



Meeting(s):	Policy & Resources Committee Shetland Islands Council	7 December 2016 14 December 2016
Report Title:	SIC Overall Management Accounts 2016/17 Projected Outturn at Quarter 2	
Reference Number:	F-070-F	
Author / Job Title:	Jonathan Belford Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 The Policy & Resources Committee RECOMMENDS that the Council RESOLVE to review the Management Accounts showing the projected outturn position at quarter 2.

2.0 High Level Summary:

- 2.1 The report sets out the overall Council projected financial position as at quarter 2.
- 2.2 The revenue outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £3.298m, of which £0.330m has been classified as recurring savings (Appendix 1).
- 2.3 The capital outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £6.889m, of which, £6.673m has been identified as being required in future years to deliver projects (Appendix 2).
- 2.4 From the cost pressures and contingency items budget, £1.659m has been applied to meet projected overspends in directorates (Appendix 3).
- 2.5 The projected draw from reserves of £11.793m is sustainable (equates to a daily draw on reserves of £32k). This is a decrease of £5.194m against the revised budget (Appendix 4).
- 2.6 Appendices 1-4 set out this information in detail.

3.0 Corporate Priorities and Joint Working:

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

3.2	The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.
4.0 Key Issues:	
4.1	At quarter 2 the projections suggest that the Council will be within budget at the year-end by £3.298m. Services are expecting to spend less than they had estimated in the first quarter where the projected under spend was estimated at £1.731m less than budget.
4.2	However, circumstances may change between now and the year end which may adversely but also could favourably alter the outturn position. The risks are set out in Section 6.9 below.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	None.
6.2 Human Resources and Organisational Development:	None.
6.3 Equality, Diversity and Human Rights:	None.
6.4 Legal:	None.
6.5 Finance:	Overall the Council is projected to be within the budget set for 2016/17. The draw on reserves remains affordable.
6.6 Assets and Property:	None.
6.7 ICT and new technologies:	None.
6.8 Environmental:	None.
6.9 Risk Management:	There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.

	<p>From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main variable assumptions are around anticipated income levels, returns on investments and cost pressures and demands.</p> <p>This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.</p>	
6.10 Policy and Delegated Authority:	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2016/17 financial year. The Policy & Resources Committee has delegated authority for securing the co-ordination, control and proper management of the financial affairs of the Council, and has referred authority to make recommendations to the Council as to the level of any expenditure not provided for in the annual budgets.</p>	
6.11 Previously considered by:	Not Applicable	

Contact Details:

Hazel Tait, Team Leader Accountancy, Hazel.Tait@Shetland.gov.uk, 22 November 2016

Appendices:

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

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

Appendix 3 - Contingency and Cost Pressure Budget 2016/17

Appendix 4 - Use of Reserves 2016/17

Background Documents:

SIC Budget Book 2016-17, SIC 10 February 2016

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

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

Budget v Projected Outturn Variance Qtr 1 £000	General/Support/Recharged	2016/17 Revised Budget Qtr 2 £000	2016/17 Projected Outturn Qtr 2 £000	2016/17 Projected Variance Qtr 2 £000
2	Chief Executive	1,756	1,741	15
(112)	Children's Services	39,530	39,530	0
335	Community Care	18,584	18,301	284
(112)	Corporate Services	7,358	7,352	6
(14)	Development	14,719	14,435	284
(360)	Infrastructure	19,782	19,774	9
(67)	Fund Managers Fees	875	942	(67)
1	Energy	2,440	2,457	(17)
0	Water	223	227	(3)
(50)	Building Maintenance	2,270	2,178	91
16	Fleet Management Unit	770	733	38
0	Insurance	879	879	0
(118)	Training	656	656	0
0	Office Building Charge	1,990	1,990	0
1,712	Contingencies & Cost Pressures	3,281	1,122	2,159
0	Economic Development Investment Income	(800)	(800)	0
0	Interest on Revenue Balances	(26)	(26)	0
500	Spend to Save (Unallocated)	1,000	500	500
0	Net Recharges to Other Fund	(1,723)	(1,723)	0
1,731	Total Net Expenditure/(Income)	113,564	110,266	3,298
	<i>Funded by:</i>			
0	Government Grants	(82,639)	(82,639)	0
0	Council Tax	(8,505)	(8,505)	0
(1,731)	Contribution from General Fund Reserve	(22,420)	(19,122)	(3,298)
(1,731)	Total Funding/Contribution	(113,564)	(110,266)	(3,298)
0	Balanced Budget	0	0	0

1. Revenue - Projected Outturn Position for 2016/17

Budget v Projected Outturn Variance Qtr 1 £000	Harbour Account	2016/17 Revised Budget Qtr 2 £000	2016/17 Projected Outturn Qtr 2 £000	2016/17 Projected Variance Qtr 2 £000
310	Sullom Voe	(8,948)	(8,734)	(214)
(208)	Scalloway	46	204	(158)
4	Other Piers	527	466	61
380	Terminals	(1,956)	(2,461)	505
486	Total Net Expenditure/(Income)	(10,330)	(10,525)	194
(143)	Shetland Gas Plant	(693)	(550)	(143)
(143)	Other Income	(693)	(550)	(143)
(342)	Contribution to Reserve Fund	11,024	11,075	(51)
(342)	Total Contribution	11,024	11,075	(51)
0	Balanced Budget	0	0	0

