Appendix

1

Shetland Islands Council

Policy and Resources Committee **24 October 2016**

Chairs' Report – Environment and Transport Committee – 3 October 2016
Development Committee – 4 October 2016

Report No. P&R–1024-EO-05

Fuel Affordability Survey – Survey Results and Analysis

1.0 Summary

1.1 The purpose of this report is to consider the recommendations from the Chairs of the Environment and Transport Committee and Development Committee in relation to a report requiring a decision of Policy and Resources Committee.

1.2 The report presented the findings of the Fuel Affordability Survey undertaken by the Council in December 2015, for noting by the Environment and Transport Committee and Development Committee.

2.0 Decision Required

2.1 The Committees noted the Affordability Survey results, and **RECOMMENDED** that the Policy and Resources Committee approves the Fuel Poverty Action Plan (Appendix 1).

3.0 Report

3.1 The analysis of the Fuel Affordability Report demonstrates an increase in fuel poverty levels in Shetland since 2010. More than half of all Shetland homes are now in fuel poverty and at risk of experiencing the negative outcomes associated with fuel poverty. The study of the survey results has enabled the development of a Fuel Poverty Action Plan to enable the monitoring of actions being taken by local and national bodies to reduce fuel poverty and promote affordable warmth for all households.

3.2 The Chairs will present any further information to the Committee as to the debate or issues that the Committee considered.

4.0 Implications

4.1 Detailed information concerning the proposals was contained within the report already circulated to Members, including the strategic and resources implications for the Council.

4.2 There are no additional implications to be considered by the Committee

---

For further information please contact:

Mr M Stout, Chair of Environment and Transport Committee
Mr A Cooper, Chair of Development Committee
12 October 2016

List of Appendices
Appendix 1: Fuel Poverty Action Plan

Background documents:
Environment and Transport Committee – 3 October 2016
http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5114

Development Committee – 4 October 2016
http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5105

END

Shetland Fuel Poverty Action Group Action Plan

Context: Shetland's Commission on Tackling Inequality report made the following recommendations on how to address Fuel Poverty in Shetland:

1.1 A5.1 Work closely with UK and Scottish Government including through Our Islands Our Future and the Islands Bill process, to ensure the needs of Shetland households are understood and supported by national support available

1.2 A5.2 Investigate the potential for small-scale local dispersed community based district heating schemes drawing in external funding, in order to increase the heating options available in local areas across Shetland

1.3 A5.3 Request that SHEAP review pricing to investigate potential for pre-payment meters to be the same cost for electricity as other customers

1.4 A5.4 Raise awareness of the value of moving to smaller properties, if available, and provide support to householder, if necessary

The Fuel Poverty Action Group has taken the Commission's report recommendations and the evidence in the Fuel Affordability Report to develop the detailed action plan below:

No.	Action	Lead Organisation
1	Maximise achievement of external energy efficiency/fuel poverty grant funding available from Scottish Government through writing grant funding bids eg Home Energy Efficiency Area Based Scheme; Scottish Energy Efficiency Programme.	SIC Carbon Management Team
2	Deliver a programme of fuel poverty grants to private householders throughout Shetland maximising the take up of all Grant Schemes and promoting access to householder support mechanisms.	SIC Carbon Management Team
3	Design and deliver a programme of energy efficiency works within Shetland Council houses e.g. EEESH.	SIC Housing Services
4	Design and deliver a programme of energy efficiency works , including the design of new energy efficient homes for Registered Social Landlord tenants throughout Shetland.	Hjaltland Housing Association
5	Manage the Repair Fund available for homes in need of minor works in order to help householders access energy efficiency grant funding which could not be accessed without this pre repair work.	Hjaltland Housing Association
6	Manage the Fuel Poverty and Energy Advice Service of Shetland Citizens Advice Bureau including the delivery of capacity building training for professionals working with vulnerable clients and direct support to vulnerable clients to support them to access Grant Schemes and/or better energy tariffs.	Shetland Citizens Advice Bureau

7	Carry out benefits checks for householders to maximise their income and offer debt advice to support income stabilisation.	Shetland Citizens Advice Bureau
8	Carry out home energy advice visits to support householders better understand their energy needs and promote access to the local and national grant and loan schemes.	ES Energy Advisor(Shetland based)
9	Carry out in depth home energy surveys for the production of Energy Performance Certificates as a basic requirement of grant or loan funding referrals for the Home Energy Efficiency Area Based Scheme, the Warm Homes Scheme and for the energy efficiency loan schemes offered by the Scottish Government.	SIC Carbon Management Team
10	Manage the Home Energy Scotland phone line for referrals and advice, including benefits checks and general energy advice.	Home Energy Scotland
11	Commitment by all partners on the Fuel Poverty Action Group to cross refer clients (as indicated on the Fuel Poverty flowchart) to ensure that everyone is able to benefit from all the support available and to promote all schemes that benefit householders.	FPAG
12	Support the recommendations of the Scottish Rural Fuel Poverty Task Force by working closely with Scottish Government to act on its recommendations.	FPAG
13	–Work with Scottish Government to ensure funding streams reflect rural disadvantage for example using a Minimum Income Standard index and an energy price index for all fuel types as a basis for calculating funding levels.	FPAG
14	Work closely with Scottish Government to influence the design of the RdSAP tool and Energy Performance Certificates so that they better reflect the range of prevailing climate conditions experienced in Shetland including taking effect of draughts and wind driven rain on heat loss and fabric condition. This would better reflect Shetland needs in grant funding levels.	FPAG
15	Work closely with Government, Ofgem and energy suppliers to offer the best rate tariffs to all customers – particularly those on restricted meters targeting priority service register customers first ensuring that they are transferred to the best tariff for their needs.	FPAG
16	Investigate collective buying clubs for domestic oil and LPG to ensure Shetland customers obtain the cheapest rates possible for their needs.	FPAG
17	Work closely with Scottish Government to extend the 5p remote Areas Fuel Duty Discount to domestic oil and LPG.	FPAG
18	Work closely with the UK Government to ensure that the Smart Meter rollout is delivered in Shetland early in the programme and that the smart meters offered are of at least SMETS 2 capability.	FPAG

19	Work closely with Scottish Government to ensure that there is available grant or loan funding for pre insulation repair works to ensure homes where insulation cannot be installed due to pre-existing damp or fabric problems can be repaired as a pre cursor to further energy efficiency work.	FPAG
20	Encourage local construction firms to upskill to the necessary levels of accreditation to enable them to deliver the grant/loan funding programmes available within Shetland. This could be means of offering training programmes or funding training elsewhere.	SIC
21	Encourage private sector landlords to upgrade the energy efficiency of their properties by accessing available grant and loan funding.	FPAG
22	Work closely with Ofgem, UK and Scottish Governments to ensure that electricity costs within Shetland are contained at an affordable level – particularly in light of the proposed new generation costs.	FPAG
23	Encourage local employers to pay the full living wage and ensure that appropriate sick pay is available to all employees.	SIC
24	Support local initiatives which circumvent the grid constraints currently experienced in project development in the use of renewables and support local energy production and self sufficiency thus enabling communities to derive and pass onto consumers the full social and economic benefits of the energy they generate.	SIC
25	Work closely with Scottish Government and Ofgem on the development of the new ECO 2 to ensure that those areas which pay in the most through high energy use receive the highest level of funding to support energy efficiency works.	FPAG
26	Respond to the Government's Social Security consultation to ensure that Winter Fuel Payments and Cold Weather Payments reflect the weather conditions in Shetland and are better targeted at those in Fuel Poverty.	FPAG
27	Maintain the successful working partnership with Warm Works to ensure that all available grant funds are delivered to the best advantage of Shetland householders sharing the burden of costs where applicable to obtain a holistic end energy efficiency improvement for the property.	Carbon Management Team
28	Explore opportunities for developing a process by which the Council's Estate Operations Service can subcontract local installers not yet able to achieve PAS2030 to work under the Council's accreditation to carry out works to support the various energy efficiency grant funds to increase access to grants and speed of delivering energy efficiency measures.	Director of Infrastructure Services

Agenda Item

2

Shetland Islands Council

Policy and Resources Committee **24 October 2016**

Chair's Report – Development Committee – 4 October 2016

Report No. P&R–1024-DV-48-F

Economic Development Lending Service

1.0 Summary

1.1 The purpose of this report is to consider a recommendation from the Chair of Development Committee in relation to a report requiring a decision from Policy and Resources Committee.

1.2 The Development Committee considered a report which presented the Lending Policy Guidelines and Interest Rate Calculation Guidelines to manage the lending activity.

2.0 Decision Required

2.1 That the Policy and Resources Committee **RESOLVES** to:

2.1.1 Approve the Lending Policy Guidelines attached as Appendix 1.

2.1.2 Approve the Interest Rate Calculation Guidelines attached as Appendix 2.

3.0 Report

3.1 This report sought approval for the Lending Policy and Guidelines which will become the key document for guiding both staff and applicants. The Interest Rate Calculation Guidelines will also be used as a guide for staff and ensure that interest rates applied to investments are compliant with Council policy and State aid regulation.

3.2 The Chair will present any further information to the Committee as to the debate or issues that the Committee considered.

4.0 Implications

4.1 Detailed information concerning the proposals was contained within the report, which includes the strategic and resources implications for the Council.

4.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.

4.3 There are no additional implications to be considered by the Committee.

For further information please contact:

Mr A Cooper, Chair of Development Committee
12 October 2016

List of Appendices
Appendix 1: Draft Lending Policy and Guidelines
Appendix 2: Draft Interest Rate Calculation Guidelines

Background documents:
Development Committee – 4 October 2016

http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5105

END

Appendix 1

Shetland Islands Council
Economic Development Service

Lending Service Policy and Guidelines

Contact:
Shetland Islands Council
Economic Development Service
3 North Ness Business Park
Lerwick
Shetland ZE1 0LZ

tel: 01595 744 940
e-mail: development@shetland.gov.uk
web: www.shetland.gov.uk

Business Gateway
tel: 01595 745 945
e-mail: businessgateway@shetland.gov.uk
web: www.bgateway.com

V 1.2 Sep 16

Loans from Shetland Islands Council

1.0 Introduction

Shetland Islands Council (the Council) can provide commercial finance to new and growing businesses in the Shetland Islands. The purpose of this Council service is to ensure that good, commercially viable proposals do not fail from a lack of access to finance.

The Council aims to encourage and support the creation, development and growth of businesses within the local authority area. Loan applications will be assessed against key eligibility criteria and proposals must demonstrate that they will contribute to, and strengthen, the local economy in terms of jobs, growth and other benefits.

2.0 Who can Apply?

2.1 Sole traders, partnerships, limited liability partnerships and limited companies can apply for loan finance to start up or grow businesses in the Shetland Islands.

2.2 The Council can invest in micro, small and medium sized businesses (up to 250 employees and turnover not exceeding €50m).

2.3 UK Financial Services Regulation places restrictions on lending £25,000 or less to sole traders and partnerships/limited liability partnerships with 3 or fewer members. The Council is therefore unable to provide direct loans to sole traders/small partnerships of £25,000 or less but can assist with signposting to other loan providers who offer approved lending services.

2.4 Whilst there is no lower application limit for larger partnerships or limited companies, a loan below £25,000 may not be a cost effective way of financing a project.

3.0 Types of Funding Available

3.1 Secured loans are the main form in which assistance is provided although equity and hire purchase finance can also be considered where there are specific advantages to these forms of finance. It is advised that applicants discuss the type of finance sought with Economic Development Service (EDS) staff prior to submitting an application.

3.2 The Council provides gap funding or co-investment with Banks and other finance providers rather than being the primary lender to businesses. All applicants are required to maximise other private and public sector forms of funding before approaching the Council. EDS can assist applicants to identify other funding sources.

3.3 Loans are repayable over a fixed term and interest and capital repayments collected by Direct Debit each month.

3.4 Legal fees are recharged to the borrower at cost. No arrangement fees are charged and no early repayment fees apply to Council loans.

4.0 Eligibility Criteria

4.1 The Economic Development Service will prioritise the development of projects within certain key areas of economic activity, and will require that projects seeking assistance will realistically achieve a number of outcomes relating to improving the local economy.

4.2 Applications must comply with policy objectives of the Corporate Plan and Economic Development Policy Statement 2013-17, which specifies target areas for assistance and key outcomes for all economic development activity. The Policy Statement can be viewed at: http://www.shetland.gov.uk/economic_development/documents/EconomicDevelopmentPolicyStatement201317FINAL.pdf

4.3 Priority Outcomes

Projects applying for loan assistance will be expected to demonstrate that at least one of the following primary outcomes can realistically be achieved:

- Introduce new business activity
- Improved product quality
- New market development
- Improved productivity
- Improved service delivery
- Introduce new or improved manufacturing/production processes
- Import substitution

Projects which cannot demonstrate that they will achieve one or more of the above primary outcomes will not be considered for assistance.

4.4 Secondary Outcomes

Applications must also demonstrate which of the following secondary outcomes will be achieved by their project:

- New job creation
- Encourage inward investment from the private sector
- Encourage receipt of external grant funding
- Improve access to employment and economic opportunities in rural areas
- Improve local control of resources
- Improve the local skills base
- Improve local employment conditions
- Increase local wage rates
- Infrastructure and/or service development in remote and rural areas

(Secondary Outcomes continued)

- Promote more sustainable use of resources
- Reduce costs and/or improve efficiency
- Result in environmental improvements

Projects which cannot demonstrate achievement of secondary outcomes may still be considered for assistance, but will not be regarded as a priority for funding.

4.5 Loans to acquire established businesses will only be considered if combined with plans to develop the business. Assistance towards a management or employee buy-out will require a robust succession plan.

4.6 Projects which will lead to the duplication of existing local service provision will only be considered for assistance if it can be demonstrated that there is market demand for additional supply.

4.7 Target Economic Areas

The following is a list of the target areas of economic activity which the Economic Development Service regard as priorities for development, where there is a particular focus on innovation, diversity and growth:

- Creative Industries
- Food and Drink (inc. fisheries and agriculture)
- Manufacturing
- New Technology
- Renewable Energy
- Tourism

Projects generating activity within the above areas will be considered priorities for assistance. Projects outside of these areas may also be considered for support if strong links to the above primary and secondary outcomes can be demonstrated.

4.8 Ineligible Projects

The following paragraphs detail the areas where projects will be considered ineligible for loan assistance. Decisions on whether projects are deemed ineligible will be made by the Executive Manager – Economic Development.

4.8.1 Projects which are not financially viable will not be eligible.

4.8.2 Funding will not be available for specific cost items where this will have the potential to distort local market activity, such as the purchase of property on the open market.

4.8.3 Debt repayment, i.e. direct replacement of existing loan facilities, will not be eligible.

4.8.4 Businesses which are deemed to be failing will not be eligible for assistance. Projects which have no intrinsic value other than as rescue packages are also ineligible.

5.0 Lending Terms

5.1 All loans will have appropriate terms and conditions applied. The loan offer will detail conditions to be met prior to any loan release and those conditions which apply for the period of the loan.

5.2 Applicants for commercial funding will be required to provide security for lending.

5.3 The interest rate applied to borrowed finance will reflect the risk associated with investing in the business. Once an interest rate has been set it is fixed for the loan period although longer term loans may incorporate an interest rate review after a set time e.g. 5 years. Rates will be no lower than bank borrowing rates and must also meet a minimum rate set annually by the Council (5.2% for the financial year 2016-2017). The Council can consider applications for short interest only periods but it is stressed that the project must demonstrate clear need for such conditions if they are to be applied.

5.4 The loan period will be set following an assessment of the project and financial ability to repay. As a guideline loan periods beyond 10 years are unlikely to be approved.

5.5 Applicants are expected to fund a proportion of project costs from sources other than the Council. The Council will fund no more than 75% of capital costs within a project.

6.0 How to Apply

6.1 In the first instance, potential applicants should make contact with the Economic Development Service to discuss the development project and the eligibility of the project for a loan application. At this point, the EDS will identify if an applicant requires any other business support including the services offered by Business Gateway.

Business Gateway

This is a government initiative which aims to provide a range of support measures to those who wish to start up a new business or to grow an existing business. This service is supported by local and national resources and includes:

- Access to training courses
- Business planning advice from an accredited adviser
- Advice on funding opportunities
- Access to national information services

The Business Gateway is operated in Shetland by the Economic Development Service and is regarded as the first point-of-contact for all business enquiries.

6.2 Once the Economic Development Service is satisfied that the project will meet the eligibility criteria for a loan, the applicant will be required to submit a completed loan application form and business plan.

6.3 Application Form

6.3.1 The application form details all information and documentation which is required to apply. The form is available from the Economic Development Service in paper or electronic form. Contact details are listed on the front page and a direct link to the form is below:
http://www.shetland.gov.uk/economic_development/documents/LoanandCommercialFinanceApplicationForm2013-2017.pdf

6.3.2 Within the form applicants are requested to detail the measurable and non-measurable benefits/impacts the development will bring to the local economy.

6.3.3 The application form includes a declaration and undertaking which must be printed and signed before the form is returned. The main body of the application can be emailed or submitted in paper form.

6.4 Business Plan

6.4.1 Support with business planning can be provided through the Business Gateway Service, if required. Contact details for Business Gateway are included on the front page.

6.4.2 A business plan should include the following information:

- Business background
- Overview of the business sector
- Company structure
- Management structure
- Description of the development project
- Benefits of the project to the business
- Details of current and proposed employment
- Analysis of the market in which the business operates
- Details of current/potential competition
- Project costs – include both capital and revenue expenditure
- Funding sources identified – state whether or not applications have been submitted, any feedback received and/or any approvals
- Justification for seeking funding from the Council
- Impact on the business if the project does not proceed
- Timescales

6.4.3 The business plan must be supported by financial projections for a minimum of 3 years. This will include profit & loss accounts, cashflows and balance sheet forecasts. The cashflow requires to be prepared on a monthly basis and projections should be accompanied by detailed assumptions in relation to statements made in the application.

6.4.4 Note that existing businesses will be asked to supply year end accounts for the previous 3 years. Management accounts may also be requested along with other information required in the assessment process, for example, asset lists, details of key contracts, licences held.

7.0 Decision Making Process *[This section will be updated following any future decisions to delegate authority for loan approval]*

7.1 On receipt of an application, EDS staff will look carefully at your application and provide advice and feedback on the potential success of an application before progressing further. Investment proposals which meet the Council's lending policies will be presented to the Council's Development Committee for a decision.

7.2 Once an application has been received an indication of the timescale for a decision will be given by EDS staff. Development Committee meetings are held approximately every 6-8 weeks and on average it takes 2 months from the time that all required information is submitted to receive a decision. EDS staff will contact applicants immediately following the Development Committee meeting to discuss the outcome.

8.0 Monitoring of Investments

8.1 EDS staff monitor loans to ensure that the loan beneficiaries meet the requirements and conditions of the Council. As part of the monitoring of all investments EDS staff will carry out annual business reviews on each borrower. Part of this process will involve following up on the achievement of estimated benefits to the local economy as detailed at the time of application.

8.2 Finance Staff monitor all interest and capital repayments as well as the issue of new capital using the financial management system.

9.0 Applicable Legislation

9.1 Applicants must be aware that the following UK and Scottish legislation applies to any and all information provided to the EDS within the application form or accompanying documents:

9.1.1 Data Protection 1998

The Shetland Islands Council is registered under the Data Protection Act 1998. Any personal information provided by you in this form will be used solely by the Council in connection with your application for loan assistance.

9.1.2 Local Government (Scotland) Act 1973

It is normal practice for reports on applications for loan assistance to be considered in private due to the exempt content including personal and financial detail. However, some information provided in the application form and in the supporting submissions may be made public in reports to the Council or any of its relevant Committees if the Council Members decide, without your approval. The Council may also make details of any approval public through local press releases.

9.1.3 Freedom of Information (Scotland) Act 2002

Any information you provide with your application may be provided to the public under the Act. If there is any information contained in the application form or supporting documentation which you do not wish to be publicised, you must disclose this at the time of application. Any requests for disclosure of such information may be discussed with you, however, it cannot be guaranteed that your information will be kept confidential.

Shetland Islands Council

Lending Service

Interest Rate Calculation Guidelines

1.0 Introduction

1.1 The Council provides a commercial lending service to new and growing businesses in the Shetland Islands. Secured loans are the main form in which assistance is provided although equity and hire purchase finance can also be considered where there are specific advantages to these forms of finance.

1.2 The following guidelines have been prepared to assist staff to calculate interest rates for investments. These guidelines are in line with the Medium Term Financial Plan (MTFP) and Investment Strategy of the Council which states that for each investment the Director of Development Services and the Executive Manager – Finance must agree that:

- loans will generate the Council a rate of return at least equal to fund manager average returns (net of fees) in which the Council currently invests
- Due diligence work has been undertaken to ensure that any loan granted is at an acceptable risk level to the Council
- Economic Development Service will ensure compliance with State Aid Regulations

1.3 Any approved changes to the MTFP or Investment Strategy concerning local lending will take precedence to these guidelines and will be incorporated into this document in due course.

2.0 General Principles

2.1 By following these guidelines interest rates will be calculated in line with the European Commission State aid guidelines and will also reflect the risk associated with investing in the business.

2.2 These guidelines are to be followed once initial assessment has been completed to establish that a loan application meets the eligibility criteria for Council lending. The interest rate proposed for each investment will be confirmed on completion of the due diligence.

2.3 If during assessment, an applicant business is deemed to be in difficulty, or failing, the business will not be eligible to proceed with a loan application.

2.4 The guidelines refer to loans but also apply to hire purchase facilities and can be used as a guide for considering equity dividend conditions.

2.5 Once an interest rate has been set it is fixed for the loan period although longer term loans may incorporate an interest rate review after a set time e.g. 5 years.

2.6 The Council can consider applications for short interest only periods but it is stressed that the project must demonstrate clear need for such conditions if they are to be applied.

2.7 Sub commercial or soft loans i.e. loans with low interest rates or other terms not commercially available are not offered by the Council to businesses.

2.8 It is imperative that each loan investment has documented evidence showing the process followed to calculate interest rates and other loan terms. The evidence must be robust enough to justify the Council's position should there be a challenge by the Commission that the funding is not on commercial terms.

3.0 Calculation Process

The process for the calculation of interest rates can be broken down into a series of steps.

3.1 Step 1 - Identify the current average fund managers returns (net of fees)

3.1.1 This rate is detailed in the MTFP and Investment Strategy and for 2016/17 this rate is 5.2%.

3.1.2 This is the **minimum** interest rate which can be proposed for approval regardless of the outcome of the next steps.

3.2 Step 2 – Apply State aid guidelines - the Market Economy Operator principle

3.2.1 If the Council is providing a loan under terms (including interest rate) which would be acceptable to a private investor who is motivated by return, and not policy objectives, then the Council is not providing a State aid. This is referred to the Market Economy Operator (MEO) principle.

3.2.2 There are several approaches which can be taken to evidence the MEO principle, depending on the circumstances of the lending proposal:

a) Pari Passu: The most robust way of demonstrating that a Council investment is on MEO terms is by ensuring that the terms of the loan, including interest rate, are matching to another commercial entity such as a Bank. The risk should also be at the same level for both lenders.

Council lending must be **equal to** or **higher** than the rate offered by the other lender.

b) Benchmarking: To avoid state aid in a Council loan agreement a comparable market rate can be established.

To test the market, research must be undertaken to establish if there are comparable loans for similar debt transactions available on the private finance market. An independent report can be commissioned to establish if the terms are on a par with a private investor, although it is unlikely that the Council would wish to do this.

Evidence may be available from the applicant business by submission of other recent loan agreements entered into by the business.

If a comparable market transaction can be identified then this is the **minimum** rate at which the Council can lend without providing a state aid.

In the situation where other loans have recently been or are about to be made to the business, but with a stronger security position, the Council interest rate will need to be **higher** to reflect the lower secured position.

c) Proxy for the Market Rate: Recognising that comparable market transactions are not always available, the European Commission provides another methodology for calculating a benchmark for the market rate. This is referred to the 'Reference Rate' and involves establishing a base rate and calculating a margin to be added. In the absence of comparable market transactions the calculated rate will be the **minimum** interest rate to be applied.

3.2.3 Of the three processes identified above for evidencing the MEO principle, it is most likely that methods b) and c), or a combination of both, will be the most widely used. This is because the Council generally lends as gap funder where another primary lender is involved and so evidence relating to method b) is usually available. Also, the Council provides relatively low levels of funding (in Commission terms) and lend to small and medium-sized enterprises (SMEs) rather than large corporations. Method c) is designed to apply to that category of lending. If however comparable market rates do exist, and they are higher than the reference rate calculation, then the higher rate should be considered the **minimum**.

3.2.4 The additional benefit from calculating the reference rate is that the method is based on risk assessment and takes into account assessment of the creditworthiness and collateral available for security. The interest rate proposed for a Council loan therefore takes lending risk into account.

3.3 Reference Rate Calculation - Method c) for Market Rate Proxy

3.3.1 Base Reference Rate

The base rate can be found on the Commission website:

http://ec.europa.eu/comm/competition/state_aid/legislation/reference_rates.html

The rate is calculated using 1-year inter bank offered rate (IBOR). This rate can change monthly and must be checked immediately prior to loan approval.

Example: The current base rate is 0.84% (as of 1 October 2016).

3.3.2 Additional Margin Calculation

To calculate the margin to be added to the base rate, the collateral offered as security by the borrower and their credit rating should be taken into account.

The following table illustrates the additional percentage to be added to the base rate. Please note that this is measured in basis points where 100 basis points equal 1%. The basic principle is that the higher the risk, the higher the interest rate.

Loan Margins in Basis Points			
Rating Category	Collateralisation		
	High	Normal	Low
Strong (AAA-A)	60	75	100
Good (BBB)	75	100	220
Satisfactory (BB)	100	220	400
Weak (B)	220	400	650
Bad/ Financial difficulties (CCC and Below	400	650	1000

All interest rate margins proposed will be between 0.6% and 10% above the base rate.

Example: The minimum interest rate which can be applied for a company with normal collateral and a satisfactory rating would therefore be 0.84% plus 220 basis points (2.2%) equalling 3.04%.

3.3.3 Collateral

Normal collateral is what financial institutions, such as Banks, would require as security for a loan. As a basic guide, security ranking equal to a Bank will also merit a 'normal' ranking and a less favourable ranking position will be likely to have 'low' or 'normal/low ranking'. If assessment indicates more than adequate security is available a 'high' or 'normal/high' rating can be applied.

Commission regulation indicates that the level of collateral can be measured as the Loss Given Default (LGD). This is the expected loss (in percentage) of the debt outstanding, taking into account recoverable

amounts from collateral and the bankruptcy assets. High collateralisation implies a LGD below or equal to 30%, Normal collateralisation an LGD between 31% and 59% and low collateralisation an LGD above or equal to 60%. In practical terms a loan of £100,000 with an expected recovery of £80,000 would have a 'high' collateral rating of 20% LGD. This calculation may however result in higher ratings than a private investor would offer and so results should be used with caution.

The following factors can be used to assess collateralisation based on the asset value under an insolvency situation (being the worst case outcome for a business):

- The type of assets and future saleability.
- The type of security e.g. floating charge, standard security, marine mortgage, personal guarantee etc.
- The value of assets on which security is held should be compared against the borrowed amount. A prudent view of asset value should be taken. It may be necessary to seek specialist advice on asset values if this information is not accessible elsewhere.
- Depreciation of the assets over the period of the loan.
- Ranking arrangements with other creditors.
- Any contractual arrangement the borrower has entered into or legal reason which would prevent the sale of assets. i.e. animal welfare legislation, ownership dispute.
- Future national and local policy which may influence the value of assets.
- Cost of realising the debt i.e. cost of administration/receivership, payments to preferential creditors, prescribed part etc. The cost of realising debt should be deducted from the asset value.

Where a Council loan is subordinated to other higher ranked debt, i.e. when repayment would be prioritised to another lender over the Council in an insolvency situation, then particular care should be given to ensuring that the Council loan has adequate security to justify the collateralisation rating. If in doubt the collateralisation rating should be reduced accordingly.

3.3.4 Credit Rating

The majority of Council borrowers are unlikely to have a formal credit rating and in recognition of this the Commission has indicated that alternative ratings, such as those used by banks, are acceptable.

The following risk assessment factors can be used for evaluation:

Financial Analysis:

- To facilitate analysis of risk, 3 years annual accounts and 3 years forward projections along with a business plan will be analysed.
- For "new start" entities with no historical accounting information, 3 years projections will be required.

- For all applications, details of the assumptions underpinning the financial projections are required.
- Ability to meet repayments of loan capital and interest will be checked.
- Proof of ability to trade within the borrowing levels in place or proposed.

Non-Financial Analysis:

- Assessment of the market the business is trading in.
- Assessment of competitors/benchmarking.
- Review of key contracts.
- Technical aspects will be considered (i.e. factory capacities, access to appropriate facilities to carry out business, valid consents, compliance with legislation).
- Liabilities to other secured creditors will be considered.
- Management abilities and track record.
- Appropriate insurances in place.
- Support from shareholders and external funders.
- Assessment of political and legal factors which may affect the ability of the company to trade.
- Identification of subsidiary or parent companies and understanding their relationships to the applicant business.
- When the applicant is an individual or partner in a business, Experian checks can be made to assess creditworthiness.

The table in section 3.3.2 can now be used as a matrix to calculate the additional margin, taking into account the following:

- New start businesses will automatically require at least 400 basis points to be applied to the base rate.
- If an applicant business is owned by another organisation the margin to be applied must never be lower than that applying to the parent company.

3.3.5 The base rate plus the additional margin can then be used to calculate the proxy for the market rate. This rate is the **minimum** rate which can be applied.

3.4 Step 3 – Review the outcome of the previous steps and ensure that the rate proposed is not below the minimum level in each case. Interest rate proposed for each loan should be rounded up to the nearest 0.5%.

4. Interest Rates in the Case of Default

In addition to the standard interest rate, each investment caries a default interest rate applied to payments not received on their due date. The default rate is calculated at 4% above the standard interest rate and will be stated in each loan agreement. This is in line with UK Banking practice.

Shetland Islands Council

Policy and Resources Committee **24 October 2016**

Chair's Report – Education and Families Committee – 3 October 2016

P&R-1024-CS-26
Children's Resources – Family Placement Services – Fee Paid Carer Proposal & Fostering Allowances 2017/18 Proposal

1.0 Summary

1.1 The purpose of this report is to consider a recommendation from the Chair of the Education and Families Committee in relation to a report requiring a decision from Policy and Resources Committee.

1.2 The report presented to the Education and Families Committee referred to the proposal to introduce a new tiered Fee Paid Carer Scheme for Shetland Foster Carers, and to extend the scheme to include all foster carers who provide full time care for children requiring to live away from home. This report also presented a proposal to uplift the foster care and approved kinship care allowances by 1.5% from 1st April 2017.

