

**Shetland Islands Council****31 August 2016****Presentation by President of KIMO International****Report No: PL-05-16-F****Report Presented by Councillor Karsten  
Filsø, KIMO International President****Development Services/Planning  
Service****1.0 Summary**

- 1.1 The purpose of the presentation is to inform and update the Council on changes within KIMO International and on recent achievements by the organisation on behalf of its local authority members.
- 1.2 The presentation will be given by the President of KIMO, Karsten Filsø, Councillor from Holstebro Municipality, Denmark, with agreement from Shetland Islands Council's Convenor to include it on this agenda.

**2.0 Decision Required**

- 2.1 None. The presentation is for information only.

**3.0 Detail**

- 3.1 KIMO International is a local authorities international environmental organisation that works to protect, preserve and enhance the marine environment. Shetland Islands Council is one of the organisation's founder members and KIMO's headquarters are located here. KIMO is designed to give local authorities a political voice at international level, to share best practice and to find solutions to marine political problems that affect coastal communities. It has contributed to a steady reduction in marine pollution and to improvements in maritime transportation in the northern European seas.
- 3.2 The Shetland Islands Council representatives on KIMO are Billy Fox, Andrea Manson, Steven Coutts, Amanda Westlake (substitute members are Malcolm Bell, Mark Burgess, Jonathan Wills).

## **4.0 Implications**

### Strategic

- 4.1 Delivery on Corporate Priorities – Aligns with the Corporate Plan's '20 by 20' point 3 – making Shetland's voice heard with regular and meaningful lobbying of Scottish and UK Governments and EU bodies on important issues affecting the islands. Also aligns to Development Services Directorate Plan key objective to 'promote representation on relevant national and European committees and take opportunities to engage'.
- 4.2 Community/Stakeholder Issues – None
- 4.3 Policy and/or Delegated Authority – None
- 4.4 Risk Management – None
- 4.5 Equalities, Health and Human Rights – None
- 4.6 Environmental – None

### Resources

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

## **5.0 Conclusions**

- 5.1 The presentation provides an update on KIMO to Council Members.

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16 August 2016

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END



**Policy & Resources Committee  
Shetland Islands Council**

**30 August 2016  
31 August 2016**

**SIC Overall Management Accounts 2016/17  
Projected Outturn at Quarter 1**

**F-051-F**

**Report Presented by Executive Manager -  
Finance**

**Corporate Services**

## **1.0 Summary**

- 1.1 The purpose of this report is to enable the Policy & Resources Committee to monitor the financial performance of all Council services to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This allows the Committee the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by the year-end.
- 1.2 This report presents the projected outturn position for the 2016/17 year as at the end of the first quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant Budget Responsible Officers for the services. This report shows the impact this has on the draw on reserves for 2016/17.
- 1.3 The projected outturn position for the Council are underspends of £2.163m on revenue (including spend to save unallocated) and £2.722m on capital (after deducting Capital from Current Revenue (CFCR)). A total projected underspend of £4.885m against the revised budget.
- 1.4 The Service Committees have received reports on the performance of their services and the financial management implications of their expenditure decisions and income generation. The individual service performance reports provide narrative and data to identify how the corporate and service outcomes are progressing and where action needs to be taken.
- 1.5 Overall, the Council has undertaken to prepare and approve a budget that supports its corporate objectives. In financial terms the Council is projected to deliver on this by living within its means. The review of the financial impact of Council operations is undertaken monthly and reported on a quarterly basis to the Council.

## 2.0 Decision Required

2.1 The Policy & Resources Committee RECOMMENDS that the Council RESOLVE to:

- review the Management Accounts showing the projected outturn position at quarter 1; and
- approve the revised prudential indicators set out in Appendix 4.

## 3.0 Detail

- 3.1 On 10 February 2016 (SIC Min Ref: 2/16) the Council approved the 2016/17 revenue and capital budgets (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £8.106m. The use of reserves at this affordable level has been achieved for this year, with the aid of a carry forward of budget underspend of £1m from 2015/16. The Council cannot be complacent. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves, and would be evidence that the Council is living beyond its means.
- 3.2 This report forms part of the financial governance and stewardship framework that ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team, the Committee and the Council that resources are being managed effectively and allows corrective action to be taken where necessary.
- 3.3 Since the approval of the 2016/17 budget, a revision to the budget has been incorporated for the Council's budget carry forward scheme for both revenue and capital. Therefore this report refers to the revised budget.
- 3.4 The table below sets out the projected outturn position against the revised budget. There is a total projected underspend against the revised budget of £4.885m, of which £0.885m is projected as recurring underspends on revenue. Of the capital variance £2.771m has been identified as being required to be carried forward into 2017/18 to complete projects.

Table 1 Type of Expenditure	2016/17 Original Budget £m	2016/17 Revised Budget £m	2016/17 Projected Outturn £m	2016/17 Variance (over)/ underspend £m
Revenue (including Spend to Save Unallocated)	99.099	101.437	99.274	2.163
Capital	13.970	31.532	28.432	3.100
Remove CFCR included in Capital above	(4.095)	(4.147)	(3.769)	(0.378)
<b>TOTAL</b>	<b>108.974</b>	<b>128.822</b>	<b>123.937</b>	<b>4.885</b>

- 3.5 The impact on the reserves of the projected outturn set out in section 3.4 above, is that the draw on reserves for 2016/17 is to decrease by £3.064m against the revised budget.
- 3.6 The difference between the underspending variance in Table 1 and the use of reserves variance in Table 2 is that a proportion of the capital expenditure underspend that is being funded from borrowing which does not impact upon reserves.

Table 2 Draw on Reserves	2016/17 Original Budgeted Draw £m	2016/17 Revised Budgeted Draw £m	2016/17 Projected Outturn Draw £m	2016/17 Variance (over)/ underspend £m
Annual All Funds	8.106	16.216	13.152	3.064

(Note: the revised budgeted draw on reserves of £16.216m includes £8.110m of revenue and capital carry-forwards funded by underspends in 2015/16).

- 3.7 The projected outturn draw on reserves equates to £36k per day as can be seen from the table below.

Table 3 Draw on Reserves	2016/17 Original Budgeted Draw £000	2016/17 Revised Budgeted Draw £000	2016/17 Projected Outturn Draw £000	2016/17 Variance (over)/ underspend £000
Amount Per Day	22	44	36	8

## Variances shown in Appendices

### Revenue - General Fund

- 3.8 Appendix 1 shows the revenue projected outturn variance position for the first quarter for the Council by service area and fund. Detailed reports on spending variances have been presented to individual Service Committees.
- 3.9 There is a projected underspend of £1.731m on the General Fund (including Spend to Save Unallocated) against the revised budget. This underspend is a combination of the projected outturns across directorates. The most notable projected underspending is on the cost pressures and contingencies budget by £1.712m, spend to save £0.5m and in Community Care £0.335m (mainly on employee costs). Most other Services are projecting overspends.
- 3.10 Services have identified £0.885m of recurring savings within the projected outturn that is helping Services to fund cost pressures and activities for which a contingency was created in the budget.

- 3.11 The cost pressure and contingency budgets with the exception of the off-island placements in Children's Services have not yet been applied to address the specific projected overspends to which they relate. This will be reviewed and these budgets allocated later in the year if it is established that the additional spend cannot be met from underspends or additional income across the Services
- 3.12 Appendix 3 shows a breakdown of the cost pressures and contingencies budget and how much has been allocated to date. It is projected that there will be sufficient cost pressure and contingencies budget available based on quarter 1 to meet the additional costs of items identified by Services should they be unable to fund these from within existing resources as the year progresses.

#### **Revenue - Harbour Account**

- 3.13 There is a projected increase in the contribution to the Reserve Fund of £0.342m from the surplus on the Harbour Account mainly from increased tanker throughput and underspending on terminal works. There are no projected recurring savings on the Harbour Account.

#### **Revenue - Housing Revenue Account**

- 3.14 There is a projected increase in the contribution to the Housing Repairs and Renewals fund of £89k mainly on employee costs. There is £3k of recurring savings identified on the Housing Revenue Account.

