do Minimum/Status Quo</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		

Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 2 – Reference Project/ Outline Public Sector Comparator</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 3 - Reference Project/ Outline Public Sector Comparator (more ambitious)</b>		
Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 4 - Reference Project/ Outline Public Sector Comparator (less ambitious)</b>		

Capital		
Revenue/ current		
Risk retained		
Optimism bias		
<b>Total costs</b>		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		

### 3.5.5 Option ranking

The results are summarised and shown in the following Table:

Table 8: summary of results

Option	Description	Ranking				
		NPC (£s)	Cash benefit	Non cash benefit	Cost net cash savings	Costs net all savings
<b>1</b>						
<b>2</b>						
<b>3</b>						
<b>4</b>						

### 3.5.6 Option appraisal conclusions

The key findings are as follows:

*Option 1 – do nothing/do minimum/status quo*

This option ranks.....

It provides .....

*Option 2 – reference project/ outline PSC*

This option ranks.....

It provides .....

*Option 3 – reference project/ outline PSC (more ambitious)*

This option ranks.....

It provides .....

*Option 4 – reference project/ outline PSC (less ambitious)*

This option ranks.....

It provides .....

### **3.6 Qualitative benefits appraisal**

A workshop was held at ..... on ..... to evaluate the qualitative benefits associated with each option.

#### **3.6.1 Methodology**

The appraisal of the qualitative benefits associated with each option was undertaken by:



- identifying the benefits criteria relating to each of the investment objectives
- weighting the relative importance (in %s) of each benefit criterion in relation to each investment objective
- scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9
- deriving a weighted benefits score for each option.

### **3.6.2 Qualitative benefits criteria**

The benefits criteria were weighted as follows for each investment objective:

Table 9: qualitative benefits criteria

Investment Objectives	Qualitative Benefits	Weight
Investment objective 1	For example, business continuity through the provision of ..... For example, business flexibility through the provision of .....	30%
Investment objective 2		25%
Investment objective 3		25%
Investment objective 4		10%
Investment objective 5		10%

### **3.6.3 Qualitative benefits scoring**

Benefits scores were allocated on a range of 0-9 for each option and agreed by discussion by the workshop participants to confirm that the scores were fair and reasonable.

### **3.6.4 Analysis of key results**

The results of the benefits appraisal are shown in the following table:

Table 10: benefits appraisal results

<b>Benefit Criteria and Weight</b>	<b>Option 1</b>		<b>Option 2</b>		<b>Option 3</b>		<b>Option 4</b>	
Raw (R) and weighted (W)scores	R	W	R	W	R	W	R	W
Investment objective 1								
Investment objective 2								
Investment objective 3								
Investment objective 4								
Investment objective 5								
<b>Total</b>								
<b>Rank</b>								

The key considerations that influenced the scores achieved by the various options were as follows:

- Option 1 – do nothing/do minimum/status quo:  
This option ranks.....  
It provides .....  
Key considerations influencing its score are .....
- Option 2 – reference project/ outline PSC  
This option ranks.....  
It provides .....  
Key considerations influencing its score are .....
- Option 3 – reference project/ outline PSC (more ambitious)

This option ranks.....

It provides .....

Key considerations influencing its score are .....

- Option 4 – reference project/ outline PSC (less ambitious)

This option ranks.....

It provides .....

Key considerations influencing its score are .....

### 3.7 Risk appraisal – unquantifiables

Note: the risks associated with the scheme **must** be identified, prioritised and appraised in all instances.

In the case of significant, new and/or high value investments, the risks should be quantified in £s and included in the economic appraisals ('cost of risk retained'). In the absence of risk measurement (in £s), a sum should be included for optimism bias – see the guidance that supports these templates. All other risks – those that are unquantifiable in £s – should be appraised as shown below.

In the case of medium and small sized schemes, it may suffice at this stage to weight and score the risks for each option and to rank accordingly – see below. Whatever the approach, a sum **must** be included for optimism bias in the economic appraisals.

Ideally, the risks should be quantified (in £s) in all cases and the non-quantifiable risks assessed as outlined below. In most instances, you will find the service risks associated with the design, build and operation features of the scheme fall in the former category, while associated business risks fall into the latter. External environmental risks – for example, inflation – may be ignored for the purposes of this appraisal, given that they are common to all options.

A workshop was held at ..... on ..... to evaluate the risks associated with each option.

### 3.7.1 Methodology

Risk appraisal has been undertaken and involved the following distinct elements:

- identifying all the possible business and service risks associated with each option
- assessing the impact and probability for each option
- calculating a risk score.

### 3.7.2 Risk scores

The workshop assigned the risk scores shown in the following table on the basis of participants' judgment and assessment of previous procurements. A more detailed assessment of the individual risks is shown in the risk register.

The range of scales used to quantify risk was as follows:

- low equals 2
- medium equals 3
- high equals 5.

Table 11: summary of the risk appraisal results

Summary of Risk Appraisal Results: OBC (Pr = probability)	Risk category no.	Impact	Option 1 – do minimum		Option 2 – PSC		Option 3 – PSC more ambitious		Option 4 – PSC less ambitious	
			Pr.	Tot.	Pr.	Tot.	Pr.	Tot.	Pr.	Tot.
Risk description										
Risk description										

Risk description										
Risk description										
<b>Total</b>										
<b>Rank</b>										

The key considerations that influenced the scores achieved by the various options were as follows:

- option 1 – do nothing/ do minimum/ status quo  
This option ranks.....  
It provides .....  
Key considerations influencing its score are .....
  
- option 2 – reference project/ outline PSC  
This option ranks.....  
It provides .....  
Key considerations influencing its score are .....
  
- option 3 – reference project/ outline PSC (more ambitious)  
This option ranks.....  
It provides .....  
Key considerations influencing its score are .....
  
- option 4 – reference project/ outline PSC (less ambitious)  
This option ranks.....  
It provides .....  
Key considerations influencing its score are .....

### 3.8 The preferred option

The results of investment appraisal are as follows:

Table 12: summary of overall results

<b>Evaluation Results</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
Economic appraisals				
Benefits appraisal				
Risk appraisal				
<b>Overall Ranking</b>				

Conclusion: the preferred option is ..... because.....

### 3.9 Sensitivity analysis

The methods used were:

a)'switching values'

b)scenario planning / analysis ('what if ') by altering the values of the 'uncertain' costs and benefits to observe the effect on the overall ranking of options.

#### 3.9.1 Results of switching values

Table 13 shows the values (in %s) at which the preferred option would change in the overall ranking of options.

Table 13: changes (%) required to equate with the preferred option

<b>Change in Costs (%)</b>	<b>Option 1</b>	<b>Option 2 Preferred Option</b>	<b>Option 3</b>	<b>Option 4</b>
Capital costs		0		
Current costs		0		
Total costs		0		

Change in Costs (%)	Option 1	Option 2 Preferred Option	Option 3	Option 4
Cash releasing benefits		0		
Non releasing cash benefits		0		
NPV/C		0		

### 3.9.2 Key observations

These are: .....

### 3.9.3 Results of scenario planning

The table below summarises the results associated with increasing uncertain costs by ...% and reducing uncertain benefits by ....%.

Table 14: Summary of results from scenario planning

	Option 1 – benchmark	Option x – the preferred option
Sensitivity analysis on benefits		
Sensitivity analysis on costs		
New order in ranking		

### 3.9.4 Key observations

These are: .....

## 3.10 Preferred option

The preferred option remains/has altered (delete as appropriate), because.....

## 4. The Commercial Case

### 4.1 Introduction

This section of the OBC outlines the proposed deal in relation to the preferred option outlined in the economic case.

This is for the provision of .... under a .... contract.

### 4.2 Required services

These are as follows: .....

### 4.3 Potential for risk transfer

The general principle is that risks should be passed to 'the party best able to manage them', subject to value for money.

This section provides an assessment of how the associated risks might be apportioned between.....

Table 15: risk transfer matrix

Risk Category	Potential allocation		
	Public	Private	Shared
1. Design risk			✓
2. Construction and development risk			✓
3. Transition and implementation risk			✓
4. Availability and performance			✓



risk			
5. Operating risk	✓		
6. Variability of revenue risks	✓		
7. Termination risks	✓		
8. Technology and obsolescence risks			✓
9. Control risks	✓		
10. Residual value risks	✓		
11. Financing risks	✓		
12. Legislative risks	✓		
13. Other project risks	✓		

#### **4.4 Proposed charging mechanisms**

The organisation intends to make payments in relation to the proposed products and services as follows: .....

#### **4.5 Proposed contract lengths**

The following contract lengths will be considered.....

#### **4.6 Proposed key contractual clauses**

These are as follows: .....

#### **4.7 Personnel implications (including TUPE)**

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 – will/ will not apply to this investment as outlined above.

#### **4.8 Procurement strategy and implementation timescales**

It is anticipated that the procurement strategy will follow: .....

It is anticipated that the implementation milestones to be agreed for the scheme with the service provider will be as follows: .....

#### **4.9 FRS 5 accountancy treatment**

It is envisaged that the assets underpinning delivery of the service will/will not be on the balance sheet of the organisation.....

## 5.0 The Financial Case

### 5.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option (as set out in the economic case section) and the proposed deal (as described in the commercial case).

### 5.2 Impact on the organisation's income and expenditure account

The anticipated payment stream for the project over its intended life span is set out in the following table:

Table 16: summary of financial appraisal

£ xxx	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	£	£	£	£	£	£	£	£
<b>Preferred way forward:</b>								
Capital								
Revenue								
<b>Total</b>								
<b>Funded by:</b>								
Existing								
Additional								
<b>Total</b>								

### 5.3 Impact on the balance sheet

The proposed expenditure will have the following impact.....

## **5.4 Overall affordability**

The proposed cost of the project is ... over the .... years of the expected lifespan of the contract.

Our commissioners have signified their agreement to the required level of funding as follows:  
.....

Note: costs should be broken down, as appropriate, within the categories shown for the design, build and operational phases of the scheme. In all cases, capital charges, VAT, and the cost of risk (any contingency or allowance for risk adjustment and optimism bias) should be shown separately.

## **6. The Management Case**

### **6.1 Introduction**

This section of the OBC addresses the 'achievability' of the scheme. Its purpose, therefore, is to build on the SOC by setting out in more detail the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

### **6.2 Programme management arrangements**

The scheme is an integral part of the ..... programme, which comprises a portfolio of projects for the delivery of.....

These are set out in the Strategic Outline Programme for the Project, which was agreed on.....

The programme management arrangements are as follows: .....

### **6.3 Project management arrangements**

The project will be managed in accordance with PRINCE 2 methodology.

#### ***6.3.1 Project reporting structure***

The reporting organisation and the reporting structure for the project are as follows: .....

Note: a diagram with named individuals is required.

#### ***6.3.2 Project roles and responsibilities***

These are as follows: .....

### 6.3.3 Project plan

This is as set out in the following table:

Table 17: project plan

Milestone Activity	Week No.

### 6.4 Use of special advisers

Special advisers have been used in a timely and cost-effective manner in accordance with the Treasury Guidance: Use of Special Advisers.

Table 18: special advisers

Specialist Area	Adviser
Financial	
Technical	
Procurement and legal	
Business assurance	
Other	

## **6.5 Outline arrangements for change and contract management**

The strategy, framework and plan for dealing with change and associated contract management is as follows.....

## **6.6 Outline arrangements for benefits realisation**

The strategy, framework and plan for dealing with the management and delivery of benefits are as follows.....

A copy of the project benefits register is attached at appendix .....

This sets out who is responsible for the delivery of specific benefits, how and when they will be delivered and the required counter measures, as required.

## **6.7 Outline arrangements for risk management**

The strategy, framework and plan for dealing with the management of risk are as follows.....

A copy of the project risk register is attached at Appendix .....

This details who is responsible for the management of risks and the required counter measures, as required.

## **6.8 Outline arrangements for post project evaluation**

The outline arrangements for post implementation review (PIR) and project evaluation review (PER) have been established in accordance with best practice and are as follows.

### ***6.8.1 Post implementation review (PIR)***

These reviews ascertain whether the anticipated benefits have been delivered and are timed to take place.....

#### **6.8.2 Project evaluation reviews (PERs)**

PERs appraise how well the project was managed and delivered compared with expectations and are timed to take place .....

### **6.9 Gateway review arrangements**

The impacts/risks associated with the project have been scored against the risk potential assessment (RPA) for projects. The RPA score is ..... The report is attached at Appendix....

A Gateway 2 (procurement strategy) has been undertaken on the project, in conjunction with the draft OBC. The consequent actions have been addressed as follows.....

Further reviews are planned as follows: .....

### **6.10 Contingency plans**

In the event that this project fails, the following arrangements are in place for continued delivery of the required services and outputs.....

**Signed:**

**Date:**

**Senior Responsible Owner**

**Project Team**



# **TEMPLATE 4: FULL BUSINESS CASE (FBC)**

Project Title:

Full Business Case (FBC)

**Version No:**

Issue Date:

---

## **Purpose of this document**

This document provides a template for a Full Business Case (FBC), in support of an investment – project, procurement or scheme.

In all cases, an Outline Business Case (OBC) should have been completed and agreed, prior to the submission of this document for approval.

Prior to contract signature, the main purpose of the FBC is to evidence that the most economically advantageous offer is being procured and that it is affordable. In addition, the FBC explains the fundamentals of the negotiated deal and demonstrates that the required outputs can be successfully achieved.

In practice, the author will find this entails updating the economic case to reflect the procurement phase; completing the commercial case to record the preferred service provider's offerings; and putting in place robust management arrangements for delivery of the required products and services.

Please note that this template is for guidance purposes only and should be completed in accordance with the guidelines laid down in the HM Treasury's Green Book.

## VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft	00.00.00	First Draft Version	

## **CONTENTS – FBC TEMPLATE**

### **HOW TO USE THIS TEMPLATE**

### **OVERVIEW OF THE FBC DEVELOPMENT PROCESS**

### **TEMPLATE AND SUPPORTING GUIDANCE**

1. Executive summary
2. Strategic case
3. Economic case
4. Commercial case
5. Financial case
6. Management case

## **APPENDICES**

These must include:

- economic appraisals
- financial appraisals
- benefits register
- risk register
- risk potential assessment (RPA)
- letter of commissioner/ stakeholder support
- SOP/ strategic business plans
- proposed contract and OJEU notice (where applicable)
- agreed project/ change management plans.

## HOW TO USE THIS TEMPLATE

There are four points that you should take into consideration:

- first, the business planning process for the scoping (SOC), planning (OBC) and procurement (FBC) of a scheme is an **iterative exercise**. Therefore, it follows that whilst some sections of the above cases using the Five Case Model may look similar, the level of detail required will vary significantly over the developmental phases of business case
- second, the guidance provided in Departmental Capital Investment Manuals should be referred to, along with the Treasury Green Book: A Guide to Investment Appraisal in the Public Sector
- third, wherever you are in the business case development process, remember that the business case for a scheme is a single document, developed over time, in four distinct phases
- fourth, that detailed guidance on the completion of this template is available from The Complete Guide to Public Sector Business Cases using the Five Case Model (published by the HFMA).



## 2. OVERVIEW OF THE FBC DEVELOPMENT PROCESS

The table below shows the systematic approach to the preparation of the business case – SOP, SOC, OBC and FBC development phases.

Stages	Development Process	Deliverables
Phase 0	Determining Strategic Context	
Step 1 / action 1	Ascertain strategic fit	Strategic context
<i>Output</i>	<i>Strategic Outline Programme (SOP)</i>	
<i>Outcome</i>	<i>Strategic fit</i>	
<i>Review point</i>	<i>Gateway 0 – strategic fit</i>	
Phase 1 – scoping	Preparing the Strategic Outline Case (SOC)	Strategic case
Step 2	Making the case for change	
Action 2	Agree strategic context	
Action 3	Determine investment objectives, existing arrangements and business needs	
Action 4	Determine potential business scope and key service requirements	
Action 5	Determine benefits, risks, constraints and dependencies	
Step 3	Exploring the preferred way forward	Economic case – part 1
Action 6	Agree critical success factors (CSFs)	
Action 7	Determine long list options and SWOT analysis	
Action 8	Recommended preferred way forward, including	Outline commercial,

Crown Copyright

130

Version No:

Date: 2013

Author:

	other arrangements	financial and management cases
<i>Output</i>	<i>Strategic Outline Case (SOC)</i>	
<i>Outcome</i>	<i>Robust case for change</i>	
<i>Review point</i>	<i>Gateway 1 – business justification</i>	
Phase 2 - Planning	Preparing the Outline Business Case (OBC)	
Step 4	Determining potential value for money (VFM)	Economic case – part 2
Action 9	Revisit SOC and determine short list including the reference project (outline PSC)	
Action 10	Prepare the economic appraisals for short-listed options	
Action 11	Undertake benefits appraisal	
Action 12	Undertake risk assessment/appraisal	
Action 13	Select preferred option and undertake sensitivity analysis	
Step 5	Preparing for the potential deal	Commercial case
Action 14	Determine procurement strategy	
Action 15	Determine service streams and required outputs	
Action 16	Outline potential risk apportionment	
Action 17	Outline potential payment mechanisms	
Action 18	Ascertain contractual issues and accountancy treatment	
Step 6	Ascertaining affordability and funding requirement	Financial case

Action 19	Prepare financial model and financial appraisals	
Step 7	Planning for successful delivery	Management case
Action 20	Plan project management – strategy, framework and outline plans	
Action 21	Plan change management – strategy, framework and outline plans	
Action 22	Plan benefits realisation – strategy, framework and outline plans	
Action 23	Plan risk management – strategy, framework and outline plans	
Action 24	Plan post project evaluation – strategy, framework and outline plans	
<i>Output</i>	<i>Outline Business Case</i>	
<i>Outcome</i>	<i>Planned procurement for VFM solution</i>	
<i>Review point</i>	<i>Gateway 2 – procurement strategy</i>	

<b>Phase 3 – procurement</b>	<b>Preparing the Full Business Case (FBC)</b>	
<b>Step 8</b>	<b>Procuring the VFM Solution</b>	<b>Economic case</b>
Action 25	Revisit the case for change	
Action 26	Revisit the OBC options, including the PSC	
Action 27	Detail procurement process and evaluation of best and final offers (BAFOs) (in £s)	
<b>Step 9</b>	<b>Contracting for the deal</b>	<b>Commercial case</b>
Action 28	Set out the negotiated deal and contractual arrangements	

Action 29	Set out the financial implications of the deal	<b>Financial case</b>
<b>Step 10</b>	<b>Ensuring successful delivery</b>	<b>Management case</b>
Action 30	Finalise project management arrangements and plans	
Action 31	Finalise change management arrangements and plans	
Action 32	Finalise benefits realisation arrangements and plans	
Action 33	Finalise risk management arrangements and plans	
Action 34	Finalise contract management arrangements and plans	
Action 35	Finalise post project evaluation arrangements and plans	
<b>Output</b>	<b>Full Business Case</b>	
<b>Outcome</b>	<b>Recommended service provider and solution</b>	
<b>Review point</b>	<b>Gateway 3 – investment decision</b>	

## **FBC TEMPLATE AND SUPPORTING GUIDANCE**

### **1. Executive summary**

#### **1.1 Introduction**

This FBC seeks approval to invest £..... in a contract for x years with ..... for the following services in.....

#### **1.2 Strategic case.**

##### ***1.2.1 The strategic context***

Please summarise the strategic drivers for this investment, with particular reference to supporting strategies, programmes and plans.

##### ***1.2.2 The case for change***

Please summarise the business needs for this investment, with particular reference to existing difficulties and the need for service improvement.

#### **1.3 Economic case**

##### ***1.3.1 OBC long list and short list***

Please summarise the long and short lists of options explored in the OBC, with results.

##### ***1.3.2 The procurement.***

Crown Copyright

**134**

Version No:

Date: 2013

Author:

Please provide a concise overview of the procurement process – from long list to short list and best and final offers (BAFOs).

The following short list emerged as a result of the BAFOs in relation to the scheme:

- option 1 – the reference project or Public Sector Comparator (PSC) (if this is required)
- option 2 – supplier A
- option 3 – supplier B
- option 4 – supplier C

### 1.3.3 Key findings

#### *The economic appraisals*

Set out the findings from the economic appraisals here.

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 1 – PSC</b>		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)

<b>Option 2 – supplier A</b>		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 3 – supplier B</b>		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 4 – supplier C</b>		

Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		

#### *Option appraisal conclusions*

- Option 1: PSC – this option ranks .....
- Option 2: supplier A – this option ranks .....
- Option 3: supplier B – this option ranks .....
- Option 4: supplier C – this option ranks .....

#### **1.3.4 Overall findings: the preferred option**

#### Summary of overall results

<b>Evaluation Results</b>	<b>Option 1 – PSC</b>	<b>Option 2 – supplier A</b>	<b>Option 3 – supplier B</b>	<b>Option 4 – supplier C</b>
Economic appraisals				
Benefits appraisal				
Risk appraisal				
<b>Overall ranking</b>				



Overall conclusions and recommendations: .....

## **1.4 Commercial case**

### ***1.4.1 Agreed products and services***

The following goods and services are being contracted.....

### ***1.4.2 Agreed risk allocation and charging mechanism***

The following risk allocation and supporting charging mechanism have been agreed.....

### ***1.4.3 Key contractual arrangements***

A copy of the intended contract is attached at Appendix.... This is based upon.....

The key contractual issues are as follows: .....

There are no personnel implications and TUPE does NOT apply (please alter as required).

### ***1.4.4 Agreed implementation timescales***

The key milestones and delivery dates are as follows: .....

### ***1.4.5 Accountancy treatment***

The agreed accountancy treatment is .....

Crown Copyright

**138**

Version No:

Date: 2013

Author:

## 1.5 Financial case

The financial implications of this procurement are as follows: .....

### 1.5.1 Financial expenditure

Summary of financial appraisal

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	£	£	£	£	£	£	£	£
<b>Preferred choice:</b>								
Capital								
Revenue								
<b>Total</b>								
<b>Funded by:</b>								
Existing								
Additional								
<b>Total</b>								

### 1.5.2 Overall affordability and balance sheet treatment

Please summarise the overall affordability of the scheme – both in terms of its capital and revenue consequences – over the lifespan of the investment.

Where the scheme requires the support and approval of external parties, please indicate that this is forthcoming. A letter of support should be attached as an appendix.

In instances where the investment is above the delegated limit of the organisation and/ or is 'novel and contentious', please indicate the sums requiring approval and any additional funding requirements.

## **1.6 Management case**

### ***1.6.1 Project management arrangements***

Please summarise the project management arrangements for the scheme, with reference to programme management arrangements, as required.

### ***1.6.2 Benefits realisation and risk management***

Please summarise these arrangements.

### ***1.6.3 Post project evaluation arrangements***

Please summarise these arrangements, with reference to arrangements for the Gateway Review process, as required.

## **1.7 Recommendation**

Please formally make the required recommendation for approval of the scheme to proceed to delivery of the scheme.

**Signed:**

**Date:**

Crown Copyright

**140**

Version No:

Date: 2013

Author:

**Senior Responsible Owner**  
**Project**

Crown Copyright

**141**

Version No:

Date: 2013

Author:

## 2. The Strategic Case

### 2.0 Introduction

This Full Business Case (FBC) is for the provision of .....

#### ***Structure and content of the document***

The FBC has been prepared using the agreed standards and format for business cases, as set out in .....

The approved format is the Five Case Model, which comprises the following key components:

- the **strategic case** section. This sets out the case for change, together with the supporting investment objectives for the scheme
- the **economic case** section. This demonstrates that the organisation has selected the most economically advantageous offer, which best meets the existing and future needs of the service and optimises value for money (VFM)
- the **commercial case** section. This sets out the content of the proposed deal
- the **financial case** section, which confirms funding arrangements, affordability and the effect on the balance sheet of the organisation
- the **management case** section which details the plans for the successful delivery of the scheme to cost, time and quality.

Please update how the scheme fits within the existing business strategies of the organisation and provides a compelling case for change, in terms of the existing and future operational needs.

Please refer back to the Strategic Outline Programme (SOP), Strategic Outline Case (SOC) and Outline Business Case (OBC), noting any key changes since the production and approval of these documents.

### **Part A: the strategic context**

Crown Copyright

142

Version No:

Date: 2013

Author:

## **2.1 Organisational overview**

Please provide an updated overview of the organisation(s) making the case for investment in the scheme.

## **2.2 Business strategies**

Please reference the business strategy for the organisation(s), and any related national or regional strategies, noting any changes since agreement to the OBC for the scheme.

In the main, this will include consideration of national policy documents, regional plans and supporting SOPs and other relevant initiatives.

## **2.3. Other organisational strategies**

Please provide an update on any other related organisational strategies, as appropriate.

## **Part B: the case for change**

### **2.4 Investment objectives**

The investment objectives for this project are as follows:

- investment objective 1: .....
- investment objective 2: .....
- investment objective 3: .....
- investment objective 4: .....
- investment objective 5: .....

Please note any changes from the OBC.

## 2.5 Existing arrangements

This section describes the existing situation with regard to the scheme and associated investment.

The existing arrangements are as follows: .....

Note: if applicable – for example, in the case of a replacement service – details of existing costs can be included here.

Table 1: existing costs

Existing costs (£)	Service stream	Service stream	Service stream	Service stream	Total
Current					
Capital					
Duration of contract					

## 2.6 Business needs

This section provides a detailed account of the problems, difficulties and service gaps associated with the existing arrangements in relation to future needs and any changes since submission of the OBC.

## 2.7 Potential business scope and key service requirements

This section describes the potential scope for the project in relation to the above business needs and any changes since submission of the OBC.

## 2.8 Main benefits criteria

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs.

Satisfying the potential scope for this investment will deliver the following high-level strategic and operational benefits. By investment objectives these are as follows:

Table 2: investment objectives and benefits

Investment Objectives	Main benefits criteria by stakeholder group
Investment objective 1	<b>Patients</b> Cash releasing (£s) <i>For example, avoided costs</i> Non cash releasing (£s) <i>For example, staff time saved (x hours)</i> Qualitative <i>For example, staff morale</i> <b>Clinicians</b> Ditto <b>Administrators</b> Ditto
Investment objective 2	
Investment objective 3	
Investment objective 4	
Investment objective 5	

The main 'dis-benefits' are as follows: (if applicable)

## 2.9 Main risks

Crown Copyright

145

Version No:

Date: 2013

Author:



The main business and service risks (design, build and operational over the lifespan of the scheme) associated with the scope for this project are shown below, together with their counter measures.

For further details, please see the attached risk register.

Table 3: main risks and counter measures

Main Risk	Counter Measures
Design	
Development <ul style="list-style-type: none"> <li>• supplier</li> <li>• specification</li> <li>• timescale</li> <li>• change management and project management</li> </ul>	
Implementation risks <ul style="list-style-type: none"> <li>• supplier</li> <li>• timescale</li> <li>• specification and data transfer</li> <li>• cost risks</li> <li>• change management and project management</li> <li>• training and user</li> </ul>	

Operational risks <ul style="list-style-type: none"> <li>• supplier</li> <li>• availability</li> <li>• performance</li> <li>• operating cost</li> <li>• project management</li> </ul>	
Termination risks	

Note: this table shows the main risk categories typically associated with the provision of the service. Table 10 in section 3.8.2 below shows the risk categories more generally associated with construction projects.

## 2.10 Constraints

The project is subject to following constraints: .....

Note: any changes since the OBC should be noted.

## 2.11 Dependencies

The project is subject to following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme: .....

Note: any changes since the OBC should be noted.

### 3. The Economic Case

#### 3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the FBC documents the procurement process and provides evidence to show that we have selected the most economically advantageous offer, which best meets our service needs and optimises value for money.

#### 3.2 Critical success factors

The critical success factors (CSFs) shown within the OBC were as follows: .....

#### 3.3 The long-listed options

The long list evaluated within the OBC was as follows: .....

Table 4: long list – summary of inclusions, exclusions and possible options

Options	Finding
<b>1.0 Scoping</b>	
1.1 Do nothing	
1.2 Minimum scope	
1.3 Intermediate scope	
1.4 Maximum scope	
<b>2.0 Service solutions</b>	
2.1	
2.2	
<b>3.0 Service delivery</b>	
3.1 In house	

Crown Copyright

148

Version No:

Date: 2013

Author:

3.2 Outsource	
3.3 Strategic partnership	
<b>4.0 Implementation</b>	
4.2 Big bang	
4.3 Phased	
<b>5.0 Funding</b>	
5.1 Private funding	
5.2 Public funding	

### **Preferred way forward**

The preferred way forward at SOC and OBC stages was as follows: .....

### **3.4 Short-listed options**

The short listed options shown within the OBC were as follows:

- option 1 – the do nothing, do minimum or status quo
- option 2 – the reference project or outline Public Sector Comparator (PSC) based on totality of the preferred choices within each of the above categories
- option 3 – the reference project or outline PSC (more ambitious option) based on the more ambitious possible options within each of the above categories
- option 4 – the reference project or outline PSC (less ambitious option) based on the less ambitious options within each of the above categories.

### **Preferred option**

The preferred and agreed option at OBC stage was as follows: .....

This was the solution we went to procurement for.

### **3.5 The procurement process**

We used the following procurement route: .....

The response (to the OJEU) was as follows: .....

#### **3.5.1 Long list criteria**

The long list criteria were as follows: .....

#### **3.5.2 Long list**

As a result of applying these criteria, the evaluation list was as follows: .....

#### **3.5.3 Short list criteria**

The short list criteria were as follows: .....

#### **3.5.4 Short list**

As a result of applying these criteria, the evaluation list was as follows: .....

Note: the short list generally comprises the successful suppliers following BAFOs.

In instances where a 'preferred bidder' is appointed, the short list should be made up of the selected service provider; the second choice, or standby service provider, (if applicable); and the adjusted public sector comparator (PSC).

The PSC is predicated upon the 'in-house', or some alternative method, of service provision. It should not be a hypothetical solution; but rather an alternative method of service provision which is capable of implementation, if required.

### **3.6 Economic appraisal**

Crown Copyright

150

Version No:

Date: 2013

Author:

### 3.6.1 Introduction

This section provides a detailed overview of the costs and benefits associated with each of the selected service providers.

More detailed information is shown for each cost and benefit line within the economic appraisals at Appendix.....for each option.

### 3.6.2 Estimating benefits

#### *Methodology*

Please provide an update of any changes since the OBC particularly in relation to tasks associated with the preparation of the benefits register and benefits realisation plan for the scheme.

#### *Description, sources and assumptions*

The benefits identified fell into the following **main** categories. In each case, the sources and assumptions underlying their use is explained. A more detailed explanation for each benefit line is attached to the economic appraisals in Appendix....

Note: please note that as before (when preparing the OBC) benefits fall into different categories which require different treatment within the FBC appraisals supporting the economic and financial cases.

Table 5: main benefits

Type	Direct to Organisation(s)	Indirect to Organisation(s)
Quantitative (or quantifiable)	Measurable – for example, £s or numbers of transactions etc	As shown

Crown Copyright

151

Version No:

Date: 2013

Author:

Cash releasing	These are financial benefits – for example, avoided spend, reduced cost etc	As shown
	<b><i>The above are accounted for in the financial case appraisals</i></b>	<b><i>The above are not accounted for in the financial case appraisals</i></b>
Non-cash releasing	These are economic benefits – for example, opportunity cost of staff time etc	As shown
	<b><i>All of the above are accounted for in the economic case appraisals</i></b>	<b><i>All of the above are accounted for in the economic case appraisals</i></b>
Qualitative (or non-quantifiable)	Non-measurable – for example, quality improvements such as patient well-being, improved morale etc	As shown
	<b><i>Subject to weighting and scoring – see below</i></b>	<b><i>Subject to weighting and scoring – see below</i></b>

### 3.6.3 Estimating costs

#### *Methodology*

Please update since the preparation of the OBC, as required.

#### *Description, sources and assumptions*

The costs associated with the PSC for the scheme were estimated as follows: .....

The 'attributable' costs falling to the organisation and public sector were estimated as follows and are accounted for within each of the economic appraisals for each option.

All other costs for each option were provided by the successful service provider at BAFO stage.

Note: there should be very little requirement for the use of optimism bias at this stage because all of the costs and benefits should have been risk-adjusted (in £s) and the 'cost of risk retained' under each option accounted for in the economic appraisals.

### 3.6.4 Net present cost findings

The detailed economic appraisals for each option are attached at Appendix ... together with detailed descriptions for costs and benefits, and their sources and assumptions.

The short-listed options have been risk-adjusted to account for the cost of risk retained (in £s) by the public sector under each option. The following table summarises the key results of the economic appraisals for each option – please consider whether sums for the cost of risk retained need to be shown separately.

Table 6: key results of the economic appraisals for each option

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 1 – PSC</b>		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		



	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 2 – supplier A</b>		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 3 – supplier B</b>		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		
	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Option 4 – supplier C</b>		

Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
<b>Less</b> cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
<b>Total</b>		

### 3.6.5 Option ranking

The results are summarised and in the following table:

Table 7: Summary of results

Option	Description	Ranking				
		NPC (£s)	Cash benefit	Non cash benefit	Cost net cash savings	Costs net all savings
<b>1</b>	PSC					
<b>2</b>	Supplier A					
<b>3</b>	Supplier B					
<b>4</b>	Supplier C					

### 3.6.6 Option appraisal conclusions

The key findings are as follows: .....

Crown Copyright

155

Version No:

Date: 2013

Author:

*Option 1 – PSC*

This option ranks.....

It provides .....

*Option 2 – supplier A*

This option ranks.....

It provides .....

*Option 3 – supplier B*

This option ranks.....

It provides .....

*Option 4 – supplier C*

This option ranks.....

It provides .....

### **3.7 Qualitative benefits appraisal**

The qualitative benefits associated with each of the short-listed options have been appraised as follows.....

### **3.7.1 Methodology**

This was undertaken by:

- identifying the benefits criteria relating to each of investment objectives
- weighting the relative importance (in %s) of each benefit criterion in relation to each investment objective
- scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9
- deriving a weighted benefits score for each option.

### **3.7.2 Qualitative benefits criteria**

The benefits criteria were weighted as follows for each investment objective:

Table 8: qualitative benefits criteria

<b>Investment Objectives</b>	<b>Qualitative Benefits</b>	<b>Weight</b>
Investment objective 1	For example, business continuity through the provision of ..... For example, business flexibility through the provision of .....	30%
Investment objective 2		25%
Investment objective 3		25%
Investment objective 4		10%
Investment objective 5		10%

### **3.7.3 Qualitative benefits scoring**

Benefits scores were allocated on a range of 0-9 for each option and agreed by discussion by the workshop participants to confirm that the scores were fair and reasonable.

### 3.7.4 Analysis of key results

The results of the benefits appraisal are shown in the table that follows.

Table 9: benefits appraisal results

Benefit Criteria and Weight	Option – PSC		Option 2 – Supplier A		Option 3 – Supplier B		Option 4 – Supplier C	
Raw (R) weighted (W) scores	R	W	R	W	R	W	R	W
Investment objective 1								
Investment objective 2								
Investment objective 3								
Investment objective 4								
Investment objective 5								
<b>Total</b>								
<b>Rank</b>								

The key considerations that influenced the scores achieved by the various options were as follows: .....

- **option 1 – PSC**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

- **option 2 – supplier A**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

- **option 3 – supplier B**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

- **option 4 – supplier C**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

### 3.8 Risk appraisal – unquantifiables

Note: all the quantifiable risks should be measured (in £s) and included in the cost of risk retained for each option. There should be little need for the use of optimism bias at this stage.

All risks should be accounted for in the attached risk register.

The assessment of the non-financial risks should be recorded as shown below.

A workshop was held at ..... on ..... to evaluate the risks associated with each option.

#### 3.8.1 Methodology

Risk appraisal has been undertaken and involved the following distinct elements:

- identifying all the possible business and service risks associated with each option
- assessing the impact and probability for each option
- calculating a risk score.

#### 3.8.2 Risk scores

The workshop assigned the risk scores shown in the following table on the basis of participants' judgements and assessments of previous procurements. A more detailed assessment of the individual risks is shown in the risk register.

The range of scales used to quantify risk for both impact and probability was as follows:

- low equals 2
- medium equals 3

Crown Copyright

160

Version No:

Date: 2013

Author:

- high equals 5.

Table 10: summary of the risk appraisal results

Summary of Risk Appraisal Results (Pr = probability)	Risk category no.	Impact	Option 1 – PSC		Option 2 – Supplier A		Option 3 – Supplier B		Option 4 – Supplier C	
			Pr.	Tot.	Pr.	Tot.	Pr.	Tot.	Pr.	Tot.
Risk description										
Risk description										
Risk description										
Risk description										
<b>Total</b>										
<b>Rank</b>										

### Results

The key considerations that influenced the scores achieved by the various options were as follows: .....

- **option 1 – PSC**

This option ranks.....

It provides .....

Key considerations influencing its score are .....



- **option 2 – supplier A**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

- **option 3 – supplier B**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

- **option 4 – supplier C**

This option ranks.....

It provides .....

Key considerations influencing its score are .....

### **3.9 The preferred option – selected supplier**

Crown Copyright

**162**

Version No:

Date: 2013

Author:

The results of investment appraisal are as follows:

Table 11: summary of overall results

<b>Evaluation Results</b>	<b>Option 1 PSC</b>	<b>Option 2 supplier A</b>	<b>Option 3 supplier B</b>	<b>Option 4 supplier C</b>
Economic appraisals				
Benefits appraisal				
Risk appraisal				
<b>Overall Ranking</b>				

Conclusion: the preferred option is supplier ..... because .....

### **3.10 Sensitivity analysis**

The methods used were:

- a) 'switching values'
- b) scenario planning/ analysis ('what if ') by altering the values of the 'uncertain' costs and benefits to observe the effect on the overall ranking of options.

#### **3.10.1 Results of switching values**

Table 12 shows the values (in %s) at which the preferred option would change in the overall ranking of options.

Table 12: changes (%) required to equate with the preferred option

<b>Change in Costs (%)</b>	<b>Option 1</b>	<b>Option 2 Preferred Option</b>	<b>Option 3</b>	<b>Option 4</b>
Capital costs		0		
Current costs		0		
Total costs		0		
Cash releasing benefits		0		
Non releasing cash benefits		0		
NPV/C		0		

### **3.10.2 Key observations**

These are: .....

### **3.10.3 Results of scenario planning**

The table below summarises the results associated with increasing uncertain costs by ...% and reducing uncertain benefits by ....%.

Table 13: summary of results from scenario planning

	<b>Option 1 – benchmark</b>	<b>Option x – the preferred option</b>
Sensitivity analysis on benefits		
Sensitivity analysis on costs		
New order in ranking		

### **3.10.4 Key observations**

Crown Copyright

164

Version No:

Date: 2013

Author:

These are: .....

### **3.11 Preferred option**

The preferred option, supplier ..... remains/has altered (delete as appropriate), because.....

## 4. THE COMMERCIAL CASE

### 4.1 Introduction

This section of the FBC sets out the negotiated arrangements.

This is for the provision of .... under a .... contract with.....

### 4.2 Required services

The products and services under contract are as follows: .....