2.0 Decision Required

2.1 That the Policy and Resources Committee RESOLVES to:

- approve the introduction of the new tiered Fee Scheme for Foster carers when existing contracts are due for renewal and immediately for all new contracts
- implement the proposed allowances for Foster Carers and Kinship Carers for financial year 2017/18

3.0 Report

3.1 The report outlined the current situation in Shetland, advising that increasing the number and availability of long term foster placements is a high priority for the Council.

3.2 The introduction of the fee paid scheme proposal seeks to be an incentive to potential carers to be available on a full and long term time basis to provide the care for some of our most vulnerable children and

young people. The costs associated with the fee paid carer scheme and uplift in fostering allowances can be met from current budgets.

3.3 The report illustrated that the proposed scheme:

- provides parity with other local authorities whilst also building into the fee an amount to reflect the additional costs of living in Shetland by including a *pro rata* distant islands allowance of £1998.00 per family

- seeks to strike a balance between allowing carers to create a normal family environment by, for example, making provision to allow carers to work whilst recognising that those young people with complex needs will require carers to be available 24/7 and as such carers would not be in other employment in these circumstances.

- makes provision to recognise those who achieve the relevant qualifications and evidence high quality care as a result of relevant fostering experience with children and young people with complex needs and behavioural issues.

- proposes to allow a more flexible use of our carers by building in capacity to use their skills and experiences across Children's Resources when they do not have a child placed with them.

3.4 The report also presented a proposal to uplift the foster care and approved kinship care allowances by 1.5% from 1st April 2017, in line with the Fostering Allowance, advising that in 2015 the Scottish Government required Local Authorities to give parity for kinship carers and pay the same allowances as foster carers receive.

4.0 Implications

4.1 Detailed information concerning the proposals was contained within the report which includes the strategic and resources implications for the Council.

4.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.

4.3 There are no additional implications to be considered by the Committee.

For further information please contact:

Ms V Wishart, Chair of the Education and Families Committee
3 October 2016

List of Appendices
Report CS-26-16F

Background documents:
Education and Families Committee – 3 October 2016
http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5097

END

Appendix

1

Shetland Islands Council

Education and Families Committee **3 October 2016**
Policy and Resources Committee **24 October 2016**

Children's Resources – Family Placement Services – Fee Paid Carer Proposal & Fostering Allowances 2017/18 Proposal	
CS-26-16-F	
Executive Manager – Children's Resources	**Children's Services**

1.0 Summary

1.1 The purpose of this report is to present Education and Families with a proposal to introduce a new tiered Fee Paid Carer Scheme for Shetland Foster Carers and extend the scheme to include all foster carers who provide full time care for children requiring to live away from home. This report also presents Committee with a proposal to uplift the foster care and approved kinship care allowances by 1.5% from 1st April 2017.

1.2 For clarity, the fostering fee is the fee paid to carers to provide the fostering task while fostering allowances are paid to carers to provide consumables for the child to meet their needs e.g. clothing, toiletries, activities etc.

2.0 Decision Required

2.1 That the Education and Families Committee RECOMMENDS that the Policy and Resources Committee RESOLVES to:

- approve the introduction of the new tiered Fee Scheme for Foster carers when existing contracts are due for renewal and immediately for all new contracts;
- implement the proposed allowances for Foster Carers and Kinship Carers for financial year 2017/18.

3.0 Detail

3.1 Shetland Foster Care – Current Situation

3.1.1 Foster Carers provide Shetland with a dedicated and committed service. They provide care and stability 24 hours per day, supporting many children and young people who present complex and challenging

behaviours. In addition they actively contribute to the planning for the child's future needs. At present, Shetland has the following fostering resources available:

14 Fostering Families of which:

Eight are approved to provide full time care:

No. of Full Time Carers	Approval Age	No. of children
1	0 – 5 yrs	1, or 2 if siblings
1	0 - 14 yrs	1, or 2 if siblings
1	0 – 18+ yrs	1, or 2
1	1 - 14 yrs	1, or 2 if siblings
1	4 – 10 yrs	1, or 2 if siblings
1	5 – 15 yrs	1, or 2 if siblings
1	5 – 18+ yrs	1, plus 1 if over 18 years.
1	Over 18 years	1

Six families are approved to provide respite or emergency care:

No. of Respite Carers	Approval Age	No. of children
1	0 - 4 yrs	1
1	0 - 6 yrs	1, or 2 if siblings
1	0 - 11 yrs	1
1	1 – 8 yrs	1, or 2 if siblings
1	2 – 7 yrs	1, or 2 if siblings
1	5 – 12 yrs	1, or 2 if siblings

3.1.2 The numbers of children and young people requiring a foster family continues to grow locally and this coupled with the ageing demographic of our carer population means Shetland has to address both the operational and carer recruitment demands in a more strategic way than has previously been required. This approach is required in order to meet both current and anticipated demand. It is worth acknowledging our situation and needs are similar to other local authorities.

3.1.3 Shetland Islands Council is the only fostering agency in Shetland and as such, supports available to other local authorities to address their fostering needs through contracted or commissioned providers is not available to us at this time. Local authorities will *typically* commission or contract between 40% - 65% of their placements which gives an indication of the additional gap in capacity we have to fill in Shetland.

3.1.4 The joint inspection of children's services in 2015 identified a lack of foster placements as an area for attention ahead of re inspection in November 2016. The most recent Care Inspectorate inspection of the fostering service highlighted the capacity now available within the service as a strength.

3.1.5 Foster Carer recruitment over the past two years has been very challenging. High employment levels and well paid local jobs are factors which have affected the level of recruitment. To address the shortage of carers we have created a carer recruitment strategy for 2016 – 19 which has a new message to engage potential carers every 16 weeks over the period of the campaign. This will be supported by our communications team who will liaise with local media outlets. This activity will be further complemented by the creation of an online presence as we know that in order to attract carers we need to engage in a conversation with them over a period of time and not solely rely on traditional media communication.

3.2 *Shetland Foster Carer Fee Scheme – Current Situation*

3.2.1 13 Fostering Families and one family which provides care for over 18s. Whilst caring for over 18s is not technically fostering, the proposal would be that any such carers of young adults should be entitled to the same fee structure as foster carers. Eight of these fourteen carers provide full time care.

3.2.2 Currently fee paid foster carers receive £436.19 per week – a total of £22,681.88 per annum. This figure has remained the same since April 2014.

3.3 *Shetland Foster Carer Fee Scheme – Proposal*

3.3.1 A review of all Scottish local Authorities Fee Schemes has been carried out to ascertain the level of fees paid to Foster Carers. The proposed Shetland Fee Scheme provides parity with other local authorities whilst also building into the fee an amount to reflect the additional costs of living in Shetland by including a *pro rata* distant islands allowance of £1998.00 per family.

3.3.2 The scheme seeks to strike a balance between allowing carers to create a normal family environment by, for example, making provision to allow carers to work whilst recognising that those young people with complex needs will require carers to be available 24/7 and as such carers would not be in other employment in these circumstances.

3.3.3 The scheme makes provision to recognise those who achieve the relevant qualifications and evidence high quality care as a result of relevant fostering experience with children and young people with complex needs and behavioural issues.

3.3.4 Analysis of our current fostering families indicates that this proposal will have a positive effect on our current carers with only one family with slight financial reductions due to the carer working. That contract ends in January 2017 and we will work closely with that family to achieve a satisfactory outcome for all parties.

3.3.5 The scheme proposes to allow a more flexible use of our carers by building in capacity to use their skills and experiences across Children's Resources when they do not have a child placed with them.

3.3.6 It is proposed that from 2017 all full time carers will be paid as per below - one fee per household for either one or two children/ young people depending on the carers approval and the child's compatibility and need. There will be no changes to those carers providing respite / emergency care- they will continue to receive the requisite fostering allowances.

3.3.7 The scheme proposes three levels:

Level	Weekly Fee	Distant Islands Allowance	Total Annual Payment	Criteria
1	£215.34	£1998.00 *pro rata (£918.00)*	£12,115.68	The approved carer must be available to provide full time, long term care for a child or young person but can work a maximum of **20** hours paid employment per week, as long as this meets the needs of the child or young person in placement. When a placement ends, the fee will no longer be paid until another child is placed.
2	£342.01	£1998.00 *Pro rata (£1458.00)*	£19,242.49	The approved carer must be available to provide full time, long term care for a child or young person but can work a maximum of **10** hours paid employment per week, as long as this meets the needs of the child or young person in placement. If the placement ends the fee will continue to be paid. The carer must be able to take children or young people according to their approval, and be available 24 hours per day unless in an agreed holiday period. The carer must be experienced in working with young people with complex needs and behavioural issues. If the carer does not have a placement, they can expect to be used in other aspects within Children's Resources. e.g. providing support or respite to another foster carer; undertaking outreach or family support work.
3	£507.10 (unqualified) £557.97 (qualified and relevant experience)	£1998.00 £1998.00	£26,369.36 £29,014.60	This is the highest fee level and therefore the carer must not work. The carer must be able to take children or young people according to their approval, and be available 24 hours per day unless in an agreed holiday period. The carer must be experienced in working with young people with complex needs and behavioural issues. If the placement ends the fee will continue to be paid. If the carer does not have a placement, they can expect to be used in other aspects within Children's Resources. e.g. providing support, training or respite to other foster carers; undertake outreach or family support work.

3.3.8 The proposed fee is based on a Social Care Workers Unqualified Grade G2 and graduating up to a qualified Grade H2 plus an average of 2 sleep in payments per week. These options are designed to retain the foster carers we have and crucially attract more to come forward for assessment by making fostering an economically viable option to families who wish to foster.

3.3.9 As a requirement of the scheme all fee paid carers must undertake at least 21 hours of training each year. This can include mandatory or specialist training identified with their social worker in order to meet the specific needs of children and young people placed with them.

4. Fostering Allowances Current Situation

4.1 Shetland Islands Council currently pays foster carers a Fostering Allowance to cover the costs associated with caring for each child/young person. The Allowance covers the costs incurred by carers in the provision of, for example, clothing, food, household expenses, day-today living costs and social activities. The allowance is constituted as such:

Age	Food	Clothing	Transport	Personal	Household	Total
0 – 4	34%	22%	8%	6%	30%	100%
5 – 10	32%	26%	7%	8%	27%	100%
11 – 15	32%	26%	11%	10%	21%	100%
16 +	30%	26%	9%	17%	18%	100%

The amount of Fostering Allowance payable depends on the age of the child or young person in placement and the rates are payable over 56 weeks to enable the equivalent of 4 weeks allowances to be paid as holiday, Christmas/Religious festivals and birthday allowances. The table below details the current allowance rate:

FOSTERING ALLOWANCES 2016 - 2017

Age band	Per week	Clothing	Total (4 weeks)
0 - 4 years	**142.86**	**15.62**	**£633.92**
5 - 10 years	**162.73**	**20.27**	**£732.00**
11 - 15 years	**202.58**	**25.40**	**£911.92**
16+ years	**246.44**	**28.34**	**£1099.12**

5 Fostering Allowances Proposed

5.1 Historically Shetland Islands Council have paid foster carers the allowance rates recommended by 'The Fostering Network' (tFN). tFN's recommended rate generally increased on an annual basis of around 1.5 – 2.3%. However in January 2016, tFN ceased providing a recommended allowance rate due to the Scottish Government's wish to review this. However no guidance was given from the Scottish Government in time for the new financial year. At 1st April 2016 Shetland Islands Council continued to pay the previous year's rate, as did many Scottish Local Authorities.

5.2 The Scottish Government has still not produced advice or guidance on a nation allowance rate, and therefore the proposal before committee is

to increase the current allowances by 1.5% from 1st April 2017, if no national guidance is given. If a National Allowance is produced before the start of the 2017 financial year recommending a rise above 1.5%, the proposal would be to pay the recommended rate subject to affordability within the context of the children's resources budget. The table below shows the proposed allowances for 17/18 with the 1.5% uplift.

FOSTERING ALLOWANCES 2017 - 2018

Age band	Per week	Total (4 weeks)
0 - 4 years	**145.00**	**£580.00**
5 - 10 years	**165.17**	**£660.68**
11 - 15 years	**205.62**	**£822.48**
16+ years	**250.14**	**£1,000.56**

5.3 Shetland Islands Council has traditionally paid a wholly discretionary clothing allowance as noted above in 16/17 allowances. This discretionary amount to kinship carers was ceased in 2016/17 budget and it is proposed to end this allowance for full time foster carers from 1st April 2017. Respite carers are unaffected by this change as they have never been in receipt of this allowance except where respite went beyond four weeks. In the future such circumstances would continue to attract a clothing allowance to meet the needs of the individual child or young person.

6 Approved Kinship Carers

6.1 Kinship Care is the term used to describe the placement of children and young people with extended family members or friends where they cannot live with their parents.

6.2 In order to support these arrangements the Local Authority pays an allowance to cover the costs associated with the child to approved kinship carers.

6.3 In 2015 the Scottish Government required Local Authorities to give parity for kinship carers and pay the same allowance as foster carers receive. Shetland Islands Council has long recognised the value of kinship carers and has financially supported these carers at the same rate as foster carers for a number of years. It is proposed to increase the 2017/18 Kinship Allowance by 1.5% in line with the Fostering Allowance. The only exception relates to the deduction of child benefit which kinship carers receive. Child Benefit is currently payable at £20.70 per week for the first child and £13.70 for second and subsequent children. The table below shows the proposed kinship care allowances for 17/18:

KINSHIP CARER ALLOWANCES 2017 - 2018

Age band	Per week	Total (4 weeks)	
0 - 4 years	**144.29**	**£580.00**	**(*less eligible child benefit)***
5 - 10 years	**164.36**	**£660.68**	**(*less eligible child benefit)***
11 - 15 years	**204.61**	**£822.48**	**(*less eligible child benefit)***
16+ years	**248.90**	**£1,000.56**	**(*less eligible child benefit)***

7 Financial Implications of the Proposals

7.1 The financial implications of implementing the new fees and allowances as detailed in this report, and recruiting a further three new foster carers at level 3 were identified as a cost pressure in the 2016/17 budget and as such this additional cost can be met from within existing resources this financial year. Provision will be made within the 2017/18 Children's Resources budget, and this will be presented to Education & Families Committee for approval in December 2016. In future years, budget for the recruitment of carers will be costed according to the service needs at that time in relation to the demand on service and carer demographics, and presented for approval as part of Children's Services overall budget.

8 Implications

Strategic

Delivery On Corporate Priorities

The Fostering service delivers on a number of key priorities for the council with particular reference to:

- *Local Outcome Improvement Plan:*
  - Shetland is the best place for children and young people to grow up
    - To ensure the needs of our most vulnerable children and young people are met
    - Ensure there are facilities for meeting needs for short term and respite care

- *Corporate Plan:*
  - Young People
    - Children and Young People, particularly those from vulnerable backgrounds and in care, will be getting the learning and development opportunities that allow them to fulfil their potential

- *20 By 20:*
  - No 8: We will be working in a more effective way, allowing us to cope with reduced resources. Processes that add no obvious value will have been replaced with more

proportionate approaches based on effectively managing risks
    - No 14: The needs of the most vulnerable and hard to reach groups will be identified and met, and services will be targeted at those that need them most

- *Children's Services Directorate Plan:*
    - Our public services are high quality, continually improving, efficient and responsive to local people's needs
    - We have improved the life chances for children, young people and families at risk
    - We have tackled the significant inequalities in Scottish society

Reporting to Education and Families Committee on the proposed fostering, kinship allowances and the fostering fee scheme contributes to the strategic objective that our public services are high quality, continually improving, efficient and responsive to local people's needs.

Community /Stakeholder Issues

Policy And/Or Delegated Authority
In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, matters relating to Children's Resources stand referred to the Education and Families Committee.

The Policy and Resources Committee are responsible for securing the coordination, control and proper management of financial affairs for the Council.

Risk Management - None

Equalities, Health and Human Rights – None

Environmental – None

Resources

Financial - Any additional costs incurred in 2016/17 associated with the proposals can be met from existing budgets. In 2017/18 and future years, the required budget will be costed according to service need and included for approval by Education and Families Committee as part of Children's Services overall budget.'

Legal – Detailed advice will be taken regarding the nature of the relationship between the Council and the foster carers. At present foster carers are not treated as employees of the Council and changes to the method of payment and duties may alter that relationship.

Human Resources – None

Assets And Property – None

9 Conclusions

9.1 Increasing the number and availability of long term foster placements is a high priority for the council.

9.2 The introduction of the fee paid scheme proposal seeks to be an incentive to attractive potential carers to be available on a full and long term time basis to provide the care for some of our most vulnerable children and young people.

9.3 The costs associated with the fee paid carer scheme and uplift in fostering allowances can be met from current budgets.

For further information please contact:
Scott Hunter, Executive Manager – Children's Resources
01595 744476
scott.hunter@shetland.gov.uk
Report Finalised: 22 September 2016

Agenda Item

4

Shetland Islands Council

Policy & Resources Committee **24 October 2016**
Shetland Islands Council **2 November 2016**

Charging Framework	
F-062-F	
Report Presented by Executive Manager – Finance	**Corporate Services**

1. Summary

1.1 The purpose of this report is to put in place a revised charging framework for the Council following the Audit Scotland report on "Charging for Services: Are You Getting it Right?".

1.2 The Council has as a central objective to deliver Best Value services to the Shetland community. A key element of this framework is that the Council should set equitable prices for chargeable services, which support the Council and service priorities, whilst promoting social inclusion.

2. Decision Required

2.1 The Policy & Resources Committee recommend that the Council to RESOLVE to approve the Charging Framework.

3. Detail

3.1 Charging is an important issue for the Council, not only as a source of income but as a means to help the Council achieve its objectives. The Council has discretion over most charges. It is important that there is a clear basis for charging and that Services are able to clearly explain charging decisions including concessions.

3.2 The framework sets out the stages which require to be followed for the introduction or review of charges (other than annual inflationary increases):

1. Determine which services are/should be charged for and what the objective of charging is/would be;
2. Consider service costs and user information;
3. Examine options for different levels of charging;
4. Assess the impact of the proposed charge in relation to vulnerable groups;
5. Forecast demand for service with proposed charge and potential income;
6. Consult on proposals;
7. Set the charge; and
8. Monitor and review.

3.3 These steps will ensure that when introducing or reviewing charges these meet Council objectives, are equitable and do consider the impacts. A checklist and examples to support officers in reviewing charges will be available.

3.4 This Charging Framework replaces the "Charging for Council Services: Corporate Policy" approved in 1999.

4. Implications

Strategic

4.1 Delivery On Corporate Priorities
Excellent financial management arrangements will make sure we are continuing to keep to a balanced budget, and are living within our means.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority
In accordance with Section 2.2.1(7) of the Council's Scheme of Administration and Delegations, the Policy and Resources Committee has delegated authority to secure the co-ordination, control and proper management of the financial affairs of the Council. Determination of a new Policy remains a matter reserved to the Council.

4.4 Risk Management
The Framework will assist the Council to identify and properly set charges reducing the risk of the Council not receiving the appropriate amount of income. It will aid to meet the Council's requirement to consult and identify impacts on communities/stakeholders and ensure that charges support Council priorities.

4.5 Equalities, Health and Human Rights – Impact in relation to Equalities Groups, as set out in the Equalities Act 2011, and those individuals and households on a low income, in Shetland, have been considered in developing the Charging Framework.

4.6 Environmental – None.

Resources

4.7 Financial - This framework will support the Council to achieve the correct amount of income based on fully assessed charging decisions. There are no additional costs as a result of this framework, assessments will be carried out using existing resources.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5. Conclusions

5.1 The framework will assist the Council to set equitable prices for chargeable services, which support the Council and service priorities, whilst promoting social inclusion.

For further information please contact:
Jonathan Belford
01595 744607
Jonathan.Belford@shetland.gov.uk

List of Appendices
Appendix A – Shetland Islands Council Charging Framework
Appendix B - Shetland Islands Council Charging Framework Flowchart

END

Shetland Islands Council

Charging Framework

2016

Securing the best for Shetland

Contents

1. Introduction.....2
2. Council Charging Principles.....3
3. Administration of Fees and Charges.....6
4. Council's Charging Framework.....6

Introduction

1.01 This framework establishes the Council's charging principles which should feature in setting fees and charges for services provided by the Council and a Framework for determining charging levels, with due regard to Council objectives, demand for services and legislation.

1.02 Services should use this framework when determining charges as part of the budget-setting process for the forthcoming financial year, and for any other ad hoc consideration of service charges.

1.03 Charges for services should be reviewed annually as part of the budget setting process; unless otherwise prevented from doing so, for example, if charges are externally set or other limitations apply.

1.04 Where there are proposals to introduce new charges or to vary existing charges, these should be presented to the Council as budget options as part of the budget setting process. Authority to vary, cease or introduce new charges outside the budget setting process lies with the Council.

1.05 Once agreed, this framework will form part of the Council's Financial Regulations and will be subject to regular review to ensure it remains appropriate for Shetland Islands Council, in helping to support Council services and demonstrates best value principles i.e. efficiency, effectiveness, economy and equality.

Council Charging Principles

1.06 The Council has as a central objective to deliver Best Value services to the Shetland community. A key element of this framework is that the Council should set equitable prices for chargeable services, which support the Council and service priorities, whilst promoting social inclusion.

Fundamental Principles

1.07 The following principles apply to the setting of fees and charges by the Council:

- All services must adhere to this framework and the principles outlined here, any exceptions must have Council approval.
- The Council's charging framework is designed to create a consistent approach to charging across the Council and each Director is responsible for ensuring its application.
- Fees and charges can have a positive impact on service delivery and therefore should not automatically be considered detrimental or controversial.

- The reason for levying a charge and the basis on which the charge will be levied should be transparent and must be considered against the Council's objectives. Charges should first and foremost be in accordance with legislative or regulatory requirements and be set to deliver policy objectives. Where appropriate it may also be used as a means to generate income.

Subsidised Services

1.08 Subsidised services relate to those services where there is partial support from public funds; the subsidy would apply across the board and would not relate to any particular social group. Equity in access to services will be delivered through the application of agreed concessions. There will be services that the Council simply cannot afford to either fully or partly subsidise.

Restrictions to Charges

1.09 In addition to subsidised services, charging will not be applicable to those services where:

- The Council cannot legally impose a charge for provision of a service.
- A charge or the basis of a charge is set in statute.
- Charging would be counter-productive e.g. for an infrequently requested service where the cost of charging would be greater than any potential income (depending on charging objective).
- The needs of the individuals are deemed to be such that the charge should be waived or not pursued in accordance with the appropriate assessment and authority in order that the service can continue to be provided.
- Charging would not be cost effective to collect.

Other Charging Principles

1.10 Where fees or charges are not restricted in these ways, each service should set charging at a level where they will contribute to the Council's financial objective. The most common financial objectives are:

- Recovery of full cost (taking account of all direct revenue costs/overheads and capital costs);
- Income generation;
- Percentage recovery of full cost (a set percentage of all direct revenue costs/overheads and capital costs); and

- Recovery of the marginal cost (taking account of all direct revenue costs/overheads and capital costs the extra cost of providing each additional unit of service) e.g. photocopier charges.

1.11 Services provided on a commercial basis must secure full cost recovery (including capital costs) as a minimum and where appropriate will be subject to benchmarking to establish the correct market rate for the service.

1.12 Charging is a legitimate way to ration or manage service usage and to reduce the cost to the Council Tax payer of providing the service. Determining the partial recovery of costs in these circumstances will need careful consideration and the relevant service should seek Council approval when proposing to introduce charges or make significant amendments to existing charges.

Setting Charges

1.13 The introduction of new charges or material changes to existing charges should be brought forward for consideration alongside the development and review of Council and service priorities, which is part of the annual financial planning process. It is the responsibility of the Director to ensure this is carried out.

1.14 The pricing policies adopted by services that address a strategic outcome must be fully documented, evidence based and justified to enable Elected Members to adopt or revise such pricing policies. Evidence of the impact a pricing policy is having must be gathered to inform future changes.

1.15 Consultation regarding charging with service users should be carried out when proposed changes are deemed to be significant enough. For example, increases which are significantly above inflation, introduction of new charges either universal or targeted. It is assumed that in most circumstances, managers will have a good understanding of their customers, and the impact of any changes will be known. Services would not be expected to consult when charges are annually increased by inflation.

Concessions

1.16 For this framework a concession refers to a discount charge that could be based upon a variety of factors including, national and local policies, age, employment status, income or disability and would be applied to promote access and ensure cost was not a barrier to accessing the benefits provided by the service.

1.17 Services must ensure any proposed concessions are in accordance with any relevant legislation or guidance, and that the potential impacts of any proposed concessions are justified, and properly considered, for example, via an Integrated or Equality Impact Assessment.

1.18 Concessions may apply where age, gender, employment status or benefits etc. are relevant i.e. concession is appropriate or where services are core to the Council's priorities, or the Council wants to promote access.

Administration of Fees and Charges

The basic principles of administering fees and charges shall be the most economic, efficient and effective method of charging and shall comply with the Council's Financial Regulations including:

- Wherever it is reasonable to do so, charges shall be collected either in advance or at the point of service delivery to minimise the risk of non-payment and avoid costs associated with debt recovery.
- Only where it is unreasonable to demand payment in advance, or at the point of delivery should income be collected by raising a formal invoice.
- Where credit is extended to customers, payment by direct debit should be promoted as the preferred method.
- Charges shall be easy to understand and administer, transparent and communicated to service users.
- Where customers fail to pay for fees and charges, they shall be made liable for the additional costs of enforcement. Customers must be made aware of this additional liability.

Council Charging Framework

2.01 There are many elements which have to be taken into account when deciding whether to charge for a service and what the level of that charge should be. Appendix B shows the various stages a service should follow in setting the fee or charge for a service. For each stage in the diagram there is corresponding guidance in the following sections.

Determining which Services are/should be charged for

2.02 The requirement to charge for a service and what level that should be set at is, in some cases, set out in statute. There are some services which cannot by law be charged for. When reviewing charging for a service, legislation must be considered first.

2.03 Apart from those charges influenced by legislation or delivered to the majority of Council citizens, charges could in theory be set for all discretionary services provided by the Council.

Identifying the Objective of Charging

2.04 It is essential that the reason for introducing a charge or fee is clear. This will assist in determining the level of charge to be applied and advising service users of the rationale behind charging decisions.

2.05 There may or may not be an existing charge for discretionary services, but if there is not, that does not mean a new charge should be disregarded. Priorities for a service may have changed since charges for it were last reviewed, and identifying what the priorities are and how charging can be used to contribute to the delivery of that priority is central when setting charges.

2.06 The objective of a charge may be even more straightforward than this. A service being provided which is being run at a loss could introduce or increase a charge to ensure that all costs are recovered and/or a surplus is generated. This would also be relevant where the Council wishes to reduce the level of subsidy awarded to a service or result in offering the Council options in how it allocates resources.

2.07 A charging objective could be to rationalise the use of a service. For example the introduction of a nominal fee could be used to manage demand for that service. The introduction of a charge would mean the cost of delivering the service to those customers who still requested it would be partly met.

Consider the Costs of Service Provision

2.08 Irrespective of the objective of charging, the costs for delivering a service will have to be considered (including support costs). While it is best practice for services to know the accurate recharge rate/unit cost for the services they deliver, this often is not the case. This can be a problem when trying to identify what level the charge should be set at if the objective is full or partial cost recovery for a service. Where cost information cannot be clearly established, services calculating the recovery costs will have to take into account the total cost of all inputs and divide this by the number of units to determine a unit charge.

2.09 The cost of administering and collecting income for a service should also be identified and included in the total cost.

Consider Information on Service Users

2.10 The following needs to be considered when determining charges for a service:

- Who are the service users?
- How often is the service used?
- When (days and times of day) is the service used? When is there an excess or low demand for the service?

- How have increases to an existing service charge, the introduction of charging for a similar service, or the introduction of a service charge by other Councils for the same service, affected customer demand for a service in the past?
- How much do residents/customers value the service and how much would they be willing to pay for it?
- Are there other providers of the same or similar services which users could switch to?

2.11 Where demand for services provided on a discretionary basis is very low, the provision of that service should be reviewed to establish if it is meeting the objectives for which it was introduced. Should a review find that an adjustment to or cessation of a service be recommended, the appropriate Committee approval would be required.

Charging Options

2.12 There may be several charging options available to deliver the same objective. The fees for the use of a service at busy times could be increased to discourage use at those times. Concessionary discounts could be applied to encourage particular groups of customers to use a service to achieve social objectives or ensure provision of equal access.

2.13 There are three common pricing structures which can be applied, either individually or in some combination, when setting charges. These are:

- Cost based pricing,
- Competition based pricing,
- Demand based pricing.

2.14 Given the difficulties associated with identifying the unit cost of a service, charging in terms of units of input rather than units of measured output could be considered. Where an accurate unit cost is available, charges could be set according to output.

2.15 Competition based pricing involves benchmarking other providers' prices as a guide for setting the service's charge. It may not necessarily mean setting charges at an identical level to other organisations providing the same service, but rather that charges are set which make sense given local comparisons with private providers of the same service, or national comparison with other local authorities, for example. Again the objective of the charge will have some bearing on the level of charges being considered, as will the quality of the service being offered in comparison to that of other providers. The best value option will consider all of these elements.

2.16 Setting charging levels based on demand for a service is largely concerned with the extent to which customers value a service, and what they perceive to be value for money with regard

to that service. Where a service is over subscribed at certain times of the day or the week, while other times there is excess supply (not enough demand), and particularly where price is the central concern to potential or existing service users, introducing an off-peak discount, say mid-week or day-time, should increase the demand for the service at that time and perhaps divert some of that demand from the busier times.

2.17 Once all potential options for charging have been identified, they should be appraised against a set of criteria which reflect the objective of the charging, to determine which would achieve the desired outcome, bearing in mind the potential impact of charging on groups of customers.

Assess the Impact

2.18 The Equality Act 2010 sets out a "general" public sector equality duty which requires public authorities to pay due regard to the need to eliminate discrimination; advance equality; and foster good relations across a range of protected characteristics. These requirements apply across the 'protected characteristics' of age; disability; gender reassignment; pregnancy and maternity; race; religion and belief; sex and sexual orientation.

2.19 In addition, Shetland's Commission on Tackling Inequalities identified those individuals and families who are more vulnerable to the negative impacts of inequalities in Shetland:

- With poor educational experiences: engagement is difficult, attainment may be low
- Unable to achieve or maintain employment
- At risk of homelessness
- With poor mental health
- With chronic illness
- With experience of substance misuse
- Not involved in their local community (this may include not attending pre-school)
- Living in remote areas, where employment opportunities are limited and the cost of transport or running a private vehicle can be prohibitive; AND
- Looked After Children
- Workless or low income households
- Young parents

2.20 To ensure that the proposed charges will not have a detrimental effect on any particular individuals or groups the service should carry out an Integrated Impact Assessment (IIA), which incorporates an Equalities Impact Assessment.