#### **Capital – General Fund, Harbour Account, Housing Revenue Account**

- 3.15 Appendix 2 shows the capital projected outturn variance position as at the first quarter for the Council. Detailed reports on spending variances have been presented to individual Service Committees.
- 3.16 There is an anticipated underspend of £3.100m against the revised budget mainly from spending on new Anderson High School projects (e.g. halls of residence and clickimin works) being £2.744m lower than the budget anticipated to be required for this year. Of this, £2.771m will be required next year.

## **4.0 Implications**

### Strategic

#### **4.1 Delivery On Corporate Priorities**

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

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

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2016/17 financial year. The Policy & Resources Committee has delegated authority for securing the co-ordination, control and proper management of the financial affairs of the Council, and has referred authority to make recommendations to the Council as to the level of any expenditure not provided for in the annual budgets

4.4 Risk Management

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

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

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

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

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

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

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

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

- 4.7.1 The 2016/17 Council budget has not drawn on reserves in excess of the returns that the investments are assumed to achieve on average in a year and, therefore, demonstrates that the Council is living within its means. To achieve this, a one-off underspend from 2015/16 budget has had to be utilised to balance the General Fund. This is a one-off solution for 2016/17. The carry forward revisions to the original budget are also a direct result of underspending in the last financial year and are therefore affordable.
- 4.7.2 Every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.
- 4.7.3 It is therefore vital that the Council delivers its 2016/17 budget, and this report demonstrates that overall the Council is projecting to achieve this.
- 4.7.4 **Revenue (GF including Spend to Save/Harbour/HRA)**  
The projected outturn position shows a net underspend of £2.163m. This underspend is made up of General Fund (including Spend to Save Unallocated) underspend of £1.731m and increases in surplus income on the Housing Revenue Account of £0.089m and on the Harbour Account of £0.342m.
- 4.7.7 **Capital (GF including Spend to Save/Harbour/HRA)**  
The projected outturn position shows a net underspend of £3.100m. This is made up of General Fund underspend (including Spend to Save) of £2.722m. The Harbour Account is underspent by £0.378m and HRA is on budget. The majority of the underspends identified is likely to be carried forward into 2017/18.
- 4.7.8 **Revision of Prudential Indicators**  
The Council approved the prudential indicators for 2016/17 to 2018/19 in February 2016. Re-profiling of the Asset Investment Plan due to significant slippage in 2015/16 on the new AHS has resulted in the prudential indicators requiring to be updated to take account of this. Appendix 4 sets out the revised prudential indicators.
- 4.7.9 **Reserves**  
The projected outturn draw on reserves is £13.152m (or £36k per day) which is £3.064m (or £8k per day) less than the revised budget of £16.216m (or £44k per day).
- 4.8 **Legal** – None.
- 4.9 **Human Resources** – None.
- 4.10 **Assets And Property** – None.

## 5.0 Conclusions

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



projected to be under budget by £2.163m. Within the projected outturn, £0.885m has been classified as recurring savings.

- 5.2 The capital outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £3.100m. Of the projected underspend, £2.771m has been identified as being required in future years to deliver projects.
- 5.3 The projected draw from reserves of £13.152m (including carry-forwards) is sustainable. This is a decrease of £3.064m against the revised budget.
- 5.4 Revised prudential indicators are set out in Appendix 4 for approval, in line with re-profiling of the Asset Investment Plan in 2016/17.

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List of Appendices

Appendix 1 – Overall SIC Projected Revenue Outturn Position for 2016/17

Appendix 2 - Overall SIC Projected Capital Outturn Position for 2016/17

Appendix 3 – Contingency and Cost Pressure Budget 2016/17

Appendix 4 - Revised Prudential Indicators 2016/17 to 2018/19

Background documents:

SIC Budget Book 2016-17, SIC 10 February 2016

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=18870>

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## 1. Revenue - Projected Outturn Position for 2016/17

General/Support/Recharged	2016/17 Revised Budget Qtr 1 £000	2016/17 Projected Outturn Qtr 1 £000	2016/17 Projected Variance Qtr 1 £000
Chief Executive	1,756	1,755	2
Children's Services	38,463	38,575	(112)
Community Care	18,584	18,250	335
Corporate Services	7,166	7,279	(112)
Development	14,719	14,732	(14)
Infrastructure	19,532	19,893	(360)
Fund Managers Fees	875	942	(67)
Energy	2,440	2,439	1
Water	223	223	0
Building Maintenance	2,270	2,320	(50)
Fleet Management Unit	770	754	16
Insurance	879	879	0
Training	656	774	(118)
Office Building Charge	1,990	1,990	0
Contingencies & Cost Pressures	4,790	3,077	1,712
Economic Development Investment Income	(800)	(800)	0
Interest on Revenue Balances	(26)	(26)	0
Spend to Save (Unallocated)	1,000	500	500
Net Recharges to Other Fund	(1,723)	(1,723)	0
<b>Total Net Expenditure/(Income)</b>	<b>113,564</b>	<b>111,833</b>	<b>1,731</b>
<i>Funded by:</i>			
Government Grants	(82,639)	(82,639)	0
Council Tax	(8,505)	(8,505)	0
Contribution from General Fund Reserve	(22,420)	(20,689)	(1,731)
<b>Total Funding/Contribution</b>	<b>(113,564)</b>	<b>(111,833)</b>	<b>(1,731)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 1. Revenue - Projected Outturn Position for 2016/17

Harbour Account	2016/17 Revised Budget Qtr 1 £000	2016/17 Projected Outturn Qtr 1 £000	2016/17 Projected Variance Qtr 1 £000
Sullom Voe	(8,948)	(9,258)	310
Scalloway	(154)	54	(208)
Other Piers	527	523	4
Terminals	(1,956)	(2,336)	380
<b>Total Net Expenditure/(Income)</b>	<b>(10,530)</b>	<b>(11,016)</b>	<b>486</b>
Shetland Gas Plant	(693)	(550)	(143)
<b>Other Income</b>	<b>(693)</b>	<b>(550)</b>	<b>(143)</b>
Contribution to Reserve Fund	11,224	11,566	(342)
<b>Total Contribution</b>	<b>11,224</b>	<b>11,566</b>	<b>(342)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

Housing Revenue Account	2016/17 Revised Budget Qtr 1 2016-17 £000	2016/17 Projected Outturn Qtr 1 2016-17 £000	2016/17 Projected Variance Qtr 1 2016-17 £000
Expenditure	6,042	5,956	86
Income	(6,946)	(6,949)	3
<b>Total Net Expenditure/(Income)</b>	<b>(904)</b>	<b>(993)</b>	<b>89</b>
Contribution to HRA R&R Fund	904	993	(89)
<b>Total Contribution</b>	<b>904</b>	<b>993</b>	<b>(89)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 2. Capital - Projected Outturn Position for 2016/17

Service Area	2016/17	2016/17	2016/17
	Revised Budget	Projected Outturn	Projected Variance
	Qtr 1 £000	Qtr 1 £000	Qtr 1 £000
Children's Services	15,010	12,266	2,744
Community Care	3,322	3,412	(90)
Corporate Services	2,393	2,393	0
Development	190	190	0
Infrastructure (including Harbour Account)	8,205	7,759	446
Development (HRA)	2,413	2,413	0
<b>Total Costs</b>	<b>31,532</b>	<b>28,432</b>	<b>3,100</b>
<i>Funded by:</i>			
General Capital Grant	(5,535)	(5,535)	0
Capital Grants Unapplied (General Fund)	(8)	(8)	0
External Grants	(584)	(584)	0
External Borrowing	(14,362)	(12,540)	(1,822)
Spend to Save Reserve	(383)	(475)	92
Council Tax Second Homes Reserve	(160)	(160)	0
Capital Fund Reserve	(3,487)	(2,495)	(992)
Capital Receipts Reserve (General Fund)	(1,443)	(1,443)	0
General Fund Capital Receipts	(350)	(350)	0
Capital Receipts Reserve (HRA)	(118)	(118)	0
Capital Receipts (HRA)	(612)	(612)	0
CFCR (HRA)	(1,682)	(1,682)	0
Capital Receipts Reserve (Harbour Account)	(323)	(323)	0
CFCR (Harbour Account)	(2,465)	(2,087)	(378)
Harbour Account External Grants	(20)	(20)	0
<b>Total Funding &amp; Financing</b>	<b>(31,532)</b>	<b>(28,432)</b>	<b>(3,100)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 3. Cost Pressure and Contingency Budget for 2016/17