### 4.3 Agreed risk transfer

The general principle is that risk is passed to 'the party best able to manage them', subject to value for money.

We have agreed that we will apportion service risks in the design, build and operational phases as follows: .....

Table 14: Risk transfer matrix

Risk Category	Potential allocation		
	Public	Private	Shared
1. Design risk			✓
2. Construction and development risk			✓
3. Transition and implementation risk			✓

Crown Copyright

166

Version No:

Date: 2013

Author:

4. Availability and performance risk			✓
5. Operating risk	✓		
6. Variability of revenue risks	✓		
7. Termination risks	✓		
8. Technology and obsolescence risks			✓
9. Control risks	✓		
10. Residual value risks	✓		
11. Financing risks	✓		
12. Legislative risks	✓		
13. Other project risks	✓		

#### 4.4 Agreed charging mechanisms

The payment mechanism agreed with the service provider with respect to the proposed products and services is as follows: .....

Importantly, this should explain how the transferred risks are being tied down in the payment mechanism.

#### 4.5 Agreed contract length

This is ..... years for the following reasons.....

#### 4.6 Key contractual clauses

These are as follows: .....

Crown Copyright

167

Version No:

Date: 2013

Author:

#### **4.7 Personnel implications (including TUPE)**

TUPE – the Transfer of Undertakings (Protection of Employment) Regulations 1981 – will/will not apply to this investment because.....

#### **4.8 Procurement route and implementation timescales**

The solution was procured using.....

The implementation milestones agreed for the scheme with the service provider are as follows: .....

#### **4.9 FRS 5 accountancy treatment**

The assets underpinning delivery of service will/will not be on the balance sheet of the organisation..... This has been confirmed by .....

## 5.0 The Financial Case

### 5.1 Introduction

The purpose of this section is to set out firm financial implications of the contracted solution.

### 5.2 Impact on the organisation's income and expenditure account

The payment stream for the scheme over the intended lifespan of the project is as follows:

Table 15: summary of financial appraisal

£ xxx	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	£	£	£	£	£	£	£	£
<b>Preferred choice:</b>								
Capital								
Revenue								
<b>Total</b>								
<b>Funded by:</b>								
Existing								
Additional								
<b>Total</b>								

### 5.3 Impact on the balance sheet

The proposed expenditure will have the following impact.....



## 5.4 Overall affordability

The cost of the project is ... over the expected lifespan of the contract period.

Our commissioners have signified their agreement to the required level of funding required as follows: .....

Note: costs should be broken down, as appropriate, within the categories shown for the design, build and operational phases of the scheme. In all cases, capital charges, VAT, and the cost of risk should be shown separately.

## **6. The Management Case**

### **6.1 Introduction**

This section of the FBC addresses in detail how the scheme will be delivered successfully.

### **6.2 Programme management arrangements**

The scheme is an integral part of the ..... programme, which comprises of a portfolio of projects for the delivery of.....

These are set out in the SOP for the project, which was agreed on.....

The programme management arrangements are as follows: .....

### **6.3 Project management arrangements**

The project will be managed in accordance with PRINCE 2 methodology.

#### ***6.3.1 Project reporting structure***

The reporting organisation and the reporting structure for the project are as follows: .....

Note: a diagram with named individuals is essential.

#### ***6.3.2 Project roles and responsibilities***

These are as follows: .....

### 6.3.3 Project plan

This is as set out in the following table.

Table 16: project plan

Milestone Activity	Week No.

### 6.4 Use of special advisers

Special advisers were used as follows:

Table 17: special advisers

Specialist Area	Adviser
Financial	
Technical	
Procurement and legal	
Business assurance	
Other	

### 6.5 Arrangements for change management

Crown Copyright

172

Version No:

Date: 2013

Author:

The strategy, framework and plan for dealing with change management are as follows.....

## **6.6 Arrangements for benefits realisation**

The strategy, framework and plan for dealing with the management and delivery of benefits are as follows.....

A copy of the project benefits register is attached at Appendix .....

This sets out who is responsible for the delivery of specific benefits, how and when they will be delivered and the required counter measures.

## **6.7 Arrangements for risk management**

The strategy, framework and plan for dealing with the management of risk are as follows.....

A copy of the project risk register is attached at Appendix .....

This sets out who is responsible for the management of risks and the required counter measures.

## **6.8 Arrangements for contract management**

The strategy, framework and plan for contract management are as follows.....

## **6.9 Arrangements for post project evaluation**

The arrangements for post implementation review (PIR) and project evaluation review (PER) have been established in accordance with best practice and are as follows:

#### **6.9.1 Post implementation review (PIR)**

This review ascertains whether the anticipated benefits have been delivered. The review is timed to take place .....

#### **6.9.2 Project evaluation review (PER)**

This review appraises how well the project was managed and whether or not it delivered to expectations. It is timed to take place .....

### **6.10 OGC Gateway review arrangements**

The impacts/risks associated with the project have been scored against the OGC Risk Potential Assessment (RPA) for projects. The RPA score is ..... The assessment is attached at Appendix....

A Gate 3 (investment decision) has been undertaken on the project, in conjunction with the submission of the draft FBC. The consequent actions have been addressed as follows.....

Further reviews are planned as follows: .....

### **6.11 Contingency plans**

In the event that this project fails, the following arrangements are in place to guarantee the continued delivery of the required services and outputs.....

**Signed:**

**Date:**

Crown Copyright

**174**

Version No:

Date: 2013

Author:

**Senior Responsible Owner**  
**Project Team**

Crown Copyright

**175**

Version No:

Date: 2013

Author:

# TEMPLATE 5: BUSINESS JUSTIFICATION

Crown Copyright

176

Version No:

Date: 2013

Author:

Project Title:

Business Justification



Version no:

Issue date:

### **Purpose of this document**

This document provides a template for business cases in support of small and medium size investments – typically those below £2 million whole life costs that are **not** novel or contentious in nature.

Crown Copyright

**178**

Version No:

Date: 2013

Author:

The SOC, OBC and FBC templates should be used to progress the business case for significant procurements, in excess of this guideline.

Please note that this template is for guidance purposes only.

## VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft	00.00.00	First draft version	

## **CONTENTS – BUSINESS JUSTIFICATION TEMPLATE**

### **TEMPLATE AND SUPPORTING GUIDANCE**

1. Purpose
2. Strategic context
3. Case for change
4. Available options
5. Preferred option
6. Procurement route
7. Funding and affordability
8. Management arrangements

### **Appendix**

Investment appraisals

## **BUSINESS JUSTIFICATION TEMPLATE AND SUPPORTING GUIDANCE**

### **1. Purpose**

State clearly what the business justification is in support of: typically – ‘this is to seek approval of ... for £ ... on ... in support of ...’

### **2. Strategic Context**

Please provide an overview of the context within which the investment will be made. In other words, the strategy, work programme, service, project or operation, which the investment supports.

### **3. Case for Change**

#### **A. Business needs**

Please provide the compelling reasons for investment in the required services or assets, with reference to:

- the investment objectives for the procurement
- the problems with the status quo.

#### **B. Benefits**

Please provide a summary of the **main** benefits associated with the investment, distinguishing between qualitative and quantitative; cash releasing and non-cash releasing; direct and indirect to the organisation, as appropriate.

## C. Risks

Please provide a summary of the **main** risks associated with the investment, distinguishing between business and service risks during the design, build and operational phases of the project, as appropriate.

## 4. Available Options

Please provide a description of the main options (or choices) for investment, together with their relative advantages and disadvantages (a SWOT analysis).

Please bear in mind:

- that a minimum of **four options** should be considered, including the 'do minimum' or 'do nothing' (unless there are compelling reasons to the contrary)
- that these options may differ in potential business scope, service solution, service delivery, implementation and funding, depending on the nature of the investment
- that the investment appraisal for each option should be contained as an appendix and prepared in accordance with the tools and techniques set out in the Capital Investment Manual and HM Treasury Green Book.

## 5. Preferred Option

On the basis of the above, please:

- state why the recommended option optimises value for money (VFM)
- describe the services and/or assets required.

## 6. Procurement Route

Crown Copyright

183

Version No:

Date: 2013

Author:

Please state how the asset or service will be procured in accordance with the Government Procurement Agreement (WTO) and the EU Consolidated Public Sector Procurement Directive (2004).

This may involve the use of an existing contract; a call-off contract or framework agreement; or the requirement for a new procurement under the above.

## **7. Funding and Affordability**

Please indicate:

- the capital and revenue costs of the proposed investment
- how the investment will be funded
- any affordability gap (as appropriate).

## **8. Management Arrangements**

Please indicate how the investment will be delivered successfully with particular reference to:

- project management arrangements
- business assurance arrangements (if applicable)
- benefits realisation monitoring
- risk management
- post project evaluation (if applicable)
- contingency plans (if applicable).

This contains public sector information licensed under the Open Government Licence  
v3.0 - <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>





**Project Initiation Document (PID)**

**[Title]**

<b>Corporate Strategy Development</b>	<b>Procurement</b>
Author:	
Date:	Version Number: Page 2 of 6

## 1.0 Organisation and Reporting Structure

<b>Project Executive</b>	
<b>Project Manager</b>	

<b>Corporate Strategy Development</b>	<b>Procurement</b>
Author:	
Date:	Version Number: Page 3 of 6

## 2.0 Project Brief

<b>Background:</b>	
<b>Principles:</b>	
<b>Objectives:</b>	
<b>Scope</b>	<u>Within Scope</u>  <u>Outwith Scope</u>

<b>Business Case</b>	Justification
<b>Constraints:</b>	List any constraints on the project (e.g. Budget, timescales, objectives).
<b>Customers:</b>	List the customers of the project:-
<b>Deliverables:</b>	
<b>Risk Analysis:</b>	
<b>Assumptions</b>	
<b>Resourcing:</b>	
<b>Project Budget:</b>	

## 3. Organisation and Reporting Structure

### ROLES

<b>Corporate Strategy Development</b>	<b>Procurement</b>
Author:	
Date:	Version Number: Page 4 of 6

<b>Project Executive</b>	<ul style="list-style-type: none"> <li>Overall responsibility for the deliverables outlined within the PID</li> <li>To ensure that the brief is fulfilled</li> </ul>
<b>Project Board</b>	<ul style="list-style-type: none"> <li>Overall responsibility to ensure that the project is completed on time;</li> <li>To support the Project Executive</li> <li>To take project decisions within their levels of delegated authority from the Council and NHS Shetland</li> <li>To agree recommendations to be reported to the Council and NHS Shetland senior management teams and onwards to the relevant committees of the Council, NHS Shetland, the IJB and other Community Planning partners as appropriate.</li> </ul>
<b>Name</b>	<b>Title</b>
<b>Senior User/s</b>	Support for the project through to implementation
<b>Stakeholder group</b>	<ul style="list-style-type: none"> <li>To maintain an overview of the project</li> <li>To receive reports on the progress made against the objectives of the project</li> <li>To support and advise the Project Board.</li> </ul>
<b>Project Manager</b>	Project Manager has overall responsibility for delivering the project in accordance with the directions of the Project Board and for managing the work of the Project Team. The Project Manager will report regularly on progress to Project Executive.
<b>Project Team</b>	
<b>Name</b>	<b>Title</b>

<b>Corporate Strategy Development</b>	<b>Procurement</b>
Author:	
Date:	Version Number: Page 5 of 6

The project team must liaise with other key stakeholders when developing and implementing this project.	

#### 4. Project Authority

Schedule	Planned (Y/N)	Comments

#### 5. Project Work Plan

Project Activity	Target date	Responsible Officer(s)	Progress
<b>Stage 1</b>			
<b>Stages 2</b>			
<b>Stage 3</b>			
<b>Stage 4</b>			

<b>Corporate Strategy Development</b>	<b>Procurement</b>
Author:	
Date:	Version Number: Page 6 of 6

**6. Linked Projects / Activities**

Project	Target date	Responsible Officer(s)	Comments

**7. Background Documents**


---

END



**Shetland Islands Council**

## **Project Execution Plan**

**Shetland Islands Council  
Capital Programme Service  
8 North Ness  
Lerwick  
Shetland  
ZE1 0LZ**

**Revision -  
Date -  
Status -**





## **CONTENTS**

### **1. INTRODUCTION**

- 1.1. Purpose & Scope of PEP**
- 1.2. Project Name**
- 1.3. Project Objectives**
- 1.4. Background**
- 1.5. Project Development**
- 1.6. Potential Constraints**
- 1.7. Key Assumptions**

### **2. ROLES & RESPONSIBILITIES**

- 2.1. Background**
- 2.2. Strategic and Project Organisation**
- 2.3. Stakeholder Representation**
- 2.4. Investment Decision Maker**
- 2.5. The Employer**
- 2.6. SIC Project Team**
- 2.7. Design Team**
- 2.8. Investment Decision Maker**
- 2.9. Project Sponsor**
- 2.10. Project Manager**
- 2.11. The Supervisor**
- 2.12. The Contractor**
- 2.13. The Adjudicator**
- 2.14. Project Directory**

### **3. CO-ORDINATION & COMMUNICATION**

- 3.1. Verbal**
- 3.2. Written**

### **4. CONTROL**

- 4.1. Early Warning**
- 4.2. Risk Management**
- 4.3. Change Control**
- 4.4. Quality Control**
- 4.5. Cost Control**
- 4.6. Time Control**

### **5. PROGRAMME**

### **6. SAFETY, HEALTH & ENVIRONMENTAL PROTECTION**

### **7. PROCUREMENT**

## **8. COMPLETION & HANDOVER**

**8.1. Objectives**

**8.2. Commissioning**

**8.3. Handover Documentation**

**8.4. Post Project Review**

**APPENDIX A**    *Risk Log*

**APPENDIX B**    *Issues Log*

**APPENDIX C**    *Change Request Form*

**APPENDIX D**    *Change Log*

## APPENDIX A

## Risk Log

**Version 1.0 Issued [date]**

Number: #	Date: Date the risk was identified	Risk Type: Internal, External	Identified by: The person reporting the risk	Description: A brief description of the risk and its impact upon the project	Likelihood: High, Medium Low	Severity: High, Medium Low	Action Plan: Describe what you will do to minimise the impact of the risk	Status: Open, Closed
--------------	---------------------------------------	----------------------------------	---	---	------------------------------------	----------------------------------	--	-------------------------

[This document is used to record and grade risks with an associated action plan to minimise them.]

001								
002								
003								
004								
005								
006								

Risk Log PM 07 Project Version 0.01

## APPENDIX B

## Issues Log

Version 1.0 Issued [date]

### ***Project Issues***

Within the project environment, an “issue” is a wide-ranging “catch-all” term that can be defined as “anything which is causing us concern”, or “anything to which we don’t know the answer yet”.

Where a **risk** is something that may go wrong in the **future**, an **issue** is something that requires to be addressed **now**.

### **Issue Log**

The Issue Log is a mechanism to enable all issues to be recorded, and managed to resolution. The objective is to ensure that nothing significant is missed, and that the person who can resolve it knows about it.

Any member of the project team can add issues to the Issue Log. It is the Project Manager’s responsibility to ensure that they are actioned.

## Issues Log

Version 1.0 Issued [date]

[This document is used to record issues and assigns an owner with a plan to resolve them.]

Number: #	Date: Date the issue was identified	Issue Type: Concern, Request for Change, Off Specification etc.	Identified by: The person reporting the issue	Description: A brief description of the issue and its impact upon the project	Owner: Person who is responsible for the issue	Resolution: Date that the issue will be resolved	Priority: High, Medium, Low	Status: Open, In Progress, Closed
001								
002								
003								
004								
005								

Issues Log PM 04 Project Version 0.01





# Change Request Form

Change Number 0001

[This document is used to request and approve a change.]

Approval required in: 1 Week / 2 Weeks / 1 Month / 3 Months

1. **PROPOSED CHANGE** (to be completed by the person making the request)

1.1. **Description of Change:**

1.2. **Expected benefits or reason for change:**

1.3. **Recommended for: Implementation / Rejection / Referred to Project Sponsor**

Approval required from:

By (date):

Signature:  
(Project Sponsor)

Date:

Signature:  
(Project Manager)

Date:

2. **SUMMARY OF IMPACT** (to be completed by the project manager)

2.1. **Quantifiable cost savings and/or benefits:**

**2.2. Estimated cost:**

**2.3. Impact on timescales:**

**2.4. Additional resources required:**

**2.5. Impact on other projects/activities:**

**2.6. Additional risks and issues:**

**2.7. Change Recommended:**                      \*Yes/No   \*Delete as appropriate

**2.8. Other comments:**

Impact Assessment done by:      (Name)                      Date:

**3. DECISION.** (to be completed by the approver) \_\_\_\_\_

The change is accepted\*

The change is accepted subject to the comments below\*

The change is rejected\*

\*Delete as appropriate

**3.1. Comments:**

Name: \_\_\_\_\_(signed)

\_\_\_\_\_(printed)

Position:\_\_\_\_\_

Date: \_\_\_\_\_

**3.2. Actions Required:**

**3.3. Comments:**

## **APPENDIX D**

Change Log  
Version 1.0 Issued [date]

No:	Description of Change:	Originator:	Date Raised:	Impact Assessment by:	Impact Assessment due:	Authorisation by:	Completed:	Date Completed:	Comments:
#				Name:	Date:	Name:	Yes/No		

[This document is used to record changes and change actions associated with a project.]

001									
002									
003									
004									
005									
006									

Change Log PM 06 Project Version 0.01



## Appendix D

### Gateway Process – Project Prioritisation

#### Scoring Criteria and Weightings

##### Legal/ Risk Factors

Is the project driven by a statutory requirement and what is the legal risk of failing to comply?

Weighting	20%
Scoring Criteria	If statutory requirement, minimum 10% applied. Maximum (20%) score applied only where prosecution is certain if action is not taken.

How imminent is the need for intervention?

Weighting	
Scoring Criteria	Attenuation factor. 1% reduction to final score for each year that delay can be managed. Alternatively a direct link to programme.

What are the implications of failing to act?

Weighting	20%
Scoring Criteria	Max 20% if there is a real and imminent risk of harm to public. Circa 10% where benefits of early intervention can be demonstrated, for example elimination of accident blackspot on a road or elimination of a major H&S concern.

How many people will be adversely affected should the project not go ahead?

Weighting	5%
Scoring Criteria	1% per 1000

What are the technical, reputational and financial risks?

Weighting	
Scoring Criteria	Attenuation factor. Maximum 25% reduction in cases where for example the nature of project is unfamiliar to Council, where external auditors have raised concerns or optimism bias exceeds 50%

##### Strategic Factors

What are the implications for other Council services and other public services?

Weighting	
Scoring Criteria	Adjustment factor. Max +10% where at least £200K p.a. savings will result from synergies across services. Max -10% where £200K p.a. costs will result for other services.

Is the preferred option sustainable in the long term?

Weighting	15%
Scoring Criteria	Max 15% applicable only if staffing, financial, commodity availability, commodity prices and demographic issues have all been addressed and show positive outcomes.

What are the likely effects on the local economy?

Weighting	30%
Scoring Criteria	New jobs created? Existing jobs safeguarded? New business encouraged? Expansion of existing businesses? Improved access to cultural, recreational facilities? Improved access to/ availability of markets?

## Financial Issues

Have whole-life costing and NPV assessments been done and how conclusive are the results?

Weighting	
Scoring Criteria	Attenuation factor. Max 10% reduction in score where NPV comparisons show less than 10% positive benefit from best option.

What external funding is available?

Weighting	
Scoring Criteria	Use value of funding to adjust outcome. 1% increase in score for each 4% of funding.

What are the timing implications of any external funding?

Weighting	
Scoring Criteria	Used for adjusting programme only.

Where there is a financial business case, what is the pay-back period?

Weighting	10%
Scoring Criteria	Max 10% awarded if payback in 1 year. 1% if payback in 10 years. Zero score if longer than 10 years.

## Technical Issues

What consultation has been carried out?

Weighting	
Scoring Criteria	Risk factor. Attenuation of final score (max 10%) only where consultation issues represent a significant project risk.

Have all alternative options been considered and have the implications of each one been fully assessed?

Weighting	
Scoring Criteria	Attenuation factor. Max 10%. Marks deducted where circumstances may change in the near future that could introduce new options, or (for good reasons) the implications of some options are difficult to establish.





**Harbour Board  
Policy and Resources Committee  
Shetland Islands Council**

**15 June 2015  
28 June 2015  
29 June 2015**

## **Review of Strategic Options for the Port of Sullom Voe – Progress and Next Steps**

**PH-10-16F**

**Director of Infrastructure  
Acting Executive Manager- Ports and Harbours**

**Infrastructure Services  
Department**

### **1.0 Summary**

- 1.1 This report describes progress on the strategic review options for the future operation of the Port of Sullom Voe and makes proposals regarding further activity.
- 1.2 The report is a summary of progress to date in evaluating the “Outline Business Case” stage in the “Better Business Cases” method adopted by the Council. It concludes that further information gathering and analysis is required to address market uncertainties before any decision on a “Preferred Option” for future ownership and operation of the Port of Sullom Voe is made by the Council.

### **2.0 Decisions Required**

- 2.1 That the Harbour Board and Policy and Resources Committees NOTE the information contained in this report, concerning the strategic options for the Port of Sullom Voe, comment on those areas within their remit and inform the Council of their views; and
- 2.2 RECOMMEND that the Council RESOLVES, having taking account of the views of Committees, to instruct the Director of Infrastructure, or her nominee, to progress the next steps set out in section 5 and report back to Council on their further findings.

### **3.0 Background**

- 3.1 The Council initiated a review of the strategic options for the future operation of the Port of Sullom Voe in 2015 to best meet medium and long term objectives. Assistance in conducting that review was commissioned from Price Waterhouse Coopers (PwC).
- 3.2 These objectives were agreed by the Council at the initiation of the review.

#### Environmental:

- Protection of Shetland marine environment
- Maintaining biodiversity, geo-diversity, and protecting the built environment
- Compliance with health & safety obligations

#### Economic & Social:

- Maximise existing revenue and identify new sources of revenue from the Port of Sullom Voe and adjoining oil terminal
- Creating employment opportunities and benefitting the local economy
- Supporting social cohesion and maximising community benefits

#### Financial:

- Reduction in fixed asset base
- Maximise long-term value of asset by maximising oil opportunity and exploring new sectors
- Optimise exposure to financial risk, including:
  - Minimise downside risk of major incidents, decline in oil production and decommissioning costs
  - Retain potential upside from any growth in port operations

- 3.3 Four main contractual arrangements were identified along with two further sub-options. The options vary in level of control the Council would continue to exert on assets and operations. This activity corresponds to the Strategic Business Case in the Better Business Case methodology.

#### Port of Sullom Voe – Strategic Options

1) Continued Council ownership and operation (this could be regarded as the “Do Nothing” option) – The operating and governance structure of the port remains largely the same with change occurring through internal efficiency and improvement activity.

2) New operating model under Council ownership – An accountable arm’s length public body is created to undertake port operations as a vehicle to promote improvements in investment, commercialisation and efficiency.

#### 3) Outsource operations

3a. Management Contract – A 3 to 70 year contract is awarded to an outsource contractor to run the port on a commercial basis.

3b. Concession – A 20 – 35 year concession is granted to a concessionaire following a procurement process with an anticipated refocus on commercial operations.

#### 4) Asset Sale

4a. Joint Venture – SIC would transfer port into a limited company and sell a share to a JV partner, while retaining an interest. This would also be expected to generate commercial focus through working with a private sector partner.

4b. Freehold sale – SIC sells its entire stake at the Port of Sullom Voe and has no further on-going influence over the port but would obtain a one off income which could be invested in other ways.

- 3.4 These options were initially assessed against the Council's objectives, as models for future operations. Some potential was identified in each and better understanding was agreed necessary through further analysis and market consultation. This activity falls within the Outline Business Case stage of the Better Business Cases methodology.
- 3.5 The work was split between further analysis and investigation of options 1 and 2 through internal Council activity and a market engagement exercise around options 3 and 4 led by PwC. Findings of those investigations are brought together in this report.
- 3.6 PwC approached twenty six parties which were selected based on their market knowledge and participants who had approached the Council directly. These parties were a range of ports, oil & gas marine services, and infrastructure investors and also included participants who approached SIC directly and representatives of the Sullom Voe Terminal consortium.
- 3.7 Ten interested parties signed non-disclosure agreements and took part in an interview process based on a Background Information Document (BID), summarising the opportunity. Six parties said they were not interested due to:
- Not able to identify an opportunity to add value
  - Did not wish to increase exposure to North Sea oil activity
  - Lack of fit with their strategic direction
- 3.8 Conference calls were held by PwC with the ten participants in March and April 2016 and findings were shared with Council staff and presented to an all members seminar on the 11<sup>th</sup> May 2016.

#### 4.0 Findings

- 4.1 Market engagements confirmed that potential investors and partners see the existing tanker export business as the key driver of value for the Port of Sullom Voe but also regard the risk of declining volumes and current uncertainty in the oil and gas sector as high. At this time the identification of additional commercial activities is also viewed as highly uncertain and will not greatly enhance pricing offers.
- 4.2 Core business
- The Port of Sullom Voe's primary activity is recognised by potential

investors and partners as the tanker export business of oil piped into Sullom Voe terminal. The main driver of business for any private sector offers for the Port of Sullom Voe under the options described in section 3 will be based on the bidder's view of this primary activity.

- Sullom Voe Terminal throughput is regarded as being in long-term decline and thought to be subject to significant volume risk particularly at this very challenging and uncertain time for oil and gas production.
- These factors will be priced into any private sector offers for purchase or long term contracting.

#### 4.3 Future opportunities

- Market perception is that the isolated location and extensive competition limit the scope for additional commercial activities. Scope for new commercial activities at the Port of Sullom Voe was regarded as limited due to:
  - Location of asset – Remote location with limited local population/ industry/ supply chain capacity to service developments.
  - Local competition – Potentially from Lerwick Port and Scalloway Harbour
  - Wider competition – North Sea ports in relation to North Sea decommissioning and offshore servicing
- Participants not familiar with Shetland acknowledged they may not be in a fully informed position to put forward concrete ideas about additional commercial activities and that local insight may speed up identification and development of potential opportunities.
- It was clear however in value terms that uncertainty over realising future commercial opportunities will be reflected in pricing for participation in long term options.

#### 4.4 Value enhancement

- It was thought that value from the Port of Sullom Voe could be enhanced through efficiency measures including: decommissioning of surplus capacity and rationalisation of operating hours.
- Any qualification of commercial prospects for future activity could help reduce uncertainty and stimulate investment.
- Greater clarity regarding future Sullom Voe Terminal throughput could reduce perceptions of volume risk.

#### 4.5 Risk sharing

- Volume risk would have to be shared with any private sector partner to optimise value.
- Fully transferring this risk will attract significant risk pricing.

- Investors may be open to pursuing more speculative opportunities around new business on a joint-investment / joint risk-sharing basis with the Council. This would especially be the case where it is demonstrable that investment will lead to new contractualised revenue streams.

#### 4.6 Option appraisal update: (summary in table form attached as Appendix 1).

- A freehold sale is not well aligned with the Council's objectives at this stage. Due to the current low point in the oil price cycle, the value of any consideration the Council would receive for the port would be greatly eroded. Moreover, it is unlikely the consideration would reflect any significant premium for potential additional activities due to the uncertainty around successfully implementing those activities.
- A long-term concession / joint-venture to realise upfront value while retaining some in longer-term upside opportunities could be explored further. However value from that sort of arrangement would also be compromised at this time by perception of volume risk and uncertainty regarding the ultimate commercial potential for additional activities.
- A shorter-term management contract with an option to extend or transition into a concession / joint venture could align better with the Council's objectives. This would allow a private sector contractor to put in place a more efficient operation in the short / medium term and also explore the possibility of widening the range of commercial activities.
- Internal activity to optimize efficiency, improve the reliability of forecasts of Sullom Voe terminal throughput volumes and better qualify other commercial opportunities will enhance value for all options.

## 5.0 Next Steps

- 5.1 While there is clearly a range of market interest in opportunities to participate in the operation of the Port of Sullom Voe it is equally clear that there are significant obstacles to achieving maximum value for any long term arrangement.
- 5.2 The main issues are around volume risk and uncertainty regarding Sullom Voe terminal throughput and uncertainty about the commercial viability of any other diversified activity.
- 5.3 During the review the Council has sought to better understand these areas of uncertainty through a continuing dialogue with Sullom Voe Terminal Operators, a developing relationship with the UK Oil and Gas Authority (OGA) and the commissioning of specialised research from Oil and Gas industry analysts.
- 5.4 That activity should be continued and our general intelligence around the likely future development of the North Sea and West of Shetland production area built further through ongoing dialogue, engagement and relationship building with key Oil and Gas companies and the

OGA. In addition further research on potential additional activity such as the economics of shuttle tanker operation and options for participation in future decommission activity should be considered.

- 5.5 Uncertainty can never be eliminated, however there is the potential for significant value to be protected or enhanced through improved understanding and that a more complete consideration of the issues raised in this report will enable a fully informed “Outline Business Case” to be presented to Members early in 2017.

Actions to achieve that should include;

- Continued dialogue with BP operational management at Sullom Voe Terminal regarding plans for any changes in terminal operations.
- Further development of relationships with the OGA including the participation of the OGA in the Sullom Voe Association.
- Seek involvement in any key government / industry groups considering plans for life extension and decommissioning of the Brent and Ninian pipeline systems and implications for East of Shetland oil throughput at Sullom Voe Terminal.
- Similar involvement in key groups regarding West of Shetland production planning and evacuation strategies.
- Develop better involvement in the strategic planning for the future draw down of East of Shetland based processing facilities at the Sullom Voe Terminal. This would include plans for the decommissioning of significant elements of the current terminal infrastructure and potential future uses of any part of the terminal site which might become available, such as participation in subsequent offshore decommissioning.
- Develop greater involvement in the strategic planning for the onshore support facilities and services required for ongoing West of Shetland production.
- Commission research on other specialist areas such as the economics of shuttle tanker operations in the Shetland productions areas, including current or future opportunities for participation by the Port of Sullom Voe.
- Maintain and improve production forecasts for oil production volumes in the catchment area, particularly those likely to utilise the Sullom Voe Terminal and / or Port of Sullom Voe in partnership with the OGA and Oil industry.
- Undertake cross Council activity to develop a “Development Ambition” / “Masterplan” / “Planning Brief” for the area surrounding Sullom Voe to inform future development opportunities with input from other relevant stakeholders.

- 5.6 In parallel with that research and investigation, improvements to operational arrangements should be progressed to optimise the efficient running of the Port in the short term and prepare for a potential market testing exercise regarding a future management contract. An efficient internal operation will create an objective benchmark for any such arrangement and help clarify the need or potential for further gains in particular areas.

Actions to achieve that should include;

- Consideration and response to any operational changes implemented by Sullom Voe Terminal across all main port services, Pilotage, Towage, Pilot Launch and Mooring Services, Port Engineering and Pollution Response.
- Stabilise the short term towage fleet including arrangements for continuing the services provided by the two vessels which are now very close to their end of life including their disposal and replacement. This should be based around a procurement exercise for bare boat charter to ensure medium term flexibility and should also allow for future purchase options to be included in the longer term should that become desirable.

- 5.7 These actions will be carried out over the coming months and once they have progressed sufficiently, i.e. we have reduced uncertainty significantly and a robust operational cost benchmark is in place, then a re-evaluation of the “Strategic Outline Case” for the Port of Sullom Voe should be brought back to Council to examine whether a decision of a “Preferred Option” for ownership and operation can then be made. The target for that review to be conducted and further reporting to Council is early in 2017.

## **6.0 Implications**

### Strategic

#### 6.1 Delivery On Corporate Priorities –

Shetland is a group of islands and “Our Plan” identifies transport links to and from, and within, the islands as our life blood. Shetland’s Ports and Harbours are the conduit for much of that activity. People, products, goods and supplies go in and out of Shetland and move around the islands by sea. If we do not have the right Ports & Harbours infrastructure and services in place that cannot happen and new business opportunities and wealth creation cannot take place.

If we are to enjoy a strong economy with well-paid jobs we have to make sure that we have the Port infrastructure and services required to support key business sectors, especially those depending on the utilisation of local resources, meet individual and business needs and deliver economic growth.

6.2 Community /Stakeholder Issues – Consultation with customers and other stakeholders is on-going as an integral part of each aspect of service delivery.

6.3 Policy And/Or Delegated Authority –

#### **Harbour Board**

Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.

Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.

Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council

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

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

#### **Shetland Islands Council**

Determining the overall Goals, Values and Strategy Framework Documents, or matters of new policy/strategy or variation of existing policy/strategy.

6.4 Risk Management – This strategic review includes considerations of how to balance the management of safe and secure operations of a major oil terminal and all the attendant environmental and health and safety considerations with financial risks around optimising profitability and community benefit over time against the long terms risks of responsibility for reinstatement of the harbour operation should it cease.

6.5 Equalities, Health And Human Rights – The port of Sullom Voe is a major industrial operation which must manage potential health and safety risks to staff working there and the public. All options within this review acknowledge that responsibility and all appraisals include maintain safe operations at the highest level as critical objectives.

6.6 Environmental – The port of Sullom Voe is a major industrial operation which must manage environmental risks to the local area, Shetland as a whole and the wider North Sea / North Atlantic. All options within this review acknowledge that responsibility and all appraisals include maintaining safe operations at the highest level as critical objectives.



## Resources

- 6.7.1 Financial - Surpluses generated by the Port of Sullom Voe have been very important in establishing the Councils Reserve Fund and have paid for much of the infrastructure and service development by the Council over the past 30 years. It is critical that the future financial contribution from the Port of Sullom Voe is optimised and that any financial risks are properly managed, these are key objectives of this review.
- 6.7.2 The review has been supported to date by external advisors (Price waterhouse Coopers LLP) at a cost of £90k. Proposals for next steps largely consist of in-house activity. However, the commissioning of specific items of research or analysis such as the economics of shuttle tanker operation, are likely to cost £10 - £20k.
- 6.7.3 The disposal of the Tirrick and Shalder Tugs and the procurement of charter tugs as their replacement will require expenditure on specialist advisors, estimated to cost £10k.
- 6.7.4 All costs will be met from within existing budgets.
- 6.8 Legal – Specialist legal advice may be required for some options being investigated in this review, particularly relating to the legal position of the Council in relation to variation of port ownership or operations. That advice will be obtained through existing Infrastructure budgets.
- 6.9 Human Resources - Some of the options within the scope of this review have staffing implications. Care will be taken to ensure that staff are involved and informed about plans that might affect them and that relevant Unions are part of any consultation processes. HR advice will be sought and closely involved throughout any matters that affect the Councils workforce and that relevant Council HR policies are followed.
- 6.10 Assets And Property – There are a number of actions and projects that have significant asset implications, particularly in relation to the ownership of boats, piers and other harbour infrastructure. Close attention is being paid to making sure relevant policy requirements are being met and that Capital Programme is involved early in the discussion of all proposals.

## **7.0 Conclusion**

- 7.1 The Council has a duty to demonstrate that it is achieving Best Value in all its activities. Part of meeting that duty is the thorough review of all substantial activities from time to time and the rigorous evaluation and comparison of alternative ways of achieving outcomes and meeting objectives.
- 7.2 The evidence gathered by this review to date indicates that there is much uncertainty in the Oil and Gas sector at present and accompanying uncertainty about other commercial possibilities for the Port of Sullom Voe. It is therefore prudent to do some more work to try

to moderate that uncertainty and in the same time frame stabilise and optimise current operational arrangements.

- 7.3 Once sufficient progress has been made in those areas then the Council would be much better placed to complete the full evaluation of “Outline Business Case” options and decide on a “Preferred Option” for the future ownership and operation of the Port of Sullom Voe.

---

For further information please contact:

*John Smith*

*Tel: 01595 744201 E-mail: [jrsmith@shetland.gov.uk](mailto:jrsmith@shetland.gov.uk)*

28 September 2015

---

#### Appendices

None

#### Background Documents

Strategic Review of Port of Sullom Voe + Minute – Harbour Board – October 2015

Scalloway and Sullom Voe Masterplans + Covering Report and Minute – Harbour Board, 8 October 2014

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=16728>

	<b>Internal Improvement Activity (Do Nothing)</b>	<b>New operating Model under Council Ownership</b>	<b>Outsource via 3 – 7 yr Management Contract</b>	<b>Outsource via 20 – 35 year Concession</b>	<b>Joint Venture</b>	<b>Freehold Sale</b>
<b>Strategic Case</b>	<p>An efficient internal operation will create an objective benchmark for any other arrangement and help clarify the need or potential for further gains in particular areas.</p> <p>Short term responses are required to respond to any operational changes implemented by Sullom Voe Terminal across all port services and to stabilise the towage fleet .</p>	<p>No real clarity has emerged during the review period on how such an arrangement would be structure and how this would promote the Councils overall objectives.</p> <p>The “uncertainty” risks observed in market testing would also affect this option.</p>	<p>A management contract would continue to have the potential to meet the Councils objectives but significant uncertainty around the core and any additional business to be contracted remains.</p>	<p>A long-term concession to realise upfront value while retaining some in longer-term upside opportunities could be explored further. However value from that sort of arrangement would also be compromised at this time by perception of volume risk and uncertainty regarding the ultimate commercial potential for additional activities.</p>	<p>A joint venture could meet the Councils objectives but would require the Council to retain much of the risk associated with the uncertainties around business before partners would be likely to find it attractive.</p>	<p>A freehold sale is not well aligned with the Council’s objectives at this stage. Due to the current low point in the oil price cycle, the value of any consideration the Council would receive for the port would be greatly eroded. Moreover, it is unlikely the consideration would reflect any significant premium for potential additional activities due to the uncertainty around successfully implementing those activities.</p>

	<b>Internal Improvement Activity (Do Nothing)</b>	<b>New operating Model under Council Ownership</b>	<b>Outsource via 3 – 7 yr Management Contract</b>	<b>Outsource via 20 – 35 year Concession</b>	<b>Joint Venture</b>	<b>Freehold Sale</b>
<b>Economic Case</b>	Improvements to operational arrangements should be progressed to optimise the efficient running of the Port in the short term and prepare for a potential market testing exercise regarding a future management contract.	No real clarity has emerged during the review period on how such an arrangement would be structure and how this would release any further efficiency.	No detailed estimates of costs and benefits for a management contract type arrangement have been established this far. There are perceptions that greater private sector involvement should reduce costs however it is also clear that there is very limited understanding of the actual business priorities	A long-term concession to realise upfront value while retaining some in longer-term upside opportunities could be explored further. However value from that sort of arrangement would also be compromised at this time by perception of volume risk and uncertainty regarding the ultimate commercial potential for additional activities.	A joint venture could meet the Councils objectives but would require the Council to retain much of the risk associated with the uncertainties around business before partners would be likely to find it attractive.	Due to the current low point in the oil price cycle, the value of any consideration the Council would receive for the port would be greatly eroded. Moreover, it is unlikely the consideration would reflect any significant premium for potential additional activities due to the uncertainty around successfully implementing those activities.