2.21 If the assessment identifies that any adverse impact amounts to unlawful discrimination, the relevant provisions must be removed. You may consider taking action to address any other issues identified, such as mitigating any negative impacts, where possible. It is important that you record this consideration, as evidence that you have paid due regard to the general duty. In relation to disabled people this should include considering steps to take account of disability and it will not be unlawful if this results in more favourable treatment of disabled people.

2.22 The sustainability impact of any charging decisions will also be considered, as part of the IIA. Any potential social, environmental and economic impact that the introduction of a charge or a change to a charge may have will be identified, and any subsequent decisions must ensure that any negative or unfair impact is mitigated or removed. In instances where a negative impact is the objective of charging (e.g. a charging objective designed to reduce demand), this must be indentified and managed through mitigating action where possible.

Forecast Demand and Potential Income

2.23 Depending on the objective of the proposed charge, the demand for the service and subsequent income received must be estimated to ensure charges will have the desired effect. Any assessment on demand and potential income should consider the impact of VAT i.e. the total cost of the charge to the end user. The manager should seek advice from the in-house VAT advisers to determine the appropriate VAT treatment.

2.24 Through having accurate and up-to-date user information, future demand and income can be more effectively forecasted. For services which customers value highly, their sensitivity to price changes may be less, and increases in charges will not necessarily lead to a huge drop in demand. Conversely, for services which are not valued so highly by customers, an increase in the cost of those services may result in a shift in demand away from the Council towards alternative and cheaper providers.

Consultation Exercise

2.25 If the manager decides to consult, the process may be through a variety of means to engage with service users both existing and future, this may include face-to-face meetings or online surveys etc.

Set the Charge

2.26 Informed by the results of the previous stages, the service will be in a position to introduce a charge, increase/decrease an existing charge, introduce a concessionary scheme - whatever option the service has determined to be the best in meeting the objectives without detrimentally affecting any particular group of customers.

2.27 Where national or regulatory pricing policies exist, when changes are agreed/notified these must be introduced without delay.

Monitor and Review Charges and their Impact

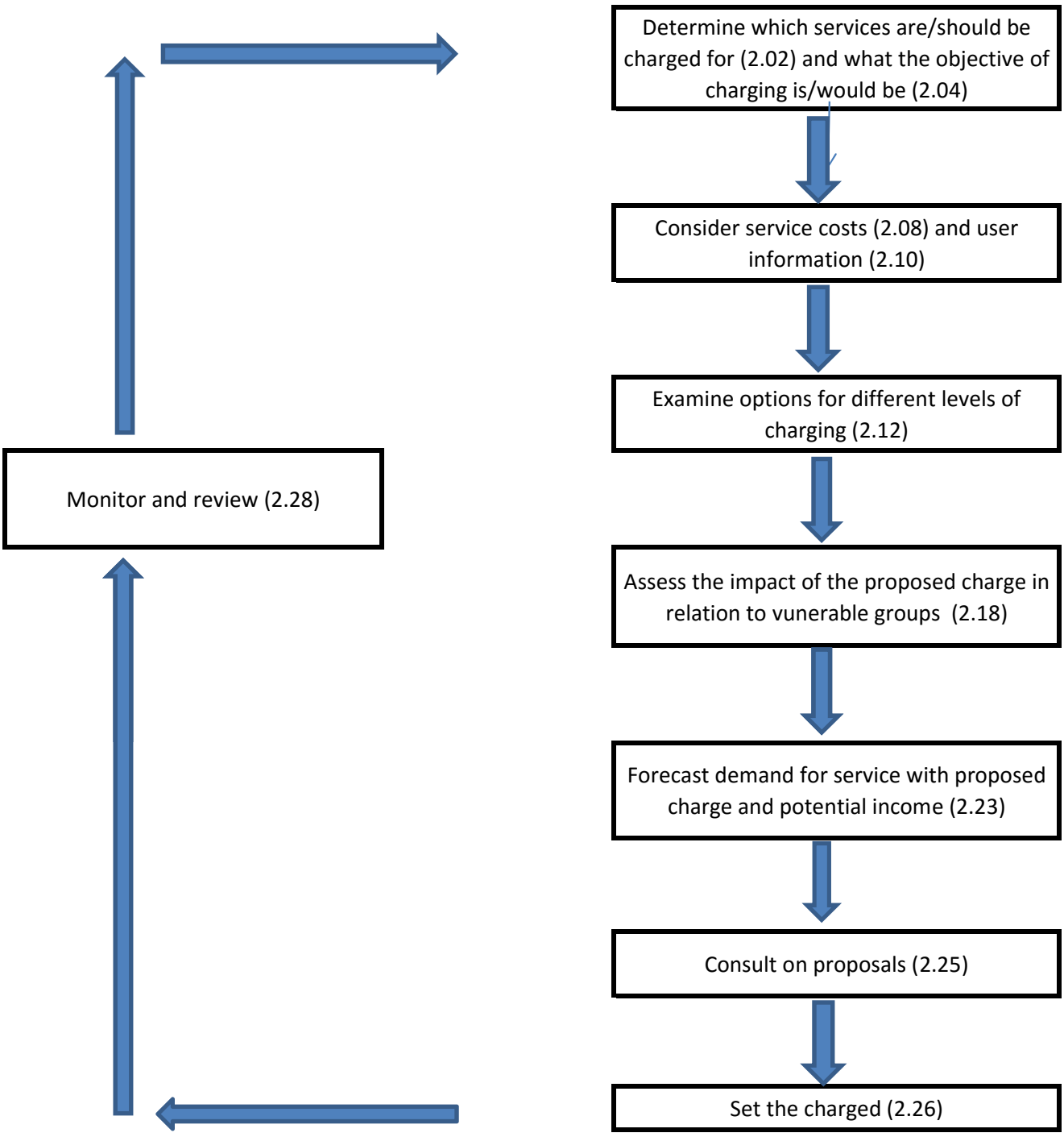
2.28 The extent to which charges are serving their purpose, with regard to the objective which they were intended to deliver, or priority they were to contribute to, should be monitored on a regular basis. Depending on the objective (e.g. if it is to assist in the delivery of a service or Council priority) the effect of the charge may be monitored through performance reports. The income received from charges should be monitored as part of the financial reporting.

2.29 Generally charges should be reviewed annually as part of the budget-setting process. However, there may be other reasons why they should be reviewed more frequently or at other times of the year, for example, where charges form part of a service review or the charges are not having the desired effect etc.

2.30 Should you require any advice on any financial aspects of the process please contact Accountancy Service and for impact assessments/consultations please contact the Community Planning Service.

CHARGING FRAMEWORK FLOWCHART

Appendix B



Agenda Item

5

Shetland Islands Council

Employees Joint Consultative Committee **20 September 2016**
Policy & Resources Committee **24 October 2016**

Annual Leave and Public Holidays Policy	
HR-13-16-F	
Executive Manager Human Resources	**Corporate Services**

1.0 Summary

1.1 The purpose of this report is to seek agreement for a revised Annual Leave & Public Holidays Policy to apply to all staff except teachers, instructors and lecturers. Leave entitlements for these groups of staff are as set out in their conditions of service.

1.2 This revised policy confirms a number of internal and external changes that have occurred since the policy was introduced in 2010.

1.3 This revised policy also seeks approval to align the leave year for term-time non-teaching staff to the school year and introduce a maximum carry over period for employees unable to take their leave entitlement due to sickness absence.

2.0 Decision Required

2.1 That the Policy and Resources Committee RESOLVES to adopt the revised Annual Leave & Public Holidays Policy, attached as Appendix 1.

3.0 Detail

3.1 The current Annual Leave & Public Holidays Policy has been in place since 1 January 2010. It was introduced to clarify the new leave arrangements following the Single Status Collective Agreement.

3.2 Since its introduction a number of developments have occurred that require to be reflected in a revised policy document.

3.3 In 2011 the Council's management structures were reviewed and varied leave arrangements were introduced for Chief Officers and managers graded P and above. This staff group are awarded 32 days

annual leave per annum. Other staff (except teachers, instructors and lecturers) are awarded 29 days, rising to 34 days following 5 years continuous service (all amounts pro rata for part-time staff). This leave entitlement for senior managers is referenced where appropriate throughout the revised document.

3.4 In 2013 the Council launched HR21, an electronic self-service leave management system, a module within the CHRIS system. This has been rolled out to many work areas that provides computerised leave administration. It is not possible for this system to be used throughout all Council services, but where it is, leave administration has been reduced. HR21 accrues leave entitlement based on each day of service and calculates entitlements in hours and minutes, shown as decimal amounts. In the current policy leave accrues on the basis of complete months of service. Therefore it is proposed that annual leave for all affected staff will now accrue on a daily basis, referenced at 2.3 of the policy document. This aligns with the method of leave accrual for teachers. This means that all calculations throughout the document are also now shown as decimal amounts and / or hours and minutes. Appendix i has an easy conversion chart.

3.5 In 2015, an Employment Appeal Tribunal, Plumb v Duncan Print Group Ltd, applied European case law to conclude that a worker on long term sick leave can carry forward untaken annual leave for up to 18 months from the end of the leave year in which the leave arises. The current Leave Policy has no time limit stated in these circumstances. This provision has now been included at 8.7 in the revised policy document, and will apply where sickness has been the reason for being unable to take the leave entitlement. Related to this, at 7.3 of the policy, the ability of employees to request annual leave during periods of sickness absence has been confirmed.

3.6 Also in 2015, Policy & Resources Committee approved revised rules on holiday pay for all Council staff (Min. Ref.: 70/15). These arrangements are now referenced in 3.5 of the policy document for relief workers and in section 9 of the policy document for contracted affected employees.

3.7 A number of issues have arisen in the complex calculations required for non-teaching term-time employees' salary and annual leave. Affected employees generally work 35 – 42.5 weeks of the year while their pay is normally equalised over 12 monthly payments. However, when an employee begins, changes or leaves employment during the course of the school term a calculation is required to work out salary due for the first and final salary payments. Depending on the time of year, this can lead to a low starting or leaving salary.

3.8 Following detailed consideration of this; it is proposed that the leave year for staff working term-time is aligned to the school year i.e. August to August as opposed to the calendar year that applies to other non teaching single status staff. Teaching staff have a similar leave year. Current term-time staff will not experience any material difference to their fixed leave or salary arrangements. This change will however make the calculations less cumbersome to complete and easier to explain to staff.

3.9 HR and Finance are also working on a clear guide to salary calculations for term-time staff and their managers. The new arrangements are referenced in 2.2 and Appendix iii of the policy document.

3.10 In addition, a number of other minor changes have been made with the aim of making the document easier to read and follow for our staff and managers.

3.11 It is proposed that all of these alterations should take immediate effect, except for the variation to the leave year for term-time staff, which is proposed to take effect from 1 January 2017.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – The introduction of a revised policy document which is clearer, simpler to read and accurate will support the Council's aim to work in a more effective way, allowing us to cope with reduced resources and removing processes that add no obvious value.

4.2 Community /Stakeholder Issues – The recognised trade unions have been consulted informally on the proposed revisions and their views are further sought through the presentation of this report at the Employees Joint Consultative Committee.

4.3 Policy And/Or Delegated Authority – All matters that relate to staffing for those employed on SJC terms and conditions for Local Government Employees are referred to the Employee's Joint Consultative Committee, prior to a final decision by Policy and Resources Committee.

Policy and Resources Committee has delegated authority for the development and operation of the Council as an organisation and all matters relating to organisational development and staffing. There is no change to the Single Status Collective Agreement.

4.4 Risk Management – The current policy document no longer reflects actual practice. It can therefore be misleading and unhelpful to managers and their staff and has a risk of inconsistent application. A revised updated policy is required to ensure we have a document that is fit for purpose and adds value.

4.5 Equalities, Health And Human Rights – Annual leave is a statutory right for workers and the Council is required to provide accurate information to its workers on their entitlements and obligations.

4.6 Environmental – none

Resources

4.7 Financial – There are no direct financial implications arising from this report and decisions made.

4.8 Legal – The proposed changes reflect emerging case law and best practice.

4.9 Human Resources – The proposed changes will ensure an accurate policy that is easy to follow and helpful to all workers of Shetland Islands Council.

4.10 Assets And Property – none

5.0 Conclusions

5.1 The revised Policy ensures that the Council has a policy in place that complies with emerging case law, developments within Shetland Islands Council and good practice in the area of leave.

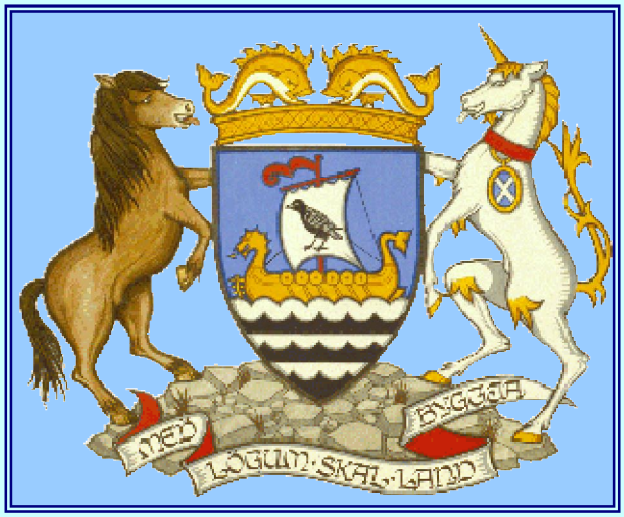
For further information please contact:
Jenni Orr, Senior HR Adviser
01595 744578 jennifer.orr@shetland.gov.uk
7 September 2016

List of Appendices
Annual Leave and Public Holidays Policy
Background documents:
None

END

SHETLAND ISLANDS COUNCIL

Annual Leave and Public Holidays



Operational Date: 25 October 2016
Applies to: All Staff (except Teachers, Instructors and Lecturers)

Shetland Island Council

ANNUAL LEAVE AND PUBLIC HOLIDAYS POLICY

Operational Date: 25 October 2016
Review Date:

1.	SCOPE	3
2	GENERAL	3
3	LEAVE ENTITLEMENT	3
4	FIXED LEAVE	4
5	MANAGEMENT OF ANNUAL LEAVE	5
6	RECALL TO WORK	6
7	HOLIDAYS AND SICKNESS ABSENCE	7
8	BORROWING AND BANKING ANNUAL LEAVE	7
10	BALANCING HOLIDAY PAY ON TERMINATION OF CONTRACT	9
11	PUBLIC HOLIDAYS	10

APPENDIX i:	Conversion Table	12
APPENDIX ii:	Leave Calculations Explained	13
APPENDIX iii:	Leave calculations explained for term-time staff	15
APPENDIX iv:	Annual Leave Entitlement	16
APPENDIX v:	Public Holiday Entitlement	19

ANNUAL LEAVE & PUBLIC HOLIDAYS

1. SCOPE

This policy sets out the entitlement to annual leave and public holidays for all employees except teachers, instructors and lecturers. Leave entitlements for those groups of staff are as set out in their conditions of service.

2 GENERAL

2.1 Leave is a statutory entitlement for all workers. The statutory entitlement is 5.6 weeks paid leave per annum including public holidays. Shetland Islands Council provides contracted employees with an annual leave and public holiday entitlement in excess of the statutory minimum.

2.2 The annual leave year is 1 January – 31 December for all employees, except those who work term-time. In this case, and from 1 January 2017, the leave year will be aligned with the school year.

2.3 Leave accrues for each complete day of service in the leave year.

2.4 Leave is expressed in hours and minutes in order to ensure consistency in application irrespective of work patterns.

2.5 Some departments and services use CHRIS and HR21 to manage leave and some continue to use paper records. Guidance on the use of HR21 is available on the Council's intranet or from your departmental administrator. Where HR21 / CHRIS is used, the annual leave and public holiday entitlements are combined into one balance.

3 LEAVE ENTITLEMENT

3.1 The total leave entitlement for full-time employees is:-

Under 5 years continuous service	**Over** 5 years continuous service	Senior managers at **Grade P and above**
29 days	34 days	32 days
214.6 hours	251.6 hours	236.8 hours
214hrs 36 mins	251 hrs 36 mins	236 hrs 48 mins

The public holiday entitlement for full-time employees is, in addition to the entitlement shown above, 6 days or 44.4 hours, pro rata for part-time employees.

Appendix i contains a table to convert minutes into decimal amounts.

3.2 Full-time employees are those whose contract is for 37 hours per week and who work 52.18 weeks per year. This is equivalent to 1930.6 hours per annum.

3.3 The increase to annual leave entitlement for employees on Grade O and below takes place on 1 January in the year following 5 years continuous service being completed.

3.4 Any employee who works more or less than 37 contracted hours per week and / or who works fewer than 52 weeks per year e.g. term–time will receive a pro rata increased or decreased share of this entitlement. For more information on leave calculations please refer to the appendices.

3.5 For workers who work on an 'as and when required' basis and have no contracted hours, annual leave will accrue based on actual hours worked. A holiday payment will be paid monthly to compensate for UK statutory annual leave. Workers are responsible for ensuring that they take sufficient periods of rest from the workplace. In relation to this, the Working Time Regulations 1998 provide UK workers 5.6 weeks paid annual leave.

4 FIXED LEAVE

4.1 The Council has designated 6 public holiday days across the calendar year.

4.2 The Council operates a Christmas shut down in all services where it is practical to do so. In that regard, all non-essential Council services will close to the public between Christmas and New Year. Employees in these services must book sufficient annual leave from their annual entitlement to cover this shut down.

4.3 Employees will have different amounts of fixed leave across the leave year depending on the nature of the service in which they are employed. There are four main categories of employee;

- **Employees with no fixed leave**. These employees are found in services which operate 365 days per year and employees are required to work on the designated public holidays and a Christmas shutdown cannot be put in operation. For example Residential Care Services.
- **Employees with up to 6 days fixed leave**. The 6 days are the 6 designated public holidays. These employees are found in services which are unable to operate the Christmas shut down but do recognise the designated public holiday days.
- **Employees with up to 9 days fixed leave**. These are the 6 designated public holidays and the three days in between Christmas and New Year. These employees are found in services that recognise the designated public holiday days and participate in the Christmas shutdown.
- **Employees with fully fixed leave**. These employees are found in some shift services and the Schools or College setting. Some

employees in these settings work term-time only. Their leave is fixed to school / college holiday periods. These employees are restricted from taking leave during term-time unless in exceptional circumstances. Any leave granted during term-time would require to be unpaid. Please refer to Appendix iii for more information on term-time leave calculations.

4.4 In services which operate fixed leave, a calendar should be in place to clearly identify periods of work requirement, fixed leave and no work requirement across the year.

4.5 Certain staff groups e.g. shift workers and term-time workers have additional fixed holidays. It is the responsibility of managers setting shift patterns and term dates to ensure that staff are informed of their fixed holiday dates as soon as it is reasonably practicable to do so.

5 MANAGEMENT OF ANNUAL LEAVE

5.1 For more information on annual leave entitlements please see Appendix iv.

5.2 To check your leave balance on HR21, please refer to the Quick Guide *HR21 - Checking Your Leave Balance* which is available on the Council's intranet (http://intranet2/Policy/Shared%20Documents/HR21%20FAQs.pdf).
A manager may check an employee's leave balance on the Balances (LAC) screen on CHRIS.

5.3 Employees will not normally be restricted from taking leave in excess of what they have accrued at a particular point in the leave year. However this should not exceed the normal full annual leave entitlement and leave cannot be taken from the following year's entitlement without prior authorisation. Please see Section 8.

5.4 It is the responsibility of employees to ensure that they request to take their annual leave entitlement during the course of the leave year.

5.5 Managers should aim to action leave requests as quickly as possible. Where managers are using HR21 to action leave the request will remain live in their requests box for 20 days. If the request has not been actioned within 20 days it will automatically be forwarded to the manager's manager. Employees should not assume that leave requested has been granted until they have received authorisation from their manager.

5.6 Managers should aim to manage their employees leave entitlement by communicating with staff on;

- notice periods required to request leave,
- how many employees can normally be absent at any one time,
- where to access leave policy information,

- encouraging staff to use up annual leave throughout the year e.g.. workers should be encouraged to use a quarter of their leave entitlement in the first quarter of the year.

5.7 Notice periods to request leave should be at least twice the length of the leave requested, however in establishments where cover is required then this can be varied.

5.8 The Council operates a Christmas shut down in all services where it is practical to do so. In that regard, all non-essential Council services close to the public between Christmas and New Year. Employees in these services must book sufficient annual leave entitlement to cover this shut down. It is advisable for employees to book public holiday and Christmas/New Year shut down dates at the beginning of a leave year so that they have a clear picture of the number of hours left to use as annual leave.

5.9 Workers required to work in essential services on the Christmas shut down days will receive normal contractual payments for hours worked. To clarify, public holiday payments are only payable on the designated public holidays and not on any alternative days.

5.10 When employees are not managing their leave effectively then managers in consultation with Human Resources (HR) may schedule periods of annual leave on the employee's behalf that must be taken.

5.11 The number of hours that will be deducted for a day's leave shall equate to the normal contractual and rota'd hours of that individual for that day. This may vary between services and perhaps even days of the week.

- For a full-time employee this will normally be 7.4 hours, the notional working day.

- For part-time employees who use HR21 and do not split their working hours evenly over 5 days, a roster will be put in place on CHRIS to ensure that the correct deduction is made for full days or half days leave.

6 RECALL TO WORK

6.1 When an employee is recalled to work during a period of annual leave and they agree to resume work, they will be reimbursed the outstanding hours of annual leave not taken and this may be taken at some other time in the leave year or carried over, as appropriate, to the following leave year. Where this is not possible due to service requirements employees should be paid at straight time in lieu of leave not able to be taken, subject to the statutory minimum leave being taken. For information on working on a Public Holiday see section 11.

7 HOLIDAYS AND SICKNESS ABSENCE

7.1 In accordance with the SJC National Agreement on Pay and Conditions of Service, an employee who falls sick during the course of annual leave will be regarded as being on sick leave from the date of the doctor's statement and, provided the employee has followed the correct sickness absence reporting procedures *and* submitted a Fit Note, the remaining annual leave will be returned to the employee's entitlement at the earliest opportunity.

7.2 In accordance with the SJC National Agreement on Pay and Conditions of Service, where an employee has been absent from work through illness for a continuous period exceeding three months, in one leave year, the Council will limit annual leave and public holiday entitlement to an amount equal to the period of actual service given in the leave year, subject to the statutory minimum of 5.6 weeks. This equates to 207.2 hours for full-time employees.

7.3 Employees may request to take annual leave during a period of continuous sickness absence. The employee will then receive their normal pay for the period of annual leave. Where a period of leave is substituted for a period of sickness absence, the substituted leave period shall not count towards the entitlement period for payment of sickness allowance, but will count towards entitlement for statutory sick pay. The whole period of sickness, including the period of annual leave, will however still be regarded as continuous for management purposes. This can benefit the employee in terms of their health and well being as well as their pay and can mean they avoid building up large amounts of annual leave to be taken on their return to work.

8 BORROWING AND BANKING ANNUAL LEAVE

8.1 Where practical, the Council is willing to consider employees varying the annual leave they take on an annual basis on individual request.

8.2 In order to comply with the Working Time Regulations, all employees must arrange to take 5.6 weeks paid leave per year or 207.2 hours for a full time employee (pro rata for employees joining the Council part way through a leave year). This minimum includes public holiday entitlement. In the event that an employee (not on maternity leave or long-term sickness absence) fails to take at least 5.6 weeks annual leave in any particular leave year, the manager may, in accordance with 5.10, schedule period of annual leave which the employee will require to take.

8.3 Employees wishing to bank leave they are entitled to in excess of the minimum to carry over to the following leave year may do so provided they receive authorisation in advance from their line manager. Similarly, employees may, with prior authorisation, request to borrow leave in excess of these minimums from the following leave year.

8.4 The maximum leave that can normally be considered to be carried over / borrowed is 51.8 hours for full-time employees with less than 5 years service and 88.8 hours for full-time employees with more than 5 years service (see sections 8.7). For managers at grade P and above; the maximum leave that can be considered to be carried over / borrowed is 74.2 hours. These totals should be pro-rata'd for part-time employees. It is expected that carry over/borrow at these maximum levels will only be in exceptional circumstances.

8.5 Where such requests are made, managers will consider service requirements and workload and employee performance and attendance before approval can be given.

8.6 When this is authorised, a specific written agreement must be put in place regarding pay back of annual leave in the event that the employee leave the council's employment before the entitlement accrues.

8.7 The exceptions to this are:-

- Employees who have been absent on maternity leave across two leave years; their outstanding leave from the previous year will carry over in its entirety to the following leave year.
- Long term sickness absence; where an employee has been absent from work through long term illness and not able to use their annual leave entitlement during the leave year due to their sickness absence, they may carry over their entitlement to the next leave year, subject to correct deductions as detailed in 7.2. In these circumstances such untaken annual leave must be used within 18 months from the end of the leave year in which it was accrued, failing which it will be forfeited in accordance with paragraph 8.9

8.8 Payment in lieu of annual leave will not be payable, unless in the case of termination of contract (see section 10 below). Statutory annual leave entitlement (207.2 hours for full-time employees) cannot be replaced by financial compensation, unless in the case of termination of employment.

8.9 Subject to paragraphs 8.2 and 8.7 any leave not taken and not authorised to be carried over to the following year will be forfeited unless in exceptional circumstances and as agreed by their Team Leader (or equivalent) in consultation with Human Resources.

9 ADDITIONAL HOLIDAY PAYMENTS

9.1 The same rate of a week's pay will be made in respect of each week of leave. A weeks pay is calculated in accordance with sections 221-224 of the Employment Rights Act, where there are normal working hours for the employee when employed under the contract of employment.

9.2 From 1 January 2015, when an employee makes a timesheet claim for work they have been required to do, which is not already paid in their salary, a top-up payment of 8.3% will be applied to compensate for the accrual of holiday pay for that work.

What qualifies for a top-up payment?
The qualifying variable pay elements are set out in Table A below:-

Table A

• Non-contractual Overtime • Additional hours Responsibility payments (undertaking higher duties / acting up allowances) • Sleep-in payments • Stand-by • Call-outs • Unsocial hours*

**Where employees are required to work unsocial hours as part of normal contracted rota'd work and they claim for those unsocial hours worked by a timesheet, a different top-up payment will apply to compensate for occupational annual leave entitlement. This is 12.5% for employees with less than 5 years service and 15% for employees with more than 5 years service.*

9.3 Where a post already has contractual overtime and / or unsocial hours built into salary no additional payment is required.

9.4 Only contractual payments are pensionable.

10 BALANCING HOLIDAY PAY ON TERMINATION OF CONTRACT

10.1 Employees leaving Council employment during the course of the leave year will receive payment in lieu of annual leave not yet taken but accrued at point of termination or may require to pay back the value of excess annual leave taken, including any leave borrowed or banked at the end of the previous leave year.

10.2 Employees moving between posts in the Council will not be expected to do this and any proposed carry forward of leave should be discussed with the new line manager before the employee's start date in their new post.

10.3 Where an employee moves from a contract with variable leave to a contract with fixed leave e.g. term-time, then the employee and recruiting manager may seek HR's consideration to pay in lieu of accrued annual leave.

11 PUBLIC HOLIDAYS

11.1 Shetland Islands Council recognises six public holidays across the year. They are:-

- 1 January
- 2 January
- Day after Lerwick Up-Helly-Aa
- Easter Monday
- 25 December
- 26 December

11.2 These days are granted, subject to service requirements, as holidays with pay.

11.3 Entitlement to public holidays, like annual leave is calculated in hours. The public holiday entitlement for full-time employees is 44.4 hours (6 days @ 7.4 hours).

11.4 Employees contracted to work more or less than full-time hours i.e. 1930.6 hours per annum shall receive an increased or decreased pro-rata share of public holiday entitlement.

11.5 Where the pro-rata entitlement is more than the number of holidays which would actually fall into the working pattern then the difference should be added to employee's annual leave entitlement record. Similarly where the pro-rata entitlement is less than the number of holidays which would actually fall into the working pattern then the difference should be deducted from the employee's annual leave entitlement record. Where there is insufficient annual leave to accommodate this then the hours will require to be made up by the employee as agreed with their line manager or a deduction made to pay.

11.6 Temporary employees will receive a pro-rata entitlement in accordance with 11.4 / 11.5 to paid time off for public holidays that fall during the course of their contract.

For more information on public holiday calculations please refer to Appendix v.

11.7 Employees **required by their service** to work on a public holiday shall be paid at the rate of treble time for all hours required to be worked (salary plus double time where appropriate) in complete recompense, and will not get any other extra rates such as overtime or unsocial hours.

11.8 Alternatively, employees may seek specific agreement from their line manager to be paid at the rate of double time for all hours required to be worked (salary plus single time where appropriate) and have equivalent hours worked added to their annual leave entitlement.

11.9 Payments for work required accrue from midnight AM on the designated day to midnight PM on that same designated day and will not be awarded on any alternative day.

11.10 An employee required to be on standby on a public holiday shall be granted a day off with pay, at straight time, at a later date, whether called out to work or not, on the public holiday.

11.11 Where an **employee requests to work** a public holiday, and prior approval has been granted subject to service requirements, the employee will be able to take time off at the rate of straight time for hours worked at a future agreed date.

11.12 An employee not rostered to work on a public holiday will have equivalent time added to their annual leave entitlement. An employee may be required to take that time off on the next working day following the public holiday (for example when Christmas Day falls on a weekend employees not rostered to work at the weekends may be expected to take the equivalent time off on the Monday / Tuesday as appropriate).

11.13 In accordance with the SJC National Agreement on Pay and Conditions of Service; where an employee is absent on sick leave on a public or extra statutory holiday then sickness allowances will continue. No substitute public or extra statutory holiday will be given.

11.14 Where an employee has exhausted sickness allowance entitlement, no payment should be made in respect of a public holiday occurring during the period of sickness absence.

APPENDIX i: Conversion Table

Decimal Amounts for Minutes (1-59)

Leave in HR21 is recorded as a decimal figure. Therefore if you are applying for leave which is less than 1 hour, you must enter the leave as a decimal. The table below gives the conversion in minutes from 1 minute up to 59 minutes.

A full day for full-time employees is 7.4 hours (this equates to 7 hours and 24 minutes).