Service Area	2016/17 Original Budget 2016/17 Qtr 1 £000	2016/17 Budget Allocated 2016/17 Qtr 1 £000	2016/17 Revised Budget 2016/17 Qtr 1 £000
<b>Cost Pressures:</b>			
Living Wage	74	0	74
Holiday Pay	300	0	300
Sleep-Over Payments	365	0	365
Health & Social Care Integration	15	0	15
Free School Meals	32	0	32
Free Nursery Meals	13	0	13
Fee Paid Carers	94	0	94
Kinship Allowances	31	0	31
Windybrae	88	0	88
External Audit Fees	20	0	20
Air/Bus/School Transport Inflation	81	0	81
<b>TOTAL COST PRESSURES:</b>	<b>1,113</b>	<b>0</b>	<b>1,113</b>
<b>Contingency:</b>			
Off-Island Placements (Comm Care / Child Svs)	1,052	145	907
Children's Resources	292	0	292
Schools/Quality Improvement	354	0	354
Supply Teachers / Reliefs in Schools	258	0	258
Disabled Adaptions	250	0	250
Ferry Vessel & Other Fuel	274	0	274
Ferry Staff Shortages	210	0	210
Ferry Staff Revalidation Cover	115	0	115
Infrastructure Equipment Failure	350	0	350
Winter Maintenance	110	0	110
Bitument Supplies	102	0	102
Extreme Weather Events	100	0	100
CIPFA Trainee Programme	70	0	70
Valuation Joint Board	50	0	50
Funding for Change	500	0	500
External Recruitment for Senior Officers	124	0	124
Payroll Officer	27	0	27
Homeless Accommodation Costs Inflation	60	0	60
Foula Ferry Contract Increase	60	0	60
<b>Reduction based on risk of events occurring (41%)</b>	<b>-1793</b>	<b>0</b>	<b>-1,793</b>
<b>TOTAL CONTINGENCIES:</b>	<b>2,565</b>	<b>145</b>	<b>2,420</b>
<b>TOTAL COST PRESSURES AND CONTINGENCIES</b>	<b>3,678</b>	<b>145</b>	<b>3,533</b>
Borrowing Support Costs (AHS funded centrally)	1,256	0	1,256
<b>OVERALL TOTAL</b>	<b>4,934</b>	<b>145</b>	<b>4,789</b>





## **Prudential Indicators 2016/17 to 2018/19**

### **Prudential Framework**

- 1.0 The Local Government in Scotland Act 2003 repealed Section 94 of the Local Government (Scotland) Act 1973. Sections 35 to 37 of the 2003 Act introduced a responsibility for local authorities to locally determine the level of capital investment. Regulations introduced under the Act required that local authorities should adhere to The CIPFA Prudential Code for Capital Finance in Local Authorities.
- 1.1 The Prudential Code was introduced in April 2004, effectively replacing the Capital Expenditure controls within section 94 where ministerial consent was required before any capital expenditure could be incurred. In addition, there was a restriction on the commitment to capital expenditure for future years and a control over the actual financing of the capital expenditure. The 'prudential framework' (or prudential regime) is the collective term for legislation, regulation and the Code under which local authorities will operate.
- 1.2 The introduction of the Prudential Code brought much greater flexibility for Councils to develop capital programmes to support their local communities. The key watchwords within the Prudential Code are:-
  - Affordability
  - Prudence
  - Sustainability.
- 1.3 The Prudential Code provides a framework for the internal control and self-management of capital finance, and in turn the key items of expenditure that will normally govern the bulk of an authority's potential need to borrow. It does also refer to the fact that forward estimates of external debt, defined in part as actual external borrowing, will follow on from an authority's capital plans and revenue forecasts, under their treasury management strategy. The Prudential Code also requires that the underlying commitment to finance leases and similar contracts is recognised when setting the indicators.
- 1.4 It is understandable that the Prudential Code seeks to concentrate primarily upon a need for an authority to ensure that its capital spending plans are affordable, as it is these plans that will, in general, be the main driver of an authority's need to undertake or increase the amount of external borrowing. The opening paragraph of the Executive Summary makes clear its overriding objective, namely "The Prudential Code plays a key role in capital finance in local authorities", whilst paragraph 7 of its Objectives states that it focuses on capital finance and effective capital planning. The Prudential Code perhaps sums up the overall

situation regarding the consideration of affordability in paragraph E12, wherein it states – “affordability is ultimately determined by a judgement about acceptable council tax levels”.

1.5 The Council’s capital expenditure plans are the key driver of treasury management activity. The outputs from the capital expenditure plans are reflected in Prudential Indicators, which are designed to assist Members overview and confirm capital expenditure plans.

1.6 In setting their prudential limits, Members must have regard to:

- Affordability e.g. implications of capital plans for council tax and council housing rents.
- Prudence and sustainability, e.g. implications of external borrowing and an assessment of borrowing costs and interest rate forecasts/expectations.
- Value for money, e.g. options appraisal.
- Stewardship of assets, e.g. asset management planning.
- Service objectives, e.g. strategic planning for the authority.
- Practicality, e.g. achievability of the forward plan.

#### **Prudential Indicators**

1.7 It is proposed that the Prudential Indicators for Shetland Islands Council for 2016-17 to 2018-19 should be as follows:

#### **1. Ratio of Financing Costs to Net Revenue Stream**

##### **Definition**

General Fund – The proportion of the General Fund income from the Council’s General Revenue Grant (including NNDR) and Council Tax income to fund the debt financing costs (interest and Principal Repayments) of the planned capital programme.

Housing Revenue Account – The proportion of income to the HRA (substantially Housing Rents) to fund the debt financing costs (interest and Principal Repayments) of the planned capital programme.

	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>
General Fund	1.5%	1.7%	2.1%
HRA	23.8%	22.8%	21.8%
Harbour Account	0%	0%	0%

## 2. Capital Expenditure

### Definition

Estimated capital expenditure for the next 3 years' capital programme, as set out in the Council's Asset Investment Plan.

	<b>2016/17 £'000 Estimate</b>	<b>2017/18 £'000 Estimate</b>	<b>2018/19 £'000 Estimate</b>
General Fund	26,312	12,105	11,164
HRA	2,413	2,813	2,813
Harbour Account	2,808	990	890

## 3. Gross Borrowing and the Capital Financing Requirement

### Definition

The CFR represents the underlying need to borrow for a capital purpose. As the Council should only borrow for a capital purpose, net external borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. In conjunction with Capita Asset Services a review of the Council's CFR was undertaken.

	<b>2016/17 £'000 Estimate</b>	<b>2017/18 £'000 Estimate</b>	<b>2018/19 £'000 Estimate</b>
General Fund	25,723	28,086	31,411
HRA	12,742	11,656	10,570
Harbour Account	0	0	0
<b>Total</b>	<b>38,465</b>	<b>39,742</b>	<b>41,981</b>

## 4. Authorised Limit for External Debt

### Definition

Limit for total external debt that should not be breached. This excludes investments and is based on future capital plans and variations in cash flow.

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operational Boundary	39,837	41,015	43,148
10% Margin	3,984	4,101	4,315
<b>Total</b>	<b>43,821</b>	<b>45,116</b>	<b>47,463</b>

## 5. Operational Boundary for External Debt

### Definition

A boundary for total external debt based on the estimate of total projected external debt to be monitored against during the year. It may be breached temporarily for variations in cash flow but a sustained or regular breach would require investigation.

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	33,931	35,208	37,446
Other Long Term Liabilities	5,906	5,807	5,702
<b>Total</b>	<b>39,837</b>	<b>41,015</b>	<b>43,148</b>

## 6. Actual External Debt at 31 March 2016

### Definition

The actual external debt taken from the unaudited Balance Sheet as at 31st March 2016.

<b>Actual External Debt</b>	
	<b>2015/16</b>
	<b>£'000</b>
Borrowing	31,000
Other Long Term Liabilities	5,906
<b>Total</b>	<b>36,906</b>

## 7. Upper limit on Interest Rate Exposures

### Definition

Ranges within which the Council will manage its exposures to fixed and variable rates of interest. Whilst the Council could obtain more favourable interest rates with a variable rate, it increases the longer term risk of rates rising beyond a fixed rate.