	<b>Internal Improvement Activity (Do Nothing)</b>	<b>New operating Model under Council Ownership</b>	<b>Outsource via 3 – 7 yr Management Contract</b>	<b>Outsource via 20 – 35 year Concession</b>	<b>Joint Venture</b>	<b>Freehold Sale</b>
<b>Commercial case</b>	While individual opportunities can be taken to optimise areas in partnership with suppliers no overarching new commercial arrangements need to be implemented.	This option does not require the involvement of a external partner so should not need any overall new commercial arrangement.  All existing arrangements, licenses and contracts would have to be novated or otherwise transferred.	There would appear to be some market interest in a management contract type of arrangement from a number of potential partners although detailed work has not been undertaken.	There appears to be less appetite for this longer term engagement unless risk was substantially retained by the Council.	There appears to be less appetite for this longer term engagement unless risk was substantially retained by the Council.	Limited interest due to current conditions in the sector and perception of uncertainty.
<b>Financial case</b>	Internal improvements would be expected to be delivered broadly within existing budgets / realise savings.	From recent experience with other initiatives to transfer staff outside the Council pension obligations may prove to be the most significant matter.	Fairly neutral in financial terms as staff and assets would be expected to transfer on a relatively cost balanced basis. Main uncertainty might again be about pension implications.	The value of any upfront payments associated with a long term concession would be discounted at this time due to perceptions around uncertainty and risk. Risk retention/ transfer will also be a key factor in determining financial consideration.	The attraction of a partner willing to invest in a joint venture might be difficult at this time due to perceptions around uncertainty and risk. Risk retention/ transfer will also be a key factor in determining financial consideration.	A freehold sale is not well aligned with the Council's objectives at this stage. Due to the current low point in the oil price cycle, the value of any consideration the Council would receive for the port would be greatly eroded.

	<b>Internal Improvement Activity (Do Nothing)</b>	<b>New operating Model under Council Ownership</b>	<b>Outsource via 3 – 7 yr Management Contract</b>	<b>Outsource via 20 – 35 year Concession</b>	<b>Joint Venture</b>	<b>Freehold Sale</b>
<b>Management Case</b>	Improvement activity is an ongoing objective and the clarity and stabilisation it should provide would generally enhance management arrangements. An active pursuit of this objective would also avoid the risk of inertia while some future decision is being awaited.	Setting up and transferring staff into a new organisation would be a substantial management challenge. Significant internal and external support would be required.	Procuring and transferring staff, contracts and operational arrangements under a management contract would clearly be a substantial management challenge. Significant internal and external support would be required although risk and cost sharing for that could be split with the partner.	Procuring and transferring staff, contracts and operational arrangements under a concession would clearly be a substantial management challenge. Significant internal and external support would be required although risk and cost sharing for that could be split with the partner.	In addition to the management contract / concession management requirements there is limited experience of establishing joint venture vehicles recently. It is likely that this option would also include the complications of a new internal operating model.	Freehold sale would be a simpler management challenge in some respects as the succeeding form of operation would be beyond the responsibility of the Council. It would be a more significant challenge in other respects as the legal, contractual and other consequences of the ZCC Act and Sullom Voe agreement would have to be managed.



**Harbour Board  
Policy and Resources Committee  
Shetland Islands Council**

**15 June 2015  
28 June 2015  
29 June 2015**

## **Review of Scalloway Harbour – Progress and Next Steps**

**PH-11-16F**

**Director of Infrastructure  
Acting Executive Manager- Ports and Harbours**

**Infrastructure Services  
Department**

### **1.0 Summary**

- 1.1 This report describes progress on the review of Scalloway Harbour and makes recommendations on further activity, particularly relating to the Scalloway Fish Market.
- 1.2 The report is a summary of progress to date in developing the “Outline Business Case” stage in the “Better Business Cases” method adopted by the Council. It concludes that further information gathering and analysis is required before any decision on a “Preferred Option” for future arrangements at Scalloway Harbour is made by the Council.

### **2.0 Decisions Required**

- 2.1 That the Harbour Board and Policy and Resources Committees NOTE the information contained in this report, comment on those areas within their remit and inform the Council of their views; and
- 2.2 RECOMMEND that the Shetland Islands Council RESOLVES, having taking account of the views of Committees, to instruct the Director of Infrastructure, or her nominee, to further clarify the “Outline Business Case” options, progress the next steps as set out in section 5 of this report and report again for a decision on a “Preferred Option”, and;
- 2.3 INSTRUCT the Director of Infrastructure, or her nominee, to submit a project outline to the policy unit of Marine Scotland to obtain their view and advice on the potential for European Maritime and Fisheries Fund (EMFF) funding eligibility.

### **3.0 Background**

- 3.1 The Council initiated a review of the options for development of Scalloway Harbour in 2015 to best meet its medium and long term objectives.

- 3.2 These objectives were agreed by the Council at the initiation of the review. (The Strategic Outline Case stage in the Better Business Case method).

	Objectives
Strategic	Thriving, active and proud community that celebrates our sense of identity  People are able to live in their local community with access to appropriate, high quality employment and training opportunities
Economic	Supports changes to the structure of the industries and facilitates diversity and resilience  Supports innovation through infrastructure and transport links  Supports businesses (existing and/or emerging and/or new) to be more competitive
Financial	Financially secure and sustainable approach
Commercial	There is suitable and appropriate business partner and community support for what the Council is proposing
Managerial	We want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland.

- 3.3 It quickly became clear that a significant issue at Scalloway Harbour was the condition of the Fish Market and decisions on what should be done to remove, refurbish or replace it needed to be made as soon as possible.
- 3.4 An option appraisal on the best way forward with the Scalloway Fish Market was tendered and the report from SSQC on that is attached to this report (see Appendix 1 and Appendix 1a). This informs the “Outline Business Case” stage in the “Better Business Cases” method and informs this report.
- 3.5 Consideration of the effects and opportunities for Oil & Gas support, aquaculture services and other harbour uses of any development were also contained within that study in so far as Fishmarket developments affected them. The full analysis and reporting of options related to these opportunities, and an analysis of more general alternative uses for the harbour and quaysides, will be included in the “Outline Business Case” report which will be brought to Council in October.



## 4.0 Findings Relating to Scalloway Fishmarket

- 4.1 Four options for the potential development / discontinuation of the Scalloway Fishmarket were included in the brief for the study.
1. Demolition and removal with services provided by road transfer to Lerwick
  2. Refurbishment / Redevelopment of the existing building on the existing site
  3. Replacement of the existing building on the pier immediately to the south of its current site.
  4. Replacement of the existing building on a new site at the west of the Harbour in conjunction with quay developments.
- 4.2 Results of Option Appraisal is set out in section 5, from page 33 of Appendix 1.

### Initial Option Screening

Following an initial screening of the option identified these options have been scored and ranked as followed:-

Option	Rank	Score
1	4	43
2	1	64
3	2	59
4	3	48

Based on this initial option screening the options 2 and 3 would appear to give the best fit with Council objectives. However at this stage all options remain open and will be the subject of more detailed examination and cost benefit analysis

## 5.0 Next Steps

- 5.1 It is proposed that further analysis and consultation should be carried out on all options to provide as much additional detail as possible on the costs, issues and risks involved in each. Further investigation would also be conducted during this time on the funding arrangements for them.
- 5.2 A report setting out the 'Outline Business Case', which will include this additional information will then be brought to members in October 2016 so that Members can make a decision on the "Preferred Option" at that time.

## 6.0 Implications

### Strategic

#### 6.1 Delivery On Corporate Priorities –

Shetland is a group of islands and “Our Plan” identifies transport links to and from, and within, the islands as our life blood. Shetland’s Ports and Harbours are the conduit for much of that activity. People, products, goods and supplies go in and out of Shetland and move around the islands by sea. If we do not have the right Ports & Harbours infrastructure and services in place that cannot happen and new business opportunities and wealth creation cannot take place.

If we are to enjoy a strong economy with well-paid jobs we have to make sure that we have the Port infrastructure and services required to support key business sectors, especially those depending on the utilisation of local resources, meet individual and business needs and deliver economic growth.

#### 6.2 Community /Stakeholder Issues – Consultation with customers and other stakeholders is on-going as an integral part of each aspect of service delivery.

#### 6.3 Policy And/Or Delegated Authority –

##### **Harbour Board**

Strategic oversight and direction in all aspects of the operation of the Council’s harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.

Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.

Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council

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

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

##### **Shetland Islands Council**

Determining the overall Goals, Values and Strategy Framework Documents, or matters of new policy/strategy or variation of existing policy/strategy.

- 6.4 Risk Management – This strategic review includes considerations of the requirement for the Council to maintain fit for purpose assets that meet Health and Safety and Environmental health requirement, spend its limited funds responsibly, manage financial risk and contribute to economic development and other community benefit.
- 6.5 Equalities, Health And Human Rights – All Port infrastructure must provide a safe working environment and any Fishmarket must comply with relevant environmental health requirements.
- 6.6 Environmental – All Port infrastructure must manage its impact on the environment with particular obligations when handling a food commodity like fish.

## Resources

- 6.7 Financial – A number of the options have a significant capital cost as indicated in the option appraisal document. The estimated cost for a refurbishment/rebuild of the existing facility is c£2.5 million (option 2). The cost of a new build adjacent to that is estimated at £4.5 million (option 3). The cost of a new build to the West of the existing harbour is estimated at c£14.5 million (option 4).

It's estimated that provision of either option would result in a gross revenue income stream to the Council of £225k per year in charges for white fish landed at Scalloway and sold through the Scalloway Fishmarket. The revenue running costs, currently £50k per year, will require to be taken into consideration to provide the net income position.

The costs of option appraisal and further investigation will be met from existing Ports & Harbours budgets.

Further investigation of all alternatives for funding will be reported in October 2016.

- 6.8 Legal – None.
- 6.9 Human Resources - None.
- 6.10 Assets And Property – The Councils Building Services, Capital Programme and Planning Services have all been consultees in this review.

## **7.0 Conclusion**

- 7.1 The Council has a duty to demonstrate that it is achieving Best Value in all its activities. Part of meeting that duty is the thorough review of all substantial activities from time to time and the rigorous evaluation and comparison of alternative ways of achieving outcomes and meeting objectives.
- 7.2 Scalloway Harbour is a key component in the Shetland Fishing industry and indeed of regional and national significance in terms of its white

fish landings. The existing Scalloway Fishmarket is coming to the end of its viable life due to its age and the developing requirements of the industry. Continuing to provide Fishmarket facilities in Scalloway is essential to maintain capacity to meet overall landings and for the efficiency and quality needs of the sector.

- 7.3 It would be of benefit to clarify the costs, issues and risks of all options more fully before a “Preferred Option” is chosen.

---

For further information please contact:

*John Smith*

*Tel: 01595 744201 E-mail: [jrsmith@shetland.gov.uk](mailto:jrsmith@shetland.gov.uk)*

*27 May 2015*

---

### Appendices

Appendix 1 - Interim Report - Options Appraisal for Scalloway Fish Market

### Background Documents

Scalloway Harbour Review + Minute – Harbour Board – October 2015

Scalloway and Sullom Voe Masterplans + Covering Report and Minute – Harbour Board, 8 October 2014

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=16728>



# Interim Report

## Options Appraisal for

### Scalloway Fish Market

May 2016

Prepared for:-	Prepared by:-
John Smith Executive Manager – Ports and Harbours Port Admin Building Sella Ness Sullom Voe, Shetland ZE2 9QR Tel: 01595 744201 Email: jrsmith@shetland.gov.uk	Socio-Economic and Environmental Services SSQC Ltd Port Arthur Scalloway Shetland ZE1 0UN Tel: 01595 772441 Email: alice@ssqc.co.uk

## **CONTENTS**

1. Background and Methodology	1
2. Review of Background Data	5
3. Options Considered and Consultation	24
4. Option Screening	31
5. Interim Summary and Conclusions	33

## **Appendices**

<b>1</b>	<b>Individual and Average Landings to Fish Markets in Shetland by Month</b>
----------	---

## **1.0 Background and Methodology**

### **1.1 Background**

**This report has been prepared in response to a brief from the Shetland Islands Council to conduct an options appraisal in relation to potential developments at Scalloway Fish Market.**

Shetland Islands Council is currently undertaking a review of the options and opportunities for the development of its Scalloway Harbour operation. One of the key facilities at Scalloway harbour is the whitefish market which serves both local and other vessels fishing to the West of Shetland. The structure of that market is now aged and its facilities may not be up to the standards required in future years for the increasingly demanding requirements of any food handling and distribution business. They therefore need to establish the options, costs and benefits and implementation plan for the range of proposed options for future development.

Scalloway Harbour has made major advances in terms of both the volume and quality/value of fish landed at the Fish Market. Initiatives such as the Electronic Auction and Whitefish Improvement Scheme have helped to push these advances forward. However in order to retain and improve on these advances, and keep pace with customer requirements and consumer demands, a review of the facilities and service provision at the Fish Market is required.

White Fish landings are anticipated to continue at Scalloway Harbour for the foreseeable future at a similar scale of levels to recent years, although there will be peaks and troughs and the impact of legislative changes such as landing obligations are uncertain. Data on the volume of landings is contained within this report.

This coupled with the fact that the whitefish industry is now entering a phase similar to that which has already been seen in the aquaculture industry, where customer demands are leading to greater requirements for quality assurance and independent verification, means that both the current market and any new developments in Scalloway will have to keep pace with change, in order to both satisfy increased quality assurance demands and remain competitive.

**The purpose of this project is to assess a range of options for continued provision of a Fish Market facility at the Port, and report to the SIC with a clear rationale of which option would be the most practical for the Council to pursue.**

## 1.2 Methodology

**The objective of this study is to identify the most suitable option for future provision of a Fish Market facility at Scalloway.** The study took place during April and May 2016, with the aim of obtaining a detailed written study report which will support strategic development at Scalloway Fish Market. In order to achieve the desired outputs the following workstreams were undertaken.

### **WORKSTREAM 1 - Review of Background Data**

Following an initial meeting with the Client, the first action was to review background data in relation to the Scalloway Fish Market both currently and historically, to both establish a current baseline for the market, as well as any trends which could help identify and assess the best option for optimum future provision at the facility. This included review of both data internal to the SIC as well as external publications, and background data in relation to other fish landing ports in Shetland and Northern Scotland. In addition documents relating to national, regional and local policies, strategies and plans were examined to identify current and potential future priorities locally and nationally, and potential fit with this project. Examples of some of the documents examined are:-

- ✚ Scalloway Harbour and Small Port Accounts - SIC
- ✚ Scalloway Harbour Development Plan (2014) – Ironside Farrar
- ✚ SIC Ports and Harbours 2015-16 Service Plan - SIC
- ✚ Shetland Local Plan (2014) – SIC
- ✚ Shetland Regional Accounts (2011) – James Hutton/ABA
- ✚ Shetland in Statistics (2014) – SIC
- ✚ Business Case for Scalloway Harbour Dredging (2010) – ABA
- ✚ Community Impact of the Seafood Sector in Shetland (2015) – SSQC
- ✚ Website and associated downloads for non-SIC ports including Lerwick, Peterhead, Fraserburgh and Scrabster.
- ✚ Consultation Report Harbours (Scotland) Bill (2015) – Marine Scotland
- ✚ Current EMFF guidelines (2016) – Marine Scotland

### **WORKSTREAM 2 - Tour and Assessment of Facilities**

**SSQC staff members are already very familiar with the Scalloway Fish Market as they undertake daily quality assurance inspections for the Whitefish Improvement Scheme.** In addition for this project a thorough tour of the facilities was undertaken with SIC staff to assess the existing infrastructure, and make a critical assessment of the current facilities at the Scalloway Fish Market. **SSQC also engaged with port staff who undertake duties at the fish market, to**



ascertain their views on the current facilities, and any opinions or ideas they may have with regard to future development.

### **WORKSTREAM 3 - Stakeholder Consultation**

In order to ascertain a full picture of the future options for the facility, consultation was undertaken with a number of stakeholders and interested parties. These stakeholders were:-

- **SIC Ports and Harbours**
  - Mark Burgess – Shetland Central Member of SIC Harbour Board
  - Alastair Cooper – Shetland North Member of SIC Harbour Board
  - John Smith – Ports and Harbours Executive Manager
  - Paul Bryant – Harbour Master
  - Brian Dalziel - Harbour Master
  - Andrew Inkster – Port Engineering
  - Ross MacLennan – Small Ports Officer
  - Brian Morrison - Small Ports Officer
  - Stephen Simmons - Small Ports Officer
  - Terry Brown - Small Ports Officer
- **SIC Economic Development Unit**
  - Neil Grant – Development Services Director
  - Douglas Irvine – Development Services Executive Manager
- **SIC Planning Services**
  - Dale Hunter – Planning Officer
- **SIC Environmental Services**
  - Patti Dinsdale – Environmental Health Officer
  - Dawn Manson – Environmental Health Officer
- **SIC Building Services**
  - Steven Goodlad
  - Michael Leftwich
- **Lerwick Port Authority**
  - Sandra Laurenson
  - Victor Sandison
  - Callum Grains
- Martin Leyland – Shetland Seafood Auctions
- Simon Collins – Shetland Fisherman's Association
- Brian Isbister – Shetland Fish Producers Organisation
- Gary Spence – LHD Ltd
- Hamish Balfour – Shetland Transport
- David Goodlad – Net Services Shetland
- Neville Martin - SHEAP
- **Fish Buyers**
  - Karl Simpson – Simpson and Ward
  - Gordon Johnson – QA Fish

- Laurence Williamson – L Williamson Ltd
- James John Shearer – Blydoit Fish
- Earl Anderson

#### **WORKSTREAM 4 - Option Screening**

An options screening has been conducted to ascertain the most appropriate development opportunities for the facility going forward. **Standard option appraisal techniques, and Treasury Green Book methodology were used to conduct this analysis.**

#### **WORKSTREAM 5 – Outline Business Case**

An outline business case has been developed looking at why, what, how and who is necessary for any development option to proceed. This outline business case clearly appraises the needs for and future provision of, fish market facilities at Scalloway.

#### **WORKSTREAM 6 - Delivery Model**

During consultation with stakeholders, views were sought in relation to a potential ownership model and operational structure, including the potential for partnership between the public and private sectors. Views were assessed and where appropriate were fed into the outline business case.

#### **WORKSTREAM 7 – Cost Benefit Analysis**

Options shortlisted following screening were subjected to more in-depth assessment. **The relevant costs and benefits of these shortlisted options were valued, and the net benefits or costs calculated, and subjected to sensitivity analysis through scenario development. Results were then compared between options to help select the preferred option for development going forward.**

Data, assessments and findings from these work streams have been pulled together to create a comprehensive study report, which achieves the project outputs set by the client, as detailed below.

- 1) ***A critical assessment of the current operations*** at the Scalloway Fish Market
- 2) ***An overview of other fish landing ports*** in Shetland and the North of Scotland
- 3) ***Review of options examined***
- 4) ***Delivery model options*** for the facility.
- 5) ***An outline Business Case*** with a recommended preferred option, based on the options appraisal process.

This interim report details the project up to workstream 4, and draws interim conclusions and recommendations based on work on the project to date.

## 2.0 Review of Background Data

### 2.1 Data for Shetland

#### Population

From the table below it can be seen that according to census data, in 2011 Shetland had a total population of 23,167. This was an increase of 5.3% from 2001, when the population stood at 21,988, and followed a period of slight decline between 1991 and 2001 (-2.3%). The population of the islands is predicted to continue to rise, with the General Register for Scotland predicting growth of a further 3.9% between 2011 and 2021, giving a population just over 24,000.

**Table 1: Population Change, 2001 – 2011**

Area	2001 Population	% Change 91-01	2011 Census Population	Change 01-11	% Change 01-11
<b>Shetland</b>	21,988	-2.3	23,167	1,179	5.3
<b>Scotland</b>	5,062,010	1.3	5,295,400	233,390	4.6
<b>UK</b>	57,203,100	2.5	61,470,800	4,267,700	7.5

Sources: Census of Population, Scottish Census 2011.

#### Economic Activity

In 2014, 87.3% of the population aged between 16 and 64 were economically active. This is 10% higher than the overall Highlands and Islands rate of 77.2%. Shetland has traditionally had low levels of unemployment, however these figures may be skewed by non-domiciled employment at the Gas Plant. The table below shows the unemployment rates for Shetland based on the number of people claiming Job Seekers Allowance at Job Centre Plus offices. These figures appear to have risen since 2015, which goes against both Scottish and UK trends. However both male and female unemployment rates in Shetland are significantly lower than in Scotland and the UK, although there is under-employment particularly in more outlying areas.

**Table 2: Job Seekers Allowance Claimants, Jan 2015 – Jan 2016**

	Shetland (Numbers)	Shetland (%)	Scotland (%)	UK (%)
<b>Jan 2016</b>				
All People	125	0.8	2.2	1.9
Males	95	1.2	3.2	2.5
Females	30	0.4	1.3	1.4
<b>Jan 2015</b>				
All People	143	1.1	3.3	3.0
Males	98	1.4	4.6	3.9
Females	45	0.7	2.0	2.1
<b>Change</b>				
All People	35	0.2	-0.2	-0.2
Males	20	0.3	-0.3	-0.3
Females	10	0.2	-0.1	-0.1

Source: ONS Regional Labour Market Statistics, Table JSA02.1.

## Employment Structure

The table below shows employment structure in Shetland compared to national data. From this table it can be seen that the main employment sectors in Shetland in 2013 were public admin, education and health; construction; and wholesale/retail. The smallest sectors were energy and water and information and communication.

It should be noted that these figures are skewed due to works associated with the new Gas Plant at Sullom Voe Terminal, and it is likely that current employment on the islands is significantly lower than these figures would suggest. In addition it should be noted that data excludes self-employed and farm-based agricultural employment.

**Table 3: Employment by Industry, 2013**

	Shetland (numbers)	Shetland (%)	Scotland (%)	GB (%)
<b>Total employee jobs</b>	<b>13,200</b>	<b>-</b>	<b>-</b>	<b>-</b>
Full-time	8,400	63.7	66.8	67.2
Part-time	4,800	36.3	33.2	32.3
<b>Employee Jobs by Industry</b>				
Primary Services - Agriculture & Mining	500	3.9	1.7	0.3
Energy & Water	200	1.6	1.4	1.1
Manufacturing	800	6.2	7.4	8.5
Construction	1500	11.1	5.5	4.4
<b>Services</b>	<b>10,200</b>	<b>77.3</b>	<b>84.0</b>	<b>85.7</b>
Wholesale/Retail, incl. motor trades	1,400	10.8	14.7	15.9
Transport storage	1,000	7.9	4.0	4.5
Accommodation and food services	1,200	9.2	7.8	7.0
Information and communication	200	1.8	2.7	4.0
Financial & other business service	1,300	9.5	19.6	21.8
Public admin, education & health	4,100	31.2	30.4	28.0
Other services	900	6.7	4.8	4.6

Source: ONS Business Register and Employment Survey.

Note: % is a proportion of total employee jobs. Employee jobs exclude self-employed, government-supported trainees and HM forces. Data excludes farm-based agriculture.

In 2014 the SIC undertook an employment survey within the islands, which excluded non-domiciled employment at the Gas Plant project. The results of this survey compared to a similar survey carried out in 2011 are contained in the table below.

**Table 4: Employment excluding Non-domiciled Workers**

	2011 (FTE's)	2014 (FTE's)	Difference (%)	% of 2014 Emp
<b>Employee Jobs by Industry</b>	<b>9,643</b>	<b>8,803</b>	<b>-8.7</b>	<b>100</b>
Primary – (Agriculture, Fisheries, Oil Terminal)	1,096	1,153	5.2	13
Manufacturing	875	783	-10.5	9
Construction	801	678	-15.4	8
Services	6,871	6,189	-9.9	70

Source: SIC EDU Employment Survey 2014, A B Associates

From the table above it can be seen that the main employment impact of non-domiciled employment at the Gas Plant project, relates to the construction and service sectors, both of which have reduced in size from 2011, excluding non-domiciled employment. The service sector however remains the most significant employer with 70% of all FTE jobs in 2014. Manufacturing which includes fish processing has also seen a 10% drop in employment since 2011, and accounted for 9% of all FTE jobs in the islands in 2014. The primary sector is the only figure in this table which is higher than the national estimate in table 3. This sector includes fish catching and aquaculture.

### Seafood Sector

The table below is taken from the Shetland Regional Accounts for 2010/11. From this it can be seen that aquaculture and fish catching rank 1<sup>st</sup> and 4<sup>th</sup> respectively in terms of output, value added and profits for Shetland as a whole, with fish processing ranking 2<sup>nd</sup> in terms output.

**Table 5: Top Five Economic Sectors in Shetland 2010/11**

Total Output	Value Added	Profits
<b>Aquaculture</b>	<b>Aquaculture</b>	<b>Aquaculture</b>
<b>Fish Processing</b>	Construction	Other services
Construction	Land Transport	Land Transport
<b>Fish Catching</b>	<b>Fish Catching</b>	<b>Fish Catching</b>
Public Admin	Other Services	Retail

Source – Shetland Regional Accounts 2010/11

SSQC undertook a Community Impact Study of the Shetland Seafood Sector for the 2014/15 year. This report concluded that the seafood sector continues to be, as it

has traditionally been for centuries, the largest and most influential sector, both overall for Shetland and for many communities within the islands

Some relevant findings from this report are detailed in the tables below:-

**Table 6: Seafood Industry Statistics for Shetland 2014/15**

	<b>Total</b>	<b>Catching</b>	<b>Processing</b>	<b>Aquaculture</b>
<b>Output</b>	£350.7m	£105.7m	£87.3m	£157.7m
<b>Value Added</b>	£106m	£45.5m	£10.6m	£50m
<b>Gross Impact</b>	£584m	£157m	£186.2m	£240.9m
<b>Employment Jobs</b>	997	273	414	310
<b>Employment FTE</b>	914	258	375	281
<b>Male Jobs</b>	828	273	275	280
<b>Male FTE</b>	773	258	255	260
<b>Female Jobs</b>	169	0	139	30
<b>Female FTE</b>	141	0	120	21
<b>Wage Income</b>	£35.1m	15.8	9.9	9.4
<b>Employee Local Spend</b>	£21.9m	9.9	6.2	5.8

Source – Shetland Seafood Sector Community Impact Study 2014/15, SSQC

**Table 7: Seafood Dependent Employment for Shetland 2014/15**

	<b>Total</b>	<b>Male</b>	<b>Female</b>
<b>Dependent Jobs</b>	2602	1902	700
<b>Dependent FTE</b>	2243	1746	497

Source – Shetland Seafood Sector Community Impact Study 2014/15, SSQC

From the tables above it can be seen that, the estimated value of the output of seafood sector in the islands in 2014/15 was £350.7m, with an estimated GVA of £106m. This figure comprises output of £157.7m for aquaculture £105.7m for fish catching, and £87.3m for fish processing.

The gross impact showed £584m of output in the Shetland economy was dependent on the seafood sector. This figure comprises £240.9m for aquaculture £157m for fish catching, and £186.2m for fish processing.

Of the total of 11,817 domiciled jobs in Shetland in 2014, 2,602 or 22%, including a third of all full and part-time male employment, was dependent on the seafood sector. 997 or 8% of jobs related to direct employment in the sector, including 15% of all male full-time employment. 414 direct jobs related to fish processing, 310 to aquaculture and 273 to fish catching.

Of the total of 8,815 FTE jobs in Shetland in 2014, 2,243 or 25% were dependent on the seafood sector. This is proportionately higher than for jobs, which shows a higher than average level of full time employment in the sector. 914 or 10% of all FTE's in the islands relate to direct employment in the seafood sector, and again this

is proportionately higher than for jobs. 375 FTE's related to fish processing, 281 to aquaculture and 258 to fish catching.

Estimated wage income for the Shetland seafood sector in 2014/15 was £35.1m, with an estimated spend of £21.9m on goods and services within Shetland.

### **Fish Catching**

Fish catching is an important sector of the Shetland economy, however in recent years the fleet has been decreasing. The most recent figures indicate the fleet comprises 179 boats, which is a rise of 6 on the previous year. However over the period from 2001, there has been a drop of 56 vessels. The vast majority of the Shetland fishing fleet is comprised of under 10m boats. This accounted for 76% of the total fleet in 2014.

**Table 8: Shetland Fishing Fleet by Vessel Length**

<b>Year</b>	<b>Over 25m</b>	<b>10-25m</b>	<b>Under 10m</b>	<b>Total</b>
<b>2001</b>	23	35	177	235
<b>2009</b>	13	36	133	182
<b>2010</b>	14	35	138	187
<b>2011</b>	14	30	131	175
<b>2012</b>	14	29	134	177
<b>2013</b>	14	27	132	173
<b>2014</b>	14	29	136	179

Source: Shetland in Statistics; Marine Scotland Science.

Landings made into Shetland in 2014 were the second highest of any Scottish district behind Peterhead, and comprised approximately 20% of total Scottish fish landings for the year. Landings into the islands totalled 77,000 tonnes at a value of £75 million. The majority of these landings were pelagic species, which represented 76% of total quantity and 58% of the total value of landings. Demersal species accounted for 21% of quantity and 36% of the value landed.<sup>1</sup>

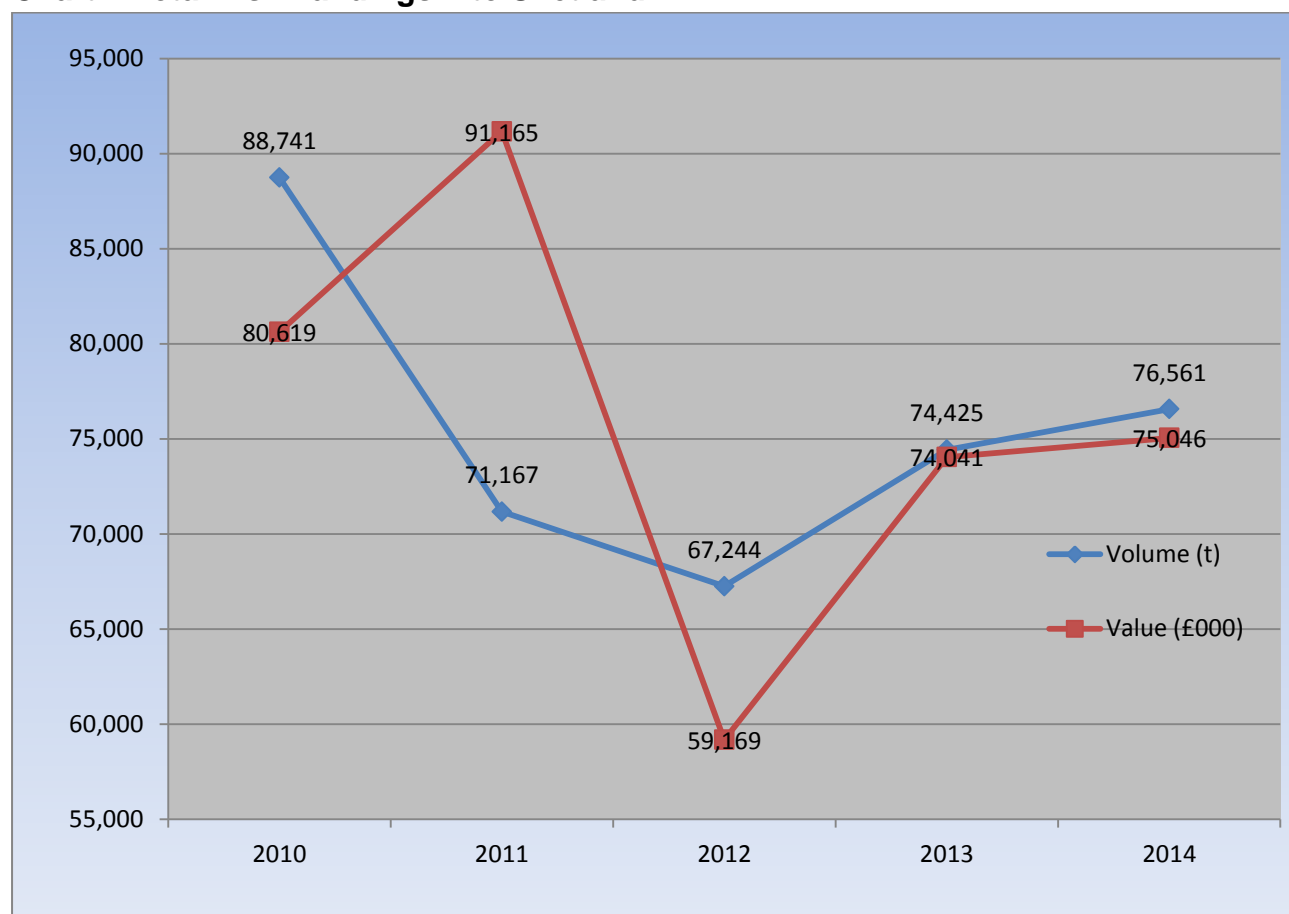
The table and chart below show the tonnage and value of all fish landings into Shetland from 2010 – 2014. From this it can be seen that there has been significant fluctuation both in terms of volume and value over the period.

<sup>1</sup> Source Marine Scotland

**Table 9: Total Fish Landings into Shetland**

Year	Volume (tonnes)	Value (£000)
2010	88,741	80,619
2011	71,167	91,165
2012	67,244	59,169
2013	74,425	74,041
2014	76,561	75,046

Source: Scottish Sea Fisheries Statistics 2014: Landings Tables

**Chart 1 Total Fish Landings into Shetland**

An analysis of landings by fish type shows that overall figures are greatly influenced by fluctuation in relation to the volume and value of pelagic landings. This is detailed in the table and chart below.

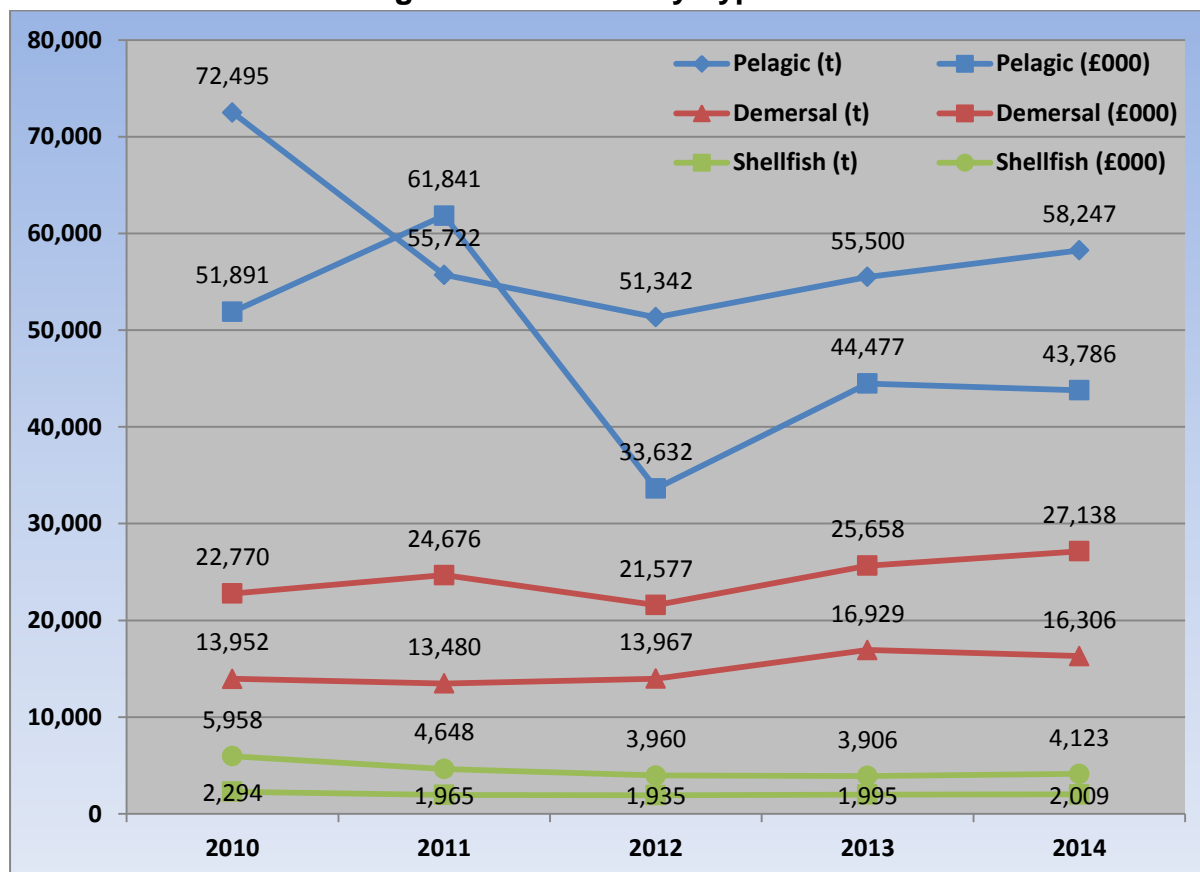
**Table 10: Total Fish Landings into Shetland by Type**

	Volume (t)					Value (£000)				
Year	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
<b>Pelagic</b>	72,495	55,722	51,342	55,500	58,247	51,891	61,841	33,632	44,477	43,786
<b>Demersal</b>	13,952	13,480	13,967	16,929	16,306	22,770	24,676	21,577	25,658	27,138
<b>Shellfish</b>	2,294	1,965	1,935	1,995	2,009	5,958	4,648	3,960	3,906	4,123
<b>Total</b>	88,741	71,167	67,244	74,425	76,561	80,619	91,165	59,169	74,041	75,046

Source: Scottish Sea Fisheries Statistics 2014: Landings Tables



**Chart 2 Total Fish Landings into Shetland by Type**



From the table and chart above it can be seen that, the volume of pelagic landings has fallen by 20% and value by 15%, over the period. Landings of demersal species have grown by 17%, and value has risen by 19%, and landings of shellfish have fallen by 12% with a drop in value of 30%. Therefore from this data the growth of the demersal market in the islands is apparent.