Minutes		Decimal	Minutes		Decimal	Minutes		Decimal	Minutes		Decimal
1	=	0.02	16	=	0.27	31	=	0.52	46	=	0.77
2	=	0.03	17	=	0.28	32	=	0.53	47	=	0.78
3	=	0.05	18	=	0.3	33	=	0.55	48	=	0.8
4	=	0.07	19	=	0.32	34	=	0.57	49	=	0.82
5	=	0.08	20	=	0.33	35	=	0.58	50	=	0.83
6	=	0.1	21	=	0.35	36	=	0.6	51	=	0.85
7	=	0.12	22	=	0.37	37	=	0.62	52	=	0.87
8	=	0.13	23	=	0.38	38	=	0.63	53	=	0.88
9	=	0.15	24	=	0.4	39	=	0.65	54	=	0.9
10	=	0.17	25	=	0.42	40	=	0.67	55	=	0.92
11	=	0.18	26	=	0.43	41	=	0.68	56	=	0.93
12	=	0.2	27	=	0.45	42	=	0.7	57	=	0.95
13	=	0.22	28	=	0.47	43	=	0.72	58	=	0.97
14	=	0.23	29	=	0.48	44	=	0.73	59	=	0.98
15	=	0.25	30	=	0.5	45	=	0.75			

APPENDIX ii: Leave Calculations Explained

The salary calculation and the leave calculation are based on the same principle: The more contractual hours that are worked, the more salary is earned. The more contractual hours that are worked, the more leave entitlement is earned.

It is important that this calculation is consistent and proportional for all staff groups, based on the number of hours worked.

Leave entitlement is based on the entitlement for the most common working pattern within the Council: a full-time, 37-hour, 5-day week. This means that the day calculation, for leave purposes, is 37 hours ÷ 5 days = 7.4 hours (7 hours and 24 minutes).

Leave entitlement for Grade O and below is 29 days + 6 public holidays = 35 days in total, this rises to 40 days for over 5 (full) years service. Leave is expressed in hours, rather than days and so full-time leave entitlement is 7.4 hours x 35 days = 259 hours, rising to 7.4 hours x 40 days = 296 hours for over 5 (full) years service.

Leave entitlement for Grade P and above is 32 days + 6 public holidays = 38 days in total, regardless of the length of service. Leave is expressed in hours rather than days and so the full-time leave entitlement is 7.4 hours x 38 days = 281.2 hours.

The salary and leave entitlement for employees is based on a comparison of the annual contracted hours for the employee compared with a full-time employee. Basically, an 18.5 hour-per-week employee earns half the salary, and has half the leave entitlement of a 37 hour-per-week employee.

Leave (inclusive of annual leave and public holidays) entitlement is based on the following percentages:

<u>Employees on Grade O and below</u>
Under 5 Years Service 15.50%
Over 5 Years Service 18.11%

<u>Employees on Grade P and above</u>
17%

Percentage Calculations Explained (using the common full-time working pattern of 37 hours per week and 52.18 weeks per annum:

<u>Grade O and below (Under 5 Years Service)</u>		
Total Paid Hours per Year	37hpw x 52.18wpa	1,930.6
Leave Entitlement	214.6 (AL) + 44.4 (PH)	259
Time at Work	1,930.6 – 259	1,671.6
Percentage	1,930.6 / 1,671.6	**15.50%**

Grade O and below (Over 5 Years Service)		
Total Paid Hours per Year	37hpw x 52.18wpa	1,930.6
Leave Entitlement	251.6 (AL) + 44.4 (PH)	296
Time at Work	1,930.6 – 296	1,634.6
Percentage	1,930.6 / 1,634.6	**18.11%**

Grade P and above		
Total Paid Hours per Year	37hpw x 52.18wpa	1,930.6
Leave Entitlement	236.8 (AL) + 44.4 (PH)	281.2
Time at Work	1,930.6 – 281.2	1,649.5
Percentage	1,930.6 / 1,649.5	**17%**

APPENDIX iii: Leave calculations explained for term-time staff, including annual leave and public holidays

The majority of support staff employed in schools work term-time only, and are paid according to the hours they work throughout the school year. The salary takes into account the number of weeks worked per year (e.g. 38,39, 40 etc.) plus the pro-rata entitlement to annual leave and public holidays. The total annual salary is normally paid in 12 equal monthly instalments, except where someone starts or leaves during the course of the school year.

A calendar is set for each school year which sets out working days, annual leave days during school holidays, days of no work requirement (unpaid) during school holidays. As leave periods are fixed; staff in these settings are not normally able to take time off during the school term.

School year calendars are held in each school.

Separate further guidance on School based term-time salary calculations are available.

Example

Based on the calculations used in appendix i:

Employee working 27.5 hours per week during 39 weeks of school term, if under 5 years service (on grade O and below):

Grade O and below (Under 5 years Service)		
Time at Work	27.5hpw x 39wpa	1,072.5 hrs
Leave Percentage		15.50%
Leave amount	15.50% x 1072.5 hrs	166.24 hrs
Total Paid Hours per Year	1,072.5 + 166.24	1,238.74 hrs

Grade O and below (Over 5 years Service)		
Time at Work	27.5hpw x 39wpa	1,072.5 hrs
Leave Percentage		18.11%
Leave amount	18.11% x 1072.5 hrs	194.23 hrs
Total Paid Hours per Year	1,072.5 + 194.23	1266.73 hrs

APPENDIX iv: Annual Leave Entitlement

The Council's annual leave year runs from 1 January to 31 December each year, except for those who work term-time. See Appendix iii.

Full-Time Employees

Annual Leave for Complete Years for full-time workers (37 hours per week 1930.6 hours per annum)

214.6 hours (under 5 years continuous service)	**251.6 hours** (over 5 years service)

Annual Leave Table for Broken Periods of Service
214.6 / 365 x length of contract in calendar days = annual leave entitlement
251.6/365 x length of contract in calendar days = annual leave entitlement

Annual leave indicative guide for broken periods of service for full-time employees grade O or below (complete months (30.4 days))

Complete months of service in current leave year *	**214.6 hours** (under 5 years continuous service)		**251.6 hours** (over 5 years continuous service)	
	Decimal	**Hours/Minutes**	**Decimal**	**Hours/Minutes**
1	17.88	17 hrs 53 mins	20.97	20 hrs 58 mins
2	35.77	35 hrs 46 mins	41.93	41 hrs 56 mins
3	53.65	53hrs 39 mins	62.90	62 hrs 54 mins
4	71.53	71 hrs 32 mins	83.87	83 hrs 52 mins
5	89.42	89 hrs 25 mins	104.83	104 hrs 50 mins
6	107.30	107 hrs 18 mins	125.80	125 hrs 48 mins
7	125.18	125 hrs 11mins	146.77	146 hrs 46 mins
8	143.07	143 hrs 4 mins	167.73	167 hrs 44 mins
9	160.95	160 hrs 57 mins	188.70	188 hrs 42 mins
10	178.83	178 hrs 50 mins	209.67	209hrs 40 mins
11	196.72	196 hrs 43 mins	230.63	230 hrs 38 mins
12	214.6	214 hrs 36 mins	251.60	251 hrs 36 mins

Annual leave indicative guide for broken periods of service for full-time Chief Executive, Directors and Executive Managers on grade P and above (complete months (30.4 days))

Complete months of service in current leave year *	**237 hours** (regardless of length of service) Decimal	**237 hours** (regardless of length of service) Hours/Minutes
1	19.75	19 hrs 45 mins
2	39.50	39 hrs 30 mins
3	59.25	59 hrs 15 mins
4	79.00	79 hrs 0 mins
5	98.75	98 hrs 45 mins
6	118.50	118 hrs 30 mins
7	138.25	138 hrs 15 mins
8	158.00	158 hrs 0 mins
9	177.75	177 hrs 45 mins
10	197.50	197 hrs 30 mins
11	217.25	217 hrs 15 mins
12	237.00	237 hrs 0 mins

Annual Leave Calculator for employees with contractual hours more or less than 37 per week

Part-time staff and those who work contractual overtime will have a pro-rata full leave year entitlement as follows: -

Grade O and below with less than 5 years service
29 days / 214.6 hours entitlement (i.e. 29 ÷ 5 = 5.8)

5.8 x contracted hours per week = total annual leave entitlement in hours

Grade O and below with more than 5 years service
34 days / 251.6 hours entitlement (i.e. 34 ÷ 5 = 6.8)

6.8 x contracted hours per week = total annual leave entitlement in hours

Example:
(1) Employee contracted to work 42 hours per week;
Less than 5 years service; 5.8 x 42 = 243.6 hours
More than 5 years service; 6.8 x 42 = 285.6 hours

(2) Employee contracted to work 28 hours per week;
Less than 5 years service; 5.8 x 28 = 162.4 hours
More than 5 years service; 6.8 x 28 = 190.4 hours

Grade P and above
32 days / 236.8 hours entitlement (ie 32 ÷ 5 = 6.4)

6.4 x contracted hours per week = total annual leave entitlement in hours

Temporary part-time staff (or for periods of service under 12 months) will have a pro rata entitlement as follows: -

Grade O and below with less than 5 years service
contracted hours per week / 37 x full time part year hours entitlement(214.6 / 365 x length of contract in calendar days) = total Annual Leave in hours

Grade O and below with more than 5 years service
contracted hours per week / 37 x full time part year hours entitlement (251.6 / 365 x length of contract in calendar days) = total Annual Leave in hours

Grade P and above
Contracted hours per week ÷ 37 x full-time part year hours entitlement (236.8 ÷ 365 x length of contract in calendar days) = total Annual Leave in hours

Public holidays, which fall within the contract, should be awarded on a pro-rata basis as above.

APPENDIX v: Public Holiday Entitlement

6 days public holidays in a full leave year.

These days are: -

- 1st January
- 2nd January
- Day after Up-Helly Aa
- Easter Monday
- 25 December
- 26 December

Employees working for part of a year will be awarded a pro-rata public holiday entitlement.

Full-Time Employees

Full-time employees are entitled to 6 days public holidays in a full leave year. This may also be expressed as 44.4 hours. (6 x 7.4)

Full-time established employees who start employment during a leave year are entitled to any public holiday, which falls within their contract period.

Examples

A full-time employee who starts work on 4 February is entitled to 3 days (or 22.2 hours) in that year, ie 1 day at Easter & 2 days at Christmas.

A temporary full-time employee who works from 4 February to 30 April is entitled to 1 day (or 7.4 hours) during their contract, ie 1 day at Easter.

Calculator for employees with contractual hours more or less than 37 per week

contracted hours per week / 37 hours x 44.4 hours = public holiday in hours

Example

part-time employee contracted to work 18.5 hours per week

18.5 / 37 x 44.4 = 22.2 hours

Temporary part-time staff for periods of service under 12 months) will have a pro rata entitlement as follows: -

contracted hours per week / 37 hours x public holiday hours during contract = public holidays in hours

Example

A temporary part-time employee who works for 18.5 hours per week from 4 February to 30 April is entitled to 1 day during their contract

18.5 / 37 x 7.4 = 3.7 hours

Shetland Islands Council

Agenda Item
6

Employees Joint Consultative Committee **20 September 2016**
Policy & Resources Committee **24 October 2016**

Overtime and Time Off in Lieu (TOIL) Policy and Procedure	
HR-12-16-F	
Report Presented by Executive Manager - Human Resources	**Corporate Services / Human Resources**

1.0 Summary

1.1 The report seeks agreement for an Overtime and Time Off In Lieu (TOIL) Policy and Procedure (Appendix 1).

1.2 The policy and procedure pulls together existing provisions relating to the operation and management of overtime and TOIL and sets out clearly the expectations that apply. The Council is committed to protecting the health and safety of its employees by ensuring that they do not work excessive hours, whilst also ensuring that the business needs of the Council are met within budget provisions.

1.3 The implementation date of 1 December 2016 has been set in order to allow delegation levels to be put in place in each Service. It will also provide for advance authorisation approval processes to be established and forms processed thus minimising any operational impact of this change.

2.0 Decision Required

2.1 That the Policy & Resources Committee RESOLVES;

2.1.1 To approve the Overtime and TOIL Policy and Procedure, attached as appendix 1.

3.0 Detail

3.1 The Council's existing arrangements for payment of overtime including enhanced rates, expenses and time frames is set out in the 2009 Single Status Collective Agreement applicable to Local Government Employees on Scottish Joint Council pay and conditions of service. The Organisation and Management review in 2011 set out that no payments for overtime are paid for senior managers at Grade P or above.

3.2 The principle of prior authorisation for overtime being required and this only being granted in exceptional cases where alternatives were not available has been in place since 1995. In 2011, the Executive Manager – Human Resources highlighted the need to control and reduce the Council's expenditure on paid non-contractual overtime. In 2012, the Chief Executive instructed that a moratorium on paid non-contractual overtime be put in place in an attempt to make savings due to the pressures on the Council's finances. This moratorium has never been officially lifted. Quarterly reporting of overtime hours is included in Performance and Reporting to all service committees.

3.3 To put overtime into context, the Council spent over £3m on both contractual and non-contractual overtime in 2015/16, and it has already spent a further £0.7m in the first quarter of this year. Details of overtime costs incurred are shown by service area at Appendix 5.

3.4 Approximately one third of overtime costs incurred relate to contracted overtime, and in 2015/16, 92% of all overtime costs incurred were in Ferries and Ports.

3.5 Continuing pressure on budgets and service demands as well as the regulatory framework on health and safety makes it timely to pull together existing provisions on Overtime and TOIL into a single policy and supporting procedures. It provides an opportunity to refresh levels of authority and process, and to consider contractual overtime as well as non - contractual overtime.

3.6 The policy sets out the definition and application of overtime, both contractual, non-contractual and TOIL. It sets out the principles and the considerations managers must make before approving overtime/TOIL to be carried out. Managers should only pre-authorise overtime/TOIL where all other options have been explored, considered and deemed not to meet clear service needs. Overtime/TOIL will be approved where it is in the best interests of the service, it is within the budget provision and it does not compromise the Health and Safety of its employees. .

3.7 The policy sets out the responsibilities of employees, managers and Human Resources in the application and management of overtime and TOIL.

3.8 Human Resources will monitor and report to Corporate Management Team on an annual basis on the application of the policy to ensure that it is applied consistently, does not favour particular staff groups and is cost effective for the Council.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – This policy and procedure will help in the achievement of point 6 in Our "20 by 20" objectives in the updated Corporate plan, contributing to having "excellent financial-management arrangements, making sure we are continuing to keep to a balanced and sustainable budget, and are living within our means".

4.2 Community / Stakeholder Issues – The views of our employees are sought through the Employee's Joint Consultative Committee. Informal consultation has already taken place with affected Trades Unions.

4.3 Policy and/or Delegated Authority – All matters that relate to staffing for those employed on SJC terms and condition for Local Government Employees are referred to the Employee's Joint Consultative Committee, prior to a final decision by Policy and Resources Committee.

The Policy & Resources Committee has delegated authority for the development and operation of the Council as an organisation and all matters relating to organisational development and staffing. There is no change to the Single Status Collective Agreement.

4.4 Risk Management – By setting out clearly the responsibilities of Shetland Islands Council as an employer in this respect will ensure that processes

are in place to record overtime and TOIL thus protecting the health and safety of its employees by ensuring that they do not work excessive hours.

4.5 Equalities, Health And Human Rights – By pulling together all aspects of overtime and TOIL the Council will ensure that an overview is maintained on working hours, and recording and monitoring is improved. This assists in identifying if there are inequalities in how overtime and TOIL are implemented across the council. This will allow the Council to deliver its general equality duty as well as supporting health and wellbeing of employees through highlighting if excessive hours are being worked.

4.6 Environmental – None

4.7 Financial – There are no financial implications arising directly from this report, however, the application of this policy and procedure should lead to a reduction in the amount of overtime incurred across the Council, at a time when all service budgets are under significant pressure, and lead to improved value for money.

4.8 Legal – The Overtime policy and procedures are compliant with current legislation and case law.

4.9 Human Resources – The revised policy and procedure will apply equally across all staff groups and will help ensure that the Council can continue to operate efficiently and effectively.

4.10 Assets and Property – None.

5.0 Conclusions

5.1 This report seeks to approve an Overtime and TOIL Policy and Procedures that sets out clearly the expectations of the Council in regard to overtime and TOIL. This will provide improvements in how these processes are managed, including ensuring consistency, safe working practices and value for money.

5.2 A short lead in period is proposed to ensure that authorisation levels and approval processes are set up in each Service. This will provide an opportunity to ensure any local arrangements for TOIL are identified and brought into line with the principles set out in Appendix 1 and 2.

For further information please contact:

Diane Thomson, HR Adviser
Tel.: 01595 743726, diane.thomson@shetland.gov.uk

Appendix1 – Overtime and TOIL Policy and Procedure
Appendix 2- TOIL procedure
Appendix 3- Advance Authorisation Form – Overtime
Appendix 4- Advance Authorisation Form – TOIL
Appendix 5 – Overtime Analysis

END

SHETLAND ISLANDS COUNCIL

Overtime and Time Off in Lieu (TOIL) Policy and Procedures

Operational Date: 01 January 2017

Applies to: All employees covered by the Scottish Joint Council for Local Government Employees National Agreement on Pay and Conditions of Service with the exception of employees in posts graded P and above.

OVERTIME/TOIL POLICY & PROCEDURES

Contents

1	INTRODUCTION	3
2	SCOPE OF POLICY	3
3	LINKS TO OTHER POLICIES, PROCEDURES AND AGREEMENTS	3
4	DEFINITIONS	4
5	PRINCIPLES	6
6	AUTHORISATION	7
7	WORKING TIME REGULATIONS	7
8	RESPONSIBILITIES	7
9	MISUSE	8

Appendix 1 TOIL Procedure

Appendix 2 Overtime Advance Authorisation Form

Appendix 3 TOIL Advance Authorisation Form

1 INTRODUCTION

1.1 Shetland Islands Council recognises that on occasion employees will be needed to work outside their normal working hours or flexi-time. As an employer, the Council is committed to protecting the health and safety of its employees by ensuring that they do not work excessive hours and that any additional hours are agreed in advance, monitored and used appropriately.

1.2 In order to deliver this objective, non-contractual overtime will be permitted only where all other options have been explored, considered and deemed not to meet clear service needs and where there is budget provision. Where contractual overtime is in place, this must be the subject of review at regular intervals, to ensure that working patterns do not impact detrimentally on the health and safety of employees and that it is the most appropriate and cost effective way of meeting service objectives.

1.3 In authorising the accrual and taking of Time Off In Lieu (TOIL) the Council requires that managers give regard to the work/life balance of employees, and the need to minimise disruption to service provision. The procedures set out as appendix 1 apply.

2 SCOPE OF POLICY

2.1 This policy outlines the payments made by Shetland Islands Council to employees who work overtime at the request of their manager, or where contractual overtime is in place. It, and the accompanying procedures, also set out the process for authorisation of non-contractual overtime and TOIL.

2.2 It applies to Shetland Islands Council employees covered by the Scottish Joint Council for Local Government Employees National Agreement on Pay and Conditions of Service with the exception of employees in posts graded P and above.

3 LINKS TO OTHER POLICIES, PROCEDURES AND AGREEMENTS

- Flexi-Time Policy
- Single Status Collective Agreement
- Health, Safety and Welfare Policy
- Recruitment and Selection Policy
- Disciplinary Procedure
- Annual Leave and Public Holiday Policy
- Equal Opportunities Policy
- Working Time Guidance

4 DEFINITIONS

Overtime

4.1 Overtime payments will be paid for all authorised overtime hours worked in excess of 37 hours per week.

4.2 Employees are not obliged to work non-contractual overtime.

4.3 Overtime rates are an enhancement of ½ of an employee's basic hourly rate. That means that there is a single overtime rate of time-and-a-half for everyone, for authorised hours worked beyond 37 hours per week. For example, if an employee's basic rate is £10.00 per hour they will be paid £15.00 per hour for any overtime worked.

4.4 Employees for whom it is a condition of their contract of employment that they are required to work a fixed number of hours in addition to the standard 37-hour week shall be entitled to payments for these hours. These contracted overtime hours will be paid as salary and used to calculate salary for pension, annual leave and sick pay entitlement.

4.5 Where authorised, as set out in the Single Status Collective Agreement, employees will work at least 15 continuous minutes extra for it to be considered overtime. Overtime will be counted in completed blocks of 15 minutes. Accordingly, if an employee works 20 minutes overtime, they will only be paid the overtime rate for the completed 15 minute block.

4.6 A week for overtime purposes runs from Monday to Sunday.

4.7 It is recognised that some services work a shift and/or rota system, which means for example that one week they are scheduled to work more than 37 hours per week and the next week they are scheduled to work less than 37 hours per week. Overtime rates should only be considered where work in excess of 37 hours per week is required and overtime authorised during the shift/rota reckoning period.

4.8 If employees have to travel to their work to carry out authorised non-contractual overtime, out with their normal travel pattern, they will be entitled to mileage and ferry fares (if appropriate) to and from work at the appropriate rate. Overtime payments, where authorised, start when an employee arrives at their place of work.

4.9 The overtime matrix from the Collective Agreement is set out below:

	Midnight – 0730	**0730 – 2230**	**2230 – 1200 midnight**
Monday - Friday	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial	Time + $^1/_2$ for overtime	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial
Saturday	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial	Time + ½ for overtime	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial
Sunday	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial	Time + $^1/_2$ for overtime + $^1/_3$ for unsocial

4.10 The rate of pay for working when required on a public holiday is time plus double time (i.e. treble time) in full recompense, regardless of whether the hours worked were overtime or not. An employee, in these circumstances, may request as an alternative to take double time plus the equivalent number of hours worked at straight time being added to his/her annual leave entitlement, but again no extra enhancements to this will be paid if the work carried out on a public holiday is overtime.

4.11 When an employee makes a timesheet claim for non-contractual overtime, and this is authorised, a top-up payment of 8.3% will be applied to compensate for the accrual of holiday pay for that work. This 8.3% top up will not be paid when the overtime is worked on a public holiday.

4.12 Overtime can only be claimed, where authorised, for each post that it is worked in. For instance, if an employee has two jobs or more with the Council, overtime is only payable, where authorised, for the post in which they work more than 37 hours per week.

4.13 Where a part-time employee is required to work additional hours these can be claimed by timesheet at the standard hourly rate, up to 37 hours per week, or taken as TOIL, where flexi-time is not appropriate, subject to the agreement of the manager.

Time Off in Lieu (TOIL)

4.14 TOIL is time off granted with pay. This is time off granted with pay at straight time to compensate when additional hours are worked outwith normal working hours or flexi-time. Managers should ensure that TOIL can be used appropriately and service needs can still be met. TOIL hours should be authorised in advance.

4.15 Employees must ensure that they have a nil TOIL balance when they resign from the post in which it was accrued. This applies when the employee leaves

the Council's employment or if they transfer to another post within the Council.

4.16 The procedure for requesting and recording TOIL is outlined in Appendix 1 of this policy.

5 PRINCIPLES

5.1 Non-contractual overtime should only be considered by a manager when all other options have been explored and considered. These alternatives include:

- Recruiting or seconding staff on a temporary or permanent basis
- Increasing the hours of part-time employees
- Using relief staff (where appropriate)
- Introduction of alternative working arrangements/patterns
- Rescheduling workloads
- Using flexi and/or TOIL

5.2 Services should ensure that the working of non-contractual overtime is on a short term basis and is driven by the urgent needs of the service. Non-contractual overtime should not be worked on a routine basis, or seen as a default option.

5.3 Therefore, agreement to permit overtime working/payment must be sought in advance, using the Overtime Advance Authorisation template form. The form approval process allows the designated senior manager (Executive Manager) to grant/allow an operational manager at a designated level (Head Teacher, Team Leader or equivalent manager who is an authorised signatory) to authorise overtime for a fixed period. The maximum period of allowed on the form is three months.

5.4 It is acknowledged that there may be exceptional circumstances where additional hours are required to be worked at short notice and there is insufficient time for a line manager to request approval through the normal route. Where this cannot be delivered through flexitime, overtime/accrual of TOIL can be permitted.

5.5 Anticipated circumstances where prior approval may not be possible is:

- When emergency work must be done without delay because of circumstances for which the employer could not reasonably have been expected to make provision and which cannot be performed by the employee during their normal hours of work.

5.6 It is recognised that prior approval may not have been sought in instances of:

- Emergency works, including health and safety related work
- Protecting the safety of vulnerable people

- Ensuring the continuation of services required in support of life line services

5.7 Approval arrangements for these circumstances must be sought retrospectively and at the earliest opportunity.

5.8 Managers should be mindful that where employees take part in on-call systems, that hours worked may result in an employee working overtime. Where this is applicable, managers should ensure that the principles of this policy are adhered to.

5.9 All claims must be made using the appropriate claim form (Timesheet 1).

6 AUTHORISATION

6.1 Pre-authorisation for overtime and TOIL must be sought using the Advance Authorisation template forms, within the limits set out at paragraph 5.3 above (for overtime), and where this is within budget.

6.2 Once overtime has been authorised by an Executive Manager or above, managers who are recorded on the Authorised Signatories list maintained by Finance Services have the authority to approve overtime claims submitted on Timesheet 1.

6.3 Line Managers have the authority to pre-authorise TOIL and the authority to authorise when the time off is taken within the limits set out in the appendices.

7 WORKING TIME REGULATIONS

7.1 Managers and employees should adhere to the Working Time Regulations 1998 as there are conditions that relate to a variety of health and safety issues including working times, rest periods and breaks. The document '*A Manager's Guide to the Working Time Regulations'* provides more details of this and can be found through the following link on the Council's intranet.

http://intranet2.shetland.gov.uk/Policy/Shared%20Documents/Wkg%20Time%20Regs%20Managers%20Guide.pdf

8 RESPONSIBILITIES

8.1 Employee Responsibilities

- To be aware of the working time regulations and take responsibility for ensuring that s/he takes breaks and does not exceed working hours.
- To accurately complete the overtime/TOIL claim forms
- To claim overtime or take TOIL only where this work has been requested by the Line Manager, and within the prior authorisation set out above.
- To ensure that s/he has a nil TOIL balance when leaving the post in which it was accrued.

8.2 Manager Responsibilities

- To ensure that all overtime/accrual of TOIL has been agreed in advance by a designated manager.
- To ensure that any overtime/TOIL requested and authorised is in the interest of the Council and that the benefits outweighs the costs.
- To ensure that there is equality of opportunity in the management and approval of overtime/TOIL.
- To be aware of the working time regulations and take responsibility for ensuring that staff are taking required breaks and do not exceed working hours.
- To review contractual overtime arrangements regularly, and at least every 3 years to ensure it meets the principles of the overtime policy.
- To adhere to the provisions set out in the Overtime and TOIL policy and procedures

8.3 Human Resources Responsibilities

- To ensure that the overtime policy is applied consistently across the Council and it allows for equal opportunities between staff groups and those with protected characteristics.

9 MISUSE

9.1 The Overtime and TOIL policy and procedure and its operation depend on mutual trust. An employee or manager who is found to have abused the scheme may have it withdrawn and may be subject to disciplinary action up to and including dismissal. Managers should refer to the Disciplinary Procedure or contact Human Resources for further guidance and advice.

Time Off In Lieu (TOIL) Procedure

Time Off in Lieu (TOIL)

TOIL is time off granted with pay at straight time to compensate when additional hours are worked out with normal working hours or in excess of the flexi-time credit hours. Managers must ensure that TOIL is accrued appropriately and, in granting TOIL, service needs can still be met. TOIL hours must be authorised in advance.

Procedure

The procedure for taking TOIL is as follows:-

All additional hours / overtime worked must be authorised in **advance** by the designated Line Manager, through the TOIL Advance Authorisation form..

If the employee wishes to take time off in lieu for the additional hour worked then this arrangement must be authorised in advance by the line manager using either HR21 or a paper form.

TOIL should be taken within 8 weeks of the additional hours/overtime being undertaken. The Executive Manager has the authority to extend this 8 week time frame. If this authority is not given, then the TOIL hours will be lost.

TOIL should normally be taken per day or half day where practicable.

No more than 15 hours per month should be accrued as TOIL unless there are exceptional circumstances which are agreed by the line manager and recorded on the TOIL Request Form.

Recording of TOIL

It is best practice to keep totals of TOIL separate from that of flexi time. This is to help ensure that the hours accrued are clearly recorded and that the balance is cleared within 8 weeks.

For those employees participating in a flexi time scheme, the accrued TOIL may be added to their flexi balance if they are unlikely to reach the 22 hour threshold within the specified flexi period and provided that the hours were accrued during the flexi time band with.

Employees who do not participate in the flexi time scheme or who cannot add their TOIL hours to their flexi balance must use the TOIL Recording Sheet.

Please also refer to the Flexi Time Policy and guidance notes.

Shetland Islands Council

Overtime Advance Authorisation Form

Part 1 - To be completed by employee

Team / Section	Service	Directorate
I believe that there is a requirement for overtime to be worked in connection with the undernoted project / task:		
Reason For Request	Estimated Hours	Is the cost contained in your current budgets? ☐ YES ☐ NO
The additional hours are to be worked in the period:		
From	To	

Employee *Date*

Part 2 - To be completed by Line Manager

I have considered the following options and state why they are unsuitable:-
Recruiting or seconding staff on a temporary or permanent basis
Increasing the hours of part-time employees
Using relief staff (where appropriate)
Introduction of alternative working arrangements/patterns
Rescheduling workloads
Using Flexi and/or TOIL

Team Leader / Head Teacher/Authorised Signatory or equivalent *Date*

Request Approved ☐ YES ☐ NO

Comments:-

I certify that the above work is necessary, that all other options have been examined and found to be

inappropriate and that this authorisation is given in accordance with Council policy for overtime working.

Executive Manager Approval	*Date*

Shetland Islands Council

TOIL Advance Authorisation Form

Part 1 – To be completed by employee

Name	Service	Directorate

I believe that there is a requirement for TOIL to be worked in connection with the undernoted project / task:	
Reason For Request	Estimated Hours

The additional hours are to be worked in the period:	
From	To

Employee Signature *Date*

Part 2 – To be completed by Line Manager

Request Approved ☐ **YES** ☐ **NO**

Comments:-

I certify that the above work is necessary, and that this authorisation is given in accordance with Council policy on accruing TOIL.