It is calculated as a percentage of total net outstanding principal sums of debt.

	<b>2016/17 Indicative £'000</b>	<b>2017/18 Indicative £'000</b>	<b>2018/19 Indicative £'000</b>
Fixed interest rate exposures	100%	100%	100%
Variable interest rate exposures	40%	40%	40%

## 8. Maturity Structure of Borrowing

### Definition

Upper and lower limits to assist the Council to avoid large concentrations of fixed rate debt that has the same maturity structure and would therefore need to be replaced at the same time. This is the fixed rate debt maturing in each period as a percentage of total projected borrowing that is fixed rate.

	<b>Lower Limit</b>	<b>Upper Limit</b>
Under 12 months	0%	25%
12 months and within 24 months	0%	30%
24 month and 5 years	0%	50%
5 year and within 10 years	0%	70%
10 years and above	0%	100%





**Policy and Resources Committee  
Shetland Islands Council**

**30 August 2016**

**31 August 2016**

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

**CPS-11-16-F**

**Executive Manager – Capital Programme**

**Capital Programme Service**

### **1.0 Summary**

- 1.1 This report advises the Council on the progress of the projects contained within its Asset Investment Plan which are currently underway or to be started in 2016/17.
- 1.2 It includes a summary of the financial status and predicted outturn for the full life of each project.

### **2.0 Decision Required**

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

### **3.0 Detail**

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

### **4.0 Implications**

Strategic

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

#### Resources

- 4.7 Financial – The Asset Investment Plan projects which are currently underway or to be commenced in 2016/17, detailed in this report, have the following overall financial implications:

Full Life Predicted Outturn Cost	£49.4m
External Funding Contributions	£5.7m (12%)
Cost to the Council	£43.6m
Total Expenditure to Date	£20.1m
Outstanding Expenditure	£29.3m

- 4.8 Legal – None
- 4.9 Human Resources – None
- 4.10 Assets And Property – None

## **5.0 Conclusions**

- 5.1 This report provides an update on progress in delivering the Asset Investment Plan and summarises the full life financial position for each project which is currently underway or to be commenced in 2016/17.

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For further information please contact:

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

Background documents: None

END



# Capital Projects - Full Life Project Costs

# CPS-11-16 Appendix A

Directorate	Service Area	Budget			Funding		Expenditure	
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to Date £	Project Cost Outstanding £
Corporate Service	Capital Programme Service	2,671,000	2,689,204	(18,204)	233,855	2,455,349	191,316	2,497,888
		<b>2,671,000</b>	<b>2,689,204</b>	<b>(18,204)</b>	<b>233,855</b>	<b>2,455,349</b>	<b>191,316</b>	<b>2,497,888</b>
Children's Services	Schools	21,226,727	21,226,727	0	1,032,500	20,194,227	7,312,769	13,913,958
		<b>21,226,727</b>	<b>21,226,727</b>	<b>0</b>	<b>1,032,500</b>	<b>20,194,227</b>	<b>7,312,769</b>	<b>13,913,958</b>
Community Care Services	Adult Service	11,555,312	10,427,494	1,127,818	2,006,534	8,429,191	4,538,641	5,888,853
		<b>11,555,312</b>	<b>10,427,494</b>	<b>1,127,818</b>	<b>2,006,534</b>	<b>8,429,191</b>	<b>4,538,641</b>	<b>5,888,853</b>
Development Services	Economic Development	190,000	190,000	0	0	190,000	0	190,000
	Housing	100,000	100,000	0	0	100,000	0	100,000
	Shetland College	5,219,864	5,176,834	43,030	2,307,476	2,869,358	5,176,834	0
		<b>5,509,864</b>	<b>5,466,834</b>	<b>43,030</b>	<b>2,307,476</b>	<b>3,159,358</b>	<b>5,176,834</b>	<b>290,000</b>
Infrastructure Services	Environmental Services	660,000	660,000	0	0	660,000	74,445	585,555
	Estate Operations	1,450,000	1,452,843	(2,843)	0	1,452,843	870,138	582,705
	Ferry Operations	3,050,000	3,050,000	0	0	3,050,000	370,705	2,679,295
	Roads	1,759,000	1,745,636	13,364	136,245	1,609,391	1,269,191	476,445
	Ports & Harbours	2,647,000	2,655,566	(8,566)	20,000	2,635,566	259,398	2,396,168
		<b>9,566,000</b>	<b>9,564,045</b>	<b>1,955</b>	<b>156,245</b>	<b>9,407,800</b>	<b>2,843,877</b>	<b>6,720,168</b>
	<b>Total All Funds</b>	<b>50,528,903</b>	<b>49,374,303</b>	<b>1,154,600</b>	<b>5,736,610</b>	<b>43,645,924</b>	<b>20,063,437</b>	<b>29,310,866</b>

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCK3007	Market Street Store Redevelopment	91,000.00	109,204	(18,204)	0	109,204	19,524	89,680	Tenders to go out in September. Works should be complete by the end of January 2017.
GCK3008	Lerwick Library Refurbishment	900,000	900,000	0	0	900,000	0	900,000	Initial design work underway. Works planned for 17/18.
GCK3009	Town Hall Conservation Project	1,680,000	1,680,000	0	233,855	1,446,145	171,792	1,508,208	Expenditure so far has been on fees, consents and procurement only. Following relisting of the building from B to A the project team have submitted grant applications to Historic Scotland and the Woolfson Foundation. A further Heritage Lottery Fund grant bid will be submitted in September. The external funding figure listed here is provisional and will depend on the type of eligible grant work completed. The main contract tender is due back on 17/08/16 and, subject to receiving an acceptable tender, works are planned to start mid September with completion estimated by April 2017.
<b>Total</b>		<b>2,671,000</b>	<b>2,689,204</b>	<b>(18,204)</b>	<b>233,855</b>	<b>2,455,349</b>	<b>191,316</b>	<b>2,497,888</b>	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCE1304	Anderson High School Replacement	2,476,723	2,476,723	0	25,000	2,451,723	1,678,198	798,525	The budget and cost of project cost shown here is for the expenditure to be funded by the Council only as the £42m contract expenditure, to be funded by SFT, will not go through the Council. Construction work began on site in summer 2015. The main structural work on the building is now complete. Cladding and glazing work is well underway as work focuses of getting the building wind and watertight before the onset of winter. Work is due to be completed by September 2017.
GCE1305	Anderson High Clickimin Path Upgrade	1,015,000	1,015,000	0	507,500	507,500	646,776	368,224	SIC / Sustrans funded project. The Maintenance Certificate for the paths is due in August 2016 so the remainder of the retention of £7,550.69 will be paid then (after some minor remedial works have been carried out). The path around the Rugby pitch will not be built until the roundabout and new school works are complete. Remaining budget required for completion of the rugby pitch and loch link.
GCE1306	Anderson High - Halls of Residence	14,728,080	14,728,080	0	0	14,728,080	4,076,716	10,651,364	Construction work began on site in summer 2015. The building's superstructure is now complete and work is progressing on the external cladding and glazing. It is anticipated that the building will be wind and water tight before the onset of winter. Work on the installation of mechanical and electrical systems is also underway. Work is due to be completed by September 2017