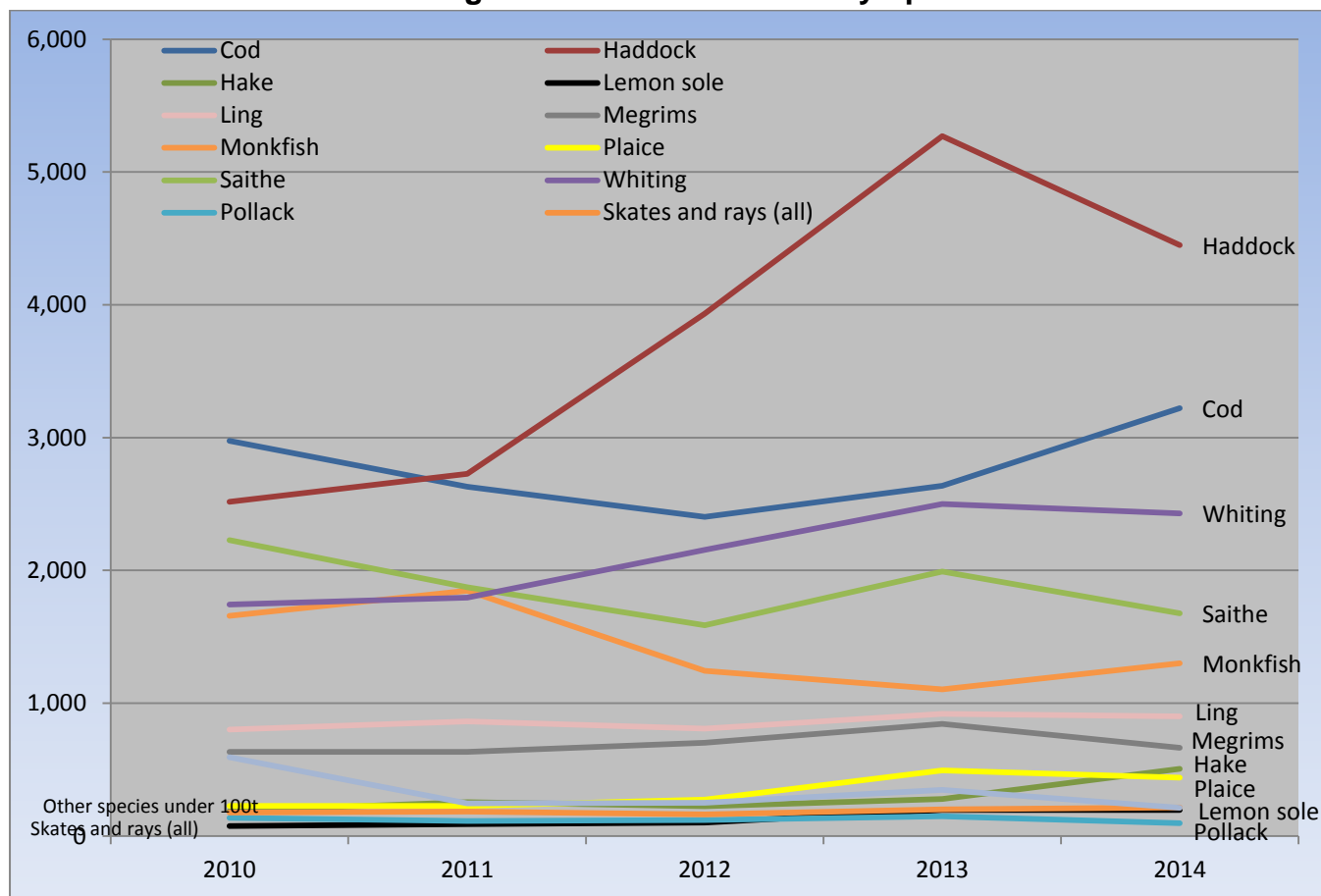
The breakdown of landings into Shetland by species, in terms of both tonnage and value for the last 5 years, is contained in the table and charts below.

**Table 11: Total Fish Landings into Shetland by Species**

	Volume (t)					Value (£000)				
Year	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
<b>Total Demersal</b>	<b>13,952</b>	<b>13,480</b>	<b>13,967</b>	<b>16,929</b>	<b>16,306</b>	<b>22,770</b>	<b>24,676</b>	<b>21,577</b>	<b>25,658</b>	<b>27,138</b>
Catfish	46	40	43	51	49	72	74	79	95	90
Cod	2,976	2,631	2,404	2,637	3,222	5,775	5,743	4,601	5,174	6,608
Cuckoo ray	69	112	92	110	119	71	117	73	91	84
Haddock	2,516	2,728	3,935	5,270	4,449	3,137	3,425	4,370	6,934	6,765
Hake	190	254	225	280	506	224	344	309	438	737
Lemon sole	74	90	102	195	196	218	353	348	680	834
Ling	802	863	809	919	901	975	1,198	1,069	1,201	1,062
Megrimms	634	633	701	844	664	1,841	2,193	2,042	2,222	1,950
Monkfish	1,659	1,846	1,244	1,105	1,300	5,515	6,210	3,921	3,496	3,895
Plaice	226	227	273	494	440	171	194	209	347	382
Pollack	136	112	120	148	97	287	275	253	301	213
Red gurnards	18	23	28	45	30	5	10	11	16	12
Saithe	2,227	1,873	1,588	1,991	1,677	1,919	1,844	1,555	1,571	1,477
Skates and rays	78	32	26	29	39	80	40	24	27	38
Spotted ray	29	39	44	62	56	40	57	50	69	61
Tusk	40	32	27	33	24	35	31	25	24	18
Whiting	1,744	1,794	2,155	2,501	2,429	1,936	2,149	2,292	2,568	2,661
Witches	72	88	91	75	61	88	127	122	84	79
Other demersal	417	63	63	143	48	383	292	223	320	172
<b>Total Pelagic</b>	<b>72,495</b>	<b>55,722</b>	<b>51,342</b>	<b>55,500</b>	<b>58,247</b>	<b>51,891</b>	<b>61,841</b>	<b>33,632</b>	<b>44,477</b>	<b>43,786</b>
Herring	7,542	9,440	15,925	11,441	6,576	2,255	4,608	7,123	4,448	1,691
Horse mackerel	2,861	2,146	1,489	179	69	1,398	1,120	849	118	8
Mackerel	56,235	44,136	28,404	43,879	51,601	47,026	56,113	24,169	39,911	42,086
Other pelagic	5,858	-	5,524	-	-	1,212	-	1,492	-	-
<b>Total Shellfish</b>	<b>2,294</b>	<b>1,965</b>	<b>1,935</b>	<b>1,995</b>	<b>2,009</b>	<b>5,958</b>	<b>4,648</b>	<b>3,960</b>	<b>3,906</b>	<b>4,123</b>
Edible crabs	317	296	343	460	639	315	299	383	511	733
Lobsters	34	30	36	36	42	407	365	488	430	558
Scallops	1,077	910	1,147	1,157	990	3,030	1,574	1,943	1,921	1,885
Squid	228	157	38	80	108	646	642	179	358	330
Velvet crabs	275	263	232	185	168	693	814	699	604	519
Whelks	14	20	53	36	34	7	10	32	25	26
Other shellfish	349	289	86	42	28	860	943	236	56	72
<b>Total landings</b>	<b>88,741</b>	<b>71,167</b>	<b>67,244</b>	<b>74,425</b>	<b>76,561</b>	<b>80,619</b>	<b>91,165</b>	<b>59,169</b>	<b>74,041</b>	<b>75,046</b>

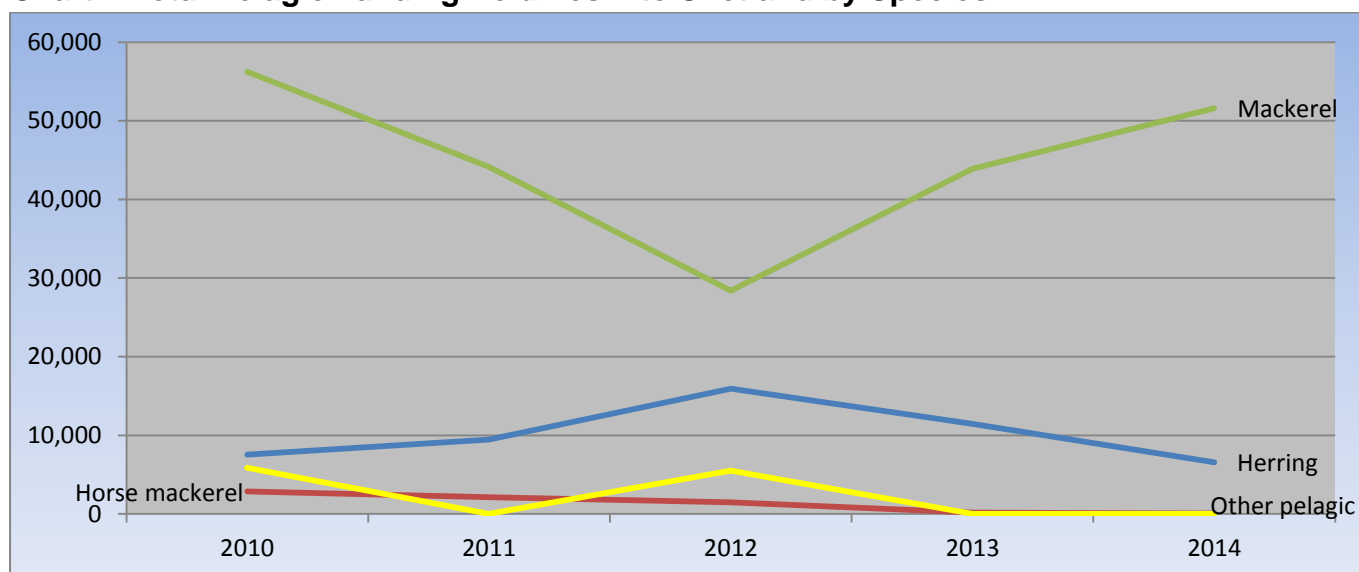
Source: Scottish Sea Fisheries Statistics 2014: Landings Tables

**Chart 3 Total Demersal Landing Volumes into Shetland by Species**



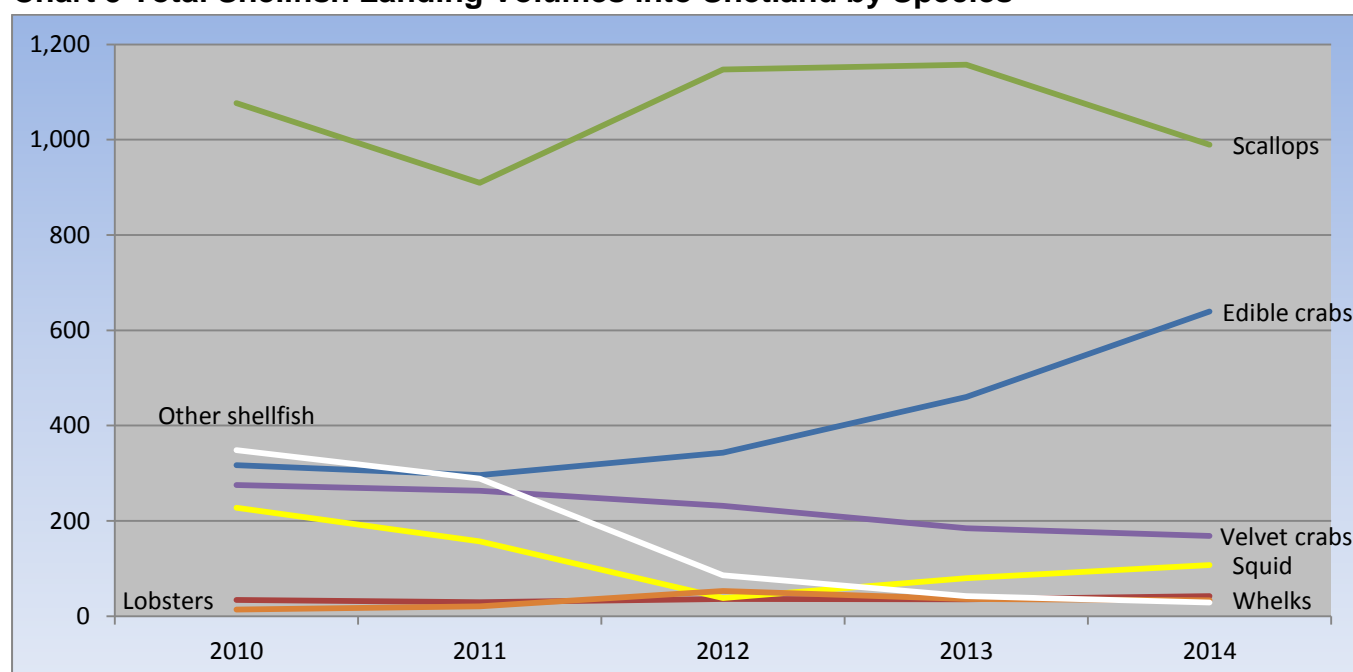
From the table and chart above it can be seen that, the main demersal species landed were haddock and cod. There has been a significant rise in haddock landings of 1,933 tonnes or 77% over the period, with a rise in value of £3.6m or 115%. Cod landings have risen by 246 tonnes or 8% with a rise in value of £833,000 or 14%. Haddock has passed cod as the main demersal species landed.

**Chart 4 Total Pelagic Landing Volumes into Shetland by Species**



From the table and chart above it can be seen that, the main pelagic species landed was mackerel. There have been significant variations in mackerel landings, from a high of 56,235 tonnes in 2010, to a low of 28,404 tonnes in 2012, with values varying from £56.1m in 2011 to £24.1m in 2012. Therefore fluctuation in relation to the volume and value of mackerel landings, can greatly influence the overall figures for fish landings into Shetland.

**Chart 5 Total Shellfish Landing Volumes into Shetland by Species**



From the table and chart above it can be seen that, the main shellfish species landed were scallops and edible crabs. The volumes and values of shellfish landed in the islands are relatively small when compared to pelagic and whitefish species. However they are the mainstay of a significant proportion of the under 10m fleet. There has been a fall in scallop landings of 87 tonnes or 8% over the period, with a fall in value of £1.1m or 38%. Edible crab landings have risen by 322 tonnes or 101% with a rise in value of £418,000 or 133%.

## Fish Processing

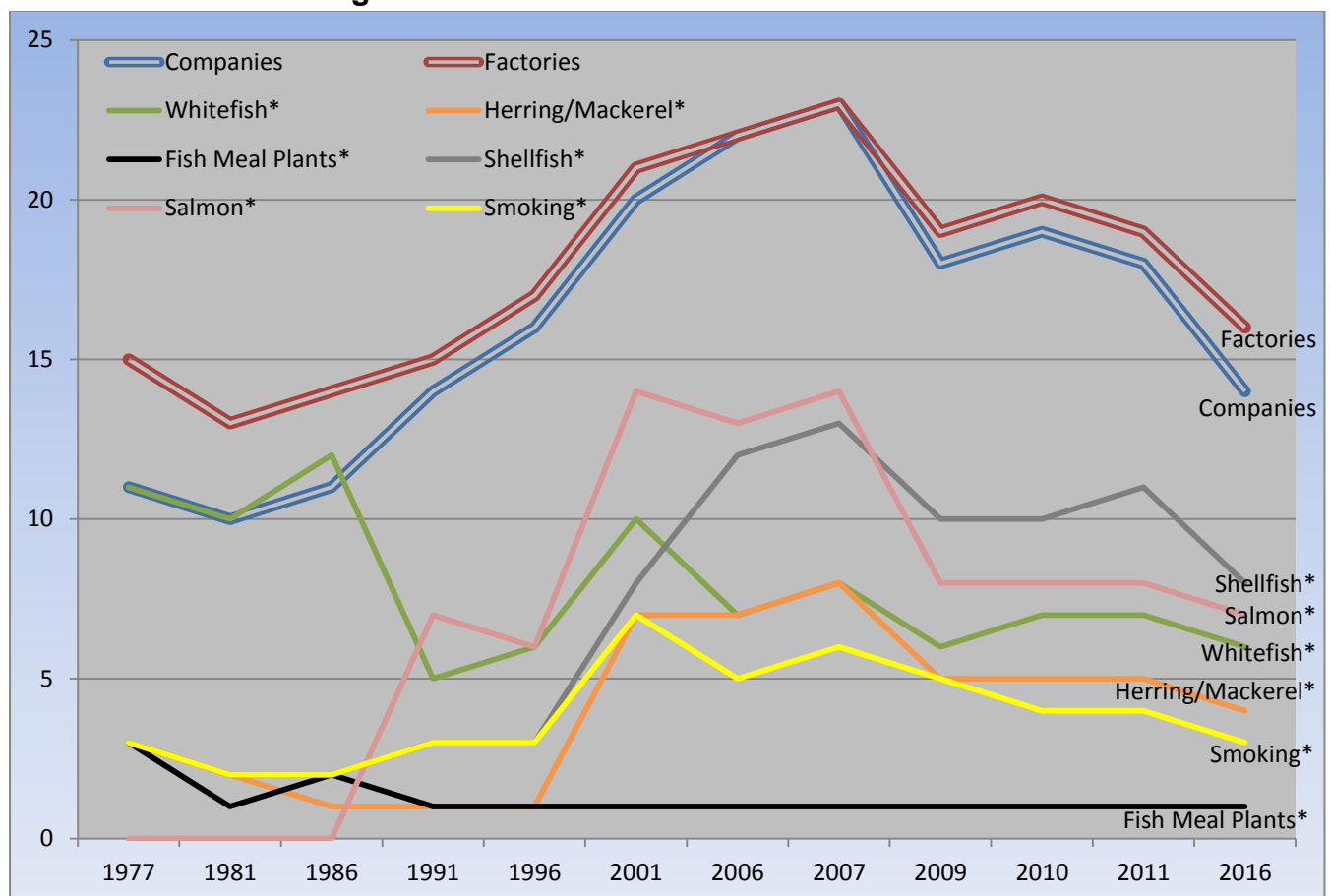
Fish processing has historically been an important part of the Shetland economy, however over time the focus of the sector has fluctuated between demersal and pelagic species, and latterly between wild caught and farmed seafood produce. Changes since the late 1970's are illustrated in the table and chart below.

**Table 12: Fish Processing in Shetland 1997 - 2016**

	1977	1981	1986	1991	1996	2001	2006	2007	2009	2010	2011	2016
<b>Companies</b>	11	10	11	14	16	20	22	23	18	19	18	14
<b>Factories</b>	15	13	14	15	17	21	22	23	19	20	19	16
<b>Whitefish*</b>	11	10	12	5	6	10	7	8	6	7	7	6
<b>Herring/Mackerel*</b>	3	2	1	1	1	7	7	8	5	5	5	4
<b>Fish Meal Plants*</b>	3	1	2	1	1	1	1	1	1	1	1	1
<b>Shellfish*</b>	3	2	2	3	3	8	12	13	10	10	11	8
<b>Salmon*</b>	0	0	0	7	6	14	13	14	8	8	8	7
<b>Smoking*</b>	3	2	2	3	3	7	5	6	5	4	4	3

\* Indicates number of processing lines; Source: Shetland in Statistics; 2016 industry estimate

**Chart 6 Fish Processing in Shetland 1997 – 2016**



From the table and chart above it can be seen that following a period of growth through the 1990's and early 2000's, which related to increased processing of farmed seafood produce, the numbers of companies and factories undertaking fish processing in the islands has decreased back to around 1991 levels. Over the period the composition of the processing sector has moved away from whitefish, which declined significantly in the 1980's, towards farmed salmon and shellfish (mussels).

## 2.2 Data for Scalloway

### Population

From the table below it can be seen that according to Census data, in 2011 Scalloway had a total population of 1,343. This figure has been calculated by analysing the data for the Census Output Areas relating to the Scalloway area, and represents an increase of 19% since 2001, when the population stood at 1,129. It is also three and a half times higher than the average population growth level for Shetland over the period, which was 5.4%.

**Table 13: Population Change, 2001 – 2011**

Area	2001 Resident Population	2011 Census Population	Population Change 01-11	% Change 01-11
<b>Scalloway</b>	1,129	1,343	214	19%
<b>Shetland</b>	21,988	23,167	1,179	5.4%

Sources: Scottish Census 2011. Shetland in Statistics 2014

The table below shows population by age group for both Shetland and Scalloway based on 2011 Census data. The figures show that compared to Shetland as a whole, Scalloway has a higher percentage of adults in the 20-44 age groups, 35.4% as opposed to 30.9%, and a lower percentage in the 45-74 age groups, 34.2% as opposed to 37.9%, showing a proportionately younger adult population in the area than the Shetland average.

**Table 14: Population by Age Group**

Shetland 2011			Scalloway 2011	
Age Group	Number	%	Number	%
<b>0-4</b>	1,389	6.0	87	6.5
<b>5-9</b>	1,326	5.7	86	6.4
<b>10-14</b>	1,450	6.3	80	6.0
<b>15-19</b>	1,451	6.3	55	4.1
<b>20-24</b>	1,295	5.6	80	6.0
<b>25-29</b>	1,253	5.4	104	7.7
<b>30-44</b>	4,606	19.9	291	21.7
<b>45-59</b>	5,063	21.9	287	21.4
<b>60-64</b>	1,557	6.7	73	5.4
<b>65-74</b>	2,143	9.3	100	7.4
<b>75-84</b>	1,178	5.1	70	5.2
<b>85-89</b>	296	1.3	20	1.5
<b>90+</b>	160	0.7	10	0.7
<b>Total</b>	<b>23,167</b>	<b>100</b>	<b>1,343</b>	<b>100</b>

Source: Scottish Census 2011

The table below shows economic activity for the 16-74 age groups in both Shetland and Scalloway based on the 2011 Census results. The figures show that Scalloway

follows a similar trend to the results for Shetland as a whole, with roughly 80% active. Scalloway has a slightly higher percentage of people in full time employment, 51% as opposed to 48%, but slightly lower percentages of part time and self employment 23% as opposed to 26%, than Shetland as whole.

**Table 15: Economic Activity of Scalloway Residents(16-74)**

	Shetland 2011		Scalloway 2011	
	Number	%	Number	%
<b>Economically Active</b>	<b>13,324</b>	<b>78</b>	<b>780</b>	<b>79</b>
Employee – Part-Time	2,977	17	161	16
Employee – Full Time	8,119	48	498	51
Self-employed	1,535	9	72	7
Unemployed	349	2	29	3
Full-time Student	344	2	20	2
<b>Economically Inactive</b>	<b>3,738</b>	<b>22</b>	<b>204</b>	<b>21</b>
Retired	2,191	13	108	11
Student	430	3	29	3
Looking after home or family	397	2	24	2
Long term sick or disabled	504	3	29	3
Other	216	1	14	1
<b>Total</b>	<b>17,062</b>	<b>100</b>	<b>984</b>	<b>100</b>

Source: Scottish Census 2011

The figures in the table above are based on the employment status of Scalloway residents, regardless of the location of that employment. The table below details employment within the Scalloway Community Council catchment area, regardless of where these employees live.

**Table 16: Employment in the Scalloway Community Council Area 2014**

	<b>MFT</b>	<b>FFT</b>	<b>MPT</b>	<b>FPT</b>	<b>Total</b>	<b>MFTE</b>	<b>FFTE</b>	<b>TFTE</b>
Total	263	131	68	154	616	286	182	468
Direct Fisheries	109	36	3	6	154	110	38	148
Seafood Dependent	178	66	20	42	306	185	80	265

Source – Shetland Seafood Sector Community Impact Study 2014/15, SSQC

From the table above it can be seen that total jobs in Scalloway in 2014 were 616, of these 154 or 25% were directly in the fisheries sector, and 306 or 50% were fisheries dependent. These jobs equated to 468 FTE's, 148 or 32% of which were directly in the fisheries sector, and 265 or 57% were fisheries dependent.

## Fish Catching Scalloway

Landings made into Scalloway are the second highest of any Shetland port behind Lerwick, and represented between 3.4% and 6.3% of total landings into Shetland per year by weight, and 5.1% to 10.8% by value.

The vast majority of landings into Shetland are pelagic species, the vast majority of which are landed to a processing facility in Lerwick. This represented 76% of total quantity and 58% of the total value of landings into Shetland in 2014, with demersal species accounting for 21% of quantity and 36% of the value landed.<sup>2</sup> Scalloway has very little pelagic landings, and the vast majority of fish landed are demersal. This will be examined in more detail later in this report.

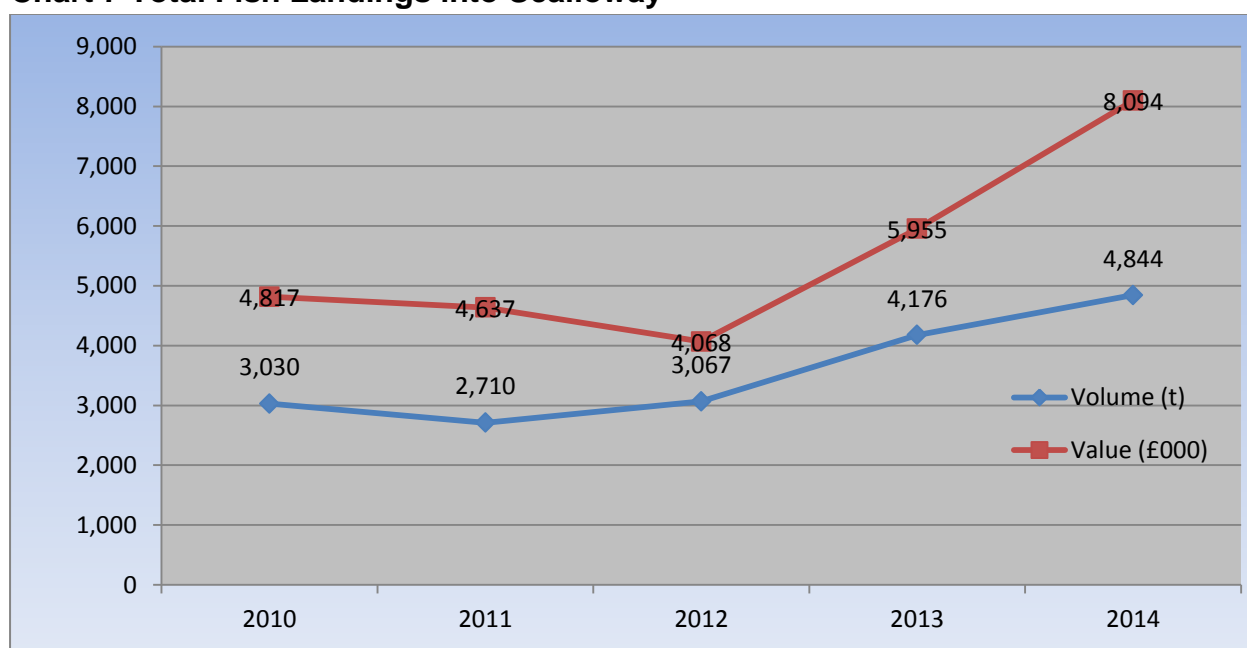
The table and chart below show the tonnage and value of all fish landings into Scalloway from 2010 – 2014. From this it can be seen that there has been significant rise in both volume and value since 2012.

**Table 17: Total Fish Landings into Scalloway**

Year	Volume (tonnes)	Value (£000)
2010	3,030	4,817
2011	2,710	4,637
2012	3,067	4,068
2013	4,176	5,955
2014	4,844	8,094

Source: Scottish Sea Fisheries Statistics 2014: Landings Tables

**Chart 7 Total Fish Landings into Scalloway**



<sup>2</sup> Source Marine Scotland



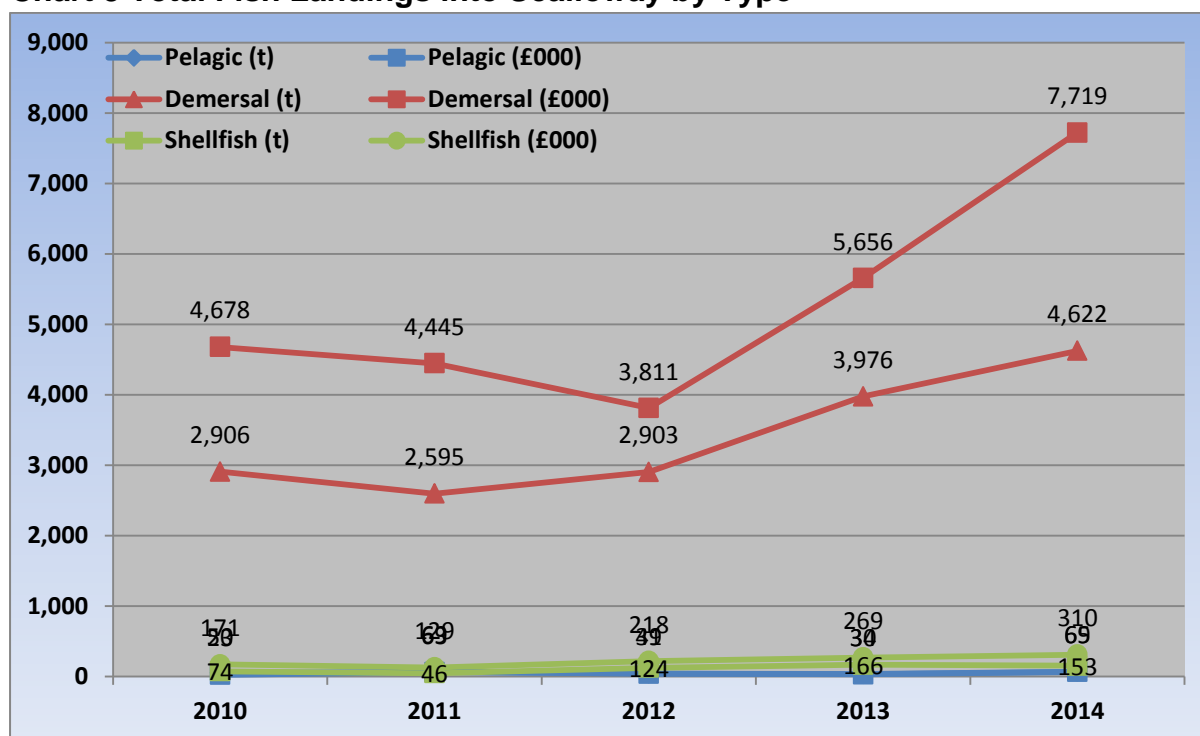
An analysis of landings by fish type shows that overall figures are greatly influenced by fluctuation in relation to the volume and value of demersal landings. This is detailed in the table and chart below.

**Table 18: Total Fish Landings into Scalloway by Type**

	Volume (t)					Value (£000)				
Year	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Pelagic	50	69	41	34	69	23	63	39	30	65
Demersal	2,906	2,595	2,903	3,976	4,622	4,678	4,445	3,811	5,656	7,719
Shellfish	74	46	124	166	153	171	129	218	269	310
<b>Total</b>	<b>3,030</b>	<b>2,710</b>	<b>3,067</b>	<b>4,176</b>	<b>4,844</b>	<b>4,871</b>	<b>4,637</b>	<b>4,068</b>	<b>5,955</b>	<b>8,094</b>

Source: Scottish Sea Fisheries Statistics 2014: Landings Tables

**Chart 8 Total Fish Landings into Scalloway by Type**



Demersal landings made into Scalloway represented between 19% and 28% of total demersal landings into Shetland per year by weight, and 18% to 28% by value. Both the proportionate weight and value of demersal landings in Scalloway have risen year on year from 2012.

Pelagic landings made into Scalloway represented between 0.07% and 0.12% of total pelagic landings into Shetland per year by weight, and 0.04% to 0.15% by value. Therefore Scalloway is not a significant landing port for pelagic species in the islands.

Shellfish landings made into Scalloway represented between 2.3% and 8.3% of total shellfish landings into Shetland per year by weight, and 2.7% to 7.5% by value.

Although not as significant as demersal landings the actual weight and value of shellfish landings in Scalloway have risen from 2012.

Although the volume and value of pelagic landings has risen over the period, they remain a very small proportion of landings into the port, 1% - 3% by weight and 0% - 1% of value. Also although the volume and value of shellfish landings has risen over the period, they too remain a very small proportion of landings into the port, at between 2% and 4% by weight and 3% and 5% of value.

Therefore demersal landings are the mainstay of the port varying from 95% to 96% of landings by weight and 94% to 96% by value. In addition from this data, growth in demersal landings into the port is apparent, with a rise of 1,716 tonnes (59%) and £3m (65%) in value since 2010.

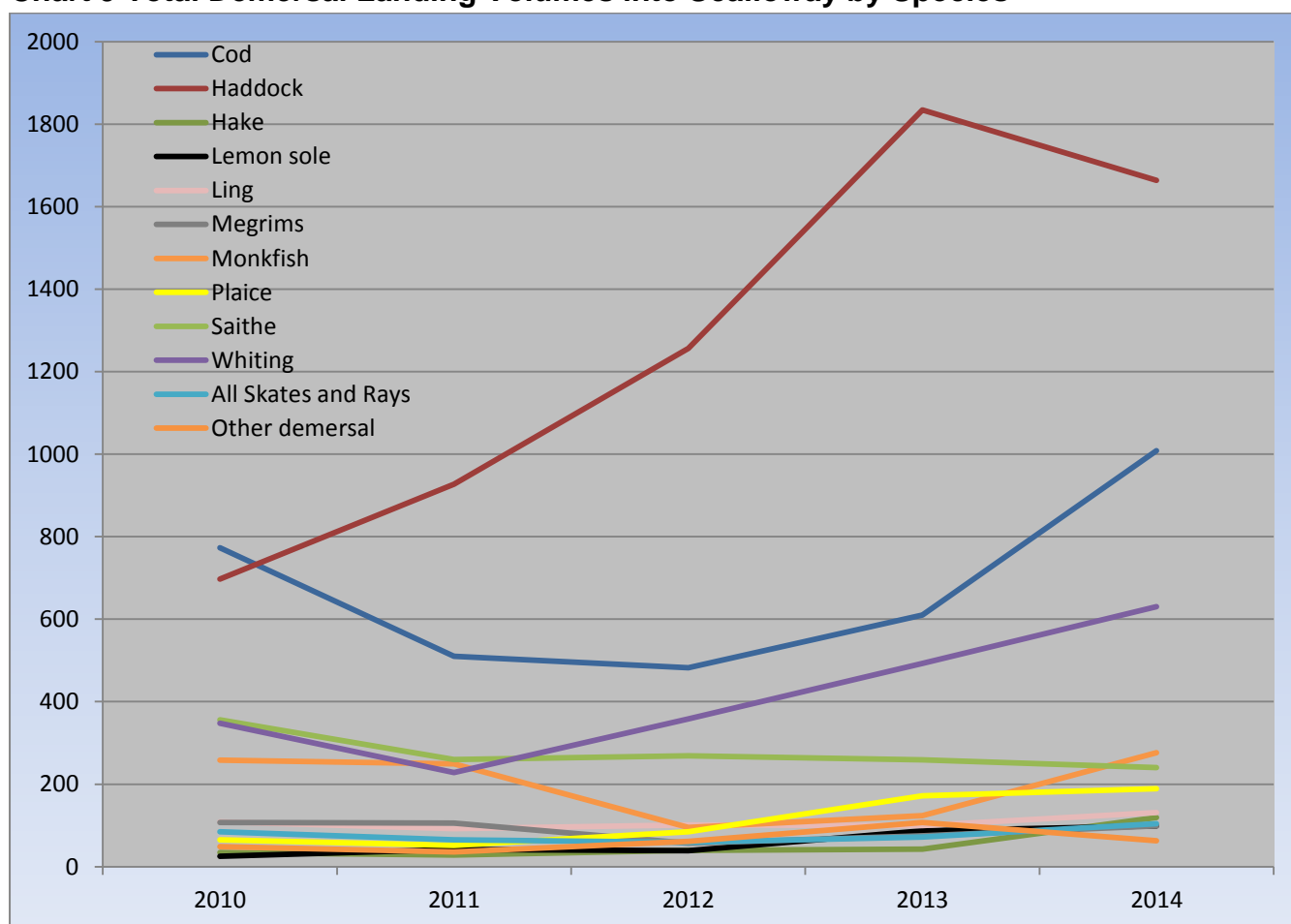
The breakdown of landings into Scalloway by species, in terms of both tonnage and value for the last 5 years, is contained in the table and chart below.

**Table 19: Total Fish Landings into Scalloway by Species**

Year	Volume (t)					Value (£000)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
<b>Total Demersal</b>	<b>2,906</b>	<b>2,595</b>	<b>2,903</b>	<b>3,976</b>	<b>4,622</b>	<b>4,678</b>	<b>4,445</b>	<b>3,811</b>	<b>5,656</b>	<b>7,719</b>
Catfish	0.8	1	1	1.4	1.3	1.1	1.8	1.7	2.6	2.1
Cod	773	510	482	610	1,008	1,441	1,104	902	1,208	2,083
Cuckoo ray	19	26	21	29	46	19	28	17	26	33
Haddock	697	927	1,256	1,834	1,664	843	1,044	1,337	2,348	2,525
Hake	34	28	40	43	119	46	36	54	68	186
Lemon sole	25	42	39	87	99	75	163	129	288	417
Ling	109	92	101	100	131	141	140	124	130	143
Megrim	107	106	57	75	99	349	363	150	208	297
Monkfish	258	249	95	124	276	848	859	287	391	809
Plaice	65	52	85	172	189	46	39	60	105	154
Pollack	13	8	29	24	23	28	21	52	46	45
Red gurnards	5.5	5.9	11	22	18	2	2.5	5.8	7	6.8
Saithe	356	260	269	259	240	292	241	235	191	206
Skates and rays	47	10	8.1	7.6	12	52	12	7.1	5.6	12
Spotted ray	19	29	30	35	46	25	44	34	38	51
Tusk	4.1	1.7	1.1	2.4	1.7	3.5	1.5	1	1.6	1.3
Whiting	348	228	358	493	630	406	282	359	493	685
Witches	3.1	4.5	3.7	4.4	4.6	3.9	7.2	4.6	5.6	6.7
Other demersal	22	15	16	53	14	56	56	51	94	56
<b>Total Pelagic</b>	<b>50</b>	<b>69</b>	<b>41</b>	<b>34</b>	<b>69</b>	<b>23</b>	<b>63</b>	<b>39</b>	<b>30</b>	<b>65</b>
Herring	0.3	0.1	1.1	0	0	0.6	0.2	1.5	0	0
Horse mackerel	0	0	1.6	0	0	0	0	0.8	0	0
Mackerel	50	69	38	34	69	22	63	37	30	65
Other pelagic	0	0	0	0	0	0	0	0	0	0
<b>Total Shellfish</b>	<b>74</b>	<b>46</b>	<b>124</b>	<b>166</b>	<b>153</b>	<b>171</b>	<b>129</b>	<b>218</b>	<b>269</b>	<b>310</b>
Edible crabs	2.1	14	84	81	42	1.6	18	105	94	45
Lobsters	1.4	0.2	0.7	0.5	0.9	16	1.7	7.5	6.3	12
Scallops	4.4	6.4	16	48	45	7.8	14	28	71	81
Squid	45	19	7.9	12	48	104	67	37	51	128
Velvet crabs	21	5.9	15	16	17	40	17	40	40	44
Whelks	0	0	0	7.9	0	0	0	0	5.5	0
Other shellfish	0.2	0.6	0	0.3	0	1.1	11	0	1	0
<b>Total landings</b>	<b>3,030</b>	<b>2,710</b>	<b>3,067</b>	<b>4,176</b>	<b>4,844</b>	<b>4,871</b>	<b>4,637</b>	<b>4,068</b>	<b>5,955</b>	<b>8,094</b>

Source: Scottish Sea Fisheries Statistics 2014: Landings Tables

**Chart 9 Total Demersal Landing Volumes into Scalloway by Species**



From the table and chart above it can be seen that, the main demersal species landed are haddock and cod. There has been a significant rise in haddock landings of 967 tonnes or 139% over the period, with a rise in value of £1.7m or 200%. Cod landings have risen by 235 tonnes or 23% with a rise in value of £1m or 106%. Haddock has passed cod as the main demersal species landed.

As would be expected in line with increased fish landings, the number of boxes landed to both Scalloway and Lerwick Fish Markets has risen significantly, as illustrated in the table and charts below.