Line Manager Approval *Date*

Department	2015/2016 Overtime			2016/2017 (Qtr1) Overtime		
	Contractual £	Non-Contractual £	Total £	Contractual £	Non-Contractual £	Total £
Chief Executive	**-**	**12,512**	**12,512**	**-**	**1,498**	**1,498**
Executive		12,512	12,512		1,498	1,498
Children's Services	**42,469**	**128,121**	**170,590**	**9,497**	**27,108**	**36,606**
Children & Families	-	13,722	13,722	-	1,544	1,544
Children's Resources	-	52,050	52,050	-	14,929	14,929
Directorate	-	4,873	4,873	-	1,281	1,281
Library	-	186	186	-	78	78
Schools	42,469	41,125	83,594	9,497	6,514	16,012
Sport & Leisure	-	16,166	16,166	-	2,762	2,762
Comm Health & Soc Care	**-**	**158,246**	**158,246**	**-**	**13,694**	**13,694**
Adult Services	-	9,193	9,193	-	691	691
Adult Social Work	-	3,232	3,232	-	4,320	4,320
Comm Care - Resources	-	121,088	121,088	-	4,890	4,890
Criminal Justice	-	1,859	1,859	-	273	273
Mental Health	-	22,874	22,874	-	3,521	3,521
Corporate Services	**-**	**44,558**	**44,558**	**-**	**12,744**	**12,744**
Capital Programme	-	17,708	17,708		4,516	4,516
Finance	-	23,815	23,815	-	8,227	8,227
Governance & Law	-	2,105	2,105	-	-	-
Human Resources	-	736	736	-	-	-
ICT	-	195	195	-	-	-
Development Services	**-**	**68,544**	**68,544**	**-**	**11,076**	**11,076**
Economic Development	-	533	533	-	-	-
Housing	-	23,203	23,203	-	4,604	4,604
Planning	-	506	506	-	-	-
Shetland College	-	2,837	2,837	-	517	517
Transport Planning	-	41,466	41,466	-	5,955	5,955
Infrastructure Services	**743,257**	**1,241,327**	**1,984,585**	**188,871**	**282,424**	**471,295**
Directorate	13,874	15,967	29,841	3,426	5,847	9,273
Environmental Services	35,345	144,156	179,501	8,950	35,028	43,978
Estate Operations	-	230,989	230,989	-	59,349	59,349
Ferry Operations	694,039	559,934	1,253,973	176,495	127,813	304,308
Roads	-	290,280	290,280	-	54,389	54,389
Ports	**262,410**	**340,629**	**603,039**	**65,686**	**103,487**	**169,173**
Port Operations	262,410	340,629	603,039	65,686	103,487	169,173
HRA	**-**	**15,039**	**15,039**	**-**	**2,361**	**2,361**
HRA	-	15,039	15,039	-	2,361	2,361
Total	**1,048,137**	**2,008,977**	**3,057,113**	**264,054**	**454,391**	**718,446**

Agenda Item

7

Shetland Islands Council

Policy and Resources Committee **24 October 2016**

Shetland Islands Council **3 November 2016**

Asset Investment Plan, Gateway Process – Business Cases	
Report No: CPS-13-16-F	
Report Presented by Executive Manager – Capital Programme	**Capital Programme Service**

1.0 Summary

1.1 This report presents four projects that have been considered by the Council's Asset Investment Group (AIG) based on the submission of Business Case documentation. One project already sits provisionally within the Council's Asset Investment Plan (AIP) 2016-21, subject to the gateway process, with the remaining three being new schemes. These Business Cases are provided as appendices to this report.

2.0 Decision Required

2.1 That the Policy and Resources Committee RECOMMENDS that the Council resolves to:

a) approve the projects as described in Section 3.4 of this report. Their inclusion and scheduling in the Council's Asset Investment Plan will be subject to the availability of funding, except in the case of the project described at Section 3.4.3 of this report where inclusion in the Council's Asset Investment Plan has already been approved; and,

b) agree that the project described in Section 3.8 of this report can proceed to the Full Business Case stage and to the appointment of such specialist professional services as may be required to do so.

3.0 Detail

3.1 On 29 June 2016 the Council adopted a new Gateway Process for the Management of Capital Projects, drawing on national and best practice guidance, to ensure the robustness of all capital projects.

3.2 This revised process is based on the process developed by the Office of Government Commerce (OGC) and is in common use throughout the public sector. It applies 'Prince 2' principles to the process and is aligned with the '5-Case Model' that has been promoted to both Officers and Members through recent 'Building Better Business Case' training. A key principle in that procedure is that the Council's AIP is re-prioritised on an annual basis, however Business Cases can be processed at any time. By approving a Full Business Case or Business Justification Case, Members are agreeing that the project should progress to the implementation stage, subject to being prioritised and included in the Council's Asset Investment Plan.

3.3 The prioritisation of these projects will be based on the points-based appraisal described in the Gateway Process for the Management of Capital Projects to ensure that resources are targeted on the most vulnerable infrastructure.

3.4 The Business Justification Case documents under consideration are set out below, along with any comments and/ or recommendations from the AIG.

3.4.1 Appendix A - Business Justification Case – Burra Bridge Maintenance and Painting

3.4.1.1 Full re-paint of bridge beams and parapets

3.4.1.2 Replacement of parapet securing bolts

3.4.1.3 £395k requested between 2019 and 2022

3.4.2 Appendix B - Business Justification Case – Hillhead Railings, Lerwick

3.4.2.1 Replacement of steel and concrete railings with new polyurethane and steel hardware

3.4.2.2 £34k requested in 2021/22

3.4.2.3 External funding being pursued

3.4.3 Appendix C - Business Justification Case – Sullom Voe VTS Radar Replacement (Retrospective)

3.4.3.1 Project may result in outright purchase or leasing, depending on outcome of tendering exercise

3.4.3.2 Up to £1m capital or £200k annual lease payment requested. Works to be complete during 2016/17

3.5 Approval of the Business Justification Cases set out at 3.4.1 and 3.4.2 above constitutes a policy decision to progress to the implementation stage subject to being prioritised and included in the Council's Asset Investment Plan.

3.6 The project set out at 3.4.3 above is already included in the AIP for 2016/21 and programmed for 2016/17, as approved by the Council on 10 February 2016 as part of the 5-Year Asset Investment Plan 2016-21. Retrospective approval is sought to comply with the Gateway Process for the Management of Capital Projects.

3.7 The Outline Business Case under consideration is set out below, along with comments and/ or recommendations from the AIG

3.7.1 Appendix D - Outline Business Case – Scalloway Fishmarket

3.7.1.1 Refurbishment and extension of existing building
3.7.1.2 Replacement/ upgrading of building services, including refrigeration plant
3.7.1.3 £3m requested between 2016 and 2018
3.7.1.4 Possibility of 50% European Maritime and Fisheries Fund (EMFF) funding – being pursued

3.8 Approval of the Outline Business Case set out in paragraph 3.7.1 above will mean that the project passes through the second 'gateway' review point and will have a Full Business Case prepared. This will finalise the Financial and Management cases, developing the design and procurement proposals and taking the project to the point where it is ready to tender. Specialist professional services will be required to do so and Members are therefore asked to approve the engagement of those services as part of the decision to proceed. This will ensure that every effort is made to access external funding.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – The Gateway Process contributes to maintaining a 5-year Asset Investment Plan that is financially sustainable. The projects and budgets proposed in this report will maintain existing services and assets and are therefore in line with the Council's Medium Term Financial Plan.

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.

4.4 Risk Management – As stated above, prioritisation of these schemes will be done based on the scoring system set out in the Gateway Process for Capital Projects. Failure to secure a sustainable use of reserves will result in the Council's financial policy not being achieved.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial –

4.7.1 The projects in this report have been assessed against the objectives of the Medium Term Financial Plan.

4.7.2 The total capital cost of the projects included in this report is £4.429m.

4.7.3 Costs associated with developing a Full Business Case for the project described at 3.7.1 above will be funded from revenue and met from existing Ports & Harbours budgets.

4.7.4 The prioritisation of projects, based on the availability of funding, will culminate in the proposed Asset Investment Plan for 2017-22, which will be presented to Members as part of the budget setting process for 2017/18.

4.7.5 Approval of these projects does not represent a financial approval except as described at 3.4.3 above.

4.8 Legal – Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 This report presents four projects that the AIG have approved for consideration by Members. The Policy and Resources Committee is asked to make a recommendation to the Council as to whether they should be approved and scheduled in any future Asset Investment Plan subject to the availability of funding.

For further information please contact:
Robert Sinclair, Executive Manager – Capital Programme
Tel: 01595 74 4144 Email: robert.sinclair@shetland.gov.uk

List of Appendices:

http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5159

Appendix A - Business Justification Cases: Burra Bridge Maintenance and Painting
Appendix B - Business Justification Cases: Hillhead Railings, Lerwick
Appendix C - Business Justification Cases: Sullom Voe VTS Radar Replacement (retrospective)

Appendix D - Outline Business Case: Scalloway Fishmarket

Background documents: None

END

Agenda Item

8

Shetland Islands Council

Environment and Transport Committee	**3 October 2016**
Policy and Resources Committee	**24 October 2016**
Shetland Islands Council	**2 November 2016**

Road Asset Management Plan and Road Maintenance Manual	
RD-05-16-F	
Executive Manager - Roads	**Roads** **Infrastructure Services Department**

1.0 Summary

1.1 The purpose of this report is to present the Road Asset Management Plan for Shetland's public road network. The Plan would apply to construction, acquisition, operation, maintenance and disposal of all Council road assets. The Road Maintenance Manual sets out the key processes and procedures within the Roads Service that underpin the delivery of the Plan.

2.0 Decisions Required

2.1 That the Environment and Transport Committee consider and comment on the Road Asset Management Plan and the Road Maintenance Manual, and RECOMMENDS that:

2.2 The Policy and Resources Committee RECOMMENDS, having taken account of any comments from the Environment and Transport Committee, that the Shetland Islands Council RESOLVES to approve the Road Asset Management Plan [Appendix 1] as part of the Council's Strategic framework documents, as set out in Part A of the Council's Constitution, to be managed by the Environment and Transport Committee.

3.0 Background

3.1 The road network is the largest asset for which Shetland Islands Council is responsible. It is fundamental to the economic, social and environmental well being of the community. It helps to shape the character of an area, influences the quality of life of the local community and makes an important contribution to wider Council

priorities including economic growth, regeneration, education, health and community safety. Roads are a key element of Shetland's connectivity providing access to ferry terminals, ports and airports.

3.2 The proposed Roads Asset Management Plan sets out the Roads Service plans for the management of the road asset for the next 5 years. It has been produced in accordance with national guidance and recommended good practice developed through the Society of Chief Officers of Transportation in Scotland (SCOTS) Roads Asset Management Project. The development meetings for this project have had input from all 32 of Scotland's local authorities.

4.0 Plan Objectives

4.1 The Road Asset Management Plan (RAMP) aims to guide the management of the Council's Road Assets to ensure that:

- assets continue to deliver a service to the community at an agreed level of service;
- national and local political outcomes are delivered;
- there is clear direction for staff to make informed decisions;
- statutory duties are met;
- exposure to risk is limited to acceptable levels;
- asset purchases or construction are only approved after whole of life costs and benefits are assessed; and
- clear allocation of responsibility for the management of each class of asset are given.

5.0 Plan Details

5.1 <u>Asset Planning</u>

5.1.1 The Roads Service is proposing the adoption of an asset management planning approach for the management of road infrastructure assets including the application of life cycle cost analysis as advocated in the Asset Management Framework published by SCOTS.

5.1.2 Prior to acceptance, proposed Capital Works projects shall be subjected to technical and life cycle cost evaluation and prioritised using predetermined criteria developed to satisfy the goals of the Corporate Plan and the Road Asset Management Plan (RAMP). The prioritised Capital Works will then be reported to the Environment and Transport Committee for approval.

5.1.3 Wherever possible predictive modelling will be used to develop and implement preventative maintenance programs to ensure lowest life cycle costs. The model used

will be the “Carriageway Cost Projection Tool” developed by SCOTS. Further models for streetlighting and the other asset groups will be employed as and when they are developed.

5.2 Community Expectations

5.2.1 All road infrastructure services will be regularly reviewed to ascertain the community level of service expectations and whether road users needs are being met. This will be done through a bi-annual questionnaire circulated to all Community Councils asking them to record levels of satisfaction with, and the relevant importance of all aspects of road management and maintenance. The most recent survey model used was the ‘Highway Maintenance Services Customer Satisfaction Survey’ as produced by APSE.

5.2.2 The Roads Service will seek and value community input regarding desirable infrastructure before projects are commissioned for Asset planning investigations.

5.2.3 The Roads Service will regularly review its asset inventory and identify opportunities for rationalisation in line with community requirements.

5.3 Risk Assessment and Management

5.3.1 The Roads Service will maintain a programme of regular inspections of assets to minimise risk to the Council and the community.

5.3.2 The Roads Service will maintain and regularly review a Road Asset Risk Register that will identify the risks associated with the Council’s Road infrastructure and record the controls in place to manage them. The risks on this register will also be included on the Roads Service list in the Council’s RiskWEB Risk register system. The entries from the Road Asset Register onto RISKWEB will be made and reviewed by the Team Leader - Asset and Network Management.

5.3.3 The allocation of Maintenance and capital work to assets will be guided by the Council’s risk management policy.

5.4 Asset Accounting

5.4.1 The Roads Service will maintain asset registers as required to meet the requirements of the CIPFA Code of Practice on the Highways Network Asset.

5.4.2 Useful “design lives” shall be determined and given to each asset group or component based on past experience and current benchmarked standards.

5.4.3 Annual Depreciation costs will be calculated in accordance with the CIPFA Code of Practice on the Highways Network Asset and reported annually with gross replacement and depreciated replacement cost figures.

5.5 Budget Allocation

5.5.1 The Council budgets for Roads including the funding for all asset purchase, maintenance, rehabilitation and replacement shall be guided by the Council’s Road Asset Management Plan.

5.5.2 The allocation of budgets (capital and revenue) will be reviewed annually taking into account the status of each asset and the level of service achieved in the preceding year(s) shown in the annual status and options report.

5.6 Road Asset Management

5.6.1 The Roads Service will in time develop a 10 Year Road Asset Management Plan covering all of the Council’s Road Assets including carriageways, footways, street lights, structures, traffic signals and street furniture. However, SCOTS are still in the process of developing their recommendations for the inspection criteria and regimes for the footways, structures, traffic signals and street furniture groups. Therefore, initially the 10 Year Road Asset Management Plan will only be developed for carriageways and street lighting. The other groups will be added as the SCOTS Asset Management project progresses.

5.6.2 Road Asset Management Plans shall define the management strategies to be adopted throughout the life cycle of the asset.

5.6.3 The Road Asset Management Plan sets out for each asset group:

- predicted future changes in demand;
- levels of service required;
- the investment required in the maintenance, renewal and replacement of assets required to meet the levels of service;
- methods of performance monitoring and appraisal;

- financial projections; and
- the risks associated with the plan.

5.6.4 The proposed Road Asset Management Plan is attached as Appendix 1 to this report for consideration and approval.

5.7 Road Maintenance Manual

5.7.1 The Roads Service will maintain a manual detailing how Road maintenance is carried out. The manual will ensure that the strategic asset management, as described in the RAMP will be implemented in the day to day processes and procedures within the Road Service.

5.7.2 The Road Maintenance Manual defines how and when activity occurs including:

- inspection;
- categorisation and prioritisation of reactive repairs;
- assessment condition;
- identification and prioritisation of sites for renewal or replacement;
- choice of the materials used;
- preparation of works programmes;
- procurement and management of works;
- recording and reporting costs; and
- recording and responding to customer contacts.

5.7.3 The proposed Road Maintenance Manual is attached at Appendix 2 to this report for consideration and approval.

5.8 Reporting

5.8.1 The Roads Service will prepare an annual status and options report that summarises:

- the status of the carriageway and street lighting asset groups in terms of their condition and the Council's ability to meet their reactive repair standards (the other asset groups detailed in 4.6.1 will be added as soon as their inspection criteria are agreed by SCOTS);
- the result of the previous year's investment in terms of meeting the target service standards;
- the options available for the future in term of both short and long term predictions of levels of defects and condition that can be afforded for different budget levels.

5.8.2 This report will replace the "Carriageway Condition of Shetland's Road" report that is currently presented to the Environment and Transport Committee on an annual basis.

5.8.3 When the annual budget is set any amendments required to the service standards specified in the asset management plan will be made and an updated asset management plan published.

5.9 Roles and Responsibilities

5.9.1 Council

The roles and responsibilities of the Council will be:

- to act as custodians of road assets;
- to set corporate asset management policy with linkage to the Council's "Our Plan 2016 to 2020";
- to set agreed Levels of Service and Levels of Acceptable Risk for each asset class;
- to allocate budgets to achieve the levels set; and
- to ensure appropriate resources for Asset Management activities are made available.

5.9.2 Director/Executive Manager

The roles and responsibilities of the Director/Executive Manager will be:

- to provide strategic direction and leadership;
- to ensure there is continuous improvement in asset management;
- to review existing policies and develop new policies related to asset management;
- to implement Corporate Asset Management Strategies with agreed resources;
- to monitor and review managers and staff success in achieving the Asset Management Strategy; and
- to ensure accurate and reliable asset information is presented to the Council.

5.9.3 Team Leaders and Staff

The roles and responsibilities of the Team Leaders and Staff will be:

- to implement the Asset management policy and plan with agreed resources;.
- to develop and implement improvement plans for individual asset groups;
- to develop and implement Maintenance and Capital Works programs in accordance with Asset Management Plan and budgets;

- to deliver levels of service to agreed risk and cost standards;
- to present information to the Council, Director and Executive Manager in terms of life cycle risks and costs; and
- to seek community feedback on proposed changes to service levels and willingness to pay for increased levels.

5.9.4 Asset Management Working Group
An Asset Management working group will be established to assist and have input with strategic asset management planning. Staff with responsibilities for Asset Management activities shall be referred to in the Asset Management Plan and also be reflected in individual job descriptions.

6.0 Implications

Strategic

6.1 Delivery On Corporate Priorities – The local outcomes from Shetland's Outcome Improvement Plan include "Shetland stays a safe place to live, and we have strong, resilient and supportive communities." The condition of the road assets, including the carriageway and streetlighting, has direct implications for road and public safety.

The Council's Our Plan 2016 to 2020 identifies the importance to Shetland of connectivity, including transport assets. "Our internal and external transport systems are efficient, sustainable, flexible and affordable, meet our individual and business needs and enable us to access amenities and services." The Road Asset Management Plan is a key activity in delivering the two actions:

"there will be transport arrangements in place that meet people's needs and that we can afford to maintain in the medium term".

"We will have a clearer understanding of the options and the investment needed to create a sustainable internal transport system over the next 50 years".

The strategic asset management approach set out in the RAMP also delivers the 20 by 20 action, number 16:

"we will have prioritized spending on building and maintaining assets and be clear on the whole of life costs of those activities to make sure funding is being targeted in the best way to help achieve the outcome asset in this plan and the community plan".

6.2 Community /Stakeholder Issues
Failure to effectively manage the condition of the road network could affect its reliability which in turn will impact on stakeholders and the community if there are delays and temporary road closures due to maintenance works.

The proposed road asset management plan also requires that the opinion of the community is sought and considered on a regular basis to inform the Council's decisions with regard to managing its road assets.

6.3 Policy and/or Delegated Authority – The Council's Scheme of Administration and Delegation provides authority for each functional Committee to discharge the powers and duties of the Council within their own functional areas in accordance with the policies of the Council, and the relevant provisions in its approved revenue and capital budgets.

Policy and Resources Committee has delegated authority for asset management, and has referred authority to advise the Council in the development of its strategic objectives, policies and priorities. The Council has reserved authority to determine and approve the overall goals, values and strategy framework documents.

6.4 Risk Management – Failure to manage and maintain the road network would result in an increase in maintenance. The resulting increase in the net ongoing running costs of the Council would carry a significant risk of the Council's financial policies not being adhered to and could require a further draw on Reserves to maintain assets which have failed. The strategic approach set out in the RAMP ensures that the Roads Service is delivering best value in managing the assets and helps to ensure resources are allocated where they would provide the best long term benefit having considered risks and community and council priorities are met. The RAMP is set in the context of managing the asset within the Council's existing budgetary policy and constraints.

6.5 Equalities, Health And Human Rights – Access and connectivity is significant in supporting services to improve the health outcomes for individuals and community. Inequality of access impacts on the life chances of individuals and restricts their ability to maximise their potential.

6.6 Environmental - None

Resources

6.7 Financial – Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements that secure Best

Value. Best Value is continuous improvement in the performance of the authority's functions taking into account efficiency, effectiveness, economy and equal opportunities. The use of lifecycle planning and decision making improves the process of applying resources to the areas which would deliver the best long term benefits.

6.8 Legal – None.

6.9 Human Resources – None.

6.10 Assets And Property – The road network is the largest community asset for which Shetland Islands Council is responsible.

7.0 Conclusion

7.1 Approval of the Road Asset Management Plan, and the associated documents, detailed in this report would provide the Council's Roads Service with a formally approved means of demonstrating the need for funding, identifying and providing efficiencies, measuring performance and compliance, and driving continual improvement.

For further information please contact:

Dave Coupe, Executive Manager, Roads
01595 744104, dave.coupe@shetland.gov.uk

26 September 2016

List of Appendices

Appendix 1: Road Asset Management Plan 2016-21

Appendix 2: Road Maintenance Manual 2016-21

Background Documents
None

END

Shetland Islands Council

Roads Asset Management Plan

Version 2

May 2016

Foreword

This plan sets out the Council's intentions for the management of its road asset for the next 5 years and beyond. It has been produced in accordance with national guidance and recommended good practice.

In essence asset management sets out an approach to be used in acquiring, maintaining, improving and disposal of an asset. In terms of roads Asset Management can be defined as:

"A structured, long-term approach to planning optimal maintenance and eventual renewal of infrastructure."

It is widely recognised that the application of modern asset management practices can enable improved value for money. In these challenging times is it essential that the Council embraces these methods and strives to ensure that every penny spent is invested as wisely as possible. This plan forms an important part of the Council's commitment to apply good asset management to roads.

The plan has recognised the views of road users and residents and in particular the importance that is placed upon our road assets. However, the opinion of residents needs to be updated so new opinion surveys will now be undertaken on a bi-annual basis. Recent harsh winters have shown that our roads are susceptible to damage when bad weather occurs. It is essential that an appropriate level of investment is put into the road network to maintain and ultimately contribute to the main principles of the Council, that of the economic wellbeing of the locality.

……..

Executive Manager – Roads Service

Document Control & Council Approval

Version Number/Date	Approved by Council
v1	Progress with this document's development has been noted at various meetings of the Environment and Transport Committee and the Roads – Member Officer/Working Group.
v2	Approved by Environment & Transport Committee on ??
Next Update Due	June 2021

Responsibility for the Plan

The persons responsible for the delivery of and updating of this plan are shown below

Position	Name	Responsible for
Shetland Islands Council		To approve material changes to the RAMP, act as custodians of community assets and to set policy.
Environment & Transport Committee		Approval of the functional amendments to the RAMP.
Executive Director of Infrastructure Services	Maggie Sandison	Approval of functional amendments to be proposed to Committee.
Executive Manager of Roads Service	Dave Coupe	Champion of RAMP.
Team Leader-Asset and Network Management	Neil Hutcheson	Monitoring improvement actions, informed decision making & ensuring updates to the documents. Identifying where improvements to the service can be made.
Programme Manager	Bill Peterson	Updating RAMP document as required. Producing integrated forward work programmes, both long and short term, and ensuring their availability to all interested parties. Identifying conflicts and opportunities for rationalisation of works.
Network Engineer	Neil Robertson	Ensuring data management procedures are followed and that all information is kept up to date. Providing requested information outputs to other parties.
Team Leaders	Neil Hutcheson, George Leask, Barrie Scobie & Brian Wood	Monitoring and updating risk registers, ensuring control measures are put in place & identifying risks that need to be passed up the management tree.
Asset "Owner" Carriageways	Neil Hutcheson	Updating lifecycle plans, ensuring implementation of improvement actions. Identifying asset specific investment requirements; works programmes and changes to procedures and documentation.
Asset "Owner" Footways	Barrie Scobie	
Asset "Owner" Structures	George Leask	
Asset "Owner" Street Lighting and Traffic Signs	Mervyn Smith	
Asset "Owner" Drainage	Brian Wood	

1. Introduction

Overview

This Road Asset Management Plan (RAMP) sets out and records the plans for Shetland's road assets for the period 2016-2021. The "road asset" comprises of carriageways, footways, structures, street lighting, traffic management and street furniture (also drainage etc). The definition of asset management adopted by Shetland Islands Council is that contained within the County Surveyor's Society Framework for Highway Asset Management:

"Asset management is a strategic approach that identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure to meet the needs of current and future customers."

The Society of Chief Officers of Transportation for Scotland (SCOTS) guidance requires the RAMP to be produced together with a road maintenance manual (RMM) and an annual status and options report (ASOR).

Purpose

There are many reasons for implementing a RAMP which include:

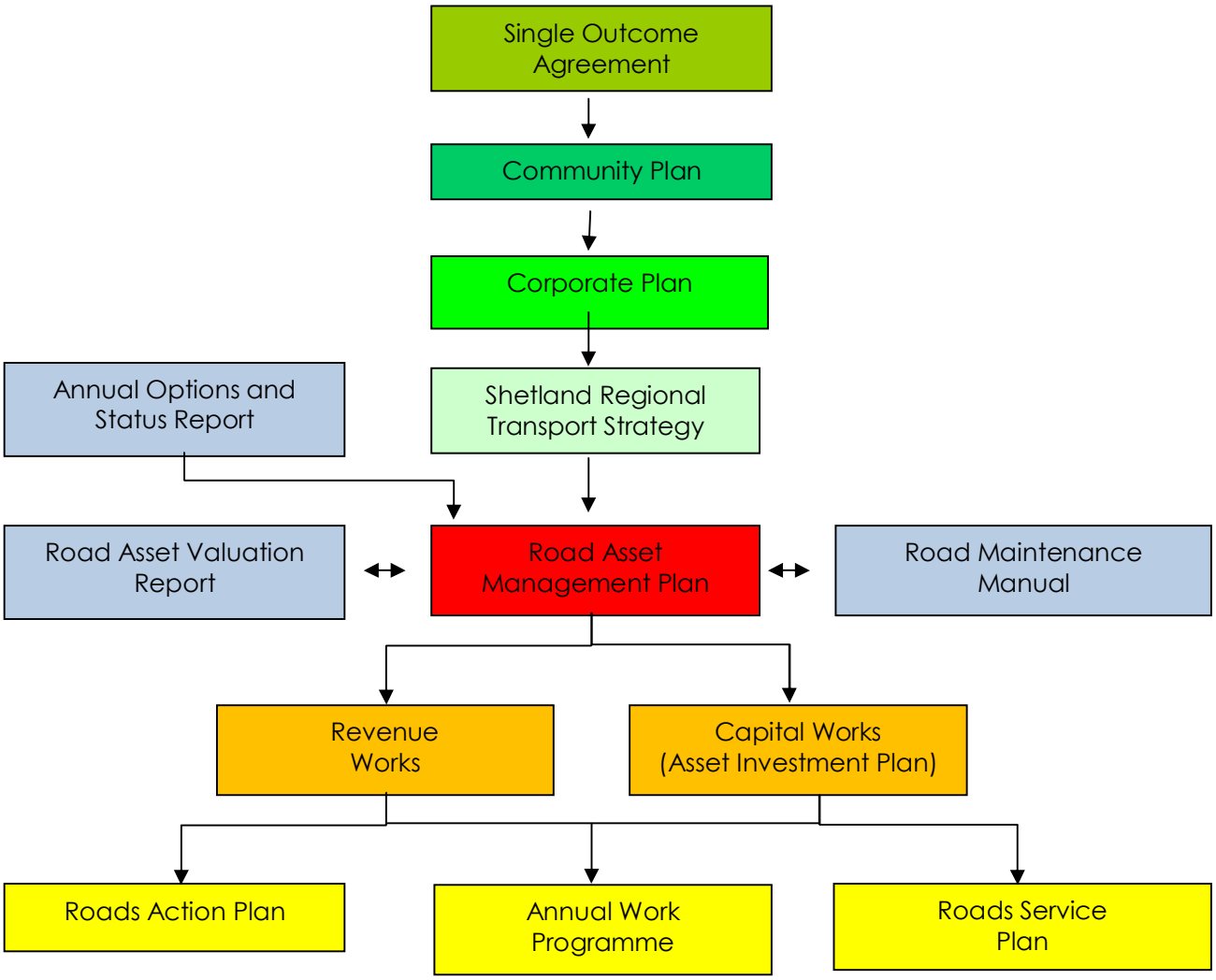
- providing evidence of strategic thinking and long term planning with regard to maintenance and management of the road infrastructure ;
- to identify and take account of the needs of road users;
- a satisfactory explanation to stakeholders of a fair and reasonable way of allocating limited operational, maintenance and improvement resources;
- the introduction of Whole of Government Accounts (WGA) and Resource Accounting and Budgeting (RAB), whereby local authorities are to be required to provide financial forecasting and valuation information to central government;
- in order to meet both national and local outcomes as specified within the single outcome agreement;
- formalising strategies for investment in road asset groups; and
- defining service standards.

The plan aims to improve how the road asset is managed and to enable the delivery of a better value for money roads service. Local authorities have a statutory duty to pursue best value. Expenditure must be prioritised to ensure corporate objectives can be effectively delivered within budgetary constraints. Asset management assists this process by enabling the allocation of resources based upon assessed need.

The use of lifecycle planning, the minimisation of whole life costs and decision making informed by an appreciation of risk and benefit are key asset management components that will help the Roads Service allocate resources to where they are likely to provide the best long-term benefits.

RAMP and Other Plans

The RAMP relates to the Council's other strategic documents and plans as illustrated below:



The RAMP is informed directly by the Shetland Regional Transport Strategy, the Annual Status and Options (Carriageway Condition) Report and the Road Maintenance Manual. Targets and strategies contained in the RAMP are used to develop annual works programmes once the Council's annual budget for roads has been agreed.

2. Road Assets

Road Assets

The Council's road assets covered by this plan are:

- Carriageways 1,054 km
- Footways 114 km
- Structures 308 Bridges, Culverts, Underpasses etc
- Street Lighting 3,908 Lighting Columns
- Traffic Management Systems 10 Pedestrian Crossings
- Road Drainage Infrastructure (extent unknown)

The asset also includes traffic signs, roadside safety barriers, pedestrian barriers, gullies, ditches, traffic calming features, road markings, car parks, verges and street furniture such as bollards.

Assets Not Covered

Some related assets that the Roads Services maintain are the responsibility of other Council departments. The Council owned road assets not covered in this RAMP are:

- footpaths managed by the Housing Service and Sport & Leisure Service;
- bus shelters managed by Estate Operations;
- amenity grassed areas which are maintained by Environmental Services;
- private roads;
- private bridges;
- public rights of way and
- water related infrastructure that does not form part of the road network.

Inventory Data

This plan is based upon currently available inventory data for road assets, i.e. carriageway, footway, structures, street lighting, traffic signals and street furniture. For some minor road assets inventory data is not currently held, however, an attempt has been made to incorporate these assets within this plan using local estimates and sample surveys. The continual improvement of the asset data will form an important part of the process of updating the road asset data management plan.

3. Customer Expectations

Customer Preferences

The expectations of road users need to be sought and understood as part of the asset management process. The Council takes part in national performance reviews through APSE and SCOTS as well as seeking the views of the local community by undertaking general "your voice" surveys regularly over a number of years. Questions related to roads were included in the autumn 2005 survey, with exactly the same questions repeated in autumn 2008. The survey allowed satisfaction to be rated at one of five levels, from very poor to excellent. By repeating exactly the same questions, it was possible to monitor changes in satisfaction levels over that three-year period. A new survey is overdue and will be undertaken this year, 2016/17. The format used will be as provided by APSE so that it is consistent with surveys undertaken by other local authorities enabling comparisons to be made for benchmarking purposes.