		Budget			Funding		Expenditure		Update
Code	Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCE1307	Clickimin Works	3,006,924	3,006,924	0	500,000	2,506,924	911,079	2,095,845	SIC / Sport Scotland funded Project. Work has commenced on the covered indoor training facility. The main structure is complete and work is progressing on the changing area and the sub-base for the synthetic playing surface. The covered training pitch is programmed to be complete in November 2016. Proposals for internal modifications to the existing Clickimin Leisure Facility are also underway.
<b>Total</b>		<b>21,226,727</b>	<b>21,226,727</b>	<b>0</b>	<b>1,032,500</b>	<b>20,194,227</b>	<b>7,312,769</b>	<b>13,913,958</b>	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCA0241	ET & Taing House Extension (Spend to Save)	3,500,000	2,373,879	1,126,121	0	2,373,879	2,185,547	188,332	Phase 1 works complete. Phase 2 delayed as scope of project and budget reduced accordingly, however further funding required in 2016/17 to cover upgrade to laundry equipment, material testing and fire alarm installation. Works expected to be complete by the end of August 2016.
GCA0242	NHS Conversion Scalloway School	2,000,000	1,998,303	1,697	2,006,534	0	1,998,303	0	Works all complete but final account still to be settled. Anticipated £8.2k balance.
GCA0237	Eric Gray Replacement	6,055,312	6,055,312	0	0	6,055,312	354,791	5,700,521	Contractor appointed and letter of acceptance issued on 27 June, 2016; works started on site 1 August, 2016.
<b>Total</b>		<b>11,555,312</b>	<b>10,427,494</b>	<b>1,127,818</b>	<b>2,006,534</b>	<b>8,429,191</b>	<b>4,538,641</b>	<b>5,888,853</b>	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
GCY5141	Landfill Capping - Phase 2	660,000	660,000	0	0	660,000	74,445	585,555	Phase 2 under way and expected to be complete late August / September 2016. The budget shown here also includes further phases scheduled for future years.
GCY5512	Bells Brae PS Refurbishment	850,000	850,000	0	0	850,000	267,296	582,704	Works tendered and commenced on site. Programme timing still very tight. 35% complete at Q1 2016.
GCY5513	Sound PS Refurbishment	600,000	602,843	(2,843)	0	602,843	602,843	0	Sound School site works ongoing. Project ahead of schedule to deliver within set timescales. 75% complete at Q1 2016.
GCY6139	Clickimin Roundabout Works	1,059,000	1,045,636	13,364	17,745	1,027,891	1,027,574	18,061	Culvert works and roundabout complete. Final layer of bitmac to be laid on access road to new AHS and white lining completed.
GCY6140	Mill Brae Footway	167,000	167,000	0	118,500	48,500	133,046	33,954	Works completed, awaiting final measure from the Contractor
GCY6212	Trondra Bridge Painting	305,000	305,000	0	0	305,000	108,570	196,430	Works started with completion anticipated by mid September 2016.
GCY6213	Muckle Roe Bridge Painting	228,000	228,000	0	0	228,000	0	228,000	Preparation of tender documents underway, anticipate tender documents will go out January 2017.
GCY7637	Linga Conversion	2,150,000	2,150,000	0	0	2,150,000	0	2,150,000	Design fees for propulsion and control systems upgrade options are being progressed with Rolls Royce who have been to Shetland to discuss requirements.

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
GCY7638	Fivla Life Extension	900,000	900,000	0	0	900,000	370,705	529,295	Life extension works involve navigation, bridge, equipment and electrical upgrades with internal and external refurbishment. BRO advises the work is 45 -50% complete and anticipates all works will be completed this financial year.
PCM2128	Scalloway Fishmarket	222,000	230,566	(8,566)	0	230,566	230,566	0	Replacement of coolers/ condensing units and sectional overhead doors now complete.
PCM2151	Ferry Terminal Access	40,000	40,000	0	20,000	20,000	0	40,000	Upgrade of ferry terminal disabled access, works have been tendered and are due to start on site in September, 2016.
PCM2152	Ferry Terminal Security	60,000	60,000	0	0	60,000	705	59,295	Upgrade of ferry terminal security, BRO anticipates equipment will be delivered by end September. Installation to begin in October with completion anticipated before end of financial year.
PCM2153	Hamarsness Ferry Terminal Painting	150,000	150,000	0	0	150,000	9,285	140,715	Surveys have indicated that the main project works can be re-programmed, and can be slipped to 2017/18. Anticipate spend of 15K this year for minor works and tender preparation.
PCM2154	Toft Ferry Terminal Painting	150,000	150,000	0	0	150,000	9,285	140,715	Surveys have indicated that the main project works can be re-programmed, and may be delayed for 2 to 3 years. Anticipate spend of 15K this year for minor works and some tender preparation.

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
PCM2155	Ulsta Ferry Terminal Painting	150,000	150,000	0	0	150,000	9,285	140,715	Surveys have indicated that the main project works can be re-programmed, and may be delayed for 2 to 3 years. Anticipate spend of 15K this year for minor works and some tender preparation.
PCM2156	Cathodic Protection - Cullivoe Pier	250,000	250,000	0	0	250,000	273	249,728	Tender return date 18/08/16. Works to be completed this financial year
PCM2157	Scalloway Quay West - Pile Repairs	250,000	250,000	0	0	250,000	0	250,000	Tender documents and drawings currently being prepared. Work expected to be complete during this financial year.
PCM2158	Baltasound Old Pier - Pile Repairs	250,000	250,000	0	0	250,000	0	250,000	Tender documents and drawings currently being prepared. Work expected to be complete during this financial year.
PCM2159	Hydrographic Survey - Sullom Voe	125,000	125,000	0	0	125,000	0	125,000	Groundworks 90% complete, project on budget and completion anticipated to be October 2016.
PCM2160	VTs Radar Replacement	1,000,000	1,000,000	0	0	1,000,000	0	1,000,000	Design specification complete and tenders to be issued September 2016. BRO anticipates underspend in 16/17 financial year as works likely to be programmed over 2 years.
<b>Total</b>		<b>9,566,000</b>	<b>9,564,045</b>	<b>1,955</b>	<b>156,245</b>	<b>9,407,800</b>	<b>2,843,877</b>	<b>6,720,168</b>	



Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
UCL5203	Shetland College Extension	5,219,864	5,176,834	43,030	2,307,476	2,869,358	5,176,834	0	Practical completion issued end March 2014. Making good defects and Final A/C issued and payment processed.
GCD7004	Walls Pier Crane	30,000	30,000	0	0	30,000	0	30,000	Existing fixed crane is beyond economic repair. The BRO advises that Infrastructure will be procure the crane on his behalf.
GCH3104	Leaside Conversion	160,000	160,000	0	0	160,000	0	160,000	Continued demand for smaller housing units at a premium; so conversion of 24/25 Leaside to 4 flats with external stairway deemed the best value for money at £40K per unit. Works currently out to tender with anticipated start date on site of October, 2016. It is anticipated works will be complete this financial year.
<b>Total</b>		<b>5,409,864</b>	<b>5,366,834</b>	<b>43,030</b>	<b>2,307,476</b>	<b>3,059,358</b>	<b>5,176,834</b>	<b>190,000</b>	

		Budget			Funding		Expenditure		
Code	Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	Update
HCH3717	Pitt Lane Demolition	100,000	100,000	0	0	100,000	0	100,000	Subject to ongoing legal process.
<b>Total HRA</b>		<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	



**Policy and Resources Committee  
Shetland Islands Council**

**30 August 2016**

**31 August 2016**

## **Knab Redevelopment – Masterplanning Procurement**

**CPS-12-16-F**

**Executive Manager – Capital Programme**

**Capital Programme Service**

### **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 is currently in the consultation stage. This will inform a Masterplan for the site. This report sets out proposals for procuring the consultancy services required to produce that Masterplan.

### **2.0 Decision Required**

- 2.1 That the Policy and Resources Committee considers the options for procuring masterplanning consultancy services for the Knab site as set out in section 3.10 of this report and **RECOMMENDS** to the Council that it;
- 2.2 **RESOLVES** to instruct officers to proceed to tender for those services on the open market as described in paragraph 3.10.3 in this report.

### **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 Architectural & Design Scotland (ADS) 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 presented 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. For that reason, the Council resolved, on 29 June 2016 (Min Ref: 49/16), to instruct officers to engage with 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. Initial engagement has been made with A&DS, with preliminary meetings arranged early in September to take forward development of the brief.
- 3.10 A number of options have been identified in terms of sourcing the expertise necessary to take the masterplanning work forward in line with the brief referred to above, namely:

3.10.1 Procure Strategic Support Partnering Services from Hub North Scotland Ltd (HNSL)

Pros

- No tendering required
- Schedule of rates already in place
- Fee cap arrangements in place (based on percentage of project value)
- Claimed early deployment of resources

Cons

- No cost certainty for commission

3.10.2 Enter into a development partnership on commercial terms

Pros

- Shared risk
- Incentivised team
- Potentially reduced Council resource commitment

Cons

- Shared reward
- Sometimes remuneration arrangements are complex and not without risk to the client

### 3.10.3 Tender masterplanning services conventionally

#### Pros

- Costs competitively tendered on known commission
- Greater cost certainty than with rates based commission
- Single contractual relationship with the Council
- Ability to assess the team as a whole

#### Cons

- Time taken for tendering process
- Unknown market capacity

3.11 It can be seen that all 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.

3.12 Taking all these factors into consideration, it is recommended that the masterplanning services be tendered conventionally as this provides the most scope for the Council to assess bids both in terms of quality and price.