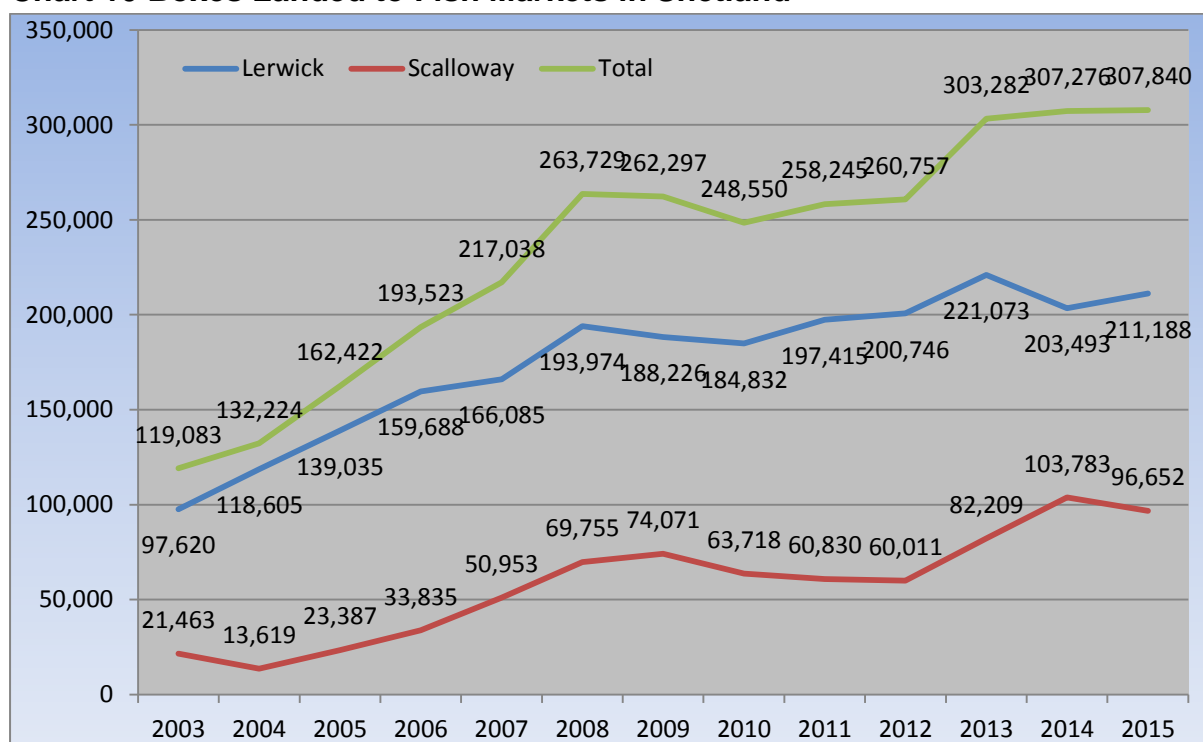
**Table 20: Boxes Landed to Fish Markets in Shetland**

	Volume (Boxes)							%						
Year	2003	2004	2005	2006	2007	2008	2009	03	04	05	06	07	08	09
Total	119,083	132,224	162,422	193,523	217,038	263,729	262,297							
Lerwick	97,620	118,605	139,035	159,688	166,085	193,974	188,226	82	90	86	83	77	74	72
Scalloway	21,463	13,619	23,387	33,835	50,953	69,755	74,071	18	10	14	17	23	26	28
Year	2010	2011	2012	2013	2014	2015	2016*	10	11	12	13	14	15	16
Total	248,550	258,245	260,757	303,282	307,276	307,840	136,501							
Lerwick	184,832	197,415	200,746	221,073	203,493	211,188	80,162	74	76	77	73	66	69	59
Scalloway	63,718	60,830	60,011	82,209	103,783	96,652	56,339	26	24	23	27	34	31	41

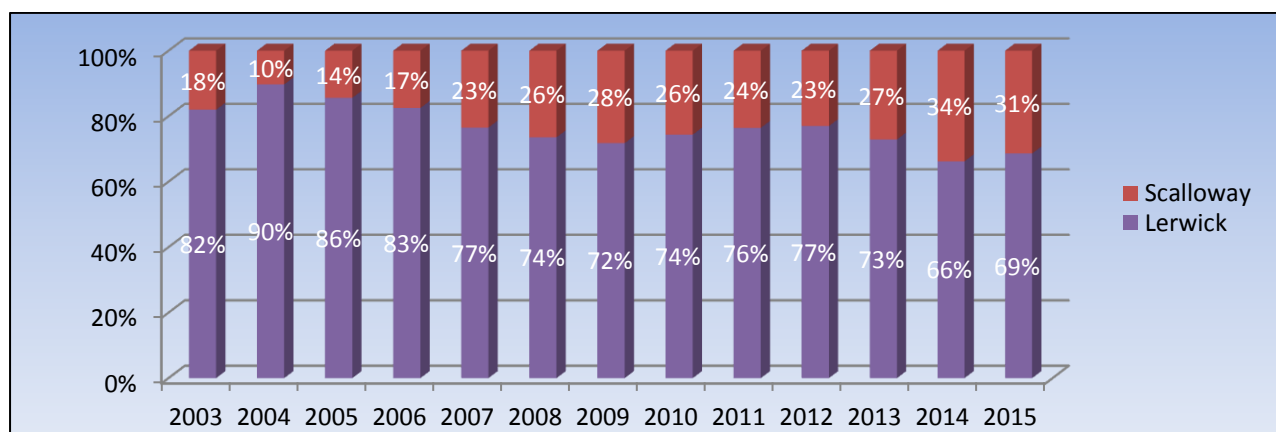
Source: Shetland Seafood Auction

\* Year to date

**Chart 10 Boxes Landed to Fish Markets in Shetland**



**Chart 11 Percentage of Boxes Landed to Fish Markets in Shetland**



From the table and charts above it can be seen that the total number of boxes of fish landed into Shetland has risen year on year from 2003, rising from 119,083 to 307,840 or 159% between 2003 and 2015. Boxes landed into Scalloway have risen from a low of 13,619 in 2004, to 96,652 in 2015, an increase of 610%. This is also reflected in the proportionate share of box landings being made into Scalloway, which has risen from a low of 10% in 2004 to a high of 34% in 2014, and is currently 41% for the first half of 2016.

The following tables and charts detail individual and average landings both overall for Fish Markets in Shetland and also solely to Scalloway. Tables detailing monthly statistics are contained in Appendix 1.

**Table 22 Individual and Average Landings to Fish Markets in Shetland**

	2003			2004			2005			2006			2007			2008			2009		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<b>1000+</b>	15			16			49			66			92			126	11		110	14	1
<b>Highest</b>	1325			1240			1543			1952			1850			2700			3000		
<b>Total</b>	119083			132224			162422			193523			209833			263729			262297		
<b>Average</b>	486			540			663			790			856			1076			1071		
	2010			2011			2012			2013			2014			2015			2016*		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<b>1000+</b>	102	15		119	14		126	8		120	29		113	30	6	107	36	3	38	17	4
<b>Highest</b>	2510			2830			2614			2830			4156			3675			3618		
<b>Total</b>	248550			258245			260757			303282			307276			307840			136501		
<b>Average</b>	1014			1054			1064			1238			1254			1256			1484		

Source: Shetland Seafood Auction

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes

\* Year to date

**Table 23 Individual and Average Landings to Scalloway Fish Market**

	2003			2004			2005			2006			2007			2008			2009		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<b>1000+</b>	1												2			5			9		
<b>Highest</b>	1000			635			802			975			1090			1280			1380		
<b>Total</b>	21463			13619			23387			33835			50953			69755			74071		
<b>Average</b>	88			56			95			138			208			285			302		
	2010			2011			2012			2013			2014			2015			2016*		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<b>1000+</b>	5			5			2			9			23	1		21			18		
<b>Highest</b>	1135			1751			1208			1215			2475			1755			1733		
<b>Total</b>	63718			60830			60011			82209			103783			96652			53317		
<b>Average</b>	260			248			245			336			424			394			580		

Source: Shetland Seafood Auction

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes

\* Year to date

From the table and charts above it can be seen that not only has the number of boxes landed into Shetland increased significantly, so have both the average sizes of landings on any given day and peak box landing numbers.

In 2003 there were 15 market days in Shetland where boxes landed exceeded 1000. By 2015 this had risen to 146, including 36 days with over 2000 boxes and 3 with over 3000 boxes. The highest landing peak was recorded in 2014, with 4,156 boxes of fish landed on one market day.

Scalloway Fish Market had only 1 market day exceeding 1,000 boxes between 2003 and 2006. In 2014 there were 24, including 1 day over 2,000 boxes and in 2015 there were 21. There have already been 18, in the first half of 2016.

It should be noted that the increase in landing figures to these markets may not reflect the true level of demand for Shetland as a landing port, as vessels are now sometimes turned away, due to a lack of capacity at these fish markets. Therefore actual demand at peak times may well be higher than indicated by these figures.

There are no separate income and expenditure figures kept by the SIC for the Scalloway Fish Market. However the following table makes an estimation of the income generated from the market, and associated expenditure based on discussions with SIC officials

<b>Table 24 Scalloway Fish Market Accounts</b>							
<b>Income</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Combined</b>	<b>Average</b>
Fish Landing Dues*	118,881	104,543	142,945	187,157	225,068	778,594	155,719
<b>Expenditure</b>							
Employee Costs**	33,018	33,840	41,637	44,286	43,746	196,527	39,305
Property & Fixed Plant^	23,104	18,781	24,133	26,836	22,807	115,662	23,132
Supplies and Services^^	923	1,659	1,870	1,745	3,844	10,042	2,008
Trans & Mobile Plant “	2,361	3,013	3,961	3,377	4,972	17,684	3,537
Admin “”	2,538	2,574	3,047	3,182	1,441	12,781	2,556
<b>Surplus</b>	<b>59,474</b>	<b>47,250</b>	<b>71,344</b>	<b>110,912</b>	<b>149,699</b>	<b>438,680</b>	<b>87,736</b>

Source: SIC Ports and Harbours

\* These figures include all landings to the port, some of which do not go through the fish market. To compensate for this no additional income in relation to vessel dues, or service charges have been included in income figures relating to the market.

\*\* 20% of total port costs; ^ 17% of total port costs; ^^ 2% of total port costs; “ 21% of total port costs; “” 20% of total port costs

From the table above it can be seen that fish landing dues at the port rose from £118,881 in 2011/12 to £225,068 in 2015/16, an increase of 89%. The fish market has operated at a surplus in every year ranging from £59,474 to £149,699 at an average of £87,736 per year, and a combined surplus over the last 5 years of £438,680.

### **3.0 Options Considered and Consultation**

#### **3.1 Options**

In addition to the “do nothing/do minimum” option, four options were initially put forward for consideration, consultation and screening. These options were:-

##### **1. Demolition of the existing Market, with no replacement**

Demolition and removal of the existing market, with any landed fish transported by road to Lerwick for sale.

##### **2. Refurbishment / Redevelopment of the existing building on the existing site**

This option was to include a transport corridor and covered loading bays for trucks.

##### **3. Replacement on the pier immediately to the south of the current Market site.**

Relocation of the Market on an area currently used for net mending adjacent to the current market.

##### **4. Replacement of the existing building on a new site at the west of the Harbour in conjunction with quay developments.**

This option would involve the construction of a new quay at the Harbour, which the fish market would be sited on.

These options were considered and refined during consultation for the project, with both hybrid options and any other potentially beneficial ideas that emerged also considered.

#### **3.2 Consultation**

In order to ascertain a full picture of the future options for the facility, consultation was undertaken with a number of stakeholder and interested parties. All consultation was undertaken face-to-face with a total of 29 stakeholders interviewed, as detailed under work stream 3 on P3 of this report. In addition Shetland Fishermen’s Producer Organisation, gathered the views of members at a PO meeting, and a selection of individuals working at the Scalloway Fish Market for a variety of stakeholders were consulted. A summary of these consultations and issues or ideas raised is detailed below.

##### **3.3 Option 1 Demolition of the existing Market, with no replacement**

The overwhelming majority of those interviewed were not in favour of this option. Comments made related to:-

- Potential issues with the availability of transportation particularly at night, and potential impact on the quality of fish from double handling. Although it was



pointed out that a workable system in terms of both fish quality and transportation has been in place in Cullivoe for a number of years.

- The additional cost of transportation from Scalloway to Lerwick, was highlighted as an additional expense which would have to be borne by fishermen.
- Potential lack of capacity at the Lerwick Fish Market to cope with the level of landings made into Scalloway was raised as an issue, which are of a much larger scale than Cullivoe landings. This was certainly felt to be the case as long as the existing Market in Lerwick was in operation, and was felt by many to still be a major issue even if a new larger Market were constructed in Lerwick. It was stated that capacity at the new Market in Lerwick had been based on the assumption that there would be a complementary Fish Market in Scalloway.
- Given the volumes of fish being landed in Scalloway it was felt movement of fish to Lerwick would be a “logistical nightmare”, particularly during peak landing periods.
- It was also stated that issues such as weather and the location of fish stocks, meant that it was imperative in terms of both safety and economics that Shetland retained Fish Markets on both the east and west sides of the islands.
- It was also stated that if the Fish Market were to be removed from Scalloway, this would result in the current landing fee charging system being very unfair. Currently all landing dues for fish landed in Scalloway, or fish not landed at an SIC pier but stored in Scalloway Fish Market are paid to the SIC at a rate of 2.5% of their value. If fish were to be transported to Lerwick Fish Market for sale it is likely that an alternative arrangement would be required for fish landed in Scalloway. This would result in either a reduction in income to the SIC if all or part of the landing dues were transferred to Lerwick, or additional cost to fishermen if an additional charge was made for storage within the Lerwick Fish Market for fish landed in Scalloway, and a 2.5% landing fee continued to be paid to the SIC.

### **3.4 Option 2 Refurbishment / Redevelopment of the existing building on the existing site**

The overwhelming majority of those interviewed felt this option was feasible, although there were some reservations in relation to potential periods of Market closure. Comments made related to:-

- That the location of the current Market was very well suited to the needs of industry, particularly in terms of shelter and frontage.
- This option was considered to be the most inexpensive in terms of developing a fit for purpose Fish Market in Scalloway.
- Concern was raised over potential closure of the Market during refurbishment, including issues raised in relation to option 1 in terms of double handling, transportation and the ability of Lerwick Fish Market to cope. It was stated however that industry could cope with a short period of closure of the Market, if an enhanced facility would be available following refurbishment. The

overwhelming opinion was that refurbishment should be phased in order to minimise or remove the need for closure, and that the Market should only be closed to landings if there were no other feasible option during any phase of refurbishment or redevelopment. It was further suggested that if a period of closure was necessary this should be timed around the period from March to July when landings are traditionally lower, and it was stated by fishermen that a period of closure of up to 6 months might be bearable.

- Some suggestion was also made that any refurbishment may be better to wait until the new Market was available in Lerwick in case of capacity issues if Scalloway had to be closed during any period of refurbishment. However there was also acknowledgement that the pressing need for modernisation and development of the Fish Market in Scalloway may mean that this would not be possible.
- The issue of landing fee distribution between Lerwick and Scalloway similar to those stated under option 1, may also be a concern if Scalloway Fish Market should require to be closed at any point during refurbishment.
- The need for a transport corridor and covered loading bays was recognised by all stakeholders both due to the introduction of palletisation of fish at the Market, and to ensure improvements in quality and hygiene. Suggestions for the width of a transport corridor ranged from 3.5m to 5m. It was stated that four loading bays would be preferable, and the transport operator requested that the SIC involve them in the design of any loading bays and ramped access. Opinion differed as to whether a wall would be required between the main Market and the transport corridor. It was also suggested that loading bays be sited away from other industrial premises in the vicinity of the Market.
- The need for welfare facilities for Market workers and visitors was also highlighted with suggestions including a washing and shower room, tea room, laundry, drying room and changing area. Suggestions for location included utilising some of the upstairs of the building or in current office spaces in the South of the ground floor. There was also a suggestion that the current office space could be relocated upstairs, which might solve some issues relating to heating and chilling of the Market.
- Several stakeholders also stated there was a need to deepen the Market. There were several reasons given for this including increasing landings at the port which impact on the capacity of the current Market which cannot always cope with the amount of fish landed and/or boats are currently turned away due to capacity issues; additional room being required following both the introduction of palletisation and electric forklifts on the Market; additional room being required in order to house grading machinery within the Market. Suggestions for additional depth ranged from 5m to 10m.
- A number of stakeholders stated that if the Market were to be refurbished it would be an ideal opportunity to reconfigure the internal layout and construct three larger bays as opposed to the current four.

- The need for dedicated overnight forklift charging points was highlighted and it was suggested that these could be located within the transport corridor.
- The possibility of photovoltaic roof panels to help power chilling within the Market was also suggested.
- There was some difference of opinion in relation to water depth at the current Market site. The current water depth is 4.8m. However fishermen consulted did not see this as a major problem. While it was acknowledged that a small number of boats may need to berth at high tide, this was not felt to be a major issue for the fleet. There are some larger foreign boats that fish around Shetland, however it was stated that a number of these boats operate under contract and land for transhipment only. It was believed that these boats could currently berth at other areas within Scalloway Harbour, but do not do so.
- The possibility of dredging at the current Market site to increase water depth was also mentioned, however it was not known if this was possible nor if it would impact on the structural integrity of the existing pier.
- There were several comments made in relation to the upstairs premises within the current Fish Market, which have been unoccupied for a considerable period. It was felt that there may be potential for these to be brought back into productive use either as small business units/offices, storage facilities and/or welfare facilities for Market workers and visitors. Mention was also made of a potential new start business in Scalloway that might be interested in the facilities. A number of those interviewed also stated either first hand or through connections within the community that several businesses and organisations had enquired about leasing premises upstairs in the Fish Market and had either “got nowhere with the SIC”, or had been quoted an extremely high rental charge. Comments were also made that if tenants were issued with a full repairing lease issues such as structural repairs would become a shared cost which would reduce SIC expenditure. The issue of access to the upstairs floor should a single storey extension be constructed at the back of the Market was highlighted. It was suggested that access points be placed at each end of the building, and the possibility of a walkway along any extension was suggested to allow access along full length of the upstairs. Issues in relation to access and exit in the case of fire were raised, as was the need to ensure adequate parking for any upstairs development.
- Overall it was felt that refurbishment and redevelopment of the existing Market was a workable solution for the modernisation and upgrading of Fish Market facilities in Scalloway. However careful planning of both the design of any redeveloped Market, and the phasing and timing of any construction work would be required, to ensure a fit for purpose and future proofed facility is developed at minimal disruption to industry.

### **3.5 Option 3 Replacement on the pier immediately to the south of the current Market site**

The overwhelming majority of those interviewed also felt this option was feasible, although there were some reservations in relation to the size of the proposed site and potential need to demolish part of the existing Fish Market, as well as the loss of a net mending area. Comments made related to:-

- It was felt that this could also be a good sheltered location for a Fish Market, although there was some opinion that it was not as good as the existing site. The fishermen surveyed did not feel this site was as good as the current Market location, and were worried about the loss of a net mending area.
- Several stakeholders stated that they did not feel the site was large enough for a new build Market, unless part of the South end of the existing Market was demolished.
- It was felt that consideration required to be given to shape and layout of any new Market. In the main it was felt that a single storey building shorter, but deeper, and with more capacity than the existing building would be preferred. Sufficient parking and turning areas were highlighted, and it was also stated that energy efficiency and future proofing should be considered.
- It was suggested that a new build market might require around 70% of the floor space of the new Lerwick Market.
- There was some minor demand for office space from stakeholders. As well as suggestions of a café and heritage displays to link with the nearby Museum
- As with option 2, features such as a transport corridor, covered loading bays, forklift charging points, larger bays, welfare facilities and photovoltaic panels were also suggested.
- Water depth and dredging issues were also felt to be similar to comments made with regard to option 2.
- It was felt that a new build could possibly be constructed to a higher specification, and more have a more bespoke layout than refurbishment of the existing Market, however it was also acknowledged that it was likely to be more expensive.
- An integral ice plant was suggested however the current ice supplier did not believe this would be practical, as their ice plant services businesses outside the fish catching sector.
- Overall it was felt that a new build to the South of the existing Market was a workable solution for the modernisation and upgrading of Fish Market facilities in Scalloway. However again careful design planning would be required, to ensure a fit for purpose and future proofed facility is developed. In addition in order to achieve a sufficiently sized market on this site it is possible that part of the existing Market would require to be demolished, and an alternative net mending area would be required.

### **3.6 Option 4 Replacement of the existing building on a new site at the west of the Harbour in conjunction with quay developments**

The majority of those interviewed felt this would be the “jewel in the crown” option for Scalloway Harbour, however many stakeholders were concerned that the expenditure could not be justified solely in relation to fish catching activity, and that the cost and potential timescale of this option would make it unrealistic. There were some reservations that this site would not be as sheltered as the East side of the Harbour, and that siting the Market at the end of a new pier might restrict future development of the facility. In addition there was concern raised that siting the Market on a new pier might “sterilise” it for use by any other Harbour traffic, and that a deep water quay might be better developed for other sectors. Comments made related to:-

- It was felt that given Scalloway’s strategic location a deep water quay would be beneficial for the Harbour as a whole, however concern was raised that this option may be more than is required for the fishing catching industry in the current climate.
- Concern was raised about the cost of this option, and whether it was realistic to expect that a project of this scale would proceed at this time. In addition it was stated that if this level of money was spent in Scalloway, that might have a knock-on effect on the ability of the SIC to invest in other pier infrastructure within the islands.
- Concern was also raised over the potential timescale for the construction of a new pier, and its knock-on impact on the timescale for a new Market. It was felt that an upgraded Market was required now, and that linking it to a deep water quay might lead to either excessive delay or halt the redevelopment of the Market altogether.
- It was felt the location of the Market would be very important to ensure easy safe access for both boats and land users, and concern was raised that the site could be exposed during bad weather.
- Concern was raised about whether this would be a multiuse pier, and about the practicality of operating a Fish Market in conjunction with other Harbour traffic. However no planning or environmental health issues were identified.
- It was suggested that it may be more practical to leave the Fish Market located on the East side of the Harbour, and develop a deep water quay on the West side for other potential traffic such as the oil, renewables, cargo and cruise ship markets.

### **3.7 Future Ownership and Management of Scalloway Fish Market**

Stakeholders were also asked for their opinion in relation to the future ownership and management of a Fish Market in Scalloway. Comments made related to:-

- It was felt it would be very unusual for the port operator not to operate the Fish Market therefore it should continue to be operated by the SIC.
- It was felt that things worked fine as they were. The SIC did a fairly good job of operating the Market, and therefore there was not felt to be any need for change.
- It was felt it would be difficult to imagine another owner, and that it was unlikely the operation of the Fish Market would produce enough income to generate much interest from the private sector. If another operator did come in however it was felt that the SIC should own the building and lease it to them, and allow them to collect all landing dues.
- The only opinion that the SIC should remove themselves from the ownership and operation of the Market came from within the Council itself. This centred around a sense that operating a Fish Market does not really fall within the remit of the Council.

## 4.0 Initial Option Screening

A number of potential development proposals have been identified. These will now be assessed through screening to ascertain which should be subject to a more comprehensive appraisal, and which should be discounted at this point. The same questions pertinent to the feasibility of these proposals have been asked for each option. Each option has been scored in relation to these questions on a scale of 0 to 10, 0 being unfeasible and 10 being most feasible.

**Table 25: Initial Option Screening**

	<b>1. Demolition</b>		<b>2. Refurbishment</b>		<b>3. New Build (East)</b>		<b>4. New Build (West)</b>	
1. Is the proposal technically viable?	Yes.	10	Yes, but careful design planning required, and phasing construction work to minimise disruption	8	Yes, but requires careful design planning and may be issues in terms of site size and relocation of net mending area	8	Yes, but requires careful design planning including pier and may not be as sheltered as East Harbour.	8
2. Is there likely to be business disruption?	No but would result in removal of Fish Market facilities at the Harbour	2	Likely that there will be business disruption during refurbishment and possible temporary Market closure.	7	May cause business disruption if demolition of part of existing Market is required	7	No	10
3. Can the project be undertaken in a viable timescale?	Demolition could be undertaken over a few months	10	It is likely refurbishment could be complete within 2 years	8	It is likely a facility on this site would take 2 years	8	It is likely a facility on this site would take at least 5 years	2
4. Is there likely to be major impact on industry?	Yes, no Westside facilities; additional steaming and transportation costs; potential quality issues. Lack of capacity and logistical issues. New Lerwick Market capacity is designed assuming there will still be a market in Scalloway. It will not be able to cope with all landings into Shetland.	1	Potential short term impacts during refurbishment & potential temporary closure.	6	Potential short term impacts during construction if demolition of part of existing Market is required	8	Potential practicality issues of multiuse pier, and operating a Fish Market in conjunction with other Harbour traffic	7

5. What are the scale of capital costs involved?	Estimated at £125,000 to £250,000	10	Estimated at £2,080,358 not including upstairs	8	Estimated at £4,319,350 not including any demolition of existing Market	6	Estimated at £14,319,350 including new pier	2
6. What are the scale of on-going costs and income?	Minimal on-going costs, but potential significant loss of landing due income and/or additional costs to industry	2	Potential to reduce costs e.g. through improved energy efficiency, and increase income through increased landing capacity, quality control improvements, and redevelopment of upstairs	10	Potential to reduce costs e.g. through improved energy efficiency, and increase income through increased landing capacity and quality control improvements	8	Potential to reduce costs e.g. through improved energy efficiency, and increase income through increased landing capacity, quality control improvements and deep water quay.	9
7. Is there potential for further development?	Site could be redeveloped, but would result in the loss of Fish Market facilities at the Harbour	2	Scope for further development of the Market in the future, and concurrent development of upstairs premises	9	Scope for further development of the Market in the future. Potential for redevelopment of existing Market site, however this may be required for net mending	7	Limited scope if Fish Market located on a new pier. Will depend on width and other usage, may require further pier development	5
8. Is the project likely to attract funding?	No, but capital cost is low compared to other options. However would result in removal of Fish Market facilities at the Harbour	6	Eligible for EMFF funding, competition may be high.	8	Eligible for EMFF funding, competition may be high and costs are higher than option 2.	7	Fish Market eligible for EMFF funding, however deep quay development unlikely. Quay potentially eligible for ERDF funding, but not for fisheries. Potential timescale may mean project is outwith current scheme end dates.	5
<b>Total</b>		<b>43</b>		<b>64</b>		<b>59</b>		<b>48</b>
<b>Rank</b>		<b>4</b>		<b>1</b>		<b>2</b>		<b>3</b>



## **5.0 *Interim Summary and Conclusions***

This is an interim report relating to an options appraisal of potential developments at Scalloway Fish Market.

### **Background Data**

Fish catching is an important sector of the Shetland economy, and despite a reducing local fleet size, fish landings into the islands have increased significantly, with Shetland the second highest landing district for Scotland.

Landings into Scalloway are the second highest of any Shetland port behind Lerwick, and represented between 3 % and 6% of total landings into Shetland per year by weight, and 5% to 11% by value, in the period from 2010 to 2014. However the vast majority of landings into Shetland are pelagic species, which represented a very small percentage of fish landed into Scalloway.

Fish landings into Scalloway have increased by 60% to 4,844 tonnes between 2010 and 2014, with an annual value in 2014 of £8m, which was 70% higher than in 2010. An analysis by fish type shows that overall figures are greatly influenced by the volume and value of demersal landings.

Demersal landings into Scalloway represented between 19% and 28% of total demersal landings into Shetland per year by weight, and 18% to 28% by value. Both the proportionate weight and value of demersal landings in Scalloway have risen year on year from 2012.

Therefore demersal landings are the mainstay of the port varying from 95% to 96% of landings by weight and 94% to 96% by value. In addition growth in demersal landings into the port is apparent, with a rise of 1,716 tonnes (59%) to 4,622 tonnes, and £3m (65%) in value to £7.7m since 2010.

The main demersal species landed are haddock and cod. There has been a significant rise in haddock landings of 967 tonnes or 139% since 2010, with a rise in value of £1.7m or 200%. Cod landings have risen by 235 tonnes or 23% with a rise in value of £1m or 106%. Haddock has passed cod as the main demersal species landed.

As would be expected in line with increased fish landings, the number of boxes landed to both Scalloway and Lerwick Fish Markets has risen significantly. The total number of boxes of fish landed into Shetland has risen year on year from 119,083 to 307,840 (159%) between 2003 and 2015.

Box landings into Scalloway have risen from a low of 13,619 in 2004, to 96,652 in 2015, an increase of 610%. This is also reflected in the proportionate share of box

landings being made into Scalloway, which has risen from a low of 10% in 2004 to a high of 34% in 2014, and is currently 41% for the first half of 2016.

Not only has the number of boxes landed into Shetland increased significantly, so have both the average sizes of landings on any given day and peak box landing numbers.

In 2003 there were 15 market days in Shetland where boxes landed exceeded 1000. By 2015 this had risen to 146, including 36 days with over 2000 boxes and 3 with over 3000 boxes. The highest landing peak was recorded in 2014, with 4,156 boxes of fish landed on one market day.

Scalloway Fish Market had only 1 market day exceeding 1,000 boxes between 2003 and 2006. In 2014 there were 24, including 1 day over 2,000 boxes and in 2015 there were 21. There have already been 18, in the first half of 2016.

It should be noted that the increase in landing figures to these markets may not reflect the true level of demand for Shetland as a landing port, as vessels are now sometimes turned away, due to a lack of capacity at these fish markets. Therefore actual demand at peak times may well be higher than indicated by these figures.

There are no separate income and expenditure figures kept by the SIC for the Scalloway Fish Market. However an estimation of the income generated from the market, and associated expenditure has been made based on discussions with SIC officials. These show that income rose from £118,881 in 2011/12 to £225,068 in 2015/16, an increase of 89%. The fish market has operated at a surplus in every year ranging from £59,474 to £149,699 at an average of £87,736 per year, and a combined surplus over the last 5 years of £438,680.

## **Options and Consultation**

In addition to the “do nothing/do minimum” option, four options were initially put forward for consideration, consultation and screening. These options were:-

1. Demolition of the existing Market, with no replacement
2. Refurbishment / Redevelopment of the existing building on the existing site
3. Replacement on the pier immediately to the south of the current Market site.
4. Replacement of the existing building on a new site at the west of the Harbour in conjunction with quay developments.

A total of 29 stakeholders were interviewed. In addition Shetland Fishermen's Producer Organisation, gathered the views of members at a PO meeting, and a selection of individuals working at the Scalloway Fish Market for a variety of stakeholders were consulted

### **Option 1 Demolition of the existing Market, with no replacement**

- The overwhelming majority of those interviewed were not in favour of this option
- Potential issues with the availability of transportation particularly at night
- Potential impact on the quality of fish from double handling
- The additional cost of transportation from Scalloway to Lerwick
- Potential lack of capacity at the Lerwick Fish Market
- Weather and the location of fish stocks, meant require Fish Markets on both the east and west sides of the islands
- If Fish Market were to be removed from Scalloway, this would result in the current landing fee charging system being very unfair.

### **Option 2 Refurbishment / Redevelopment of building on the existing site**

- The overwhelming majority of those interviewed felt this option was feasible
- Current Market location well suited to the needs of industry, particularly in terms of shelter and frontage
- This option considered the most inexpensive to develop a fit for purpose Fish Market in Scalloway
- Concern was raised over potential closure of the Market during refurbishment
- Issue of landing fee distribution between Lerwick and Scalloway
- The need for a transport corridor and covered loading bays
- The need for welfare facilities for Market workers and visitors.
- Several stakeholders also stated there was a need to deepen the Market
- Opportunity to reconfigure the internal layout and construct three larger bays
- The need for dedicated overnight forklift points charging points
- Possibility of photovoltaic roof panels to help power chilling within the Market
- Fishermen consulted did not see water depth as a major problem
- Possibility of dredging at the current Market site to increase water depth
- Potential to develop upstairs
- Overall it was felt this was a workable solution for the modernisation and upgrading of Fish Market facilities in Scalloway

### **Option 3 Replacement on the pier to the south of the current Market site**

- The overwhelming majority of those interviewed felt this option was feasible
- Good sheltered location for a Fish Market
- Concern about the loss of a net mending area
- Possibly large enough for a new build, without existing Market demolition
- Single storey building shorter, deeper and with more capacity than the existing building would be preferred
- There was some minor demand for office space from stakeholders
- As with option 2, features such as a transport corridor, etc also suggested
- Water depth and dredging issues also similar to option 2
- It was felt that a new build could possibly be constructed to a higher specification
- Overall it was felt this was a workable solution for the modernisation and upgrading of Fish Market facilities in Scalloway.

#### **Option 4 Replacement of the existing building on a new site at the west of the Harbour in conjunction with quay developments**

- “Jewel in the crown” option for Scalloway Harbour
- It was felt that given Scalloway’s strategic location a deep water quay would be beneficial for the Harbour as a whole
- However many stakeholders were concerned that the expenditure could not be justified solely in relation to fish catching activity
- There were some reservations that this site would not be as sheltered
- Siting the Market at the end of a new pier might restrict future development
- Concern that if this level of money was spent in Scalloway, that might have a knock-on effect on the ability of the SIC to invest in other piers
- Concern about potential timescale for the construction of a new pier, and its knock-on impact on the timescale for a new Market
- Concern about whether this would be a multiuse pier, and the practicality of operating a Fish Market in conjunction with other Harbour traffic. However no planning or environmental health issues were identified
- It was suggested that it may be more practical to leave the Fish Market located on the East side of the Harbour, and develop a deep water quay on the West side for other potential markets.

#### **Future Ownership and Management of Scalloway Fish Market**

- It was felt it would be very unusual for the port operator not to operate the Fish Market therefore it should continue to be operated by the SIC
- It was felt that things worked fine as they were. The SIC did a fairly good job of operating the Market, and therefore there was not felt to be any need for change
- It was felt it would be difficult to imagine another owner, and that it was unlikely the operation of the Fish Market would produce enough income to generate much interest from the private sector. If another operator did come in however it was felt that the SIC should own the building and lease it to them, and allow them to collect all landing dues.

#### **Initial Option Screening**

Following an initial screening of the options identified these options have been scored and ranked as follows:-

Option	Rank	Score
1	4	43
2	1	64
3	2	59
4	3	48

Based on this initial option screening the conclusion of this interim report is that options 2 and 3 should be taken forward for more detailed examination and cost benefit analysis.