In addition project specific consultation is undertaken for all major works and traffic management schemes where local residents, Councillors and appropriate user groups are consulted to gauge their opinion of the scheme.

Performance and maintenance issues shall be consulted on bi-annually. A questionnaire is circulated to all Community Councils asking them to record levels of satisfaction with, and the importance of all aspects of road maintenance. The most recent survey model used was the ‘Highway Maintenance Services Customer Satisfaction Survey’ as produced by APSE. The results of this consultation will feedback into the road maintenance plan, determining the respective priorities within each Community Council area.

Additional consultation takes place with transport stakeholders on an as required basis, for example, reviewing specific issues such as winter maintenance, or parking restrictions and traffic management.

Consultation Results

Full results of the latest “Your Voice” survey can be found in the survey report itself, however some of the findings in relation to roads are:-

- 86% rated the general standard of the road surface as satisfactory or better.
- 79% rated the repair of potholes and road surface defects as satisfactory or better (70% in 2005).
- 76% rated the general standard of footway maintenance as satisfactory or better (78% in 2005)
- 60% rated the gritting and snow clearing of rural main roads as good or excellent with 93% rating it as satisfactory or better (89% in 2005).
- 75% rated the gritting or snow clearing of footways in residential areas as satisfactory or better (72% in 2005)
- 86% rated the speed of repairs of Street lights as satisfactory or better (93% in 2005).

The results of the surveys can be used by the Roads Service to identify areas of the service that may require revised strategies to be implemented.

Customer Contacts

Customers or road users make contact with the Roads Service in the traditional way via letters, personally visiting the office and through the local Community Council or their Council member. A more common method in recent times has been to e-mail the Roads Service at our address which is available on the Council's website. The Council also has a Twitter address and the Roads Service has occasionally received messages for our attention over this newer form of social media. In addition to these methods Roads also has a link from its webpage to our Pavement Management System. A member of the public can "create" a defect on the system if they wish to report a fault such as a damaged kerb or blocked gully. The Area Maintenance Engineers can then access this defect and, when necessary, create a works order for the necessary repairs.

4. Demands

Asset Growth

The road asset has increased by approximately 0.8 per year over the last 5 years, mainly due to a number of small housing developments complete with attendant footways and lighting columns. This low rate of growth, equating to only 0.1 % p.a., was in part due to the Council's Housing debt and a reduction in funding to Housing Associations. However, this rate is expected to increase in the next 5 years with a number of developments being planned by the Council, Hjaltland Housing Association and private developers. There may be as many as 300 houses built requiring approximately 8 construction consents for the associated roads. Currently the largest of these will be by Hjaltland at the Staney Hill on the north-west outskirts of central Lerwick. This development will account for almost 200 of these houses with a considerable increase in our road network required to service these properties.

Recent additions in the use of traffic calming features and high friction surfacing have increased the maintenance budget requirements due to additional maintenance costs for their repair but again the increase in their use is likely to recede in the near future as most problem areas have now been addressed.

New or additional assets create the need for maintenance, management and associated funding in future years as these assets age. This is particularly relevant to street lighting as energy cost increases immediately result in an increase in the budget required. However, as we are now in the process of replacing conventional streetlighting lanterns with LED equivalents on existing public roads we now require developers to provide this energy efficient form of lighting on any roads that they construct.

Traffic Growth and Composition

The SIC traffic section keeps records of traffic volumes from a number of permanent and temporary counter sites throughout the Isles. As would be expected the majority of HGV traffic occurs on the principal roads. However, largely due to the aquaculture industry, there are a number of unclassified routes where significant volumes of HGV vehicles are present and this is undoubtedly causing significant damage to single track roads which were never intended to be subjected to this level of traffic loading. This created a growing need for investment in the maintenance of these single track roads.

Environmental Conditions

Pressure has also been placed upon the asset as a result of environmental conditions, most notably the harsh winters experienced in 2009/10 and 2010/11. These caused significant damage to carriageways with a freeze/thaw action resulting in cracking of the road surface, throughout Shetland. There is also a noted increase in the occurrence of landslips on hillsides where peat overlies a rock substrate. These are usually as a result of high intensity rainfall events which now appear to be more common, possibly as a result of climate change. These have the potential to damage roads and/or disrupt travel. The most notable incidents in the past were the landslides across the A970 at Channerwick and the Maywick Road in the South Mainland.

Utility Activity (For Example:- Scottish Water, BT, SSEB, District Heating)

Utility activity can have a major effect on the maintenance and management of the road assets. There is undoubtedly a significant increase in the number of defects found following the disturbance of the carriageway or footway surface due to utilities. This is apparent even when the utility has reinstated the surface to the required standard. In the recent past the renewals of water mains within Lerwick and the installation of district heating scheme infrastructure has increased maintenance costs. Fortunately Scottish Water has recently been making use of “pipe bursting” technology to replace or line existing pipework without the need for excavations in the carriageway. We also understand that the district heating scheme is now operating at capacity so there is unlikely to be any significant increase in new connections in the immediate future.

Statutory undertakers are responsible for carrying out their own reinstatements although these may be contracted and/or sub-contracted to others. This can cause programming problems where different contractors are responsible for different aspects of the reinstatement. The Roads Service enforces a 2-year guarantee period on all re-instatements and 3 years for those entailing deep excavations.

Where statutory undertakers have caused damage to Council assets it is SIC practice to endeavour to reclaim the costs of repair or replacement from the responsible party. This is not always possible but recently we have had more success with the most notable repair being the inlay resurfacing of a half lane width of Commercial road along a failed water main reinstatement.

It is difficult to predict the amount of utility activity in any one year although the recent rise in activity related to a large capital investment by Scottish Water is likely to tail off over the next three years. Work is in progress on upgrading broadband in Shetland with fibre optic cables being installed in existing ducts between exchanges and newly installed service cabinets. This has required some work in the carriageway and roadside verges. While this work may be ongoing over the next 5 years it is not expected to require a large number of excavations in the carriageway.

5. Service Standards

This plan is based upon delivering the service standards listed below. The standards reflect the funding levels in section 6. They are the standards that road users can expect from Shetland's road assets during the plan period. This plan targets delivery of service standards shown below. Details of how the specific measures shown below are calculated are included in the road maintenance manual.

SCOTS CORE PERFORMANCE INDICATORS

Service	Measured By	Target	Standard
		2016	2021
Carriageways			
Safety	Percentage of Cat 1 defects made safe within response times.	100%	100%
	Percentage of safety inspections completed on time	96.9%	96.9%
Condition	Percentage of all roads to be considered for maintenance treatment	38.9%	38.9%
	Percentage of "A" Class roads to be considered for maintenance treatment	20.7%	20.7%
	Percentage of "B" Class roads to be considered for maintenance treatment	34.4%	34.4%
	Percentage of "C" Class roads to be considered for maintenance treatment	35.0%	35.0%
	Percentage of unclassified, non-principal roads network where maintenance should be considered	51.1%	51.1%
	Percentage of carriageway length treated	4.6%	4.35%

Footways			
Safety	Percentage of Cat 1 defects made safe within response times.	Not applicable	TBA
	Percentage of safety inspections completed on time	100%	100%
Condition	Percentage of footway area to be considered for maintenance treatment	Not formally inspected	TBA
	% of footway area treated	0.7%	1%

Street Lighting – Core Indicators			
Safety	Percentage of repairs within 7 days	34.6%	70%
	Percentage of street lights not working as planned on any one evening	5.7%	5%
Environment	Average annual electricity consumption per street light (kwHrs)	527.5	320

Structures			
Condition	Percentage of primary inspections carried out on time	Not available	TBA
	Percentage of general inspections carried out on time	100%	100%
	Bridge Stock Condition Indicator (An alternative method is used to assess the condition of our bridges)	Not available	TBA
	Bridge Stock Condition Index (An alternative method is used to assess the condition of our bridges)	Not available	TBA

An action for the Engineers with responsibility for bridges, over the next two years, is to re-assess them and update their entries in the data inventory. The above table will be populated at that time. It is likely that during the plan period inspections will identify additional structures that have deteriorated to the point of requiring attention. Priorities may need to be adjusted to accommodate this.

6. Financial Summary

Sources of Funding and Budget Allocation

Revenue

Revenue funding within roads is based on historical precedence and identified need and is split between a number of service headings which are broadly in line with Asset Management elements. Currently within the service individual budget holders are encouraged to make a case for any additional funds that are required to enable the ongoing maintenance and management of the assets such that the funding split can be adjusted to reflect current priorities. Each of the budget holders is then responsible for determining how the funding is used within their service area. Revenue funding for roads maintenance has been reduced in recent years due to pressure on the funding of the Council's overall revenue budgets.

A large part of the budget is dictated by the cost of running the Council's Roads Maintenance Section which is predicated upon the labour required to deliver the winter service. All routine and reactive works are carried out by the Maintenance Section. Therefore there is little scope to vary the total Roads budget unless there is a corresponding reduction or increase to the extents of the road network gritted/ploughed during the winter months. However there is scope for improving the use of the current budget via the exploration of differing ways of directing the resources to the most productive work and that which has the greatest benefit to the asset. From 2017-18 the method of optimising this "direction of resources" will be the "carriageway cost projection model" produced by SCOTS. This spreadsheet has been developed and refined over the duration of the SCOTS RAMP project. Many authorities already use it for this purpose and this will ensure that our budget method is consistent and can be compared to other Scottish Councils.

It should be noted that the opportunity to vary budgets may also be constrained by resource considerations. As the majority of the works is carried out by "in house" resources it may be that a need to provide work that the resources are most able to do is, in some part, a stronger consideration than doing the work that is most beneficial to the asset. This can be offset to a certain extent by reallocating a proportion of, for example, the surface dressing budget to slurry sealing which requires a specialist contractor. The same process can be applied with the budgets for our traffic signs, safety barriers and cattle grids maintenance which is undertaken by a private contractor.

Capital

Roads capital projects are included as part of the Council's Asset Investment Plan. The plan is co-ordinated by the Capital Programme Service. Currently funding is allocated to Roads projects through a Business Justification Case or "Gateway" process where each proposal is assessed and prioritised by the Council's Asset Investment Group. This ensures that only the proposals, which will yield the most benefit for the Shetland public, are added to the Asset Investment Plan. The Council's capital budget

allocation has been reduced in recent years and the allocation for Capital road schemes has followed suit. The schemes “promoted” by Roads through the Business Justification Case process are generally carriageways needing reconstruction, streetlighting that needs replacement and structures such as bridges or retaining walls that need significant maintenance. These are issues that require immediate investment to maintain the value of the asset.

Where a capital roads scheme is being undertaken largely for maintenance purposes the required funding is to be related to an “asset investment plan” derived from a carriageway cost model. A capital investment project was undertaken in 2014 using a model from the Highways Maintenance Efficiency Programme (HMEP) project. In future the model used will, in common with the revenue funding, be the “carriageway cost projection spreadsheet” produced by SCOTS.

Further sources of funding for works on the public road include the following:

Income

The Roads Service operated a trading account until 2014-15. Since then works have been done on an “at cost” basis. However, the service shall still tender for external contracts when it has sufficient available resources (labour and plant). These works, which vary from resurfacing to harbour works, generate an income for the Council as well as ensuring resources are fully utilised thereby reducing their unit cost. The income generated varies greatly from year to year but has increased recently due to works associated with the construction of the TOTAL Gas Plant at Sullom Voe. This has mainly been due to the supply of asphalt from the batching plant at the Scord Quarry.

Grants

Individual grants may be available for specific types of improvement work from Government or specialist interest groups. Budget holders produce applications for external grants which are used for the specific projects identified. Recent examples of this are the new Clickimin Foot/Cyclepath, Lerwick and the Millbrae Footway Improvements, Scalloway that were part funded by SUSTRANS and the Scottish Government’s Cycling, Walking and Safer Streets funding.

Other

The Council seeks to obtain costs from developers, or works done by them, as contributions towards improvements to the road infrastructure that are required in the local vicinity due to their development. The most notable example of this was the contribution made towards the construction of the A970 South Road/South Lochside Roundabout by Safeway Ltd when they built their nearby supermarket. Developers of housing estates are on occasion required to make smaller contributions such as meeting the costs of a new footpath to link the development with a nearby settlement.

Asset Valuation

As at May 2016 the Road asset is valued as follows:

Asset Type	Gross Replacement Cost (GRC) (£000k)	Depreciated Replacement Cost (DRC) (£000k)	Annualised Depreciation Cost (ADC) (£000k)	Comments
Carriageways	953,507	819,480	11,584	
Footways & Cycleways	29,544	21,212	293	
Structures	45,171	43,591	160	
Street Lighting	27,738	14,573	702	Condition survey in progress to facilitate column replacement and lantern upgrade to LED
Traffic Management	200	149	10	Only 10 Sets of Pedestrian Crossing Lights
Street Furniture	20,668	10,284	976	
Land	6,634	-6,634	-	
Total	**1,1083,462**	**915,923**	**13,725**	

The valuation figures above illustrate the very high financial value of the road asset which is calculated on the basis of a depreciated replacement cost. This method of valuation provides the current costof replacing an asset with its modern equivalent less deductions for all physical deterioration and obsolescence.

Historical Expenditure

Historical expenditure invested in works on the Road asset is shown below:

Asset	Works	Historical Expenditure £ 000				
		11/12	12/13	13/14	14/15	15/16
Carriageways	Capital	1,322	832	342	303	1,125
	Revenue	2,929	2,799	2,835	2,719	2,446
Footways	Capital	534	87	82	103	325
	Revenue	62	46	41	50	58
Structures	Routine & Reactive	5	9	2	2	3
	Planned	96	381	287	628	552
Street Lighting	Energy Costs	190	212	189	224	228
	Routine & Reactive	0	0	0	0	0
	Planned	516	276	344	452	395
Traffic Signals	Energy Costs	Energy Costs included in Street Lighting				
	Routine, Planned & Reactive	Included in Street Lighting				
Totals:		**6,047**	**4,642**	**4,083**	**4,591**	**5,149**

Investment in carriageways, especially revenue spending, has significantly reduced since 2011/12. The effect of this reduction was initially exacerbated by construction inflation which, due to the increased costs of bitumen and fuel, impacted on the area of carriageway that could be treated. This was reflected in the data gathered during the annual condition survey and the resulting statutory performance indicator. The Road Condition Indicator (RCI) for all of Shetland's roads initially increased from 40.7 to 43.7 in 2011/12 and then reduced slightly to 42.5 in 2012/13. This figure is the percentage of "the road network that should be considered for maintenance treatment." However, in the past 3 years the RCI has reduced to 38.9% as a result of better use of the SCANNER survey data to target the most appropriate roads for preventative maintenance.

Footway spending has also had a significant reduction. The main impact being that no new footpaths have been constructed recently until 2015/16 when the grant assisted Millbrae footpath began construction. This situation is likely to continue for the immediate future. However, the slurry sealing of footways has been increased to treat footway surfaces as this will prevent more costly repairs being required in the long term.

There has also been a general reduction in planned spending on structures/bridges down from £380,000 to approximately £150,000 if only the smaller schemes undertaken on an annual basis are considered. This reduction has been met by undertaking repairs to existing bridges rather than replacing them with culverts. While this work extends the life of the bridge there will inevitably come a time when the only option is their replacement with a large diameter culvert. In recent years the spend on planned works has increased due to essential maintenance to the bearings of the Burra and Trondra bridges.

This is reflected in the increase in expenditure on planned structural maintenance in the financial years 14/15 and 15/16.

Planned Funding

The service standard targets shown in section 5 are based upon the following funding levels. The funding for years 17/18 to 19/20 is based upon the budget for the 2016/17 financial year as confirmed by the full Council at their meeting on 10 February 2016. This decision was based on previous budgets, the length of the network this allowed to be treated and an estimated improvement in road condition.

Funding beyond 19/20 shown below is an estimate included solely to allow the prediction of long term condition. It has been assumed that a level of funding similar to current funding levels (the average of the last 3 years) will be provided. Any changes to these funding predictions in the future will require an update of this RAMP.

Asset	**Works**	**Funding Required £k**			**Long Term Funding Assumed £k**
		17/18	**18/19**	**19/20**	**Y3-Y20 pa**
Carriageways	Reactive	62	62	62	62
	Routine	883	883	883	883
	Planned	1,866	1,866	1,866	1,866
Footways	Reactive	35	35	35	35
	Routine	5	5	5	5
	Planned	0	0	0	0
Structures	Reactive	40	40	40	40
	Planned	80	80	80	80
Street Lighting	Energy Costs	230	230	230	350
	Reactive	25	25	25	25
	Planned	145	145	145	145
Traffic Signals	Energy Costs	Included in Street Lighting Energy Costs			
	Reactive	Included in Street Lighting Reactive Costs			
	Planned	20	20	20	20
Totals:					

Energy cost are shown at 2014/15 value although it is very likely that these will escalate significantly if recent trends in prices continue as they are predicted (12.5% annual increase).

7. Asset Investment Strategies

The strategies in this section have been determined using predictions of future condition over a 3-year period. In future the predictions will be made over a 20 year period by making use of the "carriageway cost projection model" produced by SCOTS. This will enable strategies to be created to look at the whole life cost of maintaining the asset. Using long term predictions means that decisions about funding levels can be taken with due consideration of the future maintenance funding liabilities that are being created.

Investment strategies for the major asset types are summarised below. These strategies are designed to enable the service standards in section 5 to be delivered.

Investment between Asset Types

In comparison to historical investment, future investment, for the main asset types, is planned to be:

- Carriageways: level of investment maintained at similar levels
- Footways: level of investment maintained at similar levels
- Structures: level of investment maintained at similar levels
- Street lighting; level of investment maintained at similar levels, but this is only made possible by the approved "savings" policy that will see streetlights being removed in some areas. This reduction in the asset will allow our rapidly deteriorating streetlighting to be maintained/replaced providing the budget is not further reduced. The aim in the medium term is also to replace our existing conventional lanterns with their LED equivalent. The cost of these replacements, and the replacement of a substantial number of "failed" lighting columns, would be met from the energy savings accrued by the use of these energy efficient lanterns. Therefore, until the lights are replaced the investment will be maintained at similar levels. When this replacement scheme is completed the streetlighting energy expenditure will be almost halved. The reactive maintenance expenditure would also be reduced to approximately 60% of the current figure. The completion of the replacement scheme could initially result in the planned maintenance being reduced to less than 50% of the current figure. However, in time this would need an increase to allow for planned replacements of columns in order to avoid the current situation where a significant proportion of our columns have reached the end of their useful life at the same time.
- Traffic signals; level of investment maintained at similar levels

Carriageways

Category	Description	Basis of Strategy
Routine and Reactive Repair	Repair of defect to current intervention standards and response times.	The strategy requires the deployment of roadworker squads on seasonal repairs such as patching prior to surface dressing. To a lesser extent they are also deployed to undertake urgent and/or emergency repairs.
Planned Maintenance Preventative	A programme of preventative treatment or roads in the initial stages of deterioration.	The strategy is predicted to require approximately - A roads: Surface dressing 12.0 km pa on average - B & C Roads: surface dressing 12.0 km pa - U Roads: Surface dressing 11.0 km pa This split reflects the respective area of each road classification. Priority has been given to "A class" roads in the past at the expense of other classifications. This is shown by comparing the RCI for each classification. The aim is that this split will result in a greater improvement in the overall RCI for the given budget. This approach is supported by the "Financial Reporting Tools for Carriageways" produced by SCOTS. This totals 35 km so it would take 30 years for the entire 1049 km carriageway network to be surface dressed.
Planned Maintenance Corrective	Programme of resurfacing where a preventative treatment cannot be applied due to rutting or poor longitudinal profile.	The strategy is predicted to require: - A roads 3.4 km resurfacing pa - B & C roads 3.1 km of resurfacing pa - U roads 3.0 km of resurfacing pa. This split reflects the respective area of each road classification. Priority has been given to "A class" roads in the past at the expense of other classifications. This is shown by comparing the RCI for each classification. The aim is that this split will result in a greater improvement in the overall RCI for the given budget. This approach is supported by the "Financial Reporting Tools for Carriageways" produced by SCOTS. This totals 9.5 km so it would take 166 years for the entire carriageway network to be resurfaced. (Please note that there are significant lengths of unclassified road in Shetland where the surface construction consists of layers of surface dressing. They have never been surfaced with bitmac/asphalt and are unlikely to be in the future as their running surface is adequate for roads of this nature with low traffic volumes.)

The strategy will apply a low cost preventative treatment, such as surface dressing, before carriageways deteriorate to a condition where more expensive treatments are required. The level of investment is predicted to be insufficient to allow any long term improvement to be made in the condition of Shetland's carriageways. However, it may be possible to maintain the current condition if the proposed preventative maintenance funding is approved. This will require full use of the condition surveys to be made to target the lengths of road that should be repaired and the most appropriate treatment method.

Footways

Category	Description	Basis of Strategy
Routine and Reactive Repair	Repair of defect to current intervention standards and response times.	The majority of Shetland's footways have been maintained to a high standard and there is only occasionally a need for a roadworker squad to repair or undertake other urgent or emergency repairs.
Planned Maintenance Preventative	A programme of preventative treatment of bituminous footways in the initial stages of deterioration.	The strategy is predicted to require: - Footway Surface Treatment (slurry sealing) 4.0 km pa on average Coverage at this rate means that it would take 28.5 years to treat the entire 114 km footway network.
Planned Maintenance Corrective	Programme of resurfacing/renewal of footways.	The strategy is predicted to require approximately: - Renewal of flagged footways 100 sqm pa - Resurfacing of bituminous footways 800sqm pa This is a relatively low figure because as stated above our footways have been maintained to a high standard and slurry sealing will be targeted to prevent further deterioration..

The strategy will apply a low cost preventative treatment, such as slurry sealing, before the footways deteriorate to a condition where more expensive treatments are required. The level of investment should be sufficient to maintain the generally good condition of the footways. There are some footpaths in adopted housing estates that are deteriorating and may need resurfacing in the near future. However, they are not significant lengths and the proposed preventative maintenance funding should allow the worst of these to be resurfaced.

Structures

Category	Description	Basis of Strategy
Routine and Reactive Repair	Repair of defect to current intervention standards and response times.	The strategy requires the deployment of roadworker squads on minor repairs to parapets, movement joints, patching of the bridge deck surfacing and the pointing of stonework walls or abutments.
Replacement	Replacement of deteriorated bridges or those assessed as being weak.	The strategy involves the replacement of "traditional" bridge types with large diameter twinwall culverts. The older bridges are generally short span reinforced concrete slabs with concrete or stonework abutments. It is generally more cost effective to replace these with culverts than to strengthen the existing structure.
Refurbishment	Refurbishment of structures that show signs of deterioration	The strategy involves the annual inspection of Trondra, Burra and Muckle Roe bridges with any defects being rectified shortly thereafter. The bearings on both the Burra and Trondra have recently been replaced by a private contractor.
Parapet works	Strengthening or replacement of weak parapets	Existing parapets on older bridges are generally of sub-standard height so unsuitable for pedestrians. They are usually constructed from in-situ concrete so are a hazard to vehicles. They are replaced with galvanised pedestrian barrier panels on bridge parapets for safety reasons. Consultants inspect the parapets at Burra, Trondra and Muckle Roe bridges regularly.
Scour Protection	Scour protection works on structures susceptible to scour	As appropriate from surveys but this type of work is reducing as large diameter twinwall culverts replace "traditional" bridge types.

The structures strategy will see the inspection and reassessment of all of our bridges over a two-year period. The proposed funding for replacements is £80,000 per year that would allow 2 to 3 new culverts to be installed. The maintenance budget of £40,000 in addition to some minor repairs monies would perhaps be sufficient to allow the repair or refurbishment of a further large diameter culvert. The Trondra Bridge is to be painted this financial year (2016/17) and bolts on its parapet rail are to be replaced. The Muckle Roe Bridge is to be painted in 2017/18.

Street Lighting

Category	Description	Basis of Strategy
Routine and Reactive Repair	Repair of defect to current intervention standards and response times.	The strategy requires the deployment of a single two man squad to undertake the routine inspections of the streetlighting asset. The same squad will repair any defects that are identified during the inspections.
Planned Maintenance Preventative	There are no plans to undertake any significant level of preventative maintenance.	A number of local authorities have a programme of re-painting lighting columns to prevent corrosion. We have shown that this is not cost effective in Shetland. The majority of our columns are approaching 25 to 30 years old so are nearing the end of their design life. It is more cost effective to replace these with new hot dipped galvanised columns.
Planned Maintenance Corrective	Programme of structural renewal	The strategy is predicted to require approximately 140 columns replaced pa. Replacement at this rate means that it would take 28 years to renew every streetlight.
Invest to save		A savings review was undertaken in 2012/13 and its recommendations approved by the Environment and Transport Committee. This has seen part-night lighting introduced in some areas and the complete removal of columns where lighting is not considered necessary. Capital money has been required to remove columns but the long-term benefits are reduced spending on capital renewals, energy and inspections. The aim in the medium term is also to replace our existing conventional lanterns with their LED equivalent. The cost of these replacements, and the replacement of a substantial number of “failed” lighting columns, would be met from the energy savings accrued by the use of these energy efficient lanterns. The necessary funds would be borrowed with the repayments met from the resulting energy savings.

The level of investment may not be sufficient to maintain the streetlighting asset in its current condition. This is mainly due to the age of the columns. The majority were installed more than 30 years ago in the developments that were provided during the oil “boom”. Therefore, they are now all approaching the end of their useful life, at the same time. The proposed investment would allow “failed” columns on main roads to be replaced. However, individual columns on low speed/low traffic volume roads that have

become unsafe may have to be removed without any prospect of being replaced in the immediate future. The reduction in the asset resulting from the streetlighting “savings” policy means that this can be managed to some extent but it is likely that the removal of specific columns, without their immediate replacement will remain an issue unless the budget is increased.

Traffic Signals (“Pelican” Controlled Pedestrian Crossings)

Category	Description	Basis of Strategy
Routine and Reactive Repair	Repair of defect to current intervention standards and response times.	The strategy requires the deployment of Electrician and assistant from the Council’s Estate Operations on emergency repairs and on other non-emergency repairs. Occasionally assistance may be required from the supplier.
Refurbishment of signalised crossings	Refurbishment of controlled crossings that have deteriorated or the equipment has become obsolete/unreliable	When possible pedestrian crossings are refurbished with parts that are taken from crossings that are being replaced. The type of crossing currently in place is now obsolete so the supply of parts is limited and difficult to obtain.
Replacement of signalised crossings	Replacement of controlled crossings that have deteriorated or the equipment has become obsolete/unreliable	The strategy involves the renewal of 2 pedestrian crossings per year until all 10 are replaced. 5 had been replaced prior to 2016/17.

The 10 Pelican crossings in Lerwick are now in a poor condition due to their age. They were first “generation” LED technology so it is difficult to source spare parts. This means that when the lights are faulty they often remain out of service for some time. Should this situation worsen then more investment may be needed so that several crossings can be replaced each year.

8. Risks to the Plan

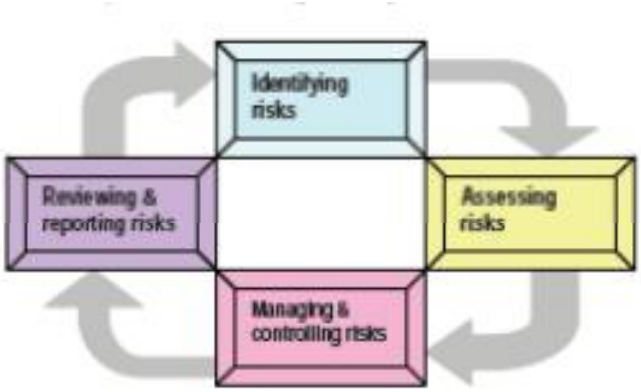
Risk Management

Risk management is a systematic approach to identifying and dealing with the risks that threaten our plans and projects and impact upon the continuation of service delivery.

The Shetland Islands Council has developed a risk management framework to define in a controlled way how risks and opportunities will be handled within the Council. The framework provides information on roles, responsibilities, processes and procedures. It sets the context in which risks are managed in terms of how they will be identified, assessed, managed and reviewed.

The Council has a four-step framework for identifying, assessing, managing and controlling and reviewing risk (See Figure 8.1). This is a continuous process and can easily be integrated with performance management. The Council has agreed criteria by which to judge the likelihood and impact of risks, effectiveness of control measures and required levels of management of residual risks.

Figure 8.1: Four-step risk management framework



Risk Identification

Risk to the Council's business can take a variety of forms; for example, financial risk, risks to project and service delivery, its reputation, partnerships, employees and Councillors and risks from missed opportunities. Those risks could affect the council's performance, its assets, stakeholders, customers or members of the public. They can also affect the Council's viability.

Risk Evaluation

The next step is to assess those risks in terms of the likelihood that they will occur and the impact if they do. The criteria for the levels of likelihood and impact for risks are shown in tables 8.1 and 8.2 below.

Table 8.1: Description and definitions of LIKELIHOOD of the RISK occurring

Descriptor	Description
Almost certain	I would not be at all surprised if this happened within the next few months
Likely	I think this could occur sometime in the coming year or so
Possible	I think this could maybe occur at some point, but not necessarily in the immediate future
Unlikely	I would be mildly surprised if this occurred, but cannot entirely rule out the possibility
Rare	I would be very surprised to see this happen, but cannot entirely rule out the possibility

Table 8.2: Description and definitions of IMPACT of the RISK should it occur

HAZARD IMPACT	Personal Safety	Property loss or damage	Failure to provide Statutory Service or breach of legal requirements	Financial Loss or Increased cost of Working	Disruption in Service (Days) (This may vary with the criticality of the service)	Personal Privacy Infringement	Environmental	Community	Embarrassment
Insignificant	Minor injury or discomfort to an individual	Negligible property damage	Litigation, claim or fine <£2k	<£10k	None	Isolated personal detail revealed	Minor localised - damage to plants	Inconvenience to an individual or small group	Contained within Service Unit
Minor	Minor injury or discomfort to several people	Minor damage to one property	Litigation, claim or fine £2k to £50k	£10k to £100k	1	Isolated personal detail comprised	Death of invertebrates	Impact on an individual or small group	Contained within Service
Significant	Major injury to an individual	Significant damage to small building or minor damage to several properties from one source	Litigation, claim or fine £50k to £250k	£100k to £500k	2-3	Several persons details revealed	Death of fish	Impact on a local community	Local public or press interested
Major	Major injury to several people or death of an individual	Major damage to critical building or serious damage to several properties from one source	Litigation, claim or fine £250k to £1m or custodial sentence imposed	£500k to £1m	4-14	Several persons details comprised	Death of animals	Impact on several communities	National public or press interest
Catastrophic	Death of several people	Total loss of critical building	Multiple civil or criminal actions. Litigation, claim or fine above £1m	>£1m	>14	All personal details revealed/comprised	Permanent damage to site of special interest	Impact on the whole of Shetland	Officer(s) and/or members forced to resign

Multiplying the likelihood score by the impact score gives the uncontrolled risk score. The next stage identifies controls (strategy, policies, practices that exist currently) and their efficacy (ineffective, partially effective, effective, and very effective).