## 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, however every effort will be made to secure external funding where possible.
- 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 3.10.3 be taken forward.

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For further information please contact:

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List of Appendices: None.

Background documents: None

END







**Policy and Resources Committee  
Shetland Islands Council**

**30 August 2016  
31 August 2016**

## **Corporate Risk Register**

**Report No: CRP-21-16-F**

**Director of Corporate Services**

### **1.0 Summary**

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

### **2.0 Decision Required**

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

### 3.0 Detail

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

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

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

3.3 One risk has been added to the Corporate Risk Register, namely:

ORG0037 – EU Referendum result - post Brexit referendum, there is, and will be, political and economic uncertainty and change, leading to short, medium and long-term impacts including withdrawal of funding, potential impact on recruitment, uncertainty for non-UK EU nationals in Shetland, impact on pension fund and investments, impact on partner organisations and partner-funded bodies, requirement to identify the Council's lobbying role, regulatory uncertainty, issues round fish quotas/ market/ pelagic fleet, opportunity to influence the direction and shape of new legislation, requirement to consider risks around capital expenditure, question around Council's role and priorities, potential for further legislative, political and structural change.

### 4.0 Implications

#### Strategic

4.1 Delivery On Corporate Priorities – Our Plan 2016, in its 20 by 20 states that:-

- High standards of governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.
- Our approach to managing the risks we face will have resulted in a more risk-aware organisation that avoids high risk activities.

4.2 Community /Stakeholder Issues – A robust approach to risk management at all levels of the organisation is essential in order to prevent or reduce potentially negative impacts on the Community/ Stakeholders.

4.3 Policy And/Or Delegated Authority – Policy and Resources Committee requires the Corporate Risk Register to be reported periodically [Min.

Ref. P&R 75/15]. The Risk Management Strategy forms part of the Policy Framework contained in Section A of the Constitution – Governance, which states that the management body for the Risk Management Strategy lies within the remit of the Policy and Resources Committee. Ensuring the proper management of the Corporate Risk Register is therefore a delegated matter for the Policy and Resources Committee. However, the Council instructed that the Corporate Risk Register be reported to the Council quarterly as part of the PPMF cycle [Min. Ref. SIC 20/16] so that all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information.

- 4.4 Risk Management – Risk management is a continuous process which requires that risk information be presented periodically to Members and senior decision-makers for their consideration. The Council's Risk Management Strategy and associated documents ensure that the Council is actively managing risks, mitigating negative impacts and promoting positive risk taking.
- 4.5 Equalities, Health And Human Rights – By actively managing risks the Council ensures that negative impacts on the staff and service users are anticipated and prevented or minimised.
- 4.6 Environmental – Risks to the environment are considered in reports to committee or the Council in order to ensure that negative impacts are identified and reduced as far as practicable.

#### Resources

- 4.7 Financial – Recognising and highlighting risks facing the Council will help ensure that appropriate controls are considered and put in place. There are no financial consequences arising directly from this report.
- 4.8 Legal – There are no legal implications arising directly from this report. Legal issues are considered as an integral part of the risk management process.
- 4.9 Human Resources – Risk management promotes best practice and seeks to protect staff across the Council. Paragraph 3.3 under Risk ORG0037, makes reference to the potential impact on the Council's workforce planning of the uncertainties that Brexit creates. This will add to the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working. There is much speculation about the impact on employment in the UK which HR are monitoring to ensure the Council responds appropriately.
- 4.10 Assets And Property – The effective management of the Council's estate, coupled with appropriate and carefully managed insurance policies for a range of classes of business, ensures that property assets are adequately protected.

## **5.0 Conclusions**

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

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For further information please contact:  
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*23 August 2016*

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List of Appendices

Appendix 1 – Corporate Risk Register as at 23 August 2016

END

## Shetland Islands Council

Risk & Details	Frequency	Current Severity	Risk Profile	Current and Planned Control Measures	Probability	Target Severity	Risk Profile	Assigned To
<b>Level</b>	<b>Corporate</b>							
<i>Corporate Plan</i>	<i>A2. Young People - Vulnerable Children and young people's opportunities</i>							
Children's Services deliver a range of services across a wide geographic area and all service users need to be safe. Children's Social Work manage high risk, complex situations in their work with families. Often it requires significant resource provision to mitigate risks and ensure the safety of a child or young person. A crisis or escalation of a complex situation (often unanticipated) can put a child at increased risk of harm. A failure to act quickly or to the extent required because of restricted resources can result in the child being exposed to potentially more harm or to harm for a longer period of time, resulting in harm to the child, impact on services and financial impact (ORG0025 - Physical - People / Property - Other - Child Protection)	Possible	Major	High	• Robust systems and procedures in place. Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly.	Unlikely	Major	Medium	Helen Budge Shetland Islands Council
Failure to appropriately accommodate looked-after children, off-island placement. There are circumstances when the Children & Families Team is required to accommodate children and young people away from home. Currently, there is a shortage of foster placements and residential placements in Shetland. On occasion this results in placements being sought away from Shetland, which is undesirable and which comes at a high cost to the Local Authority. There are however situations whereby the assessed needs of a child or young person are such that they require a specialist service that is not available in Shetland, such as secure accommodation or a parenting assessment unit. (ORG0026 - Economic / Financial - Other)	Likely	Significant	High	• Working to identify and develop alternative and flexible solutions which includes development of fee-paid foster carers and ensuring a second residential property becomes operational	Possible	Significant	Medium	Helen Budge Shetland Islands Council
<i>Corporate Plan</i>	<i>B2. Older People - Independent Living</i>							
Shetland has an increasing older population and an increase in people with a learning disability reaching older age. Statutory services will need to have oversight of an increasing number of vulnerable adults to prevent harm occurring. A transition group is being established to manage clients moving from children to adult services. Triggers such as -Statutory services fail to identify and take account of all vulnerable adults within their remit, systems failure means that information is not fully collated and/or shared, could result in Vulnerable adult not given access to full range of services that they need, delay in access to services leads to harm to vulnerable adult, reputational risk to organisation, potential for HSE action, Care Commission/ external advisors' negative report, civil action. (ORG0024 - Communications failure - Risk of harm to a vulnerable adult )	Possible	Major	High	• There are well established mechanisms in place to support the detection of risk with an active Adult Protection Committee overseeing the work. There is good multi-agency working with formal arenas to discuss individual cases causing concern.	Unlikely	Major	Medium	Simon Bokor-Ingram Shetland Islands Council

Lack of compliance with standing orders on procurement, particularly in Ports and Harbours and Ferries Service. Internal Audit has previously identified widespread non-compliance issues, including potential breach of EU procurement regs. This issue is already live with Audit Scotland and risk damaging the Council's reputation as well as the potential for financial loss. (ORG0013 - Professional Errors and Omissions)	Possible	Minor	Medium	<ul style="list-style-type: none"> <li>The Council's Contract Standing Orders have been updated in order to make them more fit for purpose including streamlining them to minimise the scope for breaches that are material. Updated standing orders, monitoring, training and information. Procurement sessions held with the majority of Executive Managers during 2014. Further work on awareness raising and monitoring is on-going across the Council.</li> </ul>	Unlikely	Minor	Low	Maggie Sandison Shetland Islands Council
Lack of compliance with policies leading to a poorly run organisation with costly consequences. The Council could still improve further compliance with council policies and procedures. These include Standing Orders, Health & Safety, Risk Management, Insurance, Financial Regulations, Travel & Expenses, Employee Review & Development, managing poor performance and attending mandatory training events. (ORG0015 - Professional Errors and Omissions)	Possible	Extreme	High	<ul style="list-style-type: none"> <li>CMT has been sending out a strong message on compliance with policies which is having an effect, particularly with regard to budgetary control and financial management. However, there is still an issue of non-compliance in a number of other areas which has yet to be addressed. Some policies and processes need to be reviewed in order to ensure that compliance across the organisation is more achievable.</li> </ul>	Possible	Significant	Medium	Mark Boden Shetland Islands Council
Management capacity to deliver the benefits of health and social care integration. Significant effort is required to continue driving the integration agenda and to realise the benefits, and adequate management capacity and skill is required to achieve this. Locality working will require further drive and effort to achieve a shift in structure that delivers front line benefits to residents. (ORG0016 - Professional - Other)	Possible	Major	High	<ul style="list-style-type: none"> <li>There is a joint management structure in place. Work underway to deliver strategic direction agreed by IJB where localities are better supported.</li> </ul>	Possible	Significant	Medium	Simon Bokor-Ingram Shetland Islands Council