## Appendix 1

**Table 22a: Daily Boxes Landed to All Fish Markets in Shetland**

	Jan			Feb			Mar			Apr			May			June			Jul			Aug			Sep			Oct			Nov			Dec			Year		
2003	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	4			3			2			1			1			1						2			1										15				
Highest	1325			1750			1050			1200			1150			1005			700			1020			1050			900			930			775			1325		
Total	12700			12639			11300			11121			11700			10640			7748			10955			10130			6845			7515			5790			119083		
Average	847			632			565			556			585			532			387			548			507			342			376			579			486		
2004	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+				2			3			1			4						1			3			1			1						16					
Highest	985			1130			1240			1015			1240			986			975			1010			1142			1115			1070			890			1240		
Total	9400			10085			13150			11150			11203			10329			10998			12176			13045			12187			11981			6520			132224		
Average	627			504			658			558			560			516			550			609			652			609			599			652			540		
2005	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	3			2			6			2						3			4			6			11			3			6			3			49		
Highest	1543			1170			1235			1190			858			1100			1170			1155			1540			1467			1641			1365			1543		
Total	8912			13373			15813			11189			9013			14813			12257			15284			19994			14841			16893			10040			162422		
Average	594			669			791			559			451			741			613			764			1000			742			845			1004			663		
2006	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	5			5			6			4			11			9			5			7			4			5			3			2			66		
Highest	1487			1815			1435			1700			1600			1400			1312			1725			1952			1422			1200			1239			1952		
Total	13730			16179			17616			15800			21253			18248			12852			20295			16611			16236			16129			8574			193523		
Average	915			809			881			790			1063			912			643			1015			831			812			806			857			790		
2007	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	8			6			9			8			7			11			6			3			5			10			11			8			92		
Highest	1555			1585			1637			1670			1370			1512			1700			1440			1635			1850			1520			1380			1850		
Total	14258			17559			19227			17071			17845			19125			17017			16990			16744			22196			20323			11478			209833		
Average	951			878			961			854			892			956			851			850			837			1110			1016			1148			856		

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes

**Table 22a: Daily Boxes Landed to All Fish Markets in Shetland**

	Jan			Feb			Mar			Apr			May			June			Jul			Aug			Sep			Oct			Nov			Dec			Year		
2008	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
1000+	9	1		13			9	3		10	2		15			11			12	2		5			13	1		12			12	1		5	1		126	11	
Highest	2300			1915			2350			2300			1730			1940			2040			1305			2090			1750			2150			2700			2700		
Total	18663			23485			26752			26315			25275			21676			24973			16984			23050			21385			20867			14304			263729		
Average	1244			1174			1338			1316			1264			1084			1249			849			1153			1069			1043			1430			1076		
2009	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
1000+	7	4		12	3		11	2		8	1		11			12	2		6			7			10			10			10	1		6	1	1	110	14	1
Highest	2720			2370			2255			2058			1895			2130			1550			1540			1900			1750			2150			3000			3000		
Total	24759			26100			24850			20151			21849			26405			18395			18542			23133			19685			21558			16870			262297		
Average	1651			1305			1243			1008			1092			1320			920			927			1157			984			1078			1687			1071		
2010	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
1000+	8	1		10	2		9	5		9			9			7	3		9			8			7			5			13	4		8			102	15	
Highest	2425			2120			2510			1800			1895			2160			1900			1600			1950			1400			2420			1897			2510		
Total	19910			23245			26925			20474			20155			22521			17562			20121			18415			14800			29420			15002			248550		
Average	1327			1162			1346			1024			1008			1126			878			1006			921			740			1471			1500			1014		
2011	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
1000+	14	2		6			12	3		8	1		12			5	4		6			13	1		15			7			14			7	3		119	14	
Highest	2430			1550			2270			2255			1821			2244			1830			2830			1958			1938			1945			2660			2830		
Total	25410			12516			29391			17627			22977			26346			14368			25966			24128			16708			25035			17773			258245		
Average	1694			626			1470			881			1149			1317			718			1298			1206			835			1252			1777			1054		
2012	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
1000+	12	3		7			15	3		12			16	1		7			6			9			11	1		10			11			10			126	8	
Highest	2515			1949			2614			1909			2590			1713			1225			1945			2430			1890			1800			1855			2614		
Total	25371			18646			31079			19958			27029			16572			14690			23582			23486			22228			22828			15288			260757		
Average	1691			932			1554			998			1351			829			735			1179			1174			1111			1141			1529			1064		

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes

**Table 22a: Daily Boxes Landed to All Fish Markets in Shetland**

	Jan			Feb			Mar			Apr			May			June			Jul			Aug			Sep			Oct			Nov			Dec			Year		
2013	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	9	2		11	2		8	4		13	2		8	5		9	2		12	1		13	2		9	2		9	1		12	3		7	3		120	29	
Highest	2342			2545			2540			2270			2624			2385			2480			2830			2464			2245			2740			2576			2830		
Total	21591			25595			26917			25116			29208			24481			24721			31647			23050			22590			29471			18895			303282		
Average	1439			1280			1346			1256			1460			1224			1236			1582			1153			1130			1474			1890			1238		
2014	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	5		3	14		1	9	5		8			10	2		10	2		10			11	5		9	4	1	9	6		12	3	1	6	3		113	30	6
Highest	4156			3319			2498			1983			2255			2835			1903			2921			3305			2865			3029			2400			4156		
Total	22624			24399			29733			21950			24621			25117			18745			30734			31829			32065			29810			15649			307276		
Average	1508			1220			1487			1098			1231			1256			937			1537			1591			1603			1491			1565			1254		
2015	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	6	4	1	7	1		11	3		7	4	1	11	4		12			7	2		14	2		11	4		11	2		6	5		4	5	1	107	36	3
Highest	3675			2306			2884			3003			2690			1960			2215			2120			2335			2493			2980			3080			3675		
Total	26622			18025			28827			26779			27854			24490			23578			28026			27279			26228			28438			21694			307840		
Average	1775			901			1441			1339			1393			1225			1179			1401			1364			1311			1422			2169			1256		
2016	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	7	3	3	9	4	1	6	2		6	5		10	3																						38	17	4	
Highest	3618			3015			2150			2452			2385																								3618		
Total	31749			30209			21955			28708			23880																								136501		
Average	2117			1510			1098			1435			1405																								1484		

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes



**Table 23a: Daily Boxes Landed to Scalloway Fish Market**

	Jan			Feb			Mar			Apr			May			June			Jul			Aug			Sep			Oct			Nov			Dec			Year		
2003	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+				1																													1						
Highest	380			1000			250			440			350			535			250			200			440			370			250			375			1000		
Total	1985			5304			1315			2393			1905			3030			1565			476			1020			1115			610			745			21463		
Average	132			265			66			120			95			152			78			24			51			56			31			75			88		
2004	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+																																							
Highest	300			440			340			635			230			315			185			246			224			380			490			10			635		
Total	680			760			1630			2539			1097			687			185			841			504			3106			1580			10			13619		
Average	45			38			82			127			55			34			9			42			25			155			79			1			56		
2005	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+																																							
Highest	802			445			723			325			370			290			392			225			395			470			628			470			802		
Total	1911			1583			3755			1221			1468			1215			964			728			1775			3030			3328			2409			23387		
Average	127			79			188			61			73			61			48			36			89			152			166			241			95		
2006	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+																																							
Highest	455			615			795			245			590			567			323			405			735			975			551			409			975		
Total	1748			4003			4573			468			4252			1478			1224			3119			3986			4576			2837			1571			33835		
Average	117			200			229			23			213			74			61			156			199			229			142			157			138		
2007	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+																								1								1			2				
Highest	600			975			355			475			590			700			500			460			1090			657			850			1030			1090		
Total	3734			5602			1847			1472			2702			4598			3614			2425			6189			6985			6137			5648			50953		
Average	249			280			92			74			135			230			181			121			309			349			307			565			208		

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes

**Table 23a: Daily Boxes Landed to Scalloway Fish Market**

	Jan			Feb			Mar			Apr			May			June			Jul			Aug			Sep			Oct			Nov			Dec			Year		
2008	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+							1																	1				2				1				5			
Highest	795			655			1030			995			900			655			800			820			845			1280			1135			1200			1280		
Total	4523			3565			9067			7297			5448			4426			6768			5997			8211			3975			6797			3681			69755		
Average	302			178			453			365			272			221			338			300			411			199			340			368			285		
2009	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	3						1																	1				3				1				9			
Highest	1045			795			1080			983			965			730			540			557			950			1010			1380			1380			1380		
Total	8529			5017			6240			5081			6714			6765			4350			4757			5806			7070			8232			5510			74071		
Average	569			251			312			254			336			338			218			238			290			354			412			551			302		
2010	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+				1			1																					3							5				
Highest	825			1200			1045			940			810			850			470			540			840			430			1135			987			1135		
Total	5190			9890			8020			4885			3715			4596			2452			4373			5365			3055			9155			3022			63718		
Average	346			495			401			244			186			230			123			219			268			153			458			302			260		
2011	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	1						1								2						1													5					
Highest	1650			720			1092			645			761			1108			810			1751			830			754			880			783			1751		
Total	5490			2566			7407			2047			3883			6071			5068			9304			5487			3253			6224			4030			60830		
Average	366			128			370			102			194			304			253			465			274			163			311			403			248		
2012	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+													1											1										2					
Highest	991			936			934			999			1208			697			492			964			1005			633			589			988			1208		
Total	5591			3513			7300			6256			7300			4077			2063			6283			3881			4180			5154			4413			60011		
Average	373			176			365			313			365			204			103			314			194			209			258			441			245		

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes

**Table 23a: Daily Boxes Landed to Scalloway Fish Market**

	Jan			Feb			Mar			Apr			May			June			Jul			Aug			Sep			Oct			Nov			Dec			Year		
2013	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+				2									1			1						3			1							1			9				
Highest	790			1215			925			820			1168			1010			850			1131			1019			840			835			1133			1215		
Total	4334			7652			9399			4083			7627			6302			6606			11828			7047			8091			5170			4070			82209		
Average	289			383			470			204			381			315			330			591			352			405			259			407			336		
2014	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	2	1		1			2									1						5			1			2			8			1			23	1	
Highest	2475			1596			1466			980			767			1050			792			1382			1891			1175			1423			1033			2475		
Total	10993			7815			8069			8493			5162			6398			6232			10986			10955			9141			16084			3455			103783		
Average	733			391			403			425			258			320			312			549			548			457			804			346			424		
2015	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	3						4			2			1			1								4			1			3			2			21			
Highest	1755			906			1549			1135			1310			1100			900			858			1238			1092			1443			1070			1755		
Total	8974			4617			8406			7752			9003			7395			9700			7698			10898			7851			9228			5130			96652		
Average	598			231			420			388			450			370			485			385			545			393			461			513			394		
2016	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3			
1000+	7			2			2			4			3																						18				
Highest	1733			1017			1415			1448			1246																								1733		
Total	13752			7929			10498			12248			8890																								53317		
Average	917			396			525			612			523																								580		

1 = 1000 – 1999 boxes; 2 = 2000 – 2999 boxes; 3 = 3000+ boxes



**Policy & Resources Committee****28 June 2016****Community Empowerment (Scotland) Act 2015 – consultations on draft guidance****CRP-18-16-F****Report Presented by Director****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to share with Council members the responses submitted by the Shetland Partnership to the recent consultation on draft guidance under the Community Empowerment (Scotland) Act 2015.

**2.0 Decision Required**

- 2.1 The Committee is asked to review the consultation responses and decide whether to support or amend the submissions; these will then be submitted separately.
- 2.2 That the Policy and Resources Committee RESOLVE to agree that the consultation submissions reflect the views of Shetland Islands Council.

**3.0 Detail**

- 3.1 The Community Empowerment (Scotland) Act 2015 (henceforth; CEA) received Royal Assent in July 2015 and the Scottish Government has spent the intervening period developing guidance.
- 3.2 Two Parts of the Act came into force in April 2016: Part 1 (National Outcomes) and Part 4 (Community Right to Buy).
- 3.3 Guidance relating to three other Parts of the Act has recently undergone a consultation process, with the Scottish Government seeking the views of stakeholders as to what requirements it will ask of the various groups and bodies affected by the legislation once these Parts come into force.
- 3.4 These Parts are:

**Part 2 – Community Planning** – The draft guidance includes provisions on those Public Bodies who have duties in relation to Community Planning and some of the principles of effective Community Planning that they should encourage. The draft guidance also includes further detail on the new Local Outcomes Improvement Plans and Locality Plans.

**Part 3 – Participation Requests** – The draft guidance largely concentrates on the process by which Community Bodies can make Participation Requests and clarifies that, where a decision is made to involve the Community Body, an ‘Outcomes Improvement Process’ should be initiated.

**Part 5 – Asset Transfer** – Again, the focus of the draft guidance on Asset Transfer is on process, and the consultation document begins to offer some clarity on what Public and Community Bodies might expect in terms of requirements under the legislation.

- 3.5 Draft guidance in relation to elements of Part 4 – relating to amendments to the Land Reform (Scotland) Act 2003 and new provisions are also being consulted on in this period. These cover: abandoned and neglected land; and crofting.
- 3.6 A Project Board has been established to oversee implementation of the Act locally, as agreed by the Shetland Partnership Board at their meeting of 17<sup>th</sup> September 2015 (minute reference 30/15).
- 3.7 Shetland Islands Council is taking the lead with this and the Project Board is comprised of Council Officers who have relevant roles overlapping with the aims and requirements of the legislation.
- 3.8 The Project Board have prepared consultation responses informed by both a Policy Forum with Elected Members (24<sup>th</sup> May 2016) and a Shetland Partnership seminar (27<sup>th</sup> May 2016).
- 3.9 The draft consultation responses have been discussed by the Shetland Partnership Board (2<sup>nd</sup> June 2016), with a week given for comments prior to submission during week commencing 13<sup>th</sup> June.
- 3.10 Members are now asked to review these submissions and consider whether they be amended or supported to reflect the views of Shetland Islands Council.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – Corporate Priorities are supported by the legislation, particularly under the ‘Community Strength’ grouping. The consultation process allows the Council to influence the development of guidance to ensure that these priorities are enhanced when legislation is implemented and there negative impacts are minimised.
- 4.2 Community /Stakeholder Issues – As noted above, Elected Members and Community Planning Partners have been involved in helping to

prepare the responses through a policy forum and seminar respectively and being given the opportunity to comment on drafts.

- 4.3 Policy And/Or Delegated Authority – Policy and Resources Committee has delegated authority to co-ordinate with partner organisations in relation to the Council's leadership of the Community Planning Partnership.
- 4.4 Risk Management – There is a risk associated with non-compliance with the legislation; responding to consultations such as these helps to mitigate this risk by ensuring that the Scottish Government are aware of particular issues that may arise in Shetland.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

#### Resources

- 4.7 Financial – None.
- 4.8 Legal – There are legal ramifications that will result from non-compliance with the legislation. Legal Services are represented on the Project Board helping to mitigate the risk of this.
- 4.9 Human Resources – None.
- 4.10 Assets And Property – Parts of the Act cover new legislation around assets and property and amend existing legislation; the preparation of the consultation response has been led by Executive Manager, Capital Programmes to minimise as far as possible any adverse implications for the Council estate.

## **5.0 Conclusions**

- 5.1 Consultation responses have been prepared from the Shetland Partnership Board; Policy and Resources Committee are asked to consider these and decide whether to support or amend them to reflect the views of the Council.

---

For further information please contact:  
*Brendan Hall, Partnership Officer*  
01595 744250; [brendan.hall@shetland.gov.uk](mailto:brendan.hall@shetland.gov.uk)  
21 June 2016

---

#### List of Appendices

Appendix A – Response from Shetland Partnership to consultation on draft guidance relating to Part 2 (Community Empowerment (Scotland) Act 2015)  
Appendix B – Response from Shetland Partnership to consultation on draft guidance relating to Part 3 (Community Empowerment (Scotland) Act 2015)

Appendix C – Response from Shetland Partnership to consultation on draft guidance relating to Part 5 (Community Empowerment (Scotland) Act 2015)  
Appendices D (i) and D (ii) – Responses from Shetland Partnership to consultation on draft guidance relating to Part 4 (Community Empowerment (Scotland) Act 2015)  
Appendix E – SIC additional response on Parts 4 and 5

Background documents:

**Shetland Partnership Board, Minutes of Meeting 17<sup>th</sup> September 2015:**

<http://www.shetland.gov.uk/coins/viewDoc.asp?c=e%97%9Dd%91o%7E%87>

(minute ref 30/15)

**Covering email:** All consultation responses from the Shetland Partnership have been submitted with the following covering text:-

“This is the consultation response from the Shetland Partnership, Shetland’s Community Planning Partnership. The response has been approved by the Shetland Partnership Board. Shetland Islands Council reserve the right to support or amend this response, in order to provide a separate response, at the earliest opportunity following discussion by Members – this will likely be in early July”

In addition; the consultation responses relating to Parts 4 and 5 include further covering text outlining concerns over the disproportionate burden that could be placed upon the Council when the legislation comes into force. These are included in the document at Appendix E.

END



# Community Planning under the Community Empowerment (Scotland) Act 2015: Consultation on Draft Guidance and Regulation



## RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organization? (required)

- ☐ Individual  
☒ Organisation

What is your name or your organisation's name? (required)

Shetland Partnership

What is your phone number?

01595 744250

What is your address?

Community Planning and Development, Solarhus, 3 North Ness, Lerwick

What is your postcode?

ZE1 0LZ

What is your email?

brendan.hall@shetland.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference: (required)

- ☒ Publish response with name  
☐ Publish response only (anonymous)  
☐ Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes  
☐ No

## **Community Planning under the Community Empowerment (Scotland) Act 2015: Consultation on Draft Guidance**

### **Questions**

Q1: The guidance identifies a series of principles for effective community planning. Do you agree with them? Should there be any others?

Please explain why.

Yes, we agree with the series of principles

The principles are focused on the role and purpose of the board, and do not mention the behaviours, roles, relationships and competences of the individuals – which all affect the effectiveness of the board. Effective individual contribution – individual competence, supported by development or training as required. Nolan principles – selflessness, integrity, objectivity, accountability, openness, honest and leadership

Should the principles be underpinned by a set of values, developed locally be the CPP?

Q2: The draft guidance sets out common long-term performance expectations for all CPPs and community planning partners. Each CPP will adopt its own approach towards meeting these expectations, reflecting local conditions and priorities. Even so, do you think there are common short- or medium-term performance expectations which every CPP and partner should be expected to meet? If so, what are they?

As noted above, the Shetland Partnership agrees with the principles for effective Community Planning. The Summaries of Expectation also capture, in broad terms, how the principles will look when a CPP has followed the principles in the longer term.

Shorter and medium term expectations that every CPP should be expected to meet are somewhat harder to define due to the different stages CPPs appear to be at nationally. Short- and medium-term development around each of the principles designed to make Community Planning effective will vary quite widely from principle-to-principle and CPP-to-CPP. In saying this, however, the Shetland Partnership would certainly welcome guidance that offers practical suggestions as to how CPPs might progress towards the longer term expectations.

Many of the principles have already been identified as areas for continuous improvement on the part of the Shetland Partnership; however, few are at a level currently where we would be in a position to offer practical steps in the short to medium term. Two possible exceptions are the principles of Community Participation and Co-Production; and, Tackling Inequalities.

'Community Connections' is an approach to co-production that we have employed locally and are currently looking to roll-out more widely under our LOIP 2016-20. The approach involves training and empowering front-line staff to identify households who experience disadvantage as a consequence of being lonely, isolated or stigmatised. Staff have then been able to facilitate connections within these households' communities in order that they can participate more fully in community life and enjoy the benefits that it can bring. This has, for example, allowed children and young people to access opportunities sport and physical activity through transport being offered and shared through new community connections. A CPP-wide roll out involving all staff in all partner organisations is currently underway and we would be glad to share further details if this were considered helpful.

In relation to the tackling inequalities agenda, Shetland has recently seen the findings of our Commission on Tackling Inequalities published. This body was established by the Shetland Partnership in spring 2015 drawing a diverse membership from bodies national and local as well as communities. The Commission heard evidence from a number of contributors under a number of themes, taking some 6 months to discuss and deliberate what this evidence was telling them. The result is a series of key recommendations and a delivery plan that has already informed the development of, for example, the LOIP 2016-20 and partner agencies own service plans. This approach has been enormously valuable in that it not only delivers concrete and evidence-based ways forward for addressing inequalities, but also raises awareness of the realities of life for those who experience inequality. We are aware that similar Commissions have been established in other CPP areas and this is an approach we would commend to any CPP in order to develop thinking and create a true focused approach to tackling inequality in their area. Once again, we are happy to share further details if desired.

Q3: The 2015 Act requires CPPs to keep under review the question of whether it is making progress in the achievement of each local outcome in their LOIP and locality plan(s). CPPs must from time to time review their LOIP and locality plan(s) under review, and to revise them where appropriate. Even with this, do you think the statutory guidance should require CPPs to review and if necessary revise their plans after a specific period of time in every case? If so, what should that specific period be?

Yes ☐ No ☒

Please explain why.

It is helpful to be able to align the review of the LOIP, with timescales of other strategic plans locally e.g. the Local Development Plan and the Local Housing Strategy.

Q4: What should the statutory guidance state as the latest date by which CPPs must publish progress reports on their local outcomes improvement plans and locality plans?

4 months    6 months    Other X

If other please provide timescale. Please explain why.

This should be locally determined depending on what outcomes are being measured as some will take some time to show any movement

Q5. Do you have any other comments about the draft Guidance?

None

Q6. We propose that the draft regulation for locality planning should set one criterion only, which is a maximum population permissible for a locality. Do you agree? What are your reasons?

Our understanding of the Act, guidance and draft regulation is that: -

- Each CPP must divide the area of the local authority into smaller areas
- The CPP should use its understanding of local needs, circumstances and opportunities to identify those localities for which it should undertake locality planning
- It is for the CPP to map localities in a way which ensures the locality area constitutes a natural community and decide which neighbourhoods should be subject to locality planning
- The CPP can choose to apply locality planning to other or all neighbourhoods in their area
- Each locality must conform with criteria set in regulations, which are that a locality must be
  - (a) An electoral ward
  - (b) A geographic area with a population which does not exceed 30,000

The 2011 census figures give the total population of Shetland as 22,300. Therefore with regards to the draft regulation, item (b) would mean that Shetland as a whole could be one locality. However, this would not meet the requirements of part 9(1) of the Act to divide the area into smaller areas.

In this respect on 16 May 2013, the Shetland Partnership Board approved a

recommendation to use existing community structures to strengthen the role of community involvement, by asking Community Councils in a multi-member Ward to come together on a regular basis, alongside elected Members, Parent Councils and Community Development organisations. This decision in respect of Community Forums, has led to the establishment locally of seven 'ward based' locality areas, which have been adopted for planning purposes by the Integrated Joint Board and others e.g. the Local Housing Strategy. It is therefore now broadly accepted that locality planning in Shetland takes place at ward level, which conforms to part (a) of the regulation.

The purpose of part 9 of the Act is to enable CPPs and their partners to tackle inequalities for communities. A large amount of work in this area has already been completed through Shetland's Commission on Tackling Inequalities. Whilst the Commission did not identify recommendations relating to specific geographic communities, it did increase our understanding of geographic inequality, and identify particular groups of people in Shetland who may be at risk of inequality in outcomes.

Our understanding of outcomes at locality level will be further developed through community engagement using the Place Standard, which will help to identify locality need, issues and actions in participation with the community. And additional data and evidence will be considered in regard to geographic localities through the work carried out by the Improvement Service on Shetland's Outcomes Profile, which should enable consideration of data and evidence at ward level and along with a re-examination of data from the Commission. Data at ward level can sometimes be problematic depending on the outcome, as evidence is sometimes not available due to the small population numbers at ward level and issues around the resolution and availability of data.

Therefore in order to take account of scale, it may be appropriate to recommend that the regulation includes an item (c) relating to communities of interest or particular groups identified at risk of disadvantage or significant inequality at individual or household level.

In summary, it is not clear at this stage whether any geographic locality plans in relation to tackling significantly poorer outcomes will be required or helpful. However, our understanding is that at least one other locality plan will meet the requirements of the Act and guidance. And that this could be the Delivery Plan from the Commission or e.g. Community Development Plans, where these exist. Once a full understanding of local needs, circumstances and opportunities has been considered by the CPP, and all options considered in respect of the legislation and guidance a decision in relation to locality planning will be made.

Recommendation is to agree with the proposal on the basis that item (a) can fit with local circumstances and would appear to be a sensible way of determining a locality in Shetland. And item (b) does not preclude geographic groupings where that would be helpful. But that an additional item (c) should be added to the regulation relating to communities of interest. In the context of the draft Islands Bill, consulted on in December 2015, item (c) can be viewed as a form of 'Islands

Proofing' given the smaller, defined populations found in the Islands when compared to other CPP areas in Scotland.

2 – (1) For the purposes of section 9(2) of the Community Empowerment (Scotland) Act 2015 a locality must be –

- (a) An electoral ward; or
- (b) A geographic area with a population which does not exceed 30,000; or
- (c) A community of interest or particular groups identified at risk of disadvantage or significant inequality at individual or household level

Q7: The draft regulation sets a maximum population size for localities subject to locality planning of 30,000 residents. It also proposes an exception which allows a CPP to designate a local authority electoral ward as a locality even where its population exceeds 30,000 residents. Are there circumstances in which these criteria would prevent a CPP from applying a reasonable approach to locality planning? What difference would it make to how localities were identified for the purposes of locality planning in the CPP area(s) in which you have an interest, if the maximum population size were set at (a) 25,000 residents or (b) 20,000 residents?

The draft regulation with the inclusion of a new part (c) would allow a reasonable approach to locality planning in Shetland.

25,000 no difference; 20,000 no difference

Q8: Do you have any other comments about the draft Regulation?

None

Q9: Are there any equality issues we should be aware of in respect of local outcomes improvement plans and locality plans?

Rural areas have smaller numbers of people from many equality groups and they tend to be well dispersed throughout the area. Therefore a focus on locality plans by geographic area will make analysis by equality group more difficult and make it more difficult to understand the needs of these groups.

It would be useful if the timing and reporting of local outcomes improvement plans and equality outcomes were brought closer together so that they can be more integrated, rather than producing separate plans.

# Consultation on the Draft Participation Request (Procedure)(Scotland) Regulations 2016



## RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organization?

- ☐ Individual  
☒ Organisation

Full name or organisation's name

Shetland Partnership

Phone number

01595 744250

Address

Community Planning and Development, Solarhus, 3 North Ness, Lerwick

Postcode

ZE1 0LZ

Email

brendan.hall@shetland.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☒ Publish response with name  
☐ Publish response only (anonymous)  
☐ Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes  
☐ No

## Participation Requests under the Community Empowerment (Scotland) Act 2015: Consultation on Draft Regulations

### Questionnaire

Q1: Should the use of a statutory form be required in the regulations?

Yes ☐ No ☐

Please give reasons for your response.

No – experience of other types of consultation/community involvement is that some groups find completing a form particularly difficult & onerous. Therefore, a form which is optional (but includes all the key areas for making a valid participation request) is a good idea, but should not be a statutory requirement.

Q2: Should it be possible for a community body to put in a participation request without using a form?

Yes ☐ No ☐

Please give reasons for your response.

Yes. As outlined above, some community groups may find completing a form difficult or onerous. A checklist of information that is required should be prepared for groups to use to ensure that their participation request meets the legal standards. Consideration should be given to what the minimum requirements are for a valid request – e.g. should it be in writing?

Q3: What else might a statutory form usefully cover beyond the example set out in Annex B?

It would be useful to include something about finance & sustainability specifically within the form and/or guidance. It is important for the community body to demonstrate how sustainable their outcomes are going forward and what funding is required (if any).

The community body should be able to demonstrate that it is representative of the community it purports to represent.

Q4: Is 14 days a reasonable amount of time for additional public service authorities to respond?

Yes ☐ No ☐

If not, please suggest an alternative timescale and explain reasons for the change.



Yes.

Q5: What, if any, are the particular/specific ways that public service authorities should promote the use of participation request?

Local authorities should promote Participation Requests on all aspects of service delivery and acknowledge that a Participation Request may raise the profile of areas currently not seen as a priority or raise the priority of a particular matter as a result of a Participation Request.

The right to make a participation request should be a core part of any project that involves community engagement, so that public bodies are proactively telling communities that if the engagement/consultation process does not adequately involve them there is the right to make a participation request. The right to make a Participation Request should be acknowledged in any new project documentation and considered at an early stage in the process.

There should be staff with the knowledge to assist community bodies to make a participation request and easy to read leaflets/guidance on making a participation request from the Scottish Government.

It will be important to manage the expectations of community groups in relation to what a participation request can achieve – that it represents a right to dialogue, rather than a guarantee of service reconfiguration/change.

Q6: What are the ways that public service authorities should support community participation bodies to make a participation request and participate in an outcome improvement process that should be set out in the regulations?

It must be clear what the minimum requirements are on public bodies for providing support to community bodies. There will be resource implications if public bodies have to provide a lot of support in relation to making the request and participating in an outcome improvement process.

There could be certain staff within the public body designated to assist community bodies in the participation request process so that there is a central point for community groups to go to.

Q7: What types of communities could the regulations specify that may need additional support? Please give reasons for your response.

The obvious response is communities that experience significantly poorer

outcomes, in line with the other Parts of the legislation. However, this should not be limited to geographic communities and should extend to communities of interest that share common characteristics.

However, this also raises the question of whether and how regulations will specify 'communities' that require additional support when this Part otherwise refers to community participation bodies. If communities that require additional support are identified, should there also be a requirement that community participation bodies demonstrate that they are representative of this community or have at least involved the wider community in some way?

Q8: How long should the public service authority have to assess the participation request and give notice to the community participation body? Is 30 days a reasonable amount of time?

Yes ☒ No ☐

If not, how long should the period for making a decision be? Please give reasons for your response.

Q9: Are there any additional information requirements that should be included in connection with a decision notice? Please give reasons for your response.

Q10: What other information, if any, should the regulations specify should be published in relation to the proposed outcome improvement process? Please give reasons for your response.

It must be clear what the minimum standards are for an outcome improvement process. This will help community bodies understand what the process will look like and manage their expectations as to what will happen during the process. Without a minimum standard, it would be possible for public bodies to assess the participation request information and then do little else before reaching their conclusions and publishing their report. On the other hand, the minimum requirements should not be too onerous on public bodies so that there are

considerable resource implications in delivering an outcome improvement process that meets the statutory requirements.

Q11: What other information, if any, should the regulations specify should be published in relation to the modified outcome improvement process? Please give reasons for your response.

See the answer above about the need for clarification around what the minimum standards are for an outcome improvement process.

Q12: Section 31 sets out the aspects that the report of the outcome improvement process must contain. What other information, if any, should the regulations require the report include? Please give reasons for your response.

Q13: : Do you have any other comments on the draft Participation Request (Procedure)(Scotland) Regulations 2016?

It must be clarified what impact a Participation Request will have on an existing engagement or consultation process – particularly a process which is already legally required. For example, the Schools Consultation (Scotland) Act 2010. It will be essential to have clarified whether Participation Requests can be made when there is an existing statutory consultation process, otherwise there is the potential that Participation Requests could stall/delay the completion of a statutory process.

Where a community body proposes to take over the delivery of a service, clarification will be required as to the impact that has on a public body's requirement to comply with its statutory duties surrounding procurement.

As already stated above, what a participation request can achieve must be clearly outlined so that the expectations of community groups are properly managed. It would be helpful to have a definition of "participation" so that it is clear whether this is a "right to be heard" as opposed to a "right to participate" in service delivery.

There must be some guidance and/or regulation in relation to repeated or vexatious Participation Requests and clarity for public bodies around when a Participation Request can be refused.

Shetland Islands Council would welcome participation in further consultation on the

queries raised within this consultation response.

# Asset Transfer under the Community Empowerment (Scotland) Act 2015: Consultation on Draft Regulations



## RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organisation? (required)

- ☐ Individual  
☒ Organisation

What is your name or your organisation's name? (required)

Shetland Partnership

What is your phone number?

01595 744250

What is your address?

Community Planning and Development, Solarhus, 3 North Ness, Lerwick

What is your postcode?

ZE1 0LZ

What is your email?

brendan.hall@shetland.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference: (required)

- X Publish response with name  
Publish response only (anonymous)  
Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes  
☐ No

# Asset Transfer under the Community Empowerment (Scotland) Act 2015: Consultation on Draft Regulations

## Questionnaire

Q1: Do you agree that the types of land set out in the draft Community Empowerment (Registers of Land) (Scotland) Regulations 2016 need not be included in relevant authorities' registers?

Yes ☒ No ☐

If not, please explain what you would change and why.

1. Why can't the existing asset register be used for this purpose?
2. The register is to be published showing all land which is owned or leased, does this include the assets on the land such as buildings, along with tenanted farms and crofting estates, which are also tenanted?
3. If a property or land is leased in from a third party does it still fall within the legislation and would it be included in the register? What rights would the owner of the property have, if a private entity and not a relevant authority?
4. What is the situation if there are staff in a property, ie community centre, or tenants on land who are not involved with the proposed transfer? How would those interests be protected under the legislation?

Q2: Are there any other types of land that relevant authorities should not have to include in their register? Please explain what should not be included and why.

1. Ferry Terminals
2. Piers and Port Infrastructure
3. Airfields

Q3: Do you have any comments on the proposals for guidance on what information registers should contain and how they should be published?

1. It would be helpful if a template for the register was provided. This would make interpretation and reporting much easier when compiling national data sets or monitoring/measuring local authority engagement.

Q4: Is there any information you think a community transfer body should be able to request from a relevant authority, that it would not be able to obtain under FOISA or the EIRs?

No

Q5: Do you think the proposed additional requirements for making an asset transfer request are reasonable?

Yes ☒ No ☐

If not, please explain what you would change and why.

Q6: Is there any other information that should be required to make a valid request?

1. It would be reasonable to expect for the applicants to include financial records of their organisation and history.
2. Outline business case in principal in terms of managing the asset.

Q7: Do you have any comments on the proposals for acknowledgement of requests?

No

Q8: Do you have any comments on the proposed requirements for notification and publication of information about a request?

No

Q9: Do you think 6 months is a reasonable length of time for the relevant authority to make a decision on an asset transfer request? (This time may be extended if agreed with the community transfer body.)

Yes ☒ No ☐

If not, how long should the period for making a decision be?

Q10: Do you agree with the proposals for additional information to be included in a decision notice?

Yes ☒ No ☐

If not, please explain what you would change and why.

Q11: Do you agree that the Scottish Ministers should be required to appoint a panel of 3 people to consider reviews of Ministers' own decisions?

Yes ☒ No ☐

If not, how do you think these reviews should be carried out?

Q12: Do you agree that a local authority should be required to make a decision on a review within 6 months?

Yes ☒ No ☐

If not, how long should the period for making a decision be?

Q13: Do you have any other comments about the draft Asset Transfer Request (Review Procedure) (Scotland) Regulations 2016 or draft Asset Transfer Request (Appeals) (Scotland) Regulations 2016?

1. There will be a cost to Local Authorities in maintaining redundant assets while this process takes place, rates, maintenance, depreciation insurance etc. which may be upwards of a year or more. What compensation is available and from whom?

Q14: Do you agree that the Scottish Ministers should appoint a single person to consider an appeal where no contract has been concluded?

Yes ☐ No ☒

If not, how do you think these reviews should be carried out?

1. An appeal panel should consider this with a minimum of 3 members, perhaps selected from other local authorities.

Q15: Do you agree that the documents should not be published in relation to appeals where no contract has been concluded?

Yes ☒ No ☐

Please explain your reasons.



Q16: Do you agree that no third party representations should be allowed in relation to appeals where no contract has been concluded?

Yes ☒ No ☐

Please explain your reasons.

Q17: Do you have any comments on the proposed procedures for appeals where no contract is concluded?

Q18: Do you have any comments on the proposed procedures for applications to Ministers for Directions?



**Consultation on secondary legislation proposals relating to Part 3A of the Land Reform (Scotland) Act 2003 – the community right to buy abandoned, neglected or detrimental land as introduced by the Community Empowerment (Scotland) Act 2015**



**RESPONDENT INFORMATION FORM**

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organisation?

- ☐ Individual  
☒ Organisation

Full name or organisation's name

Shetland Partnership

Phone number

Address

01595 744250

Community Planning and Development, Solarhus, 3 North Ness, Lerwick

Postcode

ZE1 0LZ

Email

brendan.hall@shetland.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- X Publish response with name  
Publish response only (anonymous)  
Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes ☐ No

## **DETAILED POLICY PROPOSALS**

### **1. Section 97C(4) – Prescribe eligible land for the purposes of Part 3A – land which is eligible for purchase by a Part 3A community body**

#### **Background**

1.1 When deciding whether land is eligible to be bought by a Part 3A community body, either because it is abandoned or neglected or because the use or management of it is causing harm to the environmental wellbeing of the local community,<sup>1</sup> Ministers are required to have regard to prescribed matters.<sup>2</sup>

#### **Proposals**

1.2 The following table lists the prescribed matters to which we consider Ministers should have regard when deciding whether land is eligible land, in other words whether it is (i) abandoned or neglected land, or, (ii) land where the use or management of it is causing harm to the environmental wellbeing of the relevant community.

the physical condition of the land or any building or other structure on the land, and the length of time for which it has been in such a condition
whether, and to what extent, the physical condition of the land or any building or other structure on the land is detrimental to the amenity of land which is adjacent to it
whether, and to what extent, the physical condition of the land is a risk to public safety
whether the physical condition of the land or any building or other structure on the land is causing or is likely to cause environmental harm <sup>3</sup>
whether the physical condition of the land complies with the standards for good agricultural and environmental condition
the purpose for which the land or any building or other structure is being used or has been used, and the length of time for which it has been so used
if it appears to the Scottish Ministers that the land or any building or other structure on the land is not being used for any particular purpose, the length of time for which it has not been so used
whether, and to what extent, the land or any building or other structure on the land is being used for public recreation
whether, and to what extent, the land is being held for the purposes of permanent preservation for the benefit of historic or national interest and for the preservation of its natural aspect and features and animal and plant life
whether, and to what extent, any building or other structure on the land is being held for the purposes of the permanent preservation for the benefit of historic or national interest and for the preservation of its architectural or historical features so far as of national or historic interest
whether the land, or any part of the land, is or forms part of a nature reserve or conservation

<sup>1</sup> As per Part 3A of the Land Reform (Scotland) Act 2003 (the “2003 Act”), as introduced by Part 4 of the Community Empowerment (Scotland) Act 2015 (the “2015 Act”).

<sup>2</sup> See section 97C(4) of Part 3A of the 2003 Act.

<sup>3</sup> Environmental harm” has the meaning given to it in section 17(2) of the Regulatory Reform (Scotland) Act 2014. “Environmental harm” therefore means: (a) harm to the health of human beings or other living organisms, (b) harm to the quality of the environment, including (i) harm to the quality of the environment as a whole, (ii) harm to the quality of air, water or land, and (iii) other impairment of, or interference with, ecosystems, (c) offence to the senses of human beings, (d) damage to property, or (e) impairment of, or interference with, amenities or other legitimate uses of the environment

area
whether the land, or any part of the land, is designated a special site <sup>4</sup>
whether any building or structure on the land is a listed building
whether any building or structure on the land is a scheduled monument

### Question 1

Do you agree with the above matters? Yes ☐ No ☒

If not, please explain

These criteria are non-specific. They do not define the standards that they would apply and do not, for example, define timescales. Also, where does the evidence come from and who verifies it?

Are there any matters you believe should be added? If so, please give details.

Are there any matters you believe should be removed? If so, please give details.

---

A “special site” is defined as a “special site” for the purposes of section 78C(1) of the Environmental Protection Act 1990, which is an area of land that the local authority has decided should be a designated as a special site because it is contaminated land<sup>4</sup>

## **2. Section 97C(5) – Land pertaining to land on which there is a building or structure which is a person’s “home”**

### **Background**

2.1 Section 97C(5)(a) of the 2003 Act provides that land which is eligible for purchase by a Part 3A community body does not include land on which there is a building or other structure which is an individual’s home other than a building or other structure which is occupied by an individual under the terms of a tenancy.

2.2 Land pertaining to land which is to be treated as a person’s home will not be eligible land which can be bought by Part 3A community bodies, unless that home is occupied by an individual under the terms of a tenancy.

2.3 The following proposals seek to describe the land that we propose should be treated as land pertaining to a building or structure which is a person’s home for the purposes of section 97C(5)(b) of the 2003 Act.

### **Proposals**

2.4 We consider that land pertaining to a person’s home may include a number of elements. Each of these elements may have a number of roles for the home.

**We propose that land within the curtilage of a home should be land pertaining to a home, along with the following categories of land:**

Land which is used for access to the home
Land which is used for storage of personal possessions for the maintenance and upkeep of the house and any vehicles
Land which is used for space to store fuel and other necessities to provide subsistence for the house
Land which is used for space to generate heat and warmth for the home
Land which is used for space to grow food and provide other subsistence
Land which is used for activities pertaining to maintaining the home
Land which is used for space in an outbuilding for business use.
Land which is used for space to enjoy the house and personal space around the house so as to allow privacy within the house

Land which is within the curtilage of a home may include land on which there is a garage, shed, sunhouse, outhouse, greenhouse, lean-to, or outdoor toilet.

### **Question 2**

Do you agree that the above types of land should be land pertaining to land that is a person’s home? Yes ☒ No ☐

If not, please explain

1. Garden ground should be included up to the property boundary and a maximum size stated (i.e. is this to the policies for an estate house or castle grounds?)
2. There are no clear definitions on what is personal space – this would always be open to interpretation.

Are there any types of land that you believe should be added? If so, please give details.

Garden Ground

Are there any types of land that you believe should be removed? If so, please give details.

### **3. Section 97C(5)(f) – Descriptions or classes of land which is not eligible for purchase by a Part 3A community body**

#### **Background**

3.1 Section 97C(5)(f) provides that Ministers may set out in regulations, descriptions or classes of other land which is not eligible land for the purposes of Part 3A of the 2003 Act.

Are there any descriptions or classes of land that you believe should not be eligible for purchase by a Part 3A community body? If so, please give details.

1. Garden ground
2. Policies or formal gardens

#### **4. Section 97C(6)(b) – Descriptions or classes of occupancy or possession which are, or are to be treated as, a tenancy – land which will be eligible for purchase by a Part 3A community body**

##### **Background**

4.1 Section 97C(6)(b) of the 2003 Act allows Ministers to set out in regulations the descriptions or classes of occupancy or possession which are, or are to be treated as, a tenancy for the purposes of Part 3A of the Land Reform (Scotland) Act 2003.

##### **Proposals**

4.2 Land on which there is a building or structure which is occupied by a person under a tenancy will be an exception to the exclusion of an individual's home from eligible land.

4.3 Ministers have the power under section 97C(6)(b) of the 2003 Act to set out descriptions or classes of occupancy or possession which are, or are to be treated as, tenancies for the purposes of section 97C(5)(a). The exception to the exclusion of homes from the definition of eligible land covers all tenancies (including common law and statutory tenancies), regardless of whether they are set out in such regulations. However, we are considering using the power in section 97C(6)(a) to clarify that the classes of occupancy or possession listed in the table below are those which we consider are, or should be treated as, tenancies for the purposes of section 97C(5)(a) of Part 3A of the 2003 Act.

4.4

**Table 1**

<b>Classes of occupancy or possession treated as a tenancy</b>	<b>Class of occupancy or possession features</b>
Tied accommodation	By "Tied" accommodation we mean accommodation provided with a person's job, under a service occupancy agreement. This generally means where accommodation is provided by an employer in return or part return for working.