The risk is then re-assessed for likelihood and impact. The new score is the current risk score that exists after controls have been applied and so the real level of risk. That information is then recorded in the risk register. The risks are then prioritised to enable decisions to be made about the significance of those risks to the Council, and how they will be managed.

Table 8.3: Residual Risk Rating Matrix

F R E Q U E N C Y

S E V E R I T Y

	Rare	Unlikely	Possible	Likely	Almost Certain
Insignificant	1	2	3	4	5
Minor	2	4	6	8	10
Significant	3	6	9	12	15
Major	4	8	12	16	20
Catastrophic	5	10	15	20	25

Risk Control

When the risks and opportunities have been identified and assessed for likelihood and impact, there needs to be agreement on who will “own” the risk and how it will be managed, controlled or exploited. When the existing controls and action plans have been identified, the risks are re-assessed for likelihood and impact. This gives a forecasted controlled score of the Risk Profile as a result of the mitigation action plans. That information is then recorded in the risk register.

Risk Register

A risk register has been developed for the Roads Service (See Table 8.4 below). These are risks that could prevent achievement of the standards specified in this plan (section 6). Further detail on the major risks identified within the Road Asset Risk Register is given in Table 8.5 below.

Table 8.4: Roads Service Risk Register

SIC Transportation Services Roads & Fleet Risk Register					
No.	Risk	Gross Risk Profile	Uncontrolled Rating	Residual Risk Profile	Controlled Rating
FR0128	Staff number/skills shortage	High	12	High	12
FR0126	Plant/Equipment - breakdown/failure disruption	Medium	6	Low	3
FR0059	Contaminated land, air, water, structure	Medium	9	Low	3
FR0053	Budget control failure	Medium	9	Low	3
FR0054	Bad debts	Medium	9	Low	3
FR0130	Fire, lightning, aircraft, explosion	Medium	8	Low	3
FR0084	Storm, Flood, other weather related, burst pipes etc	Medium	8	Medium	8
FR0131	After Hours/ Lone working	Medium	6	Low	4
FR0135	Staff number/skills shortage	High	12	Low	4
FR0113	Late delivery	Medium	6	Low	4
FR0125	Records/Research data/systems/security/confidentiality/ back-up.	Medium	6	Low	3
FR0122	Failure of Key supplier	Medium	6	Low	3
FR0104	Public/products liabilities to third parties	Medium	6	Low	3
FR0096	Professional Errors and Omissions	Medium	6	Low	2
FR0061	Breach of Patent, copyright, trademark, Design Rights etc.	Medium	6	Low	2
FR0069	Communications poor	Medium	6	Low	2
FR0112	Noise	Low	4	Low	2
FR0119	Procurement policy - failure to observe	Low	4	Low	2
FR0016	Labour relations/disgruntled staff	Low	4	Low	2
FR0015	Other bodies - relations with	Low	4	Low	2
FR0093	Denial of Access	Low	4	Low	2
FR0056	Industrial action	Low	4	Low	2

Table 8.5: Road Asset Major Risks

Road Asset Major Risks							
Risk	**Likelihood Score**	**Impact Score**	**Uncontrolled Risk Score**	**Current Controls In Place**	**Revised Likelihood Score**	**Revised Impact Score**	**Controlled Risk Score**
Structures							
Inability to complete maintenance work due to lack of funding may lead to substantial failure of the structure causing injury and increased costs due to emergency works, or diversions due to bridge closure	3	3	12	Regular bridge inspections and allocating more of the budget to preventative/early repairs prior to the onset of structural damage.	1	3	3
Street Lighting							
Lack of funding may lead to reduction in the condition of the asset, may be unable to replace columns that are taken up for safety reasons leaving dark areas	4	4	16	Scheme to upgrade lanterns to LEDs and replace columns will be underway before the rate of column failures reaches a point where safety critical repairs cannot be done.	2	4	8
Carriageways							
Lack of funding for maintenance works may lead to a backlog of required works, the continued deterioration of the network and the need for higher cost remedial works in the future	4	4	16	Careful use of SCANNER survey data to target surface dressing may delay the deterioration in the short to mid-term but structural defects such as rutting will eventually require more expensive repairs.	3	4	12
Footways							
Lack of funding for maintenance works may lead to a backlog of required works, the continued deterioration of the network and the need for higher cost remedial works in the future	3	3	9		2	3	6
Drainage							
Standing water causing skid accidents due to reduced carriageway budgets	3	3	9	As per carriageways.	2	3	6

Further more general risks that could have a significant impact on the delivery of the service are considered in Table 8.6 below.

Table 8.6: General Risks - Impact on Service Delivery

Plan Assumption	Risk	Action If Risk Occurs
The plan is based upon winters with an average number of frost days.	Adverse weather will create higher levels of defects and deterioration than have been considered.	Budgets and predictions will be revised and this plan updated if abnormally harsh winters occur.
Available budgets have been assumed as shown in section 7.	Pressures on budgets mean that the Council may reduce the funding available for Roads.	Target service standards will be revised to affordable levels.
Construction inflation will remain at level similar to the last 5 years.	Construction inflation will increase the cost of works (particularly oil costs as they affect the cost of road surfacing materials)	Target service standards will be revised to affordable levels.
Levels of defect and deterioration are based on current data which is limited for some assets (e.g. footways)	Assets deteriorate more rapidly than predicted and the investment required to meet targets is insufficient.	Split between planned and reactive maintenance budgets will be revised.
Resources are available to deliver the improvement actions	Pressures on resources mean that staff are not allocated to service improvement tasks, predicted benefits may not be fully achieved	Target dates will be revised and reported.

The risks have been evaluated in accordance with Council policy. The risks are reviewed regularly throughout the year.

References

1) Shetland Transport Strategy

2) Asset Management Policy

3) Network Management Plan

4) Road Asset Management Manual

5) Annual Status and Options Report

6) Road Asset Data Management Plan

7) Service Improvement Action Plan

ASSET MANAGEMENT PLANNING

RAMP

Shetland Islands Council

Road Maintenance Manual

Version 2.0

June 2016

Document Information

Title	Road Maintenance Manual
Author	Roads Service
Description	This document provides a template Road Maintenance Manual. It is presented as a model that can be used by authorities to record their road maintenance methods. It provides a useful reference for how the asset is managed and can be used to record policies, such as inspection policies which may be relied upon by the Council when defending 3rd party claims.

Document History

Version	Status	Date	Author	Changes from Previous Version
1.0	Template	Feb 2014	exp consulting	Not applicable
2.0	Final	May 2016	Roads Service	Not applicable

Document Control

Version	Status	Date	Authorised for Issue by SCOTS RAMP Steering Committee
1.0	Template	Feb 2014	Issued to SCOTS/CSSW for comment.
2.0	Final	May 2016	Approved by Environment & Transport Committee on ??

1 Introduction

Purpose

This manual records how Shetland Islands Council manages and maintains the Council's roads assets.

Separate sections are provided for carriageways, footways, street lighting, structures, traffic management systems and street furniture. The grouping match those required for financial reporting under the CIPFA Transport Infrastructure Code.

Use

It is expected that this manual will be used as a reference by those tasked with the management of the road asset.

It contains details of important policies and procedures used by the council to maintain and operate the road asset.

2 Financial Management – Cost Categories

Each financial transaction associated with road maintenance should be allocated to one of the following Cost Categories.

Planned Maintenance - Preventative	Planned maintenance activities that are designed to ensure that more expensive future repairs may not be needed.
Planned Maintenance - Corrective	Planned maintenance activities that correct the condition of the asset and which would not cost significantly more if delayed.
Routine Cyclic Maintenance	Scheduled works consisting of activities that are based on a prescribed time interval.
Routine – Reactive Maintenance (Emergency)	Reactive repair of potentially dangerous defects identified from inspection or customer complaint / notification.
Routine - Reactive Maintenance (Non-Emergency)	Other less urgent minor repairs
Routine – Inspection and Survey	Cost of specialist inspection and surveys
Operating Costs	Costs of operating elements of the asset
Overhead	Internal costs associated with the management of the asset. NB it is accepted that these costs may not be available at an asset group level
Loss	Money expended that is effectively “lost” to the council from which no benefit to the asset or user is gained.
Improvements	Works that add new infrastructure to the asset.

3 Risk Management

We are maintaining a Risk Register following the Corporate Risk Strategy which can be found on the Council's intranet. This includes risks to the Council's roads assets.

Responsibility for maintaining each asset Risk Register is as follows:

Asset	Position Responsible for Risk Register	Location of Risk Register
Carriageway	Team Leader – Asset & Network	web-based JCAD RiskWEB
Footways	Team Leader- South Mainland & Lerwick Roads Maintenance	web-based JCAD RiskWEB
Street Lighting	Network Engineer	web-based JCAD RiskWEB
Highway Structures	Team Leader - Design	web-based JCAD RiskWEB
Traffic Signals	Network Engineer	web-based JCAD RiskWEB

All Risk Registers are reviewed annually as part of the process for developing the Annual Status and Options Report

4 Procurement

Works on the asset are undertaken as follows:

Asset	Routine & Reactive Repairs	Planned Maintenance
Carriageway	"In-house" by the Council's Road Maintenance Section	"In-house" by the Council's Road Maintenance Section. Occasional contract for slurry sealing
Footways	"In-house" by the Council's Road Maintenance Section	"In-house" by the Council's Road Maintenance Section
Street Lighting	Civils "in-house" and electrical by Council's Building Service	Civils "in-house" and electrical by Council's Building Service
Highway Structures	Minor structures "in-house" with painting of larger bridges contracted	Minor structures, culvert replacement etc "in-house" with work to larger bridges contracted
Traffic Signals	Council's Building Service	Installation of replacements contracted from supplier
Street Furniture	Local contractor	Local contractor

The Capital Programme Service is responsible for the tendering of all contracts and for larger procurements made through the Scotland Excel collaborative contract. Details of the methods used to tender the works identified above as being undertaken by external contractors can be obtained from the Procurement and Contract Compliance Section of the Capital Programme Service.

4.1 Carriageways

The carriageway asset consists of the following assets:

- Carriageways

4.1.1 Inventory

There is an inventory of assets which is kept in the Council's Routine Maintenance System (RMS) software produced by WDM Ltd.

4.1.2 Categorisation of Inventory: Hierarchy

The carriageway asset is categorised into the following hierarchy:

Category	Hierarchy Description	Type of Road General Description
M1	Strategic Route	**Road Maintenance Hierarchy Score of 30 or above.** Principal roads linking major centres of population, major industrial sites and ferry terminals. Access routes to some schools and hospitals. Main through routes in Lerwick.
M2	Main Distributor	**Road Maintenance Hierarchy Score of 17 to 29**. Other principal roads not included above linking smaller centres of population to the M1 network. Major loop roads. Main town streets in Lerwick and Scalloway. Accesses to any schools not on Priority 1 routes.
M3	Secondary Distributor	**Road Maintenance Hierarchy Score of 12 to 16**. Minor roads in Lerwick, Scalloway and Brae. Roads linking rural settlements, residential and industrial developments.
M4	Link Road	**Road Maintenance Hierarchy Score 11 or under.** Side roads linking isolated communities to the M1, M2 and M3 network. Minor roads in housing schemes in Lerwick and Scalloway.
M5	Local Access (Isles) Road	All roads on Foula, Fair Isle and Papa Stour.

4.1.3 Quality of Inventory Held

20% of inventory is validated each year.

The process for completing the Inventory Validation is held in WDM.

4.1.4 Asset Register

The Asset Register is held in the Routine Maintenance System (RMS).

4.1.5 Budget Allocation

The process for allocating the carriageway budget is as follows:

From 2017-18 the method of optimising the “direction of resources” will be the “carriageway cost projection model” produced by SCOTS. This spreadsheet has been developed and refined over the duration of the SCOTS RAMP project. Many authorities already use it for this purpose and this will ensure that our budget method is consistent with and can be compared with other Scottish Councils.

4.1.6 Customer Consultation

The following surveys provide the customers perception of the asset:

“Highway Maintenance Services Customer Satisfaction Survey” produced by APSE, undertaken on a bi-annual basis.

4.1.7 Use

Traffic information is available from the Roads Service, Traffic and Development Section.

4.1.8 Safety Considerations

Safety information is available from the Roads Service and the Safety Manager, Human Resources.

4.1.9 Utility Activity

Utility activity information is available from the Network Section of the Roads Service with information being stored on the Scottish Road Works Register managed by the Scottish Roadworks Commissioner.

The New Roads and Works Street Act details the statutory requirements of the Utility Companies regarding notification and co-ordination of their roadworks.

4.1.10 Programme Co-ordination

The Network Engineer is responsible for ensuring an integrated approach in undertaking roadworks.

4.1.11 Third Party Claims

Third party claims information is available from the Council’s Governance and Law Section.

4.1.12 Network Availability Considerations

There are no traffic sensitive roads on the Shetland network.

4.1.13 Amenity Value Considerations

The following sites are constructed of non standard materials to meet the amenity conditions of the area.

Location	Material Details	Quantity (m^2)
Commercial Street, Lerwick	Caithness Flagstones	5,000

4.1.14 Policies

The following policies associated with the carriageway asset have been approved by the Council Members:

See Task 1P Policy Review Spreadsheet in Appendix 1.

4.1.15 Safety Inspections

Safety inspections are undertaken on carriageways at the following frequencies

Carriageway Hierarchy	Hierarchy Description	Inspection Frequency Rural	Inspection Frequency Urban
M1	Strategic Route	Monthly	Monthly
M2	Main Distributor	3 month	3 month
M3	Secondary Distributor	6 months	6 months
M4	Link Road	Annually	Annually
M5	Local Access (Isles) Road	Annually	Annually

The process for completing safety inspections is detailed in the Inspection Policy enclosed in Appendix 2.

Information from the safety inspections is stored in the Routine Maintenance System.

4.1.16 Condition Assessments

There are two conditional assessment undertaken on carriageways

i. SCANNER (Surface Condition Assessment of the National Network of Roads)

ii. SCRIM (Sideway-force Coefficient Routine Investigation Machine

The SCANNER and SCRIM assessments are undertaken at the following frequencies

Road Class	% Inspected Annually	
	SCANNER	**SCRIM**
A Roads	100	100
B Roads	50	50
C Roads	50	50
Unclassified Roads	10	10

SCANNER and SCRIM surveys are undertaken by WDM Ltd.

Details of the contractual arrangement are held with the Society of Chief Officers of Transportation in Scotland (SCOTS).

The contractor provides the information via DVD and a download via external server.

Condition assessment information is stored in the WDM Ltd Pavement Management System (PMS).

The following condition reports are available from WDM Ltd Pavement Management System (PMS).

4.1.17 Construction / Asset Acquisition

The following processes need to be undertaken prior to the Council taking ownership of a new section of carriageway. All information and forms for asset acquisition are located with the Traffic & Development Section.

a. Onsite inspection to ensure the quality of the carriageway meets the Council standards. The Construction Consent process is used for this process for new roads or those constructed since 1984. For roads that were in use prior to 1984 the road adoption process is used.

b. Obtain all information relating to the carriageway asset including as-built drawings and design calculations/structural certificates for construction consents. Structural certificates are not required for

the pre-1984 road adoption process. The relevant forms, guidance and a checklist of all information that is required for submission, for both processes, is available on the Roads Service website. These checklists must be completed and are kept with the Construction Consent/Road Adoption files in the Traffic & Development Section.

4.1.18 Routine Maintenance

4.1.18.1 Physical Processes

The following types of defects following specific work instructions are undertaken as Routine Maintenance.

Defect	Work Instruction
Pothole	WDM Routine Maintenance System
Minor pavement defect	WDM Routine Maintenance System
Unevenness caused by rutting	WDM Routine Maintenance System
Smoothness caused by lack of texture	WDM Routine Maintenance System
Removal of debris	WDM Routine Maintenance System
Street sweeping	WDM Routine Maintenance System

4.1.18.2 Management Processes

The following process details the management aspects of treating a defect.

1. Routine Maintenance defects are identified by roads inspectors, customers and other Council staff.

   All defects are entered into the defect module of the Routine Maintenance System by the following two methods:

   i. Download from Road Inspector Handheld Devices
   ii. Manually entered by Area Maintenance Engineer or their assistant.

   The minimum information required for all defects is:

   - Location
   - Type
   - Size or quantity
   - Person who identified defect eg. Road Inspector, Customer or Council Member

2. Identify the true state of the defect

   To ensure that each defect is consistently rated the safety inspectors or area maintenance engineer/assistant are responsible for locating and assessing the action required on each customer identified defect.

   They will confirm the location, type and size of defect. The Area Maintenance Engineer or their assistant will allocate an action for the repair of the defect.

   This information is entered into the Routine Maintenance System.

3. Routine Maintenance Programme Development

   On a weekly basis the Area Maintenance Engineers will compile a list of defects from the Routine Maintenance System and from their own or the Area Foreman's observations.

   The list will be provided to the Area Foremen who will then be responsible for undertaking the work in an efficient manner.

4. Post Work Process

On completion of the work the Maintenance Team Leader will record for each defect or set of defects if a combined treatment was completed the following:

i. Location of completed work Physical dimensions of the completed work
   a. Length (in metres)
   b. Width (in metres)
   c. Area (in square metres)
ii. Details of treatment used
   a. Specification
   b. Material type

The following information having been entered from timesheets into the Servitor Repairs Management software will be automatically updated into the Routine Maintenance System:

iii. Date Completed
iv. Financial details of work
   a. Quantity of hours
   b. Cost of materials
   c. Vehicles used for work

When the works are complete the Area Maintenance Engineer or Engineer/Technician will change the status of the defect to 'COMPLETE.'

4.1.19 Planned Maintenance

4.1.19.1 Scheme Identification

The Planned Maintenance Identified Scheme List is the responsibility of the Team Leader – Asset & Network.

Schemes are identified from the following sources

i. SCANNER – The UKPMS (United Kingdom Pavement Management System) provides a report detailing all the sections of road with red and amber levels of condition.
   The Team Leader – Asset & Network inspects each section identified by UKPMS. The Team Leader decides what action is required and notes it on the report.
   Planned Maintenance Schemes are added to the Planned Maintenance Identified Scheme List
ii. SCRIM – The UKPMS provide a report detailing all the sections of road where the skid resistance value was less than the assigned Investigatory Level. Note: the assigned Investigatory Levels are documented in "The Measurement and Management of Skid Resistance on Council Roads - Review and Revision to the Shetland Islands Council's SCRIM Policy.''
iii. Follow the process described in the Sections of the SCRIM policy which require Planned Maintenance and add these sections to the Planned Maintenance Identified Scheme List.
iv. Area Maintenance Engineers – Area Maintenance Engineers may recommend that the best treatment for one or a group of more than one safety defects is a planned maintenance treatment.
v. Council Members – Council Members on occasion contact the Council about carriageway defects raised by their constituents. The Area Maintenance Engineer or Team Leader – Asset & Network is responsible for inspecting and evaluating the defects. The more significant defects will be inserted into the Planned Maintenance Identified Scheme List.
vi. Customers – Customers also contact the council about carriageway defects. The Area Maintenance Engineer or Team Leader – Asset & Network is responsible for inspecting and evaluating the defects. The more significant defects will be inserted into the Planned Maintenance Identified Scheme List.

4.1.19.2 Scheme Selection

The following actions are completed by the Team Leader – Asset & Network.

All schemes on the Planned Maintenance Identified Scheme List are rated using the condition data for each criteria (texture, cracking, rutting and longitudinal profile) recorded during the SCANNER survey.

The programme of schemes is confirmed when the planned maintenance budget is approved. The highest rated schemes from the Carriageway Prioritisation Process to the value of the planned maintenance budget become the Planned Maintenance Programme. The remaining schemes will be reconsidered the following financial year.

The Planned Maintenance Programme is sent to the Roads Service Executive Manager. Information required for each scheme is:

- Location,
- Length (metres)
- Area (square metres)
- Treatment type
- Cost of Treatment

All this information should be provided in an Excel Spreadsheet.

The Roads Service Executive Manager will write to Council members and Community Councils to inform them of the Planned Maintenance Programme.

4.1.19.3 Management Processes – Pre Physical Works

The following process details the management aspects of completing the planned maintenance treatment. These will be completed by the Team Leader – Asset & Network.

1. Each scheme is allocated an estimated timeframe for the completion of the physical works. This information will be provided to the Resurfacing Team's Foreman.
2. Complete design process to identify material quantities and estimated costs.
3. Recalculate the total cost of your Planned Maintenance Programme and compare with approved budget.
    a. If the approved budget is less than the cost of the estimated budget schemes will need to be removed from the Planned Maintenance Programme. Ideally the removed scheme should be the lowest rated from the Carriageway Prioritisation Process.
    b. If the approved budget is more than the cost of the estimated budget schemes will need to be added to the Planned Maintenance Programme. New schemes added to the programme should always be the next highest rated from the Carriageway Prioritisation Process
4. Identify who is going to complete the physical work component of the scheme
    a. Reconstruction Treatments – completed by DLO
       The DLO will be responsible for procuring the materials and completing the physical works
    b. Resurfacing Treatments – completed by DLO
       The DLO will be responsible for procuring the materials and completing the physical works
    c. Surface Dressing Treatments – completed by DLO
    d. The DLO will be responsible for procuring the materials and completing the physical works
    e. Specialist Surfacing Treatments (e.g. Slurry Sealing) – completed by Specialist Contractor
       Acquiring a Specialist Contractor is the responsibility of the Team Leader – Asset & Network.

4.1.19.4 Management Processes – Post Physical Works

On completion of the work the Team Leader – Asset & Network will record for each scheme the following:

i. Inventory Information – Complete the updating of the carriageway layers in the Road Maintenance System so that there is a record of the work done and when it was done.
ii. Date completed

The following information having been entered from timesheets and plant sheets into the Servitor Repairs Management software will be automatically updated into the Routine Maintenance System:

iii. Financial details of work
   a. Quantity of hours
   b. Cost of materials
   c. Vehicles used for work

When the works are complete the Team Leader – Asset & Network will change the status of the defect to 'COMPLETE.'

4.1.20 Disposal

The 'Stopping Up' process is managed by the Traffic & Development Section.

The process for archiving all carriageway information is located in the Routine Maintenance System.

4.1.21 Works Delivery

Not used

4.1.22 Performance Measurement

This section describes the management process for the carriageway performance measures. It describes the following:

- Process for how they are recorded
- How each performance measure is calculated
- Where the performance measure is stored
- Where and when the performance measure is reported

CI **% of Category 1 defects made safe within response times**

Officer responsible for completing this Performance Measure: Network Engineer

Process required to obtain information to complete calculation:

i. Defect is identified by various parties
ii. The defect (unless identified by Roads Inspectors) is entered into the Routine Maintenance System. This includes the date and time of identification.
iii. Defect is inspected and categorised as a Category 1 defect requiring 'making safe'
iv. If the defect was entered into the Routine Maintenance System in ii). the information is updated and the Category is assigned an '1'.
v. If the defect was identified by the roads inspector all information is entered into the Routine Maintenance System.

Calculation of Performance Measure:

i. For each category 1 defect requiring making safe:
   Time to make safe (hours) = Time defect completed – Time defect identified
ii. Sum all the defects with actual 'Times to make safe' below the required 'time to make safe'.

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI **% of safety inspections completed on time**

Officer responsible for completing this Performance Measure: Network Engineer

Process required to obtain information to complete calculation:

i. At the beginning of the financial year enter the safety inspection programme into the Routine Maintenance System
ii. The safety inspector shall confirm completion of each inspection in the Routine Maintenance System.

Calculation of Performance Measure:

i. For each Safety Inspection allocate:
   Yes if Actual Completion Time of Safety Inspection is before Target Completion Time of Safety Inspection
   No if Target Completion Time of Safety Inspection is before Actual Completion Time of Safety Inspection
ii. Sum Yes's from i). / total number of programmed surveys

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI **Percentage of principal roads network where structural maintenance should be considered**

Officer responsible for completing this Performance Measure: Team Leader – Asset & Network.

Process required to obtain information to complete calculation:

i. Complete SCANNER condition surveys
ii. Enter SCANNER condition survey results into United Kingdom Pavement Management System (UKPMS)

Calculation of Performance Measure:
(Sum (lengths of principal roads with 'Red' Condition (RCI > 100) and 'Amber Condition (40 < RCI < 100))) / Total length of principal roads.
This information is stored in the UKPMS.
Methods for calculating the lengths of principal roads with different conditions in UKPMS

- Create a report
- Use a query
- Copy the raw information to Excel and process the information.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI **Percentage of "B" Class roads to be considered for maintenance treatment.**

Officer responsible for completing this Performance Measure: Team Leader – Asset & Network.

Process required to obtain information to complete calculation:

i. Complete SCANNER condition survey
ii. Enter SCANNER condition survey results into United Kingdom Pavement Management System (UKPMS)

Calculation of Performance Measure:
(Sum (lengths of non-principal "B" roads with 'Red' Condition (RCI > 100) and 'Amber Condition (40 < RCI < 100))) / Total length of non-principal "B" roads.
This information is stored in the UKPMS.
Methods for calculating the lengths of non-principal "B" roads with different conditions in UKPMS

- Create a report
- Use a query
- Copy the raw information to Excel and process the information

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI **Percentage of "C" class roads to be considered for maintenance treatment.**

Officer responsible for completing this Performance Measure: Team Leader – Asset & Network.

Process required to obtain information to complete calculation:

i. Complete SCANNER condition survey
ii. Enter SCANNER condition survey results into United Kingdom Pavement Management System (UKPMS)

Calculation of Performance Measure:
(Sum (lengths of non-principal "C" roads with 'Red' Condition (RCI > 100) and 'Amber Condition (40 < RCI < 100))) / Total length of non-principal "C" roads.
This information is stored in the UKPMS.
Methods for calculating the lengths of non-principal "C" roads with different conditions in UKPMS

- Create a report
- Use a query
- Copy the raw information to Excel and process the information

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI **Percentage of unclassified, non-principal roads network where maintenance should be considered**

Officer responsible for completing this Performance Measure: Team Leader – Asset & Network.

Process required to obtain information to complete calculation:

i. Complete condition survey
ii. Enter condition survey into United Kingdom Pavement Management System (UKPMS)

Calculation of Performance Measure:
(Sum (lengths of unclassified non-principal roads with 'Red' Condition (RCI > 100) and 'Amber Condition (40 < RCI < 100))) / Total length of unclassified non-principal roads.
This information is stored in the UKPMS.
Methods for calculating the lengths of unclassified non-principal roads with different conditions in UKPMS

- Create a report
- Use a query

- Copy the raw information to Excel and process the information

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

4.2 Footways

The footway asset consists of the following assets:

- Footways

4.2.1 Inventory

There is an inventory of assets which is kept in the Routine Maintenance System.

4.2.2 Categorisation of Inventory: Hierarchy

The footway asset is categorised into the following hierarchy:

Category	Category Name	Description
M1	Strategic Route	Footways on strategic, major roads. This category includes most of the A class roads and some lower class roads of strategic importance.
M2	Main Distributor	Largely footways on B and C class roads..
M3	Secondary Distributor	Footways serving residential and industrial developments
M4	Link Road	Footways and remote footpaths on residential loops and cul-de-sacs.
M5	Local Access (Isles) Road	Distant Islands of Papa Stour, Fair Isle and Foula.

4.2.3 Quality of Inventory Held

20% of inventory is validated every year.

The process for completing the Inventory Validation is held in WDM

4.2.4 Asset Register

The Asset Register is held in the Routine Maintenance System

4.2.5 Budget Allocation

The process for allocating the footway budget is as follows:

The revenue budget for footpath maintenance is almost all utilised on preventative maintenance in the form of slurry sealing. Therefore, the budget is based on the previous year's costs and the lengths of footpath that need urgent treatment. However, the pressure on revenue funding means there is little scope to increase this budget if required and the less urgent works have to wait to the following year.

4.2.6 Customer Consultation

The following surveys provide the customers perception of the asset:

"Highway Maintenance Services Customer Satisfaction Survey" produced by APSE, undertaken on a bi-annual basis.

4.2.7 Use

Pedestrian footfall information not available.

4.2.8 Safety Considerations

Safety information is available from the Roads Service and the Safety Manager, Human Resources.

4.2.9 Utility Activity

Utility activity information is available from the Network Section of the Roads Service with information being stored on the Scottish Road Works Register managed by the Scottish Roadworks Commissioner.

The New Roads and Works Street Act details the statutory requirements of the Utility Companies regarding notification and co-ordination of their roadworks.

4.2.10 Programme Co-ordination

The Network Engineer is responsible for ensuring an integrated approach in undertaking roadworks.

4.2.11 Third Party Claims

Third party claims information is available from the Governance and Law Section.

4.2.12 Network Availability Considerations

There are no traffic sensitive footpaths on the Shetland network.

4.2.13 Amenity Value Considerations

The following sites are constructed of non standard materials to meet the respective amenity conditions of the area.

Location	Material Details	Quantity (m^2)
New Town, Lerwick (Footpaths)	Marshalls Conservation Slabs	6,500

4.2.14 Policies

The following policies associated with the carriageway asset have been approved by the Council Members:

See Task 1P Policy Review Spreadsheet in Appendix 1.

4.2.15 Safety Inspections

Safety inspections are undertaken on carriageways at the following frequencies

Footway Hierarchy	Hierarchy Description	Inspection Frequency Rural	Inspection Frequency Urban
M1	Strategic Route	Monthly	Monthly
M2	Main Distributor	Every 3 months	Every 3 months
M3	Secondary Distributor	Every 6 months	Every 6 months
M4	Link Road	Annually	Annually
M5	Local Access (Isles) Road	Annually	Annually

The process for completing safety inspections is detailed in WDM

Information from the safety inspections is stored in the Routine Maintenance System.

4.2.16 Condition Assessments

The Footway Network Survey (FNS) methodology is used to monitor the condition of the footway. The survey is undertaken as part of the Road Inspection. The Roads Inspector records the condition on the handheld device. This enables the full footway network to be surveyed every year.

The process for completing the FNS is to be advised

4.2.17 Construction / Asset Acquisition

The following processes need to be undertaken prior to the Council taking ownership of a new section of carriageway. All information and forms for asset acquisition are located with the Traffic & Development Section.

a. Onsite inspection to ensure the quality of the footpath or footway meets the Council standards. The Construction Consent process is used for this process for new roads or those constructed since 1984. For roads that were in use prior to 1984 the road adoption process is used.

b. Obtain all information relating to the footpath/footway asset including as-built drawings and design calculations/structural certificates for construction consents. Structural certificates are not required for the pre-1984 road adoption process. The relevant forms, guidance and a checklist of all information that is required for submission, for both processes, is available on the Roads Service website. These checklists must be completed and are kept with the Construction Consent/Road Adoption files in the Traffic & Development Section.