Failure to deliver major STERT review on time and on budget. The time frame for the project is up to June 2018 i.e. the end of the Interim Joint Principal position. There is a change fund of £300K for two years but there will be an ongoing saving of £200K from the start of the second year. In the first year these payments will be attached to milestones which are also deliverables of the Interim Joint Principal. The project timescale is now less challenging as an Interim Joint Principal has been appointed and is now in post' (ORG0022 - Professional - Other)	Unlikely	Significant	Medium	<ul style="list-style-type: none"> <li>There are project management arrangements in place which have been enhanced and strengthened recently. Both the Council and the NAFC Marine Centre Board confirmed their commitment to the next steps towards integration on 24 Feb and 3 March respectively. Project timescales are however challenging. The project timescales will be less challenging once an Interim Joint Principal has been recruited and this process is now significantly progressed. Ensure an early start date.</li> </ul>	Unlikely	Minor	Low	Neil Grant Shetland Islands Council
Failure to deliver major AHS build project on time and on budget. Complex project involving several external parties, following a methodology not previously used by the Council Design Build Financial Model (DBFM) which increases the risk of the project going off track. However, financial close was achieved in July 2015, and construction has commenced. A lack of understanding of DBFM, project management failure or partner failure can lead to project delay and/or budget rises, negative reaction in press and public. Project completion is currently timetabled for Sept 2017 (ORG0028 - Professional - Other)	Possible	Significant	Medium	<ul style="list-style-type: none"> <li>Project risk register in place which is closely monitored and managed</li> </ul>	Unlikely	Significant	Medium	Mark Boden Shetland Islands Council
Recent Council activities plus local / national issues have led to an increased workload for Services across the Council and within Corporate Services - and particularly for Finance, Governance and Law, Capital Programme and Human Resources. There is a limit to how much additional work staff can absorb - staff and services are considered to be at capacity. (ORG0032 - Corporate/Community plan - failure to meet)	Possible	Significant	Medium	<ul style="list-style-type: none"> <li>Our Plan 2016-20 has been agreed. This explains the outcomes that the SIC wants to achieve by April 2020. Our financial planning process is more robust and in line with other planning processes. The risks to Directorate and Service plans are articulated and considered in reports. The Risks for new initiatives including the allocation of resources are considered at Project start up and kept under review.</li> </ul>	Unlikely	Minor	Low	Christine Ferguson Shetland Islands Council

*Corporate Plan*

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

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

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

The current Anderson High School campus is a large open site with a number of buildings on it. There are various access points to the campus and it is surrounded by residential properties. The school will be vacated when the service/ staff/ pupils, etc move to the new build at the Clickimin. A failure to properly plan for the vacant campus may lead to missed opportunities to capitalise on this asset. There will be on-going costs associated with the site, rates, maintenance etc, and a risk of vandalism or other damage. There is also a risk of reputational damage if the site is not developed. (ORG0035 - Missed opportunities)	Unlikely	Extreme	High	• The Council is finalising a Development Brief for the site - and will shortly be undertaking a masterplanning exercise. It is hoped this will be complete by Autumn of 2017.	Unlikely	Significant	Medium	Robert Sinclair Shetland Islands Council
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*Corporate Plan*

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

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

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

Malicious cyber attack could happen at any time. ICT and SIC have a host of security systems and approaches in place. However, an attack, successful or otherwise, can always happen. It may be impossible to tell whether there has been an attack, or what any attack has looked at/ taken/ copied. Any attack could result in compromise /damage to systems or reputation, data leak, loss of data or system downtime. (ORG0029 - Malicious damage/ vandalism/sabotage)

Unlikely

Major

Medium

- Anti-virus and firewall defences, ICT security policy, Message Labs scan all incoming e-mail. Corporate anti-virus installed on all servers and workstations. Corporate firewalls Surecloud monitoring server appliance - Operations Bridge to monitor network activity and check open server ports

Rare

Significant

Low

Susan Msalila Shetland Islands Council

Corporate Plan

F5. Our "20 by '20" - Standards of Governance

Health & Social Care Integration. Shetland's Integration Joint Board has delegated authority for the strategic planning of services, and the responsibility for directing delivery to achieve those strategic aims. Board has been established and core constitutional documents approved. The risk is that the outcomes for the individuals and communities does not improve within a new framework. (ORG0014 - Policies - effect of - ORG0014 - Policies - effect of )

Possible

Significant

Medium

- A Strategic Plan is in place for 2016/17 that sets out service delivery matched to available funding.
- Performance indicators have been developed to complement the national core suite of indicators. Joint governance arrangements are in place with NHS Shetland that bring together scrutiny of both clinical and social care activity. .
- The Chief officer for the IJB is the Director of Community Health and Social Care, who is a member of a national group of Chief Officers and information from the meeting/ activities of the group will ensure that the Council is kept up to date with developments so that these can be fed back to a wider audience.

Unlikely

Minor

Low

Simon Bokor-Ingram Shetland Islands Council

The Council invested heavily in infrastructure at the time when the oil industry was taking off. This infrastructure was funded from income generated from the oil industry. That infrastructure is now aging and will need to be replaced, however, the financial situation is now tighter which will mean that it will be challenging to finance this. (ORG0021 - Physical - People / Property - Other)	Likely	Extreme	High	• The current Asset Investment Plan focuses on the maintenance of existing assets in order to prolong their useful economic lives. This should mitigate against the risk of immediate failure. In order to address the longer term replacement of assets, a Borrowing Policy was approved by Council on 11 December 2013.	Likely	Major	High	Christine Ferguson Shetland Islands Council
Data Protection, Human Rights, Employment Practice, Health and Safety etc - The Council handles significant quantities of data including confidential and personal data on a daily basis. It is expected to be an exemplar of good practice and to maintain high standards of security and confidentiality at all times. Information management is managed within the legislative framework as set out by the Information Commissioner. Uncontrolled release of data could expose the organisation to a range of impacts - reputational damage or action against the organisation by the Information Commissioner, financial loss/ fine, negative media coverage and reputational damage, possible disciplinary action, stress for staff, loss of confidence in Services. (ORG0030 - Breach of Legislation)	Unlikely	Major	Medium		Rare	Major	Medium	Jan R Riise Shetland Islands Council
The Council is in, or involved in, various and different partnerships. Various local and national legislative requirements and governmental initiatives, such as the Community Care Act and Community Care Model, will require the Council to participate in partnership working to ensure effective implementation. Specific governance arrangements may need to be established, depending on the purpose and membership of a partnership, and this can demand significant input from the Council at a time of scarce resources and conflicting demands on those resources. (ORG0033 - Partnership working failure)	Possible	Significant	Medium		Unlikely	Significant	Medium	Mark Boden Shetland Islands Council

The SIC Pension Fund is currently not 100% funded. At 31 March 2014 triennial evaluation the Fund was 91.7% funded. The SIC Pension Fund has a number of Admitted Bodies that have liabilities to fund over the long term, with potential risks to the Council from these arrangements. (ORG0034 - Customer / Citizen - Other)

Almost  
Certain

Major

High

• For Bodies seeking admission to the Pension Fund they now have to be supported in doing so by the Council (as a Schedule 1 Body) and also provide a guarantee / bond to meet any liabilities should they default in the future. This mitigates the risk in relation to new entrants.