License agreement	Nearly all arrangements in the private rented sector are “tenancies”, however some landlords provide written agreements that are called “licence agreements” because they believe that a “licence” gives tenants fewer rights. We wish to make clear that if an arrangement is, in fact a tenancy, even if it is called a licence agreement it will still be treated as a tenancy for the purposes of section 97C(5)(a) of the 2003 Act.
University student, hospital staff accommodation etc.	By this we mean that the accommodation is occupied in connection with a particular employment or course of education, and is occupied by the occupier’s employer or the education establishment providing the occupier with education. .
Night-by-night / temporary accommodation or tenancy on a temporary basis for homeless persons	By this we mean where a person occupies a room in a hostel, hotel, night shelter etc on a nightly basis.
Life-rent	By life-rent we mean where a person has the right to receive for life the benefits of the property, and to live in the property for life.

### Question 3

Do you agree with the above descriptions or classes of occupancy or possession which are, or are to be treated as, a tenancy for the purposes of Part 3A of the Land Reform (Scotland) Act 2003? Yes ☒ No ☐

If not, please explain

Are there any descriptions or classes of occupancy or possession which are, or are to be treated as, a tenancy, that you believe should be added? If so, please give details.

Are there any descriptions or classes of occupancy or possession which are, or are to be treated as, a tenancy that you believe should be removed? If so, please give details.

## **5. Section 97H(6) – List of prescribed regulators**

### **Background**

5.1 Section 97H(5)(b) of the 2003 Act requires a Part 3A community body to make a request to all relevant regulators. The regulators listed below include bodies that are authorised to invoke legislation, regulatory rules etc, or to take action that could, or might reasonably be expected to, remedy or mitigate the harm that the use or management of the land which is the subject of the Part 3A application is causing to the environmental wellbeing of the relevant community.

5.2 Section 97H(6) gives Ministers the power to prescribe in regulations what description of person, body or office-holder is a regulator for the purposes of Part 3A of the 2003 Act.

### Proposals

5.3 We propose that a regulator is a person, body or office-holder having the power to carry out “regulatory functions”. The term “regulatory functions” is defined in section 97H(6)(d).

To paraphrase, it means

- (a) functions conferred by or under any enactment
  - (i) imposing requirements, restrictions or conditions in relation to an activity,
  - (ii) setting standards or outcomes in relation to an activity or
  - (iii) giving guidance in relation to an activity or
- (b) functions which relate to the securing of compliance with, or enforcement of, requirements, restrictions, conditions, standards, outcomes or guidance which by or under any enactment relate to an activity.

The following table provides examples of what we might consider to be regulators.

Regulator	Regulator information	Regulator website
Cairngorms National Park Authority	Ensures that the unique aspects of the Cairngorms National Park - the natural environment, the cultural heritage, the local communities - are cared for, sustained and enhanced	<a href="http://cairngorms.co.uk/park-authority/">http://cairngorms.co.uk/park-authority/</a>
Civilian Aviation Authority	independent specialist aviation regulator and provider of air traffic services, and regulates bodies including air operators and aerodromes.	<a href="http://www.caa.co.uk/default.aspx?catid=2345">http://www.caa.co.uk/default.aspx?catid=2345</a>
Food Standards Scotland	Ensures that information and advice on food safety and standards, nutrition and labelling is independent, consistent, evidence-based and consumer-focused. Primary concern is consumer protection – making sure that food is safe to eat, ensuring consumers know what they are eating and improving nutrition. Vision is to deliver a food and drink environment in Scotland that benefits, protects and is trusted by consumers.	<a href="http://www.foodstandards.gov.scot/about-us">http://www.foodstandards.gov.scot/about-us</a>
Health and Safety Executive	Provides a regulatory framework for work place health and safety in Great Britain.	<a href="http://www.hse.gov.uk/aboutus/index.htm">http://www.hse.gov.uk/aboutus/index.htm</a>
Historic Scotland	Safeguards the nation’s historic environment and promotes its understanding and enjoyment	<a href="http://www.historic-scotland.gov.uk/index/about.htm">http://www.historic-scotland.gov.uk/index/about.htm</a>
Local Authority - General licensing	Responsible for a range of licensing regimes as well as alcohol and gambling, including the licensing of taxis, house-to-house collections, sex establishments, Sunday trading, charity collections, scrap metal dealers and pavement cafes.	Refer to website of relevant local authority

Local Authority - Housing	Responsible for enforcing regulations concerning housing including provisions for area improvement, responsibilities of landlords, compulsory purchase, housing in multiple occupation and licensing of housing	Refer to website of relevant local authority
Local Authority - Planning	Responsible for regulating in relation to planning controls.	Refer to website of relevant local authority
Local Authority - Road traffic	Some responsibility for regulating the control of overloaded and inappropriately loaded vehicles.	Refer to website of relevant local authority
Loch Lomond and Trossachs National Park	Ensures the natural heritage, land and water resources are sustainably managed and protected. Establish and promote the National Park as one of Scotland's premiere sustainable tourism destinations. Enable and promote sustainable development that supports and enhances local distinctiveness and sense of place. Encourage enterprise and innovation and improve the quality of life for the local communities.	<a href="http://www.lochlomond-trossachs.org/looking-after/what-we-do/menu-id-433.html">http://www.lochlomond-trossachs.org/looking-after/what-we-do/menu-id-433.html</a>
Marine Scotland	Manages Scotland's seas for prosperity and environmental sustainability, working closely with key delivery partners Scottish Natural Heritage (SNH) and the Scottish Environment Protection Agency (SEPA).	<a href="http://www.gov.scot/About/People/Directorates/marinescotland">http://www.gov.scot/About/People/Directorates/marinescotland</a>
Ofcom (communications providers)	Is the communications regulator. We regulate the TV and radio sectors, fixed line telecoms, mobiles, postal services, plus the airwaves over which wireless devices operate.	<a href="http://www.ofcom.org.uk/about/">http://www.ofcom.org.uk/about/</a>
Ofgem (gas and electricity providers)	Protects the interests of existing and future electricity and gas consumers.	<a href="https://www.ofgem.gov.uk/about-us/who-we-are">https://www.ofgem.gov.uk/about-us/who-we-are</a>
Office for Nuclear Regulation	Responsible for regulation of nuclear safety and security across the UK	<a href="http://www.onr.org.uk/about.htm">http://www.onr.org.uk/about.htm</a>
Office of Rail and Road	Is the safety and economic regulator for Britain's railways. Ensures that the network operates safely, reliably and provides value for taxpayers and customers.	<a href="http://orr.gov.uk/about-orr">http://orr.gov.uk/about-orr</a>
Scottish Environment Protection Agency	Protects the environment and human health, including environmental regulation, monitoring and reporting on the state of the environment, and resolving environmental harms.	<a href="http://www.sepa.org.uk/about-us/">http://www.sepa.org.uk/about-us/</a>
Scottish Housing Regulator	Regulate to protect the interests of tenants, homeless people and others who use social landlords' services	<a href="https://www.scottishhousingregulator.gov.uk/">https://www.scottishhousingregulator.gov.uk/</a>
Scottish Natural Heritage	Promotes care for and improvement of the natural heritage; help people enjoy the natural heritage responsibly; enables greater understanding and awareness of the natural heritage; and promote its sustainable use, now and for future generations.	<a href="http://www.snh.gov.uk/about-snh/">http://www.snh.gov.uk/about-snh/</a>

Scottish Police Authority	Responsible for maintaining policing, promoting policing principles and continuous improvement of policing, and to hold the Chief Constable to account	<a href="http://www.spa.police.uk/about-us/">http://www.spa.police.uk/about-us/</a>
Scottish Water	Provision of safe drinking water and removal of waste water	<a href="http://www.scottishwater.co.uk/about-us">http://www.scottishwater.co.uk/about-us</a>
Transport Scotland	National transport agency for Scotland, delivering the Scottish Government's vision for transport.	<a href="http://www.transportscotland.gov.uk/">http://www.transportscotland.gov.uk/</a>

#### Question 4

Do you agree that a regulator should be described as a person, body or office-holder that has the power to carry out regulatory functions? Yes ☒ No ☐

If not, please explain

Are there any persons, bodies or office-holders that you believe should be included in the definition of regulator, but are not listed above? If so, please give details.

Are there any persons, bodies or office-holders that you believe should not be included in the definition of regulator? If so, please give details.

## **6. Section 97N(1)&(3): Prohibitions on sale or transfer of land; suspension of rights**

### **Background**

6.1 Section 97N(1) of the 2003 Act gives Ministers the power to, by way of regulations, make provision for or in connection with prohibiting certain persons from transferring or otherwise dealing with land which is the subject of the Part 3A application once that application has been registered, and the period of time for which the transfer or dealings in that land is prohibited.

6.2 Section 97N(2) of the 2003 Act sets out what Ministers may include in such regulations. One such power allows Ministers to set out the transfers or dealings in relation to the land which are not prohibited by the regulations set out in section 97N(1).

6.3 Section 97N(3) of the 2003 Act gives Ministers the power to, by way of regulations, make provision for or in connection with suspending rights in or over land which is the subject of a Part 3A application.

### **Proposals**

6.4 We have considered what may be included in regulations made under sections 97N(1) and 97N(3), as set out below:

#### **Section 97N(1) and 97N(3) – Date of prohibition or suspension of rights**

##### **Date prohibition or suspension of right applied**

6.5 Following receipt of a valid application, we consider that the prohibition or suspension of rights will come into operation from the date on which the owner or, as the case may be, the creditor in a standard security with the right to sell the land<sup>5</sup>, receives the notice of prohibition. The prohibition notice will accompany the notice(s) sent under section 97G(9)(a)(i) or (iii) of the 2003 Act.

### **Question 5**

Do you think the proposed dates are appropriate? Yes ☒ No ☐

If not, please explain

---

<sup>5</sup> A creditor in a standard security with the right to sell land has the meaning given in section 97Z(1) of the 2003 Act, that is, a creditor who has a right under section 20(2) or 23(2) of the Conveyancing and Feudal Reform (Scotland) Act 1970 (the “1970 Act”), or a warrant granted under section 24(1) of the 1970 Act.

### **Date prohibition or suspension of rights lifted**

6.6 We consider that the prohibition or suspension of rights should be lifted on the following dates, as appropriate in the circumstances :

- The date Ministers send notice under section 97M(1) of the 2003 Act declining to consent to an application;
- The date on which the Sheriff issues a decision in an appeal under section 97V(1), (4) or (5) if the Sheriff finds in favour of the pursuer;
- The date Ministers send, in accordance with section 97P(3) of the 2003 Act, acknowledgement of receipt of a notice from a Part 3A community body made under section 97P(2) of the 2003 Act;
- The date the application is treated as withdrawn under section 97R(5) of the 2003 Act as a result of the consideration remaining unpaid after the date on which it is to be paid;
- The date a community body completes transfer of the land under section 97R of the 2003 Act.

### **Question 6**

Do you think the proposed dates are appropriate? Yes ☒ No ☐

If not, please explain

1. There is no time limit for the consent to transfer. There is a prohibition and an end date if unsuccessful but no timescale for the interim period.

### **Section 97N(1) and 97N(3) – Persons subject to prohibition**

6.7 We consider that the following persons should be subject to the prohibition of the sale or transfer of land and suspension of rights under sections 97N(1) or 97N(3) of the 2003 Act. These are :

- Landowner
- Creditor in standard security with the right to sell the land

## Question 7

Do you agree with proposals? Yes ☐ No ☒

If not, please explain

There may be a detrimental impact for 1. The land owner, 2. Any creditor, in realising the value of the land

### Section 97N(1) – Prohibition of transfer of land

6.8 The following sets out what will be prohibited:

- We consider that the landowner and creditor in a standard security will be prohibited only from completing the transfer of land.

### Section 97N(2) regulations made under section 97N(1) – Transfers or dealings not subject to these regulations

6.9 We consider that a prohibition should not apply in the following circumstances:

- a transfer to implement or in pursuance of an order of court (other than an order under section 24 of the Conveyancing and Feudal Reform (Scotland) Act 1970 or a decree in an action for the division and sale of land);
- a transfer between spouses or civil partners in pursuance of a written arrangement between them entered into at any time after they have ceased living together;
- a transfer to a statutory undertaker for the purposes of carrying on their undertaking;
- a transfer implementing the compulsory acquisition of the land under an enactment;
- a transfer by agreement of land which would have been acquired compulsorily under an enactment if an agreement had not been made;
- a transfer of land in pursuance of missives concluded for the sale of the land prior to the date the owner was notified of the Part 3A application.
- a transfer vesting the land in a person for the purpose of any enactment relating to sequestration, bankruptcy, winding up or incapacity or to the purposes for which judicial factors may be appointed; or
- a transfer of land in consequence of (1) the assumption or resignation or death of one or more of the partners in a firm, or, (2) the assumption or resignation or death of one or more of the trustees of a trust.

We also consider that the landowner or creditor may, if they wish and at their own risk, take steps short of transfer, subject to the suspension of rights provided by section 97N(3) below.



### Question 8

Do you agree with the above list of transfers or dealings?

Yes ☒ No ☐

If not, please explain

Are there any that you believe should be added? If so, please give details.

Are there any that you believe should be removed? If so, please give details.

## Section 97N(3) – Suspension of rights over the land

6.10 We consider that the following rights, if they were to be exercised, may prevent a Part 3A application from being properly considered. Therefore we are considering whether to suspend some or all of these rights whilst a Part 3A application is being considered by Ministers. Any suspension of rights will be lifted on a date as listed under *section 97N(1) and 97N(3) date of prohibition and suspension of rights* above:

- Pre-emption rights, except those arising from option agreements, which allow a party to purchase property if the landowner sells that property;
- Redemption rights and reversion rights which give another party the right to take back property from the owner at any time, not just when the landowner sells the property;
- Rights deriving from any option to purchase which apply where parties have agreed that land may be sold by the owner to a prospective purchaser, either at some point in the future or only if certain circumstances apply (e.g. obtaining planning permission);
- Any right of pre-emption granted under Part 2 of the 2003 Act;
- An asset transfer request made under Part 5 of the 2015 Act.

### Question 9

The above section sets out proposals surrounding the rights which are to be suspended when a valid application is made under Part 3A.

Do you agree with these proposals? Yes ☐ No ☒

If not, please explain

Third party standard securities, legally binding agreements between third parties may be compromised by this.

Are there any other rights that you believe should be suspended? If so, please give details.

Are there any of these rights that you believe should not be suspended? If so, please give details.

## **7. Section 97J(7) – Provision for or in connection with enabling a Part 3A community body to apply for the cost of ballot expenses to be reimbursed**

### **Background**

7.1 Section 97J(7) of the 2003 Act allows Ministers to, by regulations make provision for, or in connection with, enabling a Part 3A community body, in such circumstances as may be specified in the regulations, to apply to them to seek reimbursement of the expense of conducting a ballot under this section.

7.2 It was not considered appropriate for Ministers to meet the cost of the ballot at the outset of the Part 3A community right to buy process, however we consider that, in certain circumstances, the community body should be reimbursed the cost of the ballot when an application for reimbursement of the cost is received by Ministers upon completion of the Part 3A right to buy process. The proposals below outline the circumstances in which Part 3A community bodies should be able to seek reimbursement of the ballot costs.

### **Proposals**

7.3 We are considering whether Part 3A community bodies may apply for reimbursement of the cost of conducting the ballot in some or all of the following circumstances:

- The Part 3A application has been consented to by Scottish Ministers;
- The land has been transferred to the Part 3A community body;
- The ballot for which reimbursement costs are claimed from Scottish Ministers by the Part 3A community body must have been conducted in accordance with the ballot provisions contained within section 97J of Part 3A of the 2003 Act, and the ballot provisions that are prescribed under section 97J(2);
- The community must have approved the Part 3A community body's proposal to buy the land in accordance with section 97J(1) of the 2003 Act by way of the ballot for which the reimbursement of expenses are claimed.

### Question 10

Do you agree with these proposals? Yes ☐ No ☒

If not, please explain

If costs are reimbursed this may lead to spurious applications for transfer

Are there any other circumstances under which you believe a community body should be able to apply for reimbursement? If so, please give details.

7.4 We consider that the following procedures should be followed when applying for reimbursement of the full cost of conducting the ballot:

- The application for reimbursement of ballot costs, in the form of a letter from the community body, must be fully vouched. If a third party or contractor has been used for any part of the ballot process, that third party contractor's original invoice and proof of full payment to the third party or contractor by the community body must be provided with the application for reimbursement of costs sent to Ministers;
- The application for reimbursement of ballot costs must be made to Scottish Ministers within 2 months following the date of transfer of the land to the community body;
- Any appeal of the ministerial decision should be made to the Lands Tribunal within 21 days of receiving that decision.

## Question 11

Do you agree with these proposals? Yes ☐ No ☒

If not, please explain

If costs are reimbursed this may lead to spurious applications for transfer

### **8. Section 97T(4) – entitlement to compensation**

#### **Background**

8.1 Section 97T of the 2003 Act allows any person, in the circumstances listed in section 97T(1) of the 2003 Act, including the current or former landowner, to recover loss or expense from either the Part 3A community body (if the application was consented to) or Scottish Ministers (if the application was refused).

8.2 Those circumstances set out in section 97T(1) are that the loss or expense has been incurred as a result of:

- (i) the person complying with the requirements of Part 3A following receipt of an application made under Part 3A of the 2003 Act by a community body,
- (ii) a Part 3A community body withdrawing its application or failing to complete the purchase of the land after confirming its intention to complete the purchase, or
- (iii) the failure of the Part 3A community body which made the application to complete the purchase of the land.

8.3 Where the parties to a compensation application are unable to agree whether compensation is payable, or the amount of compensation payable, either party may refer the question to the Lands Tribunal for Scotland.

#### **Proposals**

8.4 We consider that the following procedures should apply in order for an application for compensation to be made :

- The claim for compensation is to be made within 90 days of: (i) the final settlement date for the purchase of the land by the Part 3A community body, (ii) the date the Part 3A community body withdraw their application, or (iii) the date Ministers rejected the Part 3A community right to buy application, as is applicable in the circumstances;
- The claim for compensation is to be sent to the Part 3A community body's address as noted on the application, if the compensation is payable by the Part 3A community body;
- The claim for compensation is to be sent to Scottish Ministers if the compensation is to be paid by Ministers;

- The claim for compensation must be fully vouched and be accompanied by all original invoice(s) in respect of the fees, costs or expenses for which compensation is claimed, together with a clear explanation and complete breakdown of the compensation which is sought. Sufficient information must be provided to determine whether or not the amount is relevant to the claim being made, and that it is within the correct timescales;
- Ministers or the community body, as appropriate, will have 40 days to consider the application for compensation and determine the amount payable.

### Question 12

Do you agree with these proposals? Yes ☐ No ☒

If not, please explain

Expenses for losses should be judged by a neutral arbiter.

**Consultation on proposals relating to secondary legislation for Part 3 of the Land Reform (Scotland) Act 2003 – the crofting community right to buy as amended by the Community Empowerment (Scotland) Act 2015**



**RESPONDENT INFORMATION FORM**

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organisation?

- ☐ Individual  
☒ Organisation

Full name or organisation's name

Shetland Partnership

Phone number

01595 744250

Address

Community Planning and Development, Solarhus, 3 North Ness, Lerwick

Postcode

ZE1 0LZ

Email

brendan.hall@shetland.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☒ Publish response with name  
☐ Publish response only (anonymous)  
☐ Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes  
☐ No

## **DETAILED POLICY PROPOSALS**

### **1. Application forms to be used by a crofting community body in the exercise of its right to buy**

#### **Background**

1.1. Crofting community bodies can apply to Ministers to acquire eligible croft land, and eligible additional land and a number of rights associated with that land, including salmon fishings, mineral rights (except mineral rights to oil, coal, gas, gold, or silver, and sporting rights). They can also acquire the interest of the tenant in tenanted land. These different elements can be applied for at specific periods of time (the “relevant” period – section 69(3) of the Act).

1.2. A crofting community body is required to submit its application to exercise its crofting community right to buy to Ministers on a prescribed form (section 73(5) of the Act refers). This application form is also to be accompanied by information that is to be prescribed by Ministers.

#### **Proposals**

1.3. We are seeking your views on the form of the application forms to be used by a crofting community body in the exercise of its right to buy and what kind of information should accompany these forms.

1.4. We propose that there should be two application forms to enable a crofting community body to acquire the land, rights and interest of the tenant in tenanted land under the crofting community right to buy. These are:

(1) Application for consent to buy eligible croft land etc. This includes eligible croft land, salmon fishings and mineral rights, land which may be bought in addition to eligible croft land, additional land included at request of owner and leaseback of sporting interests.

(2) Application for consent to buy the interest of the tenant in tenanted land.

1.5. The proposed form of these two application forms is set out below.

1.6. The first of the forms is the “Application for consent to buy eligible croft land etc”.





**Land Reform (Scotland) Act 2003**  
**Part 3: Crofting Community Right to Buy**  
 Application for consent to buy eligible croft land etc

**This form can be completed:**

- Electronically, or
- Manually using black or blue ink and in capital letters

11

Please mark an "X" in the box to indicate if you are also submitting with an application for consent to buy the interest of the tenant in tenanted land.

## SECTION 1 — WHO IS APPLYING

**1.1** Name of crofting community body (“CCB”) applying for consent to buy croft land etc.

**Crofting Community Body Name**

## SECTION 2 — DETAILS OF WHO IS APPLYING

**2.1** Please supply the official registered or principal office of the CCB.

**Postal Address:**

**Town:**

**County:**

Country:**Postcode:**

**2.2** Please supply the address the CCB wishes correspondence in relation to the crofting community right to buy process to be issued to.

<b>Contact name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>Telephone:</b>	
<b>Email:</b>	

**2.3** Please mark an “X” in the relevant box to confirm the type of CCB and its official number.

<input type="checkbox"/>	Company Limited by Guarantee (CLBG) and its company number is:	<input type="text"/>
<input type="checkbox"/>	Scottish Incorporated Charitable Organisation (SCIO) and its charity number is:	<input type="text"/>
<input type="checkbox"/>	Community Benefit Society (BenCom) and its registration number is:	<input type="text"/>

This application must be accompanied by a copy of the CCB’s governing documents and evidence of its company, charity number or registration number.

<input type="checkbox"/>	Please mark an “X” confirming that such a copy and evidence accompanies this application.
--------------------------	---

**2.4** Please provide:

(a) Total number of members in your CCB.

(b) A breakdown of the total number of members of each different type(s) of membership in your CCB as stated in your governing document.

(c) The membership details (i.e. names, address and membership type) of the CCB's members.

### **SECTION 3 – THE COMMUNITY AND THE LAND AND RIGHTS TO BE ACQUIRED**

**3.1** Please show the crofting community in relation to the land for which consent to purchase is being sought. You should provide a suitable map or drawing which identifies those individual households of members of the crofting community resident in the township of the crofting community. The map or drawing should be to an appropriate scale and derived from an Ordnance Survey map. Please ensure that the maps or drawings are referenced accordingly.

**3.2** Please confirm the number of map(s) or drawings being submitted to show the crofting community in relation to the land for which consent to purchase is sought.

**3.3** Please explain why this crofting community is an appropriate crofting community in relation to the subjects set out in this application.

## SECTION 4 — THE ELIGIBLE CROFT LAND ETC

**4.1** The application must be accompanied by more or more map or drawings. The maps or drawings should show the location and boundaries of the land which is the subject of this application, or land to which the sporting interests relate.

Please provide a map(s) or drawing(s) showing the location and boundaries of the land or eligible sporting interests in respect of which the right to buy is to be exercised. Please provide a description of each map or drawing. Please ensure that all maps or drawings are referenced accordingly.

**4.2** Please detail the number of maps or drawings enclosed.

**4.3** Please provide a written description of the eligible croft land, eligible additional land or eligible sporting interests. This should include proposed boundaries and all rights and interests in the land which is the subject of this application. Please complete on a separate sheet if necessary, which should be referenced accordingly.

**4.4** What is the estimated area of land?

**4.5** What county is the land located in?

**4.6** Please mark an “X” to indicate whether this is an application to acquire: (i) salmon fishings; (ii) mineral rights; (iii) eligible sporting interests.

**YES**

**NO**

☐
☐

(i) salmon fishings

☐
☐

(ii) mineral rights

☐
☐

(iii) eligible sporting interests.

If “Yes” to any of the above, please give a detailed description of the to which those rights relate and this application must be accompanied by a map or plan to a suitable scale which clearly shows all relevant features, exceptions and boundaries. The map or drawing should be clearly labelled, and referenced accordingly.

**4.7** Please mark an “X” to indicate whether the eligible croft land, eligible additional land or eligible sporting interests for which consent to purchase in this application, includes any eligible additional land.

**YES**

☐

**NO**

☐

**Not applicable**

☐

**4.8** If this is an application which includes eligible additional land, please mark an “X” to indicate whether the owner of the eligible land requested that it be purchased.

**YES**

☐

**NO**

☐

**Not applicable**

☐

If “Yes”, please provide evidence of that request and reference that evidence accordingly.

**4.9** Please mark an “X” to indicate whether the owner of eligible additional land has consented to its purchase.

**YES**

☐

**NO**

☐

**Not applicable**

☐

If “Yes” please provide evidence of that consent and reference that evidence accordingly.

**4.10** Please explain why you consider all of the land or eligible sporting interests constitutes eligible croft land, eligible additional land or eligible sporting interests (see section 69A(1) of the Act).

Please provide relevant evidence to support any explanation, which should be referenced accordingly.

**4.11** Please explain why you believe that all of the land or these eligible sporting interests is owned by the landowner.

**4.12** Please mark an “X” to indicate whether the eligible croft land, eligible additional land or any part of it, salmon fishings, mineral rights, or eligible sporting interests, which is the subject of this application was acquired previously through the exercise of a crofting community right to buy under the provisions of this Act.

**YES**

☐

**NO**

☐

If “Yes” to the above, please provide details, including the date on which the purchase was completed (DD/MM/YY)

## SECTION 5 — LAND OWNERSHIP & INTERESTS

**5.1** Please provide the contact details of the owner(s) of the eligible croft land and eligible additional land which is the subject of this application.

<b>Name of landowner:</b> <b>Contact name:</b> <b>Postal Address:</b> <b>Town:</b> <b>County:</b> <b>Country:</b> <b>Postcode:</b> <b>Company no., registration no. or charity no. (if applicable):</b> <b>E-mail:</b>	
--	--

**5.2** Details of the landowner's agent/representative, if applicable.

<b>Contact Name:</b> <b>Postal Address:</b> <b>Town:</b> <b>County:</b> <b>Country:</b> <b>Postcode:</b> <b>E-mail:</b>	
---	--

**5.3** If there is more than one owner (eg. the land is held in joint or common ownership between a number of owners), then please provide the contact details of the other owner(s).

--

**5.4** Please mark an “X” to indicate whether the person who owns the eligible croft land/eligible additional land also owns the salmon fishings on or contiguous with this land?

YES ☐ NO ☐ NOT APPLICABLE ☐

**5.5** Please mark an “X” to indicate whether the person who owns the eligible croft land/eligible additional land also owns the mineral rights associated with this land?

YES ☐ NO ☐ NOT APPLICABLE ☐

If “No”, to 5.4 or 5.4, please provide the name of the owner of these rights, providing the name of the owner, contact name, postal address, town, country, postcode, company no. registered no, or charity number (if appropriate), and e-mail address.

--

**5.6** Please list the names and addresses of all persons (e.g. any creditor in a standard security over the land or any part of it with a right to sell the land or any part of it) who are known to you to have legally enforceable rights and interests in the subjects of the application, in all or part, and detail what rights and interests they have.

--



**5.7** Please confirm what checks were carried out; by whom; and when, to establish the ownership details of the land, and interest details of the land, and the tenant of the land.

--

**5.8** Please state if you are aware if the owner(s) is prevented from:

(a) selling the land or rights which are included in this application; or

**YES**

☐

**NO**

☐

(b) subject to any enforceable obligation (other than an obligation arising from any right mentioned in section 84(1) of the 2003 Act, or order of the Land Court, to sell them otherwise than to the CCB.

**YES**

☐

**NO**

☐

If you have answered “Yes”, please provide relevant evidence to support your answer, which should be referenced accordingly.

## **SECTION 6 — CROFTING COMMUNITY SUPPORT**

**6.1** Please indicate which of the members of the crofting community are: (1) resident in the crofting township associated with the croft land which the crofting community has a right to buy under the crofting right to buy provisions, and who are entitled to vote in a local government election; or (2) tenants of crofts in the crofting township whose names are entered in the Crofting Register, or the Register of Crofts, as the tenants of such crofts; or (3) owner-occupier crofters of owner-occupied crofts in the crofting township whose names are entered in the Crofting Register as the owner-occupier crofters of such crofts; or are (4) [such other persons, or are persons falling within a class of such other persons, as may be prescribed].

If you complete your list on a separate sheet please ensure that it is referenced accordingly.

Please list the members (names and addresses) who are:

(1) resident in the crofting township associated with the croft land which the crofting community has a right to buy under the crofting right to buy provisions, and who are entitled to vote in a local government election;

(2) tenants of crofts in the crofting township whose names are entered in the Crofting Register, or the Register of Crofts, as the tenants of such crofts;

(3) owner-occupier crofters of owner-occupied crofts in the crofting township whose names are entered in the Crofting Register as the owner-occupier crofters of such crofts;

(4) [such other persons, or are persons falling within a class of such other persons, as may be prescribed].

## SECTION 7 — BALLOT RESULT

**7.1** Please mark an “X” in one box to confirm whether notification to the Scottish Ministers of the results of the ballot held under section 75 of the Act are enclosed with this application.

**YES**

☐

**NO**

☐

If you have answered “No”, please indicate when it was sent to Scottish Ministers.

Date sent (DD/MM/YY)

Note: An application under section 73 of the Act must be made within the period of 6 months starting on and including the date of the ballot.

## SECTION 8 — PROPOSALS FOR THE LAND TO BE PURCHASED

**8.1** Please state the proposed use, development and management of the land which is the subject of this application. Continue on a separate sheet if necessary, which should be referenced accordingly.

**8.2** Please mark an “X” in one box to confirm whether you consider the proposed use, development or management of the land relating to this application will interfere with any sewers, pipes, lines, watercourses or other conduits and fences, dykes, ditches or other boundaries in or on the land.

**YES**

☐

**NO**

☐

If “Yes”, please provide details

**8.3** Please mark an “X” in one box to confirm whether you consider it is likely that the present owner of the eligible croft land/eligible additional land or any third party will require access over the land relating to this application to reach other property or the right to access services (e.g. water, electricity, drains).

**YES**

☐

**NO**

☐

If "Yes", please provide details

**8.4** Please mark an "X" in one box to confirm whether there is any other land owned by the owner of the eligible croft land/eligible additional land and any business on such land that may be affected if this application is granted.

**YES**

☐

**NO**

☐

If "Yes", please provide details

**8.5** Please explain the extent to which the proposed use, development and management of each of the following to which this application relates, would consist of or support the sustainable development of the subjects of this application:

(i) the land

(ii) any salmon fishings, mineral rights or eligible sporting interests included in this application; and

(iii) any land or eligible sporting interests previously acquired by the crofting community body.

**8.6** Please mark an “X” to indicate whether the amount of land being acquired is sufficient to support any salmon fishings to be exploited so as to support the development of the crofting community.

**YES** ☐ **NO** ☐ **Not applicable** ☐

If “Yes”, please provide details of how that support is to be achieved  
If “No”, please indicate why you consider your application should be approved

**8.7** Please mark an “X” to indicate whether the amount of land being acquired is sufficient to support any mineral rights to be exploited so as to support the development of the crofting community.

**YES** ☐ **NO** ☐ **Not applicable** ☐

If “Yes”, please provide details of how that support is to be achieved  
If “No”, please indicate why you consider your application should be approved

**8.8** Please mark an “X” to indicate whether the amount of land being acquired is sufficient to support any eligible sporting interests to be exploited so as to support the development of the crofting community.

YES

☐

NO

☐

Not applicable

☐

If "Yes", please provide details of how that support is to be achieved  
If "No", please indicate why you consider your application should be approved

## SECTION 9 — PUBLIC INTEREST

**9.1** Please provide an explanation as to why the CCB considers that it is in the public interest that the right to buy be exercised.

## SECTION 10 — DECLARATION

- We the undersigned have been authorised by the crofting community body to provide the information in this form, the proposals detailed within it and any supporting documents.
- The crofting community body understands that, if it makes any inaccurate statements or provides inaccurate information (deliberate or accidental) at any stage during the crofting community right to buy process, or if it knowingly withholds any information, this could result in Scottish Ministers deciding not to consent to the application.
- The crofting community body has not altered or deleted the original wording of this form.
- The crofting community body understands that it requires each signatory (2 board members or charity trustees) to this form to provide his/her full names and address for the purposes of prevention and detection of fraud.
- The crofting community body confirms that it is still a crofting community body within the requirements of subsection (1) and (1A) or (1B) of section 71 of the Land Reform (Scotland) Act 2003.
- The crofting community body understands that this form and supporting documents may appear in the Register of Crofting Community Rights to Buy.
- We the undersigned have read and understand the terms of this declaration.

We, the undersigned on behalf of the crofting community body as noted at section 1, apply for consent to an application for consent to buy croft land etc under section 73 of the Land Reform (Scotland) Act 2003.

Name .....

Address .....

Date .....

Position .....

Signature .....

Name .....

Address .....

Date .....

Position .....

Signature .....

For more information and guidance on the crofting community right to buy (including where to post this form), please visit [www.gov.scot](http://www.gov.scot) and search for “crofting community right to buy”.

You can also email the completed form and associated documents to [crtb@scotland.gov](mailto:crtb@scotland.gov)

1.7. The form below is the form of the “Application for consent to buy the interest of the tenant in tenanted land”.

**Land Reform (Scotland) Act 2003**  
**Part 3: Crofting Community Right to Buy**  
Application for consent to buy the interest of the tenant in  
tenanted land (section 69A)

**This form can be completed:**

- **Electronically, or**
- **Manually using black or blue ink and in capital letters**

In order to make this application, you must have submitted one of the following applications. Please mark an “X” in the appropriate box to indicate what application you are also or have submitted to Ministers in respect of the crofting community right to buy provisions of the 2003 Act.

- |                          |  |
|--------------------------|--|
| <input type="checkbox"/> | also submitting an application for consent to buy eligible croft land etc  |
| <input type="checkbox"/> | has submitted to Ministers an application for consent to buy eligible croft land etc which they have not made a decision.                                  |
| <input type="checkbox"/> | has submitted an application if the conditions in 69A(4) of the 2003 Act have been met during the relevant period as defined in section 69A(5) of the Act. |

**SECTION 1 — WHO IS APPLYING**

**1.1** Name of crofting community body (“CCB”) applying for consent to buy the interest of the tenant in tenanted land

<b>Crofting Community Body Name</b>	
-------------------------------------	--



## SECTION 2 — DETAILS OF WHO IS APPLYING

**2.1** Please supply the official registered or principal office of the CCB.

<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	

**2.2** Please supply the address the CCB wishes correspondence in relation to the crofting community right to buy process to be issued to.

<b>Contact name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>Telephone:</b>	
<b>Email:</b>	

**2.3** Please mark an “X” in the relevant box to confirm the type of CCB and its official number.

<input type="checkbox"/>	Company Limited by Guarantee (CLBG)	
	and its company number is:	
<input type="checkbox"/>	Scottish Incorporated Charitable Organisation (SCIO)	
	and its charity number is:	
<input type="checkbox"/>	Community Benefit Company (BenCom) and its	
	registration number is:	

This application must be accompanied by a copy of the CCB’s governing documents and evidence of its company number and charity number.

☐

Please mark an "X" confirming that such a copy and evidence accompanies this application.

**2.4** Please provide:

(a) Total number of members in your CCB

(b) A breakdown of the total number of members of each different type(s) of membership in your CCB as stated in your governing document.

(c) The membership details (i.e. names, address and membership type) of the CB's members.

### SECTION 3 — THE COMMUNITY AND THE TENANTED LAND

**3.1** Please show the crofting community in relation to the tenanted land for which consent to purchase is being sought. You should provide a suitable map or drawing which identifies those individual households of members of the crofting community resident in the township of the crofting community. The map or drawing should be to an appropriate scale and be derived from an Ordnance Survey map. Please ensure that the maps or drawings are referenced accordingly.

**3.2** Please confirm the number of map(s) or drawings being submitted to show the crofting community in relation to the tenanted land for which consent to purchase is sought.

**3.3** Please explain why this crofting community is an appropriate crofting community in relation to the subjects set out in this application?

## SECTION 4 — THE INTEREST OF THE TENANT IN TENANTED LAND

**4.1** The application must be accompanied by one or more map(s) or drawing(s) which show the location and boundaries of the tenanted land in respect of which the right to buy is to be exercised. Please provide a description of each map or drawing. Please ensure that all maps or drawings are referenced accordingly.

**4.2** Please detail the number of maps or drawings enclosed.

**4.3** What is the estimated area of land covered by the interest of the tenant in tenanted land?

**4.4** What county is the tenanted land located in?

**4.5** Please provide a written description of the tenanted land. This should include proposed boundaries of the tenanted land which is the subject of this application. If you complete your written description on a separate sheet, you should reference it accordingly. Please complete on a separate sheet if necessary, which should be referenced accordingly.

**4.6** Please explain why you consider the land in question is tenanted land (see section 69A(1) of the Act). You should provide relevant evidence to support any explanation, which should be referenced accordingly.

**4.7** Please explain why you believe that the tenant has an interest in the land. Please provide relevant evidence to support any explanation, which should be referenced accordingly.

**4.8** Please mark an “X” to indicate whether the eligible croft land, eligible additional land, salmon fishings on or contiguous with this land, mineral rights and eligible sporting interests was acquired previously through the exercise of a crofting community right to buy under the provisions of this Act.

**YES** ☐ **NO** ☐

If “Yes” to the above, please state the date on which that purchase was completed (DD/MM/YY).

**4.9** Please mark an “X” to indicate whether the tenants’ interest in the tenanted land has been acquired previously through the exercise of a crofting community right to buy under the provisions of this Act.

**YES** ☐ **NO** ☐

If “Yes” to the above, please state the date on which that purchase was completed (DD/MM/YY).

## SECTION 5 — LAND OWNERSHIP & INTERESTS

**5.1** Please provide the contact details of the tenant(s) of the tenanted land which is the subject of this application.

<b>Name of tenant:</b>	
<b>Contact Name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>Company no., registered no. or charity no. (if applicable):</b>	
<b>Email:</b>	

**5.2** Details of the agent/representative of the tenant, if applicable.

<b>Contact Name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>E-mail:</b>	

**5.3** If there is more than one tenant (e.g. the tenancy is in joint or multiple

ownership between a number of tenants), then please provide the contact details for the other tenant(s).

--

**5.4** Please list the names and addresses of all persons (e.g. any creditor in a standard security over the land or any part of it with a right to sell the land or any part of it) who are known to you to have legally enforceable rights and interests in the subjects of the application, in all or part, and detail what rights and interests they have.

--

**5.5** Please confirm what checks were carried out; by who; and when, to establish the details of the interest in the land, and the tenant of the land.

--

**5.6** Please state if you are aware that the tenant of the tenanted land is prevented from:

(a) selling the interest of the tenanted land which is the subject of your application; or

**YES** ☐ **NO** ☐

(b) subject to any enforceable obligation (other than an obligation arising from any right mentioned in section 84(1) of the 2003 Act, or order of the Land Court, to sell them otherwise than to the CCB.