4.2.18 Routine Maintenance

4.2.18.1 Physical Processes

The following types of defects following specific work instructions are undertaken as Routine Maintenance.

Defect	Work Instruction
Pothole	WDM Routine Maintenance System
Loose Flags	WDM Routine Maintenance System
Damaged Flags	WDM Routine Maintenance System
Kerbing defects	WDM Routine Maintenance System
Depressions	WDM Routine Maintenance System

4.2.18.2 Management Processes

The following process details the management aspects of treating a defect.

1. Routine Maintenance defects are identified by road inspectors, customers and other Council staff.

   All defects are entered into the defect module of the Routine Maintenance System by the following two methods:

   iii. Download from Road Inspector Handheld Devices
   iv. Manually entered by Area Maintenance Engineer or their assistant

The minimum information required for all defects is:

- Location
- Type
- Size or quantity
- Type of person who identified defect eg. Road Inspector, Customer or Council Member

2. Identify the true state of the defect

To ensure that each defect is consistently rated the safety inspectors are responsible for locating and assessing the action required on the defect.

They will confirm the location, type and size of defect. The Area Maintenance Engineer or their assistant will allocate an action for the repair of the defect.

This information is entered into the Routine Maintenance System.

3. Routine Maintenance Programme Development

On a weekly basis the Area Maintenance Engineers will compile a list of defects from the Routine Maintenance System and from their own or the Area Foreman's observations.

The list will be provided to the Area Foremen who will then be responsible for undertaking the work in an efficient manner.

4. Post Work Process

On completion of the work the Maintenance Team Leader will record for each defect or set of defects if a combined treatment was completed the following:

i. Location of completed work Physical dimensions of the completed work
   a. Length (in metres)
   b. Width (in metres)
   c. Area (in square metres)
ii. Details of treatment used
   a. Specification
   b. Material type

The following information having been entered from timesheets into the Servitor Repairs Management software will be automatically updated into the Routine Maintenance System:

iii. Date Completed
iv. Financial details of work
   a. Quantity of hours
   b. Cost of materials
   c. Vehicles used for work

When the works are complete the Area Maintenance Engineer or Engineer/Technician will change the status of the defect to 'COMPLETE.'

4.2.19 Planned Maintenance

4.2.19.1 Scheme Identification

The Planned Maintenance Identified Scheme List is the responsibility of the Area Maintenance Engineer.

Schemes are identified from the following sources

i. The Routine Maintenance System provides a report detailing all the sections of footway assessed as having a defect.

The Roads Inspector suggests a remedial action and notes it on the report. The Area Maintenance or his assistant will approve or revise the remedial action and generate a works order on the Routine Maintenance System.
Planned Maintenance Schemes are added to the Planned Maintenance Identified Scheme List

ii. Road Inspectors – Road Inspectors may recommend that the best treatment for one or a group of more than one safety defect is a planned maintenance treatment.

iii. Council Members – Council Members on occasion contact the Council about footpath/footway defects raised by their constituents. The Area Maintenance Engineer or Team Leader – Asset & Network is responsible for inspecting and evaluating the defects. The more significant defects will be inserted into the Planned Maintenance Identified Scheme List.

iv. Customers – Customers also contact the council about carriageway defects. The Area Maintenance Engineer or Team Leader – Asset & Network is responsible for inspecting and evaluating the defects. The more significant defects will be inserted into the Planned Maintenance Identified Scheme List.

4.2.19.2 Scheme Selection

The following actions are completed by the Area Maintenance Engineer.

All schemes on the Planned Maintenance Identified Scheme List are rated.

The first draft of the programme of schemes is confirmed when the planned maintenance budget is approved. The highest rated schemes from the Footway Prioritisation Process to the value of the planned maintenance budget become the first Draft Planned Maintenance Programme.

The first Draft Planned Maintenance Programme is sent to the Executive Manager - Roads. Information required for each scheme is:

- Location,
- Length (metres)
- Area (square metres)
- Treatment type
- Cost of Treatment

All this information should be provided in an Excel Spreadsheet.

4.2.19.3 Management Processes – Pre Physical Works

The following process details the management aspects of completing the planned maintenance treatment once they are approved. These will be completed by the Area Maintenance Engineer.

1. Each scheme is allocated an estimated timeframe for the completion of the physical works. This information will be provided to the Area Foreman.
2. Complete design process to identify material quantities and estimated costs.
3. Recalculate the total cost of your Planned Maintenance Programme and compare with approved budget.
    a. If the approved budget is less than the cost of the estimated budget schemes will need to be removed from the Planned Maintenance Programme. Ideally the removed scheme should be the lowest rated from the Footway Prioritisation Process.
    b. If the approved budget is more than the cost of the estimated budget schemes will need to be added to the Planned Maintenance Programme. New schemes added to the programme should always be the next highest rated from the Footway Prioritisation Process
4. Identify who is going to complete the physical work component of the scheme
    a. Reconstruction Treatments – completed by DLO
    The DLO will be responsible for procuring the materials and completing the physical works
    b. Resurfacing Treatments – completed by DLO
    The DLO will be responsible for procuring the materials and completing the physical works
    c. Surface Dressing Treatments – completed by DLO

d. Relaying Flags – completed by DLO
e. The DLO will be responsible for procuring the materials and completing the physical works

4.2.19.4 Management Processes – Post Physical Works

On completion of the work the Maintenance Team Leader will record for each defect or set of defects if a combined treatment was completed the following:

i. Location of completed work Physical dimensions of the completed work
   a. Length (in metres)
   b. Width (in metres)
   c. Area (in square metres)
ii. Details of treatment used
   a. Specification
   b. Material type

The following information having been entered from timesheets into the Servitor Repairs Management software will be automatically updated into the Routine Maintenance System:

iii. Date Completed
iv. Financial details of work
   a. Quantity of hours
   b. Cost of materials
   c. Vehicles used for work

When the works are complete the Area Maintenance Engineer or Engineer/Technician will change the status of the defect to 'COMPLETE.'

4.2.20 Disposal

The 'Stopping Up' process is managed by the Traffic & Development Section

The process for archiving all footway information from the Routine Maintenance System is located WDM Pavement Management System.

4.2.21 Works Delivery

The process for managing the delivery of works in shown in WDM.

4.2.22 Performance Measurement

This section describes the management process for the footway performance measures. It describes the following:

- Process for how they are recorded
- How each performance measure is calculated
- Where the performance measure is stored
- Where and when the performance measure is reported

CI **% of Category 1 defects made safe within response times**

Officer responsible for completing this Performance Measure: Network Engineer

Process required to obtain information to complete calculation:

i. Defect is identified by various parties
ii. The defect (unless identified by Safety Inspectors) is entered into the Routine Maintenance System. This includes the date and time of identification.
iii. Defect is inspected and categorised as a Category 1 defect requiring 'making safe'

iv. If the defect was entered into the Routine Maintenance System in ii). the information is updated and the Category is assigned an '1'.
v. If the defect was identified by the safety inspector all information is entered into the Routine Maintenance System.

Calculation of Performance Measure:

i. For each category 1 defect requiring making safe:
Time to make safe (hours) = Time defect completed – Time defect identified
ii. Sum all the defects with actual 'Times to make safe' below the required 'time to make safe'.

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI **% of safety inspections completed on time**

Officer responsible for completing this Performance Measure: Network Engineer

Process required to obtain information to complete calculation:

i. At the beginning of the financial year enter the safety inspection programme into the Asset Management System
ii. The safety inspector shall confirm completion of each inspection in the Routine Maintenance System.

Calculation of Performance Measure:

i. For each Safety Inspection allocate:
Yes if Actual Completion Time of Safety Inspection is before Target Completion Time of Safety Inspection
No if Target Completion Time of Safety Inspection is before Actual Completion Time of Safety Inspection
ii. Sum Yes's from i). / total number of programmed surveys

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

PIFW7 **% of footway area treated**

Officer responsible for completing this Performance Measure: Team Leader – Asset & Network

Process required to obtain information to complete calculation:

i. The approved Planned Maintenance Programme shall be inserted into the Routine Maintenance System. Each scheme should be identified either as 'Reconstruction', 'Resurfacing' or 'Slurry Sealing.'
ii. On completion of the works the length of the scheme shall be measured and entered into the Routine Maintenance System.

Calculation of Performance Measure:

Length of footway treated = Sum of length of footway treated
% footway treated = Sum of length of footway treated / Total length of footway
This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

4.3 Street Lighting

The street lighting asset consists of the following assets:

- Columns
- Luminaires
- Cables
- Cabinets

4.3.1 Inventory

There is an inventory of assets which is kept in the WDM Routine Maintenance System.

4.3.2 Quality of Inventory Held

20% of inventory is validated every year.

A Structural/Electrical Survey is to be undertaken during 2016-2017 and the inventory will be 100% updated on its completion.

4.3.3 Asset Register

The Asset Register is held in the WDM Routine Maintenance System

4.3.4 Budget Allocation

The process for allocating the street lighting budget is as follows:

The budget has been based on earlier budgets in the past with fluctuations dependent on the levels of repairs identified. However, the electrical testing and structural inspection surveys will enable a calculation of the required budget from first principles. The “Scottish Futures Trust Streetlighting Toolkit” will then be used to determine the capital funding required to replace the conventional lanterns with their LED equivalents and for the replacement of “failed” columns. The revenue funding in subsequent years will be reduced to take account of the reduction in the need for lamp replacements and the improvement in the general condition of the lighting asset.

4.3.5 Customer Consultation

The following surveys provide the customers perception of the asset:

“Highway Maintenance Services Customer Satisfaction Survey” produced by APSE, undertaken on a bi-annual basis.

4.3.6 Safety Considerations

Safety information is available from the Street Lighting Technician

4.3.7 Utility Activity

The process for reimbursing from Utility Companies for damage to Street Lighting Columns or Cables is the responsibility of the Network Engineer.

The New Roads and Works Street Act details the statutory requirements of the Utility Companies.

4.3.8 Programme Co-ordination

Utility activity information is available from the Network Section of the Roads Service with information being stored on the Scottish Road Works Register managed by the Scottish Roadworks Commissioner.

The New Roads and Works Street Act details the statutory requirements of the Utility Companies regarding notification and co-ordination of their roadworks.

4.3.9 Third Party Claims

Third party claims information is available from the Governance and Law Section

4.3.10 Network Availability Considerations

There are no traffic sensitive footpaths on the Shetland network.

4.3.11 Amenity Value Considerations

The following sites are constructed of non standard materials to meet the respective amenity conditions of the area:

Commercial Street and Lanes, Lerwick

4.3.12 Policies

The following policies associated with the carriageway asset have been approved by the Council Members:

See Task 1P Policy Review Spreadsheet in Appendix 1.

4.3.13 Night Inspections

Not currently undertaken in Shetland.

4.3.14 Structural Inspections

Structural testing is completed in accordance with Institution of Lighting Engineers (ILE) Technical Report TR22: Managing a Vital Asset: Lighting Supports Guidance.

4.3.15 Electrical Inspections

Electrical testing is completed in accordance with the requirements of BS7671: Requirements of Electrical Installations

Electrical testing is undertaken by the Council's Building Service.

4.3.16 Construction / Asset Acquisition

The following processes need to be undertaken prior to the Council taking ownership of a new section of carriageway. All information and forms for asset acquisition are located with the Traffic & Development Section.

a. Onsite inspection to ensure the quality and safety of the streetlighting meets the Council standards. The Construction Consent process is used for this process for new roads or those constructed since 1984. For roads that were in use prior to 1984 the road adoption process is used.

b. Obtain all information relating to the streetlighting asset including as-built drawings and design calculations/structural certificates for construction consents. Structural certificates are not required for the pre-1984 road adoption process. The relevant forms, guidance and a checklist of all information that is required for submission, for both processes, is available on the Roads Service website. These checklists must be completed and are kept with the Construction Consent/Road Adoption files in the Traffic & Development Section.

4.3.17 Routine Maintenance

4.3.17.1 Physical Processes

The following types of faults following specific work instructions are undertaken as Routine Maintenance.

Fault	Work Instruction
Lamp Change	WDM Routine Maintenance System
Blown Fuse	WDM Routine Maintenance System
Cable Fault	WDM Routine Maintenance System
Section Fault	WDM Routine Maintenance System

4.3.17.2 Management Processes

The following process details the management aspects of treating a fault.

1. Routine Maintenance faults are identified by Estate Operations electricians, road inspectors, customers and other Council staff.

   The electrician or road inspector identifies the faults during inspections. The electrician will complete the repair if time and resources are available. The inspector will enter the fault in the Routine Maintenance System.

   All faults are entered into the fault module of the Routine Maintenance System by the following two methods:

   i. Download from Electrician/Road Inspector Handheld Devices
   ii. Manually entered by the Streetlighting Engineer/Technician.

   The minimum information required for all faults is:

   - Location
   - Column ID
   - Fault Type
   - Type of person who identified defect eg. Road Inspector, Customer or Council Member

2. Routine Maintenance Programme Development

   On a weekly basis the Streetlighting Engineer/Technician will compile a list of defects from the Routine Maintenance System and from their own or the Roads Inspector's and/or Area Foreman's observations.

   The list will be provided to the Estate Operations Team Leader via the Network Engineer who will both then be responsible for ensuring the work is done in an efficient manner.

3. Post Work Process

   On completion of the work the Street Lighting Maintenance Engineer/Technician will record for each fault the following:

   i. Location of completed work
      Column ID
   ii. Details of Repair
      a. Repair Type
      b. Equipment type
   iii. Details of Replacement Lamps (if applicable)
      a. Lamp Type
      b. Lamp Wattage

The following information having been entered from timesheets into the Servitor Repairs Management software will be automatically updated into the Routine Maintenance System:

iv. Date Completed
v. Financial details of work
   a. Quantity of hours
   b. Cost of materials
   c. Vehicles used for work

All information will be entered into the Routine Maintenance System by the Street Lighting Maintenance Engineer/Technician who will change the status of the defect to 'COMPLETE.'

4.3.18 Planned Maintenance

4.3.18.1 Scheme Identification - Columns

The Planned Maintenance Identified Scheme List is the responsibility of the Street Lighting Maintenance Engineer/Technician.

Schemes are identified from the following sources

i. Structural Inspections – These visual inspections provides a report detailing inspected column and their place on a column condition index. The index is as follows:
   - 1 = Good;
   - 2 = Fair;
   - 3 = Poor; and
   - 4 = Fail.

   Columns with an index of 4 are added to the removal list and Planned Maintenance Identified Scheme list. Columns with an index of 3 will be re-inspected after 2 years, those with an inex of 2 after 4 years and those with an index of 1 after 6 years.
ii. Electricians/Road Inspectors –may identify columns which need renewing.

4.3.18.2 Scheme Selection

The following actions are completed by the Street Lighting Maintenance Engineer/Technician.

All schemes on the Planned Maintenance Identified Scheme List are rated using the Column Prioritisation Process.

The first draft of the programme of columns is confirmed when the planned maintenance budget is approved. The highest rated schemes from the Column Prioritisation Process to the value of the planned maintenance budget become the first Draft Planned Maintenance Programme.

The first Draft Planned Maintenance Programme is sent to the Roads Department Manager who delivers it to the Council Members. Information required for each scheme is:

- Location,
- Column ID
- Material type
- Lamp type
- Cost of Treatment

All this information should be provided in an Excel Spreadsheet.

The Roads Service Executive Manager will write to Council members to inform them of the Planned Maintenance Programme.

4.3.18.3 Management Processes – Pre Physical Works

The following process details the management aspects of completing the renewed street lighting columns once they are approved. These will be completed by the Street Lighting Engineer/Technician.

1. Each column (or group of columns) is allocated an estimated timeframe for the completion of the physical works. This information will be provided to the Electrician and/or Area Foreman.
2. Complete design process to identify material quantities and estimated costs.
3. Recalculate the total cost of the Planned Maintenance Programme and compare with approved budget.
    a. If the approved budget is less than the cost of the estimated budget, columns will need to be removed from the Planned Maintenance Programme. Ideally the removed columns should be the lowest rated from the Column Prioritisation Process.
    b. If the approved budget is more than the cost of the estimated budget, columns will need to be added to the Planned Maintenance Programme. New columns added to the programme should always be the next highest rated from the Column Prioritisation Process
4. Columns are installed by the DLO Road Maintenance Section.

4.3.18.4 Management Processes – Post Physical Works

On completion of the installation of the columns the Street Lighting Engineer/Technician will record the following information:

i. Inventory Information – Complete the Street Lighting Inventory Update Sheet
ii. Date completed

The following information having been entered from timesheets into the Servitor Repairs Management software or equivalent and will be automatically updated into the Routine Maintenance System:

iii. Financial details of work
    a. Quantity of hours
    b. Cost of materials
    c. Vehicles used for work

All information will be entered into the Routine Maintenance System by the Street Lighting Maintenance Engineer/Technician who will change the status of the defect to 'COMPLETE.'

4.3.19 Disposal

The process for disposing of a column is organised by the Street Lighting Engineer/Technician.

The process for archiving all street lighting information from the Routine Maintenance System is located in WDM.

4.3.20 Works Delivery

The process for managing the delivery of works is shown in WDM.

4.3.21 Performance Measurement

This section describes the management process for the street lighting performance measures. It describes the following:

- Process for how they are recorded
- How each performance measure is calculated
- Where the performance measure is stored
- Where and when the performance measure is reported

CI Percentage of street lamps Not working as planned

Officer responsible for completing this Performance Measure: Street Lighting Engineer/Technician.

Process required to obtain information to complete calculation:

i. Street lamps not working are identified by various parties
ii. Street lamps are entered into the Routine Maintenance System. This includes the date and time of identification.

Calculation of Performance Measure:

i. The number of street lamps not working for each day is calculated
ii. Average number of lamps not working as planned = Sum of lamps not working as planned for each year.
iii. Percentage of street lamps not working as planned = Average number of lamps not working as planned / 365 days

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI Percentage of repairs within 7 days

Officer responsible for completing this Performance Measure: Street Lighting Engineer/Technician.

Process required to obtain information to complete calculation:

i. Street lamps not working are identified by various parties
ii. Street lamps are entered into the Routine Maintenance System. This includes the date and time of identification
iii. Street lamps are repaired
iv. The status of the street lamps are updated to 'Complete' in the Routine Maintenance System.
v. All information relating to the repair is entered into the Asset Management System.

Calculation of Performance Measure:

i. For each street lamp repaired:
Time (repair street lamp) = Time (street lamp repaired) – Time (street lamp identified not working)
ii. Sum (street lamps repaired in 7 days or less)
iii. Percentage of lamps restored to working condition within 7 days = Sum (street lamps repaired in 7 days or less) / Sum (total street lamps identified).

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI Average annual electricity consumption per street light (kWh)

Officer responsible for completing this Performance Measure: Council's Energy Manager

Process required to obtain information to complete calculation:

Obtain the annual electricity consumption from the Energy Company

Calculation of Performance Measure:
Average annual electricity consumption per street light (kWh) = Annual electricity consumption / total number of street lights

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

4.4 Structures

The structures asset consists of the following assets:

- Road Bridges
- Footbridges
- Retaining Walls
- Culverts

4.4.1 Inventory

There is an inventory of assets which is kept in the Routine Maintenance System.

4.4.2 Quality of Inventory Held

17% of the inventory is validated every year.

The process for completing the Inventory Validation is held in WDM. An inspection of bridges and culverts

4.4.3 Asset Register

The Asset Register is held in the Routine Maintenance System.

4.4.4 Budget Allocation

The process for allocating the structures budget is as follows:

The budget has been based on earlier budgets in the past with fluctuations dependent on the levels of repairs identified. However, the structural inspection surveys will in time enable a calculation of the required budget from first principles.

4.4.5 Customer Consultation

The following surveys provide the customers perception of the asset:

“Highway Maintenance Services Customer Satisfaction Survey” produced by APSE, undertaken on a bi-annual basis.

4.4.6 Utility Activity

The process for reimbursing from Utility Companies for damage to structures is the responsibility of the Network Engineer.

The New Roads and Works Street Act details the statutory requirements of the Utility Companies.

4.4.7 Programme Co-ordination

Utility activity information is available from the Network Section of the Roads Service with information being stored on the Scottish Road Works Register managed by the Scottish Roadworks Commissioner.

The New Roads and Works Street Act details the statutory requirements of the Utility Companies regarding notification and co-ordination of their roadworks.

4.4.8 Third Party Claims

Third party claims information is available from the Governance and Law Section

The process for reimbursing from third parties for damage to structures is the responsibility of the Governance and Law Section

4.4.9 Environmental Considerations

Information on Sites of Special Scientific Interest (SSSI) and Special Areas of Conservation (SAC) are recorded on the Routine Maintenance System.

4.4.10 Network Availability Considerations

There are no traffic sensitive roads on the Shetland network.

4.4.11 Policies

The following policies associated with the structures asset have been approved by the Council Members:

See Task 1P Policy Review Spreadsheet in Appendix 1.

4.4.12 General Inspections

General inspections are undertaken on all structures every two years

General inspections are undertaken in accordance with recognised procedures

Information from the general inspections is stored in WDM.

4.4.13 Principal Inspections

Principal inspections are undertaken on all structure every six years.

These inspections are to commence in the near future.

Principal inspections will be undertaken in accordance with recognised procedures

Some of the requirements of the inspection are undertaken by outside consultants e.g. major bridges

4.4.14 Construction / Asset Acquisition

The following processes need to be undertaken prior to the Council taking ownership of a structure. All information and forms for asset acquisition are located with the Traffic & Development Section

a. Onsite inspection to ensure the quality and safety of the streetlighting meets the Council standards. The Construction Consent process is used for this process for new roads or those constructed since 1984. For roads that were in use prior to 1984 the road adoption process is used.

b. Obtain all information relating to the streetlighting asset including as-built drawings and design calculations/structural certificates for construction consents. Structural certificates are not required for the pre-1984 road adoption process. The relevant forms, guidance and a checklist of all information that is required for submission, for both processes, is available on the Roads Service website. These checklists must be completed and are kept with the Construction Consent/Road Adoption files in the Traffic & Development Section.

4.4.15 Routine Maintenance

4.4.15.1 Physical Processes

The following types of faults following specific work instructions are undertaken as Routine Maintenance.

Work Type	Work Instruction
Repointing	WDM Routine Maintenance System
Brickwork Repairs	WDM Routine Maintenance System
Handrail Repairs	WDM Routine Maintenance System
Parapets	WDM Routine Maintenance System
Protective coatings Repairs	WDM Routine Maintenance System
Expansion joint replacement	WDM Routine Maintenance System
Vehicle Collisions	WDM Routine Maintenance System

4.4.15.2 Management Processes

The following process details the management aspects of treating a fault.

1. Routine Maintenance Fault Identification
   Routine Maintenance faults are identified by the Design Section, roads inspectors, customers and other Council staff

   All faults are entered into the fault module of the Routine Maintenance System by the roads inspector or Area Maintenance Engineer.

   The minimum information required for all faults is:

   - Location
   - Structure ID
   - Fault Type
   - Type of person who identified defect eg. Roads Inspector, Customer or Council Member

2. Routine Maintenance Programme Development

   The Routine Maintenance Programme is created by the Team Leader Design.

   A risk rating is allocated to each identified fault by the Team Leader Design.

   The structures with faults are listed in order of risk (ie. high risk to low risk) creating the Risk Rated Routine Maintenance Programme.

   The first draft of the programme is confirmed when the routine maintenance budget is approved. The highest rated schemes from the Risk Rated Routine Maintenance Programme to the value of the routine maintenance budget become the first Draft Routine Maintenance Programme.

   The first Draft Routine Maintenance Programme is sent to the Executive Manager - Roads. Information required for each highway structure is:

   - Structure Name
   - Structure ID
   - Location
   - Description of Routine Maintenance
   - Cost of Work

   All this information should be provided in an Excel Spreadsheet.

   The Executive Manger - Roads is responsible for approving the Planned Maintenance Programme.

3. Management Processes – Pre Physical Works

The following process details the management aspects of completing the structures routine maintenance once approved. These will be completed by the Team Leader Design.

1. Each structure is allocated an estimated timeframe for the completion of the physical works. This information will be provided to the Area Maintenance Engineer and Area Foreman.
2. Complete design process to identify material quantities and estimated costs
3. Apply for all permits following instructions located
4. Recalculate the total cost of the Routine Maintenance Programme and compare with approved budget.
    a. If the approved budget is less than the cost of the estimated budget structures, will need to be removed from the Routine Maintenance Programme. Ideally the removed structures should be the lowest rated from the Risk Rated Routine Maintenance Programme.
    b. If the approved budget is more than the cost of the estimated budget structures, will need to be added to the Routine Maintenance Programme. structures added to the programme should always be the next highest rated from the Risk Rated Routine Maintenance Programme

Structures routine maintenance is completed by the Road Maintenance Section.

4. Post Work Process

On completion of the work the Structures Maintenance Team Leader will record for each structure repaired the following:

i. Structure Name
   Structure ID
   Location of completed work
ii. Details of Repair
    a. Repair Type

The following information having been entered from timesheets into the Servitor Repairs Management software or equivalent and will be automatically updated into the Routine Maintenance System:

iii. Date Repair Completed
iv. Financial details of work
    a. Quantity of hours
    b. Cost of materials
    c. Vehicles used for work

All information will be entered into the Routine Maintenance System by the Area Maintenance Engineer.

4.4.16 Planned Maintenance

4.4.16.1 Physical Processes

The following types of faults following specific work instructions are undertaken as Planned Maintenance.

Work Type	Work Instruction
Replacement of Structure	WDM Routine Maintenance System
Parapet Wall Renewals	WDM Routine Maintenance System
Replacement Wing Walls	WDM Routine Maintenance System
Renewal of Bridge Deck	WDM Routine Maintenance System

4.4.16.2 Management Processes

The following process details the management aspects of treating a fault.

1. Planned Maintenance Fault Identification
   Planned Maintenance faults are identified by the Design Section, roads inspectors, customers and other Council staff

   All faults are entered into the fault module of the Routine Maintenance System by the roads inspector or Area Engineer.

   The minimum information required for all faults is:

   - Location
   - Structure ID
   - Fault Type
   - Type of person who identified defect eg. Roads Inspector, Customer or Council Member

2. Planned Maintenance Programme Development

   The Planned Maintenance Programme is created by the Team Leader – Design.

   A risk rating is allocated to each identified fault by the Team Leader – Design.

   The structures with faults are listed in order of risk (ie. high risk to low risk) creating the Risk Rated Planned Maintenance Programme.

   The first draft of the programme is confirmed when the planned maintenance budget is approved. The highest rated schemes from the Risk Rated Planned Maintenance Programme to the value of the planned maintenance budget become the first Draft Planned Maintenance Programme.

   The first Draft Planned Maintenance Programme is sent to the Roads Department Manager. Information required for each highway structure is:

   - Structure Name
   - Structure ID
   - Location
   - Description of Planned Maintenance
   - Cost of Work

   All this information should be provided in an Excel Spreadsheet.

3. Management Processes – Pre Physical Works

   The following process details the management aspects of completing the structures planned maintenance once approved. These will be completed by the Team Leader – Design.

   1. Each highway structure is allocated an estimated timeframe for the completion of the physical works. This information will be provided to the Street Works Team.
   2. Complete design process to identify material quantities and estimated costs
   3. Apply for all permits following instructions
   4. Recalculate the total cost of the Planned Maintenance Programme and compare with approved budget.
      a. If the approved budget is less than the cost of the estimated budget structures, will need to be removed from the Planned Maintenance Programme. Ideally the removed structures should be the lowest rated from the Risk Rated Routine Maintenance Programme.
      b. If the approved budget is more than the cost of the estimated budget structures, will need to be added to the Planned Maintenance Programme. Structures added to the programme should always be the next highest rated from the Risk Rated Planned Maintenance Programme.

   Structures planned maintenance can be completed by either the Road Maintenance Section or an external contractor.

4. Post Work Process

On completion of the work the Team Leader – Design will record for each highway structure repaired the following:

i. Structure Name
Structure ID
Location of completed work
ii. Details of Repair
a. Repair Type
iii. Date Repair Completed
iv. Financial details of work
a. Quantity of hours
b. Cost of materials
c. Vehicles used for work

All information will be entered into the Routine Maintenance System by the Area Maintenance Engineer.

4.4.17 Disposal

The process for disposing of a highway structure is located at Traffic & Development Section.

The process for archiving all highway structures information from the Routine Maintenance System is located in WDM.

4.4.18 Works Delivery

The process for managing the delivery of works in shown in WDM

4.4.19 Performance Measurement

This section describes the management process for the structures performance measures. It describes the following:

- Process for how they are recorded
- How each performance measure is calculated
- Where the performance measure is stored
- Where and when the performance measure is reported

CI **% of Principal Inspections Carried Out on Time**

Officer responsible for completing this Performance Measure: Team Leader – Design.

Process required to obtain information to complete calculation:

i. Design Section undertakes principal inspections.
ii. Inspection findings are entered into the Routine Maintenance System. This includes the date and time of inspection.

Calculation of Performance Measure:

iii. The number of inspections undertaken in the prescribed period is calculated.

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI % of General Inspections Carried Out on Time

Officer responsible for completing this Performance Measure: Team Leader – Design.

Process required to obtain information to complete calculation:

iv. Design Section undertakes general inspections.

iii. Inspection findings are entered into the Routine Maintenance System. This includes the date and time of inspection.

Calculation of Performance Measure:

i. The number of inspections undertaken in the prescribed period is calculated.

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI Bridge Stock Condition Indicator – average BSCIav

Officer responsible for completing this Performance Measure: Team Leader – Design.

Process required to obtain information to complete calculation:

i. Bridge condition is inspected by Design Section with each bridge receiving a score or Bridge Condition Indicator value depending on its condition.

Calculation of Performance Measure:

ii. The Bridge Stock Condition Indicator is the numerical value of a bridge stock condition evaluated as an average of the Bridge Condition Indicator values weighted by the deck area (m^2) of each bridge.

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.

CI Bridge Stock Condition Indicator – average BSCcrit

Officer responsible for completing this Performance Measure: Team Leader – Design.

Process required to obtain information to complete calculation:

i. Bridge condition is inspected by Design Section with each bridge receiving a score or Bridge Condition Indicator value depending on its condition.

Calculation of Performance Measure:

ii. The Bridge Stock Condition Indicator is the numerical value of the critical condition index for a bridge stock evaluated using the BSCIcrit values.

This information is stored in the Routine Maintenance System.

When performance measure is required:

The performance indicator is reported by SCOTS/APSE, in the Council's Covalent software and on the Roads Service website.