Rare

Extreme

High

Jonathan  
Belford  
Shetland  
Islands  
Council

## Corporate Plan

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

Failure to deliver on Medium term Financial Plan - The Council's reserves have decreased by 60% since the turn of the century due to an over reliance on them to meet the funding gap between income and expenditure. The Council continues to operate unsustainably and without intervention, the Council would eventually run out of reserves altogether. (ORG0020 - Economic / Financial - Other)

Unlikely

Extreme

High

• The Financial Management arrangements of the Council have been strengthened with the introduction of the MTFP and more rigorous budgetary control.

Unlikely

Major

Medium

Mark Boden  
Shetland  
Islands  
Council

## Corporate Plan

## Shetland Islands Council - Our Plan 2016 - 2020

<p>On 23rd June 2016, a country-wide referendum was held to identify whether the UK wished to remain in, or leave, the European Union. Following the immediate political turmoil, there has been ongoing economic and political uncertainty. Various organisations in Shetland receive EU funding and this could be (and in some cases, has been) removed. The Shetland Islands Council receives EU funding for a number of purposes.</p> <p>Trigger: Referendum result, post referendum political and economic uncertainty or change, could lead to: Short-term - Withdrawal of funding, political and economic uncertainty, potential impact on recruitment, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, impact on partner organisations and partner-funded bodies. Does the SIC have a lobbying role?;</p>	<p>Medium term: Withdrawal of funding, political and economic uncertainty, legislative change, regulatory uncertainty, impact on pension fund and Council investments, issues round fish quotas/ market/ pelagic fleet, economic impact, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, potential impact on recruitment (of staff/ students),/ on SIC's workforce planning particularly given the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working potential for further legislative, political and structural change, opportunity to influence direction and shape of new legislation, impact on partner organisations and partner-funded bodies, requirement to consider risks around capital expenditure. What is the SIC's role and priorities?; Long-term: Uncertainty, impact on longer term planning for organisation, potential for further legislative, political and structural change. (ORG0037 - Political - Other)</p>	Likely	Major	High	<ul style="list-style-type: none"> <li>Development Services are preparing a Brexit impacts paper for Shetland which should help in scenario planning, lobbying etc. 4th October Risk Board to focus on Brexit risks, potential for an all-day service plan seminar with an opportunity to discuss Brexit at that forum.</li> </ul>	Possible	Minor	Medium	Mark Boden Shetland Islands Council
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**Shetland Islands Council****31 August 2016**

<b>Council Business Programme 2016/17</b>	
GL-41-16-F	
<b>Executive Manager – Governance and Law</b>	<b>Corporate Services Department</b>

## **1.0 Summary**

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

## **2.0 Decision Required**

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

## **3.0 Detail**

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

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

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

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

## **4.0 Implications**

### Strategic

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

#### Our Corporate Plan 2013-17

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

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

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

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

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

#### Resources

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

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

### **5.0 Conclusions**

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

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*23 August 2016*

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#### List of Appendices

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

#### Background documents:

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

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







**Shetland Islands Council - Meeting Dates and Business Programme 2016/17  
as at Tuesday, 23 August 2016**

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



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17  
as at Tuesday, 23 August 2016**

**Shetland Islands Council (continued)**

*D= Delegated R=Referred*

Quarter 1 1 April 2016 to 30 June 2016 (continued)	Date of Meeting	Business	
	<i>Special</i> 9 June 2016 2 p.m.	Schools (Consultation) (Scotland) Act 2010 – Consultation Report – Whalsay School	D
		Schools (Consultation) (Scotland) Act 2010 – Consultation Report – Mid Yell Junior High School	D
	<i>Ordinary</i> 29 June 2016 10 a.m.	Review of Strategic Options for the Ports of Sullom Voe – Progress & Next Steps	D
		Review of Scalloway Harbour – Progress and Next Steps	D
		Low Carbon Transport – Electric Vehicle Charge Points Charge Costs	D
		Chair's Report - Placemaking Supplementary Guidance	D
		Proposed Amendment to Schedule of Charges - Shetland College	D
		Chair's Report - Delegation of Authority for Shetland College Board	D
		Chair's Report - College Integration – Progress Update and Next Steps	D
		Joint Staff Forum – Terms of Reference	D
		Shetland Islands Council Unaudited Accounts 2015/16	D
		Zetland Educational Trust Unaudited Accounts 2015/16	D
		Due Diligence Exercise – Update on Governance Arrangements	D
		Constitutional Reform	D
		Knab Site – Development Brief	D
		New Gateway Process for the Approval of Capital Projects	D
		ICT Strategy 2016021	D
		Shetland Charitable Trust – Governance Review	D
		Local Government Boundary Commission for Scotland – Fifth Statutory Review of Proposals for Electoral Wards (Final Proposals)	D
		Review of Commissioned Services	D



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17  
as at Tuesday, 23 August 2016**

**Shetland Islands Council (continued)**

*D= Delegated R=Referred*

Quarter 2 1 July 2016 to 30 September 2016	Date of Meeting	Business	
	<i>Special</i> 22 August 2016 10 a.m.	Sumburgh Airport – Update	D
	<i>PPMF</i> 31 August 2016 2 p.m.	KIMO Presentation	D
		Corporate Risk Register	D
		Confidential Risk Register	D
		Overall SIC Management Accounts – Quarter 1	D
		Asset Investment Plan – Progress Report – Quarter 1	D
		Knab Redevelopment – Masterplanning Procurement	D
		Council Business Programme 2016/17	D

Quarter 2 1 July 2016 to 30 September 2016 (continued)	Date of Meeting	Business	
	<i>Special</i> 21 September 2016 2 p.m.	Charging Policy	D
		Financial Regulations Review	D
		Prevention and Detection of Fraud Policy	D
		SIC Final Audited Accounts 2015-16 & Report to those Charged with Governance	D
		Final Audited Zetland Educational Trust Annual Report and Financial Statements to 31 March 2016	D
	<i>Ordinary</i> 2 November 2016 10 a.m.	Medium Term Financial Plan 2017/18 to 2012/22	D
		Borrowing Policy 2016/17 to 2021/22	D
		Long Term Financial Plan 2016	D
		Knab Site – Redevelopment Options	D
		Shetland Transport Strategy Refresh	D
		National Housing Trust Options (Chair's Report?)	D
		HRA Business Plan (Chair's Report?)	D
		Constitutional Documents Refresh	D



## Shetland Islands Council - Meeting Dates and Business Programme 2016/17 as at Tuesday, 23 August 2016

Shetland Islands Council (continued)			
			<i>D= Delegated R=Referred</i>
	PPMF & Budget & Ordinary 14 December 2016 10 a.m.	Medium Term Financial Plan	D
		2017-18 HRA Budget and Charging Proposals	D
		Proposed Five year Asset Investment Plan 2017/18 to 2021/22	D
		2017-18 SIC Budget Book	D
		Council Reserves – 2016-17 Mid Year Investments Performance Review	D
		Overall SIC Management Accounts – Quarter 2	D
		Asset Investment Plan – Progress Report – Quarter 2	D
		Council Business Programme 2016/17	D
		Corporate Risk Register	D
		Confidential Risk Register	D
		2017-18 Budget and Charging Proposals	D
		Long Term Asset Investment Plan – Project Update	D
		SIC Meetings Diary 2017/18	D
Quarter 4 1 January 2017 to 31 March 2017	<b>Date of Meeting</b>	<b>Business</b>	
	Ordinary 22 February 2017 10 a.m.	Annual Investment and Treasury Strategy 2017/18	D
	<b>Date of Meeting</b>	<b>Business</b>	
	PPMF 8 March 2017 2 p.m.	Overall SIC Management Accounts – Quarter 3	D
		Asset Investment Plan – Progress Report – Quarter 3	D
		Annual Investment and Treasury Strategy 2017-18	D
		Corporate Risk Register	D
		Confidential Risk Register	D
		SIC Business Programme 2017/18	D

### Planned Committee business still to be scheduled - as at Tuesday, 23 August 2016

tbc = to be confirmed

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

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

Ordinary = Ordinary meetings – other items can be added

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

END OF BUSINESS PROGRAMME as at Tuesday, 23 August 2016