**YES** ☐ **NO** ☐

If you have answered “Yes”, please provide relevant evidence to support your answer, which should be referenced accordingly.

## **SECTION 6 — CROFTING COMMUNITY SUPPORT**

**6.1** Please indicate which of the members of the crofting community are: (1) resident in the crofting township associated with the croft land which the crofting community has a right to buy under the crofting right to buy provisions, and who are entitled to vote in a local government election; or (2) tenants of crofts in the crofting township whose names are entered in the Crofting Register, or the Register of Crofts, as the tenants of such crofts; or (3) owner-occupier crofters of owner-occupied crofts in the crofting township whose names are entered in the Crofting Register as the owner-occupier crofters of such crofts; or are (4) [such other persons, or are persons falling within a class of such other persons, as may be prescribed].

If you completed your list on a separate sheet, please ensure that it is referenced accordingly.

Please list the members (names and addresses) who are:

(1) resident in the crofting township associated with the croft land which the crofting community has a right to buy under the crofting right to buy provisions, and who are entitled to vote in a local government election;

(2) tenants of crofts in the crofting township whose names are entered in the Crofting Register, or the Register of Crofts, as the tenants of such crofts;

(3) owner-occupier crofters of owner-occupied crofts in the crofting township whose names are entered in the Crofting Register as the owner-occupier crofters of such crofts;

(4) [such other persons, or are persons falling within a class of such other persons, as may be prescribed].

## SECTION 7 — BALLOT RESULT

**7.1** Please mark an “X” in one box to confirm whether notification to the Scottish Ministers of the results of the ballot held under section 75 of the Act are enclosed with this application.

**YES**

☐

**NO**

☐

If you have answered “No”, please indicate when it was sent to Scottish Ministers.

Date sent (DD/MM/YY)

Note: (1) An application under section 73 of the Act must be made within the period of 6 months starting on and including the date of the ballot;

(2) an application by a crofting community body in terms of section 69A of the Act for consent to acquire the interest of the tenant in tenanted land, and which is submitted under section 73 of the Act, shall only be submitted during the relevant period (see section 69A(5) of the Act) and when the conditions in section 69A(4) are met.

## SECTION 8 — PROPOSALS FOR THE TENANTED LAND

**8.1** Please state the proposed use, development and management of the tenanted land which is the subject of this application. Please continue on a separate sheet if necessary, which should be referenced accordingly.



**8.2** Please explain the extent to which the proposed use, development and management of the tenanted land to which this application relates would consist of or support the sustainable use or development of the subjects of this application.

**8.3** Please mark an “X” to indicate whether you consider that the CCB has or is acquiring sufficient land to enable the interest of the tenant in tenanted land to be exploited so as to support the development of the crofting community body?

**YES** ☐ **NO** ☐ **NOT APPLICABLE** ☐

If “Yes”, please provide details of how that support is to be achieved  
If “No”, please indicate why your application should be approved

## **SECTION 9 — PUBLIC INTEREST**

**9.1** Please provide an explanation as to why the CCB considers that it is in the public interest that the right to buy is exercised.

## **SECTION 10 — DECLARATION**

- We the undersigned have been authorised by the crofting community body to provide the information in this form, the proposals detailed within it and any supporting documents.
- The crofting community body understands that, if it makes any inaccurate statements or provides inaccurate information (deliberate or accidental) at any stage during the crofting community right to buy process, or if it knowingly withholds any information, this could result in Scottish Ministers deciding not to consent to the application.
- The crofting community body has not altered or deleted the original wording of this form.
- The crofting community body understands that it requires each signatory (2 board members or charity trustees) to this form to provide his/her full names and address for the purposes of prevention and detection of fraud.
- The crofting community body confirms that it is still a crofting community body within the requirements of subsection (1) and (1A) or (1B) of section 71 of the Land Reform (Scotland) Act 2003.
- The crofting community body understands that this form and supporting documents may appear in the Register of Crofting Community Rights to Buy.

- We the undersigned have read and understand the terms of this declaration.

We, the undersigned on behalf of the crofting community body as noted at section 1, apply for consent to an application for consent to buy the interest of the tenant in tenanted land under section 73 of the Land Reform (Scotland) Act 2003.

Name .....

Address .....

Date .....

Position .....

Signature .....

Name .....

Address .....

Date .....

Position .....

Signature .....

For more information and guidance on the crofting community right to buy (including where to post this form), please visit [www.gov.scot](http://www.gov.scot) and search for “crofting community right to buy”.

You can also email the completed form and associated documents to [crtb@scotland.gov](mailto:crtb@scotland.gov)

**Question 1: Are you content with the form and questions in the “Application for consent to buy eligible croft land etc”, as set out above?**

Yes ☒ No ☐

**Please provide details.**

**Question 2: Are you content with the form and questions in the “Application for consent to buy the interest of the tenant in tenanted land”, as set out above?**

Yes ☒ No ☐

**Please provide details.**

## **2. What is the manner in which public notice is to be given to an application by crofting community body for consent to buy croft land etc**

### **Background**

2.1. After Ministers have received an application by a crofting community body for consent to buy croft land etc, they are required to give public notice of it and of the date by which views from persons under section 73(8) are to be received. In that notice, Ministers are also required to invite persons to provide views on writing on the application which are to be received by Ministers not later than 60 days after the publication of that notice (Section 73(10) refers).

2.2. The notice that Ministers issue is to be advertised in such manner as may be prescribed (section 73(11) refers).

### **Proposals**

2.3. We are seeking your views on proposals on the manner in which that public notice is to be advertised.

2.4. We consider that the notice shall be advertised in any or all of the following:

- A newspaper circulating in the area where the land or other subjects of the application is located;
- The Edinburgh Gazette;
- The Scottish Government website.

**Question 3: Are there any other manners in which public notice should be given to an application by a crofting community body for consent to buy croft land etc?**

**No.**

### **3. Crofting community right to buy ballot**

#### **3.1 Conduct of ballot**

##### **Background**

3.1.1. As part of a crofting community right to buy application, a crofting community body is required to demonstrate to Ministers that it has the approval of its “crofting community” to its proposal to exercise its right to buy the eligible croft land etc. The way in which the ballot is to be conducted is set out in section 75 of the 2003 Act and in secondary legislation. The secondary legislation sets out how the ballot is to be conducted, and how the results of the ballot are to be published.

##### **Proposals**

3.1.2. We are seeking your views on the conduct of a crofting community body’s ballot.

3.1.3. We propose that the ballot of the crofting community should be undertaken in the following way:

- The ballot must be conducted as a secret postal ballot.
- The crofting community body must ascertain:
  - the persons eligible to vote in the ballot, being those persons being the members of the crofting community as defined for the purposes of section 71(1)(a), section 71(1A)(a) and section 71(1B)(1) of the 2003 Act, as appropriate; and
  - the eligible voters within the “crofting community” who are the tenants of crofts within the crofting township, owner-occupier crofters of owner occupied crofts in the crofting township and such other persons as may be prescribed by Ministers.
- The date and place on which the ballot will be held shall be notified in writing to all of the eligible voters. There shall be a period of not less than 10 days from the date on which that intimation is to be made to the date on which the ballot is to be held.
- That notification to each eligible voter must include a ballot paper with the question on which the vote is to be taken;
  - a description of the land and any salmon fishings or mineral rights to which that question pertains; and
  - the date and time, being no less than 10 days after the date of posting, by which the paper must be returned.
- The crofting community body must provide to each person eligible to vote a stamped addressed envelope for returning the completed ballot paper.

**Question 4: Do you agree with the proposals that set out how the ballot should be conducted, as outlined above?**

Yes ☐ No ☒

**Please explain your answer.**

The proposals ignore those with other interests in the land such as fishing or mineral lets. Also there appears to be no requirement for public consultation other than with the CCB.

## **3.2 Proxy votes**

### **Background**

3.2.1. Proxy votes enable a person to delegate their voting power to another person to vote in their absence. It is a well-known part of election procedure.

### **Proposals**

3.2.2. We are seeking your views on the process to make requests for proxy votes as part of a crofting community right to buy ballot.

3.2.3. We propose that a person eligible to vote in the ballot may make a request, in writing, to the crofting community body, to be permitted a proxy vote. We propose that a request for a proxy vote must be made in a certain way. We propose that a request must:

- (a) state the name and address of the person eligible to vote;
- (b) state the name and address of the person whom the person eligible to vote wishes to appoint as a proxy;
- (c) be signed by the person eligible to vote;
- (d) contain a statement confirming that the person who is eligible to vote has consulted the proxy and that the proxy is capable and willing of acting as proxy; and
- (e) be received by the crofting community body not later than 1700 hours on the day before the date on which the ballot paper must be returned.

3.2.4. The crofting community body must permit a proxy vote to a person who makes a valid request in accordance with each of (a) to (e).

**Question 5: Do you agree with the process to make a request for a proxy vote, as outlined above?**

Yes ☒ No ☐

**Please explain your answer.**

### 3.3 Notification of ballot results

#### Background

3.3.1. The crofting community body which conducted the ballot, the crofting community, other interested parties, and Scottish Ministers, need to be informed of the result of the ballot of the crofting community. The way in which the ballot results are notified or returned to Ministers is set out in section 75(4) of the 2003 Act.

3.3.2. A crofting community body is required to return its ballot results to Scottish Ministers within a certain timescale. This is the date 21 days from the date of the ballot, or if the application to exercise the right to buy is made sooner, the date of the application.

3.3.3. The Act also sets out five matters that the crofting community body must address in its prescribed form of return (section 75(4) refers).

#### Proposals

3.3.4. We are seeking your views on the form of the return that the CCB must use to notify Ministers of the result of the ballot.

3.3.5. We propose that the following is the form of the return that the CCB must use to notify Ministers of the result of the ballot. We have set out the format of the form below.

1. What is the name of the crofting community body to which the ballot return relates?

2. What was the date by which the ballot papers had to be returned?

3. What was the result of the ballot (the number of votes cast for the proposition that the CCB buy the land, divided by the number of persons eligible to vote who voted in

the ballot, expressed as a percentage, and the number of members of the crofting community who voted and who are tenants of crofts within the land which the crofting community, within land over which the sporting interests which the CCB has applied to buy has voted in favour of the proposition that the CCB exercises its right to buy)?

4. How many persons were eligible to vote in the ballot?

5. How many of those eligible persons to vote are tenants of crofts within the land which the crofting community body proposes to buy?

6. How many persons voted?

7. How many proxy votes were cast?

8. How many votes were spoilt?

9. What was the number of votes cast in favour of the proposal to buy the land?

10. What was the number of the persons that voted in favour of the proposal to buy the land who were tenants?

11. What is the name, address, telephone number, and email of the crofting community body making the ballot return.



12. Signature of the person making the ballot return.

13. What is the date of the ballot return.

**Question 6: Are you content with the format of the form for the ballot return, as outlined above?**

Yes ☒ No ☐

**Please provide details.**

### **Public notification of CCB's ballot return**

3.3.6. As noted above, the 2003 Act sets out that Ministers can set out provisions for ascertaining and publishing of the number of persons eligible to vote in the ballot, the number who did vote and the numbers of valid votes respectively cast for and against the proposition in the ballot (Section 75(2) refers).

### **Proposals**

3.3.7. We are seeking your views on the process that should be used by the crofting community body to make public the results of the ballot.

3.3.8. We propose that the crofting community body should make known to the crofting community and the wider community the ballot results not later than 14 days from the day specified for the return of the ballot papers. This should be made in a newspaper circulating in the vicinity of the community and should include the following information:

- (a) the number of persons eligible to vote in the ballot;

- (b) the number of persons eligible to vote who voted; and  
(c) the number of votes cast for and against the proposition that the community body buy the land.

**Question 7: Are you content with the process that should be used to make public the results of the ballot, as outlined above?**

Yes ☒ No ☐

**Please explain your answer.**

### **3.4 Retention of ballot papers**

#### **Background**

3.4.1. It is good practice to retain ballot papers after a ballot or election has taken place.

#### **Proposals**

3.4.2. We believe that a crofting community body should retain paperwork associated with the conduct with the ballot for a specified period time.

3.4.3. We are seeking your views on the categories of information that the crofting community body should be required to retain in connection with its ballot to ascertain community support to exercise its crofting community right to buy, and the timescale in which that information is to be retained.

3.4.4. We propose that the crofting community body must retain all of the following:

- All information provided to the crofting community as part of the ballot;
- All completed ballot papers from the ballot;
- Evidence of sending the ballot papers from the ballot;
- All requests for a proxy vote in relation to the ballot;
- A record of all proxy votes that were permitted in relation to the ballot.

3.4.5. We also propose that the crofting community body must keep all of these papers for a specified period of time. We believe that this should be a period of 2 years after the date by which the ballot papers must be received as part of the ballot.

**Question 8: Are you content with the categories of information that the crofting community body must retain in connection with its ballot to ascertain community support to exercise its crofting community right to buy, and the timescale in which that information is to be retained?**

Yes ☒ No ☐

**Please explain your answer.**

### **3.5 Access to ballot papers**

#### **Background**

3.5.1. Members of the crofting community, the landowner, or a party with an interest in the land to be purchased under the crofting community right to buy, may wish to gain access to the ballot papers after the ballot has been conducted. This may, for example, be as part of an appeal under the Act. Appeals are set out in section 91 of the Act.

#### **Proposals**

3.5.2. We are seeking your views on whether there should be a process set out to deal with requests to access any documentation relating to the ballot.

3.5.3. We propose that a process should be set out that will allow a crofting community body to deal with requests for any documentation relating to the ballot to support the exercise of its crofting community right to buy. We consider that this will also assist parties seeking to make a request.

3.5.4. It should be noted that there is a process available under the community right to buy (regulation 18(2) of The Community Right to Buy (Scotland) Regulations 2015).

3.5.5. We propose that within 28 days of a request being made to the crofting community body, that the body must make available any information, ballot papers, evidence, requests of records, as listed above, for inspection by Ministers, or any person with a right of appeal under section 91(2) of the Act.

**Question 9: Do you agree that there should be a process to deal with requests for any documentation relating to the ballot?**

Yes ☒ No ☐

**Please explain your answer.**

**Question 10: Do you agree with the process that has been set out above?**

Yes ☒ No ☐

**Please explain your answer.**

#### **4. Reimbursement by Ministers of expenses relating to a ballot under the crofting community right to buy provisions**

##### **Background**

A crofting community body undertakes its ballot of its “crofting community” to establish that application under the crofting community right to buy has the support of its crofting community.

There are usually costs associating with undertaking the ballot. These may relate to administrative costs, printing costs, costs of stationary, including envelopes, and postage of ballot papers.

Ministers have set out that they will, in certain circumstances, where an application is made to them, reimburse the cost of conducting the ballot under the crofting community right to buy provisions. Provision is made in sections 75(6) and (7) of the 2003 Act. Section 75(7) sets out provisions that can be included in the secondary legislation, through regulations.

##### **Proposals**

We are seeking your views on proposals relating to the reimbursement by Ministers of expenses relating to a ballot under the crofting community right to buy provisions.

#### **4.1 Circumstances in which a crofting community body can make an application to Ministers for reimbursement of the expense of conducting a ballot under the crofting community right to buy provisions**

##### **Background**

4.1.1. The 2003 Act provides that Ministers may make regulations which include provisions relating to the circumstances in which a crofting community body may make an application to seek reimbursement of the expense of conducting a ballot under the community right to buy provisions (section 75(7) refers).

##### **Proposals**

4.1.2. We consider that the circumstances in which a crofting community can make an application are:

- The ballot has been conducted as prescribed (section 75(2) and secondary legislation);
- The ballot is one that shows a result that the eligible voters indicated that they have voted in favour of the proposition that the crofting community body exercises its right to buy.
- The crofting community body’s application for consent to buy croft land etc has been considered by Ministers and Ministers have notified that decision to the relevant parties (section 82).

**Question 11: Do you agree with the list of circumstances noted above?**

Yes ☒ No ☐

**Please explain your answer.**

**Question 12: Are there any other circumstances that should be included in addition to those set out above?**

No.

## **4.2 Calculating the expense of conducting the ballot**

### **Background**

4.2.1. The 2003 Act provides that Ministers may make regulations which include provisions relating to the method to be applied by them in calculating the expense of the ballot (section 75(7)(b) refers).

### **Proposals**

4.2.2. We would like to seek your views on how Ministers should calculate the expense of conducting the ballot.

4.2.3. Ministers need to ensure that they can account for how they spend public money and ensure good value for the money that they spend.

4.2.4. We would like to hear your views on whether the method should take account of all expenses that a crofting community body incurs in connection with the ballot, or whether it should only take account of certain costs relating to the ballot.

4.2.5. For example, we are considering whether the method to calculate the cost should take account of all expenses which relate to the management of the ballot, the cost of printing ballot papers (the paper with the ballot question and information sheets relating to the proposal for the land and other prescribed information), the cost of envelopes for posting the ballot papers; the postage of ballot papers to the eligible voters and return of the ballot papers.

**Question 13: Should the method that Ministers use to calculate the costs take account of all the expenses that a crofting community body incurs in connection with the ballot, or should it only take account of certain costs relating to the ballot?**

Yes ☐ No ☐

**Please explain your answer.**

**It is impossible to answer this, bearing in mind the wording of the question.**

### **4.3 The criteria to be applied by Ministers in deciding whether to make a reimbursement to the applicant crofting community body**

#### **Background**

4.3.1. The 2003 Act provides that Ministers may make regulations which include provisions relating to the criteria to be applied by Ministers in deciding whether to make a reimbursement to the applicant (section 66(7)(c) refers).

#### **Proposals**

4.3.2. We consider that Ministers will need certain information in order that they can calculate expenses. We propose that this should be:

- a statement detailing all costs that were incurred in connection with the ballot, with each cost item being fully vouched.
- All documentation relation to the procurement of the ballot, including any estimates of costs for services to be procured.

4.3.3. Ministers could apply a number of criteria in deciding whether to make a reimbursement of costs relating to a ballot by a crofting community body. Should this be any or all of the following, or any other criteria:

- whether the costs are “reasonable”?
- whether costs should be less than a certain sum per head? what were the expenses that were necessary to carry out the ballot?

**Question 14: What criteria should Ministers use when deciding whether to make a reimbursement of ballot costs to a crofting community body?**

**Only vouched costs should be eligible.**

**Please explain your answer.**

#### **4.4 The procedure to be followed in connection with the making of an application for reimbursement to Ministers**

##### **Background**

4.4.1. The 2003 Act provides that Ministers may make regulations which include provisions relating to the procedure to be followed in connection with the making of (1) an application for reimbursement to Ministers; (2) an appeal against a decision made by Ministers in respect of an application for reimbursement (section 75(7)(d) refers).

##### **Proposals**

4.4.2. We consider that an application for the reimbursement of costs in relation to a ballot made under the crofting community right to buy provisions should be made in the following way:

- An application should be made by a crofting community body to Ministers within 90 days from the date of notification of their decision of an application under section 82;
- A claim for expenses shall be fully vouched;
- A claim for expenses shall also include all documentation relating to the purchase of services that were used in relation to the ballot, including any estimates of costs.

4.4.3. The application by a crofting community body for reimbursement of expenses shall also include the following information:

- (i) The name of the crofting community body and its company number, registration number and charity number;
- (ii) The names and addresses of the board members, charity trustees, or committee members and any treasurer of the CCB;
- (iii) Details of the expenses sought by the CCB;
- (iv) Details of the bank/building society etc account into which the expenses are to be paid.



4.4.4. An application for reimbursement of expenses shall be accompanied by the following document:

a statement signed by two board members, charity trustees or committee members of the CCB certifying the details given in the application and that the expenses are accurate.

4.4.5. Ministers will have 60 days from the date of receipt to issue their decision on an application for compensation for expenses of a ballot.

**Question 15: Do you agree with the procedure to be followed when making an application to Ministers?**

Yes ☒ No ☐

**Please explain your answer.**

#### **4.5 An appeal against a decision made by Ministers in respect of an application for reimbursement of the expense of conducting a ballot**

##### **Background**

4.5.1. The 2003 Act provides that Ministers may make regulations which include provisions relating to making an appeal against a decision made by Ministers in respect of an application for reimbursement of the expense of conducting a ballot under the crofting community right to buy provisions (section 75(7)(d)(ii) refers). In addition, Ministers may also make regulations which set out the persons who may consider such an appeal and the powers of such persons. (section 75(7)(d)(ii), (e) and (f) refers).

##### **Proposals**

4.5.2. We consider that an appeal on a Ministers' decision on whether to make a reimbursement to the applicant crofting community body can be only be made by a crofting community body.

4.5.3. We consider that where the crofting community body applicant is dissatisfied with the decision on whether to make a reimbursement, then it may appeal, within 60 days from the date of the submission of the claim, to the Sheriff Court.

4.5.4. We consider that the sheriff court should have power to consider and review all information received by Ministers and by a crofting community body that has made an appeal relating to a Ministerial decision on an application to seek reimbursement of the expense of conducting a ballot under the crofting community

right to buy. The court can decide whether or not to agree to reimburse the costs. The decision of the sheriff shall be final.

**Question 16: Are there any changes that you would make to the appeal process, outlined above?**

Yes ☒ No ☐

**Please explain your answer.**

## **5. Notice of the Minister's decision on an application by crofting community body for consent to buy croft land etc**

### **Background**

5.1. The 2003 Act sets out that Ministers are required to notify their decision on a crofting community body's application to buy eligible croft land, eligible additional land, interests or the interest of the tenant in tenanted land, in a prescribed form (section 82 refers). This form is to include the reasons for the Ministers' decision.

### **Proposals**

5.2. We are seeking your views on the form of the prescribed form which sets out the Scottish Ministers' decision on an application by a crofting community body for consent to buy croft land etc.

5.3. We propose that the information should be provided in the following statutory form:

**Land Reform (Scotland) Act 2003: Part 3**

**Crofting Community Right to Buy**

**Notice under section 82**

1. Name of crofting community body (CCB).

2. Description of eligible croft land, eligible additional land, eligible sporting interests or the interests of the tenant in tenanted land which are the subject of the application.

3. Decision on application and date from which it is effective (see Notes 1 to 5).

4. Any conditions attaching to consent if application is approved.

5. Reasons for decision.

Notes

1. Where the consideration for the transfer of the land or sporting interests, or the interest of the tenant in tenanted land remains unpaid after the date not later than which it is to be paid in accordance with section 87, the application shall be treated as being withdrawn.

2. A decision of the Scottish Ministers to consent to an application relating to land/tenanted land may be appealed by summary application to the Sheriff by the following persons-

- (a) any person who is a member of the crofting community defined in relation to the applicant crofting community in pursuance of section 71 of the Act;
- (b) the owner of or, as the case may be, person entitled to the subjects of the application;
- (c) any other person who has any interest in the land or eligible sporting interests giving rise to a right which is legally enforceable by that person; and
- (d) any other person whom the Scottish Ministers invited to send views considered to have an interest in the application under section 73(8)(a) of the Act.

3. A decision of the Scottish Ministers to refuse an application may be appealed by summary application to the Sheriff by the applicant crofting community body.

4. A decision of the Scottish Ministers to consent to an application has the following consequences-

- (a) the Scottish Ministers must within 7 days appoint a valuer of the land, or sporting interests, or the interest of the tenant in tenanted land, to which the application relates and to be acquired;
- (b) the owner of the croft land/tenanted land is required to make available to the crofting community body the title deeds of the land to be acquired/lease relating to the tenanted land within 6 weeks of the consent by the Scottish Ministers;
- (c) in the event that the application relating to land proposed that there could be a leaseback of the eligible sporting interests to the owner, the current owner has notified the Scottish Ministers that he wishes to lease back and the Scottish Ministers have not been provided with a copy of an agreement on the terms and conditions of the lease then, within 7 days, the Scottish Ministers will refer the question of what terms and conditions are appropriate to the Land Court so that the Court may determine these terms and conditions;
- (d) any rights of pre-emption, redemption or reversion or deriving from any option to purchase are suspended as from the date of the Scottish Ministers' approval and are revived either when the transfer of the land is completed, or if such a transfer is not completed, because the crofting community body does not proceed with the purchase.

5. A copy of the Scottish Ministers' decision-

- (a) must be lodged in the Register of Crofting Community Rights to Buy to be held by the Crofting Commission and will be available for public inspection;
- (b) must be sent to-
  - (i) the owner of the land, or as the case may be, the person entitled to the eligible sporting interests, or the tenant to which the application relates;
  - (ii) every other person whom Ministers invited to give views on the application;
  - (iii) in the case of a decision to consent to the application, to the Keeper of the Registers of Scotland.

**Question 17: Are you content with the format of the above?**

Yes ☐ No ☒

**Please explain your answer.**

Whilst we are content with the format, we would point out that the text appears contradictory at 4 (d).

## **6. Compensation**

### **Background**

Section 89 sets out the provisions for the payment of compensation to anyone who has incurred losses or expenses as a result of an application to exercise the crofting community right to buy. These persons can be any person including an owner or former owner or person entitled to sporting interests. The section provides that the compensation will be payable by the crofting community body except where Ministers have refused the application, in which case the compensation will be paid by Ministers.

Section 89(4) has been amended by the 2015 Act. It gives Ministers the power to set out the procedure under which claims for compensation are payable in relation to an application to purchase land may be made. Ministers also have the power to make an order to specify the amounts payable in respect of loss or expense incurred by a landowner, person entitled to sporting interests or tenant, and also amounts payable in respect of loss or expense incurred by other persons who may be liable to pay those amounts and who those other persons are, as well as the procedure under which these claims for compensation are to be made.

### **Proposals**

We are seeking your views on the procedures that should be set out for the making of claims for compensation in relation to an application to purchase land, and for other matters relating to the payment of compensation.

#### **6.1 Procedures for applying for compensation**

##### **A claim for compensation under section 89(1) to be paid by the crofting community body**

6.1.1. We propose that a claim for compensation under section 89(1)(a), (b), or (c) of the Act shall be submitted to the crofting community body which is liable to pay the compensation at its registered office or principal office.

6.1.2. A claim shall be submitted within a specific timescale. This is to be within 90 days of one of the following, whichever of the three dates is the earliest:

- (a) the final settlement date defined in section 87(2), or such later date that settlement of the purchase is made in terms of section 87(3) or (4);
- (b) the date of withdrawal by the crofting community body of its confirmation of its intention to proceed with the purchase under section 85; or
- (c) the date on which the crofting community body's application is treated as withdrawn under section 87(5).

6.1.3. The claim for compensation shall be set out in a specific way. The claim shall include a statement which details whether the loss or expense falls within paragraph

(a), (b), or (c) of section 89(1). In addition, all losses and expenses set out in the claim shall be fully vouched.

6.1.4. Where the claimant and the crofting community body, whichever is the case, has been unable to agree the amount of compensation within 60 days from the date when the claim was submitted, then either party may apply to the Land Court to decide the amount of compensation payable in terms of section 89(5) of the Act.

### **A claim for compensation under section 89(3) to be paid for by Ministers**

6.1.5. A claim for compensation under section 89(3) shall be submitted to Ministers within a specific timescale. This is to be within 90 days of notification under section 82 of the refusal of Ministers to grant the crofting community body's application.

6.1.6. The claim for compensation shall be set out in a specific way. The claim shall include a statement which details whether the loss or expense falls within paragraph (a), (b), or (c) of section 89(1). In addition, all losses and expenses set out in the claim shall be fully vouched.

6.1.7. Where the claimant and Ministers, whichever is the case, has been unable to agree the amount of compensation within 60 days from the date when the claim was submitted, then either party may apply to the Land Court to decide the amount of compensation payable in terms of section 89(5) of the Act.

## **6.2 Amounts payable in respect of loss or expense incurred as mentioned in section 89(1) of the Act**

### **Background**

6.2.1. Section 89(4)(a) provides that Ministers may specify amounts payable in respect of loss or expense incurred by a landowner, person entitled to sporting interests or tenant, in respect of section 89(1) of the Act.

### **Proposals**

6.2.2. We would like to hear your views on the amounts that should be payable in respect of (1) loss or (2) expense in section 89(1). Should there be limits placed on the payment of specific items that come under these two headings? What should these be? What amounts should be set out by Ministers?

**Question 18: What amounts should be payable as compensation in respect of loss or expense incurred by a landowner, persons entitled to sporting interests or the tenant (as mentioned in section 89(1) of the Act)?**

**Loss of income, loss of investment, blight.**

### **6.3 Amounts payable in respect of loss or expense incurred by a person of such other description as may be specified**

#### **Background**

6.3.1. Section 89(4)(b) provides that Ministers may specify amounts payable in respect of loss or expense incurred by the crofting community right to buy by a person of such other description as may be specified.

#### **Proposals**

6.3.2. We would like to hear your views on the amounts that are payable in respect of (1) loss or (2) payable by certain persons who may be specified by Ministers? Who should these persons be? Should there be limits placed on the payment of specific items that come under these two headings? What should these be? What amounts should be set out by Ministers?

#### **Question 19: Who (what persons) should be specified by Ministers in relation to the above?**

The expenses should be payable by the members of the CCB. There should be no limit on their exposure where losses can be vouched. Where losses are consequential, these should be determined by Ministers.

#### **Question 20: What amounts should be payable as compensation in respect of loss or expense by these persons (in section 89(4)(b) of the Act)?**

There should be no limit on the amount where losses can be vouched. Where losses are consequential, these should be determined by Ministers.

### **6.4 Application for a grant towards compensation liability: application form**

#### **Background**

6.4.1. Ministers may, in certain limited circumstances, pay a grant to a crofting community body to assist it in meeting its liabilities to pay compensation with its exercise of the crofting community right to buy (section 90). If a crofting community body wishes to apply for a grant it must do so on a form and in accordance with procedures that are prescribed by Ministers (section 90(4) refers). The Ministers' decision on an application made under this section is final (section 90(8)).



## Proposals

6.4.2. We are seeking your views on the application procedure and the form of the application for grants towards crofting community bodies' liabilities to pay compensation.

## Procedure to apply for a grant

## Proposals

6.4.3. We propose that an application for a grant towards crofting community bodies' liabilities to pay compensation should be made through the following procedure:

- An application, made on the statutory form, should be submitted to Scottish Ministers within 90 days of either (1) or (2), whichever date is the earlier:
  - (1) the date on which the crofting community body and the claimant agreed the amount of compensation payable; or
  - (2) the date on which the Land Court determined under section 89(5) of the Act the amount of compensation payable, whatever date is the earlier.
- Ministers will acknowledge receipt of the application within 7 days of receipt.
- Ministers will issue their decision on the application for the grant within 21 days of the date of its receipt.

**Question 21: Are there any changes you would make to the application process outlined above?**

No.

**Please explain your answer.**

6.4.4. We have set out the form of application and the application procedure for crofting community bodies seeking a grant towards their liabilities to pay compensation, below.

**Land Reform (Scotland) Act 2003**  
**Part 3: Crofting Community Right to Buy**  
 Application for a grant towards a crofting community body's  
 liabilities to pay compensation

This form can be completed:

- Electronically, or
- Manually using black or blue ink and in capital letters

**SECTION 1 — WHO IS APPLYING**

**1.1** Name of crofting community body ("CCB") applying for a grant towards a community body's liabilities to pay compensation.

**Crofting Community Body Name**

**SECTION 2 — DETAILS OF WHO IS APPLYING**

**2.1** Please supply the official registered or principal office of the CCB.

**Postal Address:**

**Town:**

**County:**

**Country:**

**Postcode:**

**2.2** Please supply the address the CCB wishes correspondence in relation to this grant to be issued to.

<b>Contact name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>Telephone:</b>	
<b>Email:</b>	

**2.3** Please mark an “X” in the relevant box to confirm the type of CB and its official number.

<input type="checkbox"/>	Company Limited by Guarantee (CLBG)	<input type="text"/>
	and its company number is:	
<input type="checkbox"/>	Scottish Incorporated Charitable Organisation (SCIO)	<input type="text"/>
	and its charity number is:	
<input type="checkbox"/>	Community Benefit Society (BenCom) and its	<input type="text"/>
	registration number is:	

**2.4** Please provide a list of the names and addresses of each of the board members, trustees or committee members in the CCB. You should also state whether they have any special positions (eg. Chair, Treasurer). You should identify the Treasurer.

--

**2.5** Please provide a copy of the last financial statement of your CCB. This financial statement should be prepared by a professional accountant certifying details of the finances of the CCB and signed by that accountant and the Treasurer of the CCB. You should ensure that it is referenced accordingly.

Please confirm the name of the attachment for your signed financial return.

**2.6** Please provide a copy of the most recent bank or building society statement, as applicable, of the CCB. You should ensure that it is signed by the Treasurer of the CCB. You should ensure that it is referenced accordingly.  
Please confirm the name of the attachment for the signed financial return.

### **SECTION 3 — DETAILS OF APPLICATIONS UNDER SECTION 73**

**3.1** Please state the date on which an application made by the CCB under section 73 of the Act was approved by Scottish Ministers (DD/MM/YY).

**3.2** Please state the date on which the CCB acquired the eligible croft land, eligible additional land, salmon fishings on or contiguous with this land, mineral rights, and eligible sporting interests through the exercise of a crofting community right to buy under the provisions of this Act (DD/MM/YY).

**3.3** If the purchase was not concluded by the CCB, please explain the reasons for this.

## SECTION 4 —COMPENSATION BEING SOUGHT FROM THE CROFTING COMMUNITY BODY

**4.1** Please supply the names and addresses of the person(s) (claimants) that have sought compensation from the CCB. If there is an insufficient number of boxes, you should supply the names and addresses of any further persons on additional sheet(s), referencing them appropriately.

<b>Contact name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>Telephone:</b>	
<b>Email:</b>	

<b>Contact name:</b>	
<b>Postal Address:</b>	
<b>Town:</b>	
<b>County:</b>	
<b>Country:</b>	
<b>Postcode:</b>	
<b>Telephone:</b>	
<b>Email:</b>	

Number of additional claimants who are seeking compensation in addition to those listed in the two boxes above. Please confirm the number of additional claimants which are included on separate sheets, which should be referenced accordingly.

--

**4.2** Please provide details of the compensation being sought from the CCB by the claimants. If you have a number of claimants, you should provide details for each one. For each claimant you should set out the full sum claimed, and provide a breakdown of that claim, setting out whether the loss of expense falls which is being claimed for within paragraph (a), (b), or (c) of section 89(1) of the Act. Please continue on a separate sheet if required, ensuring that it is referenced accordingly.

--

**4.3** Please attach copies of all correspondence between the CCB and each of the claimants that sought compensation.

Please list the correspondence that has been enclosed by the CCB, which should be referenced accordingly.

--

## **SECTION 5 —COMPENSATION BEING SOUGHT BY THE CROFTING COMMUNITY BODY**

**5.1** Please state the total amount of grant being sought by the CCB.

--

**5.2** Please explain how this sum has been calculated by the CCB. You should provide a breakdown of the compensation that has been agreed with each of the claimant(s), also setting out each item that has been agreed, and whether the loss of expense falls within paragraph (a), (b), or (c) of section 89(1). Please continue on a separate sheet if required, ensuring that it is referenced accordingly.

--

**5.3** Please give details of the account into which any grant is to be paid.

**5.4** Please explain what other attempts the CCB has made to try to raise and secure funding to pay the compensation. Please continue on a separate sheet if required, ensuring that it is referenced accordingly. Any attachments in support of your explanation should be referenced accordingly.

## SECTION 6 — DECLARATION

There are two declarations to be signed by the CCB in relation to this application for a grant towards a crofting community's liabilities to pay compensation. The CCB should sign and date each declaration.

(1) Declaration on the use of the grant

We, a board member, trustee or charity member of the CCB, named in section 1, undertake that the grant provided by Scottish Ministers, which has been granted in relation to this application, will be used only in respect of compensation sought under section 89(1).

We, the undersigned director or charity trustee of the CCB, named in section 1 of this form, undertake that the grant provided by Scottish Ministers, which has been granted in relation to this application, will be used only in respect of compensation sought under section 89(1) of the Land Reform (Scotland) Act 2003.

Name .....  
Address .....  
Date .....  
Position .....  
Signature .....

Name .....  
Address .....  
Date .....  
Position .....  
Signature .....

## (2) General declaration

- We the undersigned have been authorised by the crofting community body to provide the information in this form, the proposals detailed within it and any supporting documents.
- The crofting community body understands that, if it makes any inaccurate statements or provides inaccurate information (deliberate or accidental) at any stage during the crofting community right to buy process, or if it knowingly withholds any information, this could affect the grant that is awarded by Scottish Ministers.
- The crofting community body has not altered or deleted the original wording of this form.
- The crofting community body understands that it requires each signatory (2 board members or charity trustees) to this form to provide his/her full names and address for the purposes of prevention and detection of fraud.
- The crofting community body confirms that it is still a crofting community body within the requirements of subsection (1) and (1A) or (1B) of section 71 of the Land Reform (Scotland) Act 2003.
- We the undersigned have read and understand the terms of this declaration.



We, the undersigned on behalf of the crofting community body as noted at section 1, apply for a grant towards a crofting community body's liabilities to pay compensation under section 90 of the Land Reform (Scotland) Act 2003.

Name .....  
Address .....  
Date .....  
Position .....  
Signature .....

Name .....  
Address .....  
Date .....  
Position .....  
Signature .....

For more information and guidance on the crofting community right to buy (including where to post this form), please visit [www.gov.scot](http://www.gov.scot) and search for "crofting community right to buy".

You can also email the completed form and associated documents to [crtb@scotland.gov](mailto:crtb@scotland.gov)

**Question 22: Do you agree with the form of the application form for a grant towards a crofting community body's liabilities to pay compensation, set out above?**

Yes ☒ No ☐

**Please explain your answer.**



## Community Empowerment Act 2015 – Consultation

Shetland Islands Council, as a community planning partner, has identified some general issues not covered by the specific questions in the consultation documents. The Council would like to add the following general comments, which we would also wish to be considered;

### Part 4

- There is ambiguity around the time line for transfer consideration
- The cost reimbursement process and timescale is not clear
- There should be neutral arbiters in decision making
- Third party rights in minerals and sporting interests are not clear
- The Crown Estate position should be clear (should this be devolved to Local Authorities)
- There should be protection in place to prevent the community right to buy abandoned, neglected or detrimental land legislation being used to acquire land or property from a Relevant Authority, where that Relevant Authority is holding the land or property for legitimate, strategic purposes
- There should be protection in place to prevent community right to buy being used to prevent strategic development by a Relevant Authority

### Part 5

- Assets should only be transferred where there is a demonstrable improvement to a strategic outcome
- The Relevant Authority should be protected from risks by mismanagement/asset stripping/profiteering etc. by groups presenting as community bodies
- There is no detail around standard securities on both the management of the asset and delivering services to the community. Should the venture fail to deliver the planned benefit, there should be a protocol for the relevant authority to step in to ensure service delivery and to recover ownership of the asset.
- It is not clear whether or not a Relevant Authority can also be a community organisation
- How are private landlords protected, where they lease property to a Relevant Authority? The draft regulations seem to suggest that a private landlord could be forced to sell any property leased to a Relevant Authority if approached by a community organisation.