Budget v Projected Outturn Variance Qtr 1 2016-17 £000	Housing Revenue Account	2016/17 Revised Budget Qtr 2 2016-17 £000	2016/17 Projected Outturn Qtr 2 2016-17 £000	2016/17 Projected Variance Qtr 2 2016-17 £000
86	Expenditure	6,042	5,354	688
3	Income	(6,946)	(6,949)	3
89	Total Net Expenditure/(Income)	(904)	(1,595)	691
(89)	Contribution to HRA R&R Fund	904	1,595	(691)
(89)	Total Contribution	904	1,595	(691)
0	Balanced Budget	0	0	0

2. Capital - Projected Outturn Position for 2016-17

Budget v Projected Outturn Variance Qtr 1 £000	Service Area	2016/17 Revised Budget Qtr 2 £000	2016/17 Projected Outturn Qtr 2 £000	2016/17 Projected Variance Qtr 2 £000	Slippage Required in 2017/18 £000	Overall Projected Outturn Variance Qtr 2 £000
2,744	Children's Services	15,052	11,291	3,761	3,767	(6)
(90)	Community Care	3,322	1,479	1,843	1,956	(113)
0	Corporate Services	2,858	2,283	575	577	(2)
0	Development (GF)	190	36	154	160	(6)
446	Infrastructure (including Harbour Account)	8,915	8,359	556	213	343
0	Development (HRA)	2,413	2,413	0	0	0
3,100	Total Costs	32,749	25,860	6,889	6,673	216
	Funded by:					
0	General Capital Grant	(5,753)	(5,753)	0	0	0
0	Capital Grants Unapplied (General Fund)	(8)	(8)	0	0	0
0	External Grants	(609)	(589)	(20)	(20)	0
(1,822)	External Borrowing	(14,362)	(9,105)	(5,257)	(4,957)	(300)
92	Spend to Save Reserve	(597)	(711)	115	0	115
0	Council Tax Second Homes Reserve	(160)	0	(160)	(160)	0
(992)	Capital Fund Reserve	(3,813)	(2,703)	(1,110)	(1,476)	365
0	Capital Receipts Reserve (General Fund)	(1,443)	(1,443)	0	0	0
0	General Fund Capital Receipts	(350)	(350)	0	0	0
0	CFCR (General Fund)	(200)	(200)	0	0	0
0	Capital Energy Efficiency Fund	(34)	(34)	0	0	0
0	Capital Receipts Reserve (HRA)	(118)	(118)	0	0	0
0	Capital Receipts (HRA)	(612)	(1,310)	698	0	698
0	CFCR (HRA)	(1,682)	(984)	(698)	0	(698)
0	Capital Receipts Reserve (Harbour Account)	(323)	(323)	0	0	0
0	Capital Receipts (Harbour)	0	(2)	2	0	2
-378193	CFCR (Harbour Account)	(2,665)	(2,226)	(439)	(60)	(379)
0	Harbour Account External Grants	(20)	0	(20)	0	(20)
(3,100)	Total Funding & Financing	(32,749)	(25,860)	(6,889)	(6,673)	(216)
0	Balanced Budget	0	0	0	0	0

3. Cost Pressure and Contingency Budget for 2016/17

Service Area	2016/17 Original Budget 2016/17 Qtr 2 £000	2016/17 Budget Allocated 2016/17 Qtr 2 £000	2016/17 Revised Budget 2016/17 Qtr 2 £000
Cost Pressures:			
Living Wage	74	115	-41
Holiday Pay	300	111	189
Sleep-Over Payments/Teacher Pay Award	365	340	25
Health & Social Care Integration	15	0	15
Free School Meals	32	0	32
Free Nursery Meals	13	0	13
Fee Paid Carers	94	0	94
Kinship Allowances	31	0	31
Windybrae	88	88	0
External Audit Fees	20	20	0
Air/Bus/School Transport Inflation	81	0	81
TOTAL COST PRESSURES:	1,113	674	439
Contingency:			
Off-Island Placements (Comm Care / Child Svs)	1,052	498	554
Children's Resources	292	60	232
Schools/Quality Improvement	354	0	354
Supply Teachers / Reliefs in Schools	258	0	258
Disabled Adaptions	250	0	250
Ferry Vessel & Other Fuel	274	0	274
Ferry Staff Shortages	210	0	210
Ferry Staff Revalidation Cover	115	0	115
Infrastructure Equipment Failure	350	250	100
Winter Maintenance	110	0	110
Bitument Supplies	102	0	102
Extreme Weather Events	100	0	100
CIPFA Trainee Programme	70	0	70
Valuation Joint Board	50	0	50
Funding for Change	500	125	375
External Recruitment for Senior Officers	124	47	77
Payroll Officer	27	0	27
Homeless Accommodation Costs Inflation	60	0	60
Foula Ferry Contract Increase	60	0	60
Reduction based on risk of events occurring (41%)	-1793	0	-1,793
TOTAL CONTINGENCIES:	2,565	980	1,585
TOTAL COST PRESSURES AND CONTINGENCIES	3,678	1,654	2,024
Borrowing Support Costs (AHS funded centrally)	1,256	0	1,256
OVERALL TOTAL	4,934	1,654	3,280

4. Use of Reserves for 2016/17

(included General Fund/Harbour Account/Housing Revenue Account/Spend to Save reserves)

2016/17 Total Draw 2016/17 Qtr 1 £000	Service Area	2016/17 Revenue Draw 2016/17 Qtr 2 £000	2016/17 Capital Draw 2016/17 Qtr 2 £000	2016/17 Total Draw 2016/17 Qtr 2 £000	2016/17 Daily Draw 2016/17 Qtr 2 £000
8,105	Original Budgeted Draw on Reserves	7,954	151	8,105	22
8,109	Carry forwards from 2015/16	2,338	5,771	8,109	
	Additional Budget - Scalloway Fishmarket	200	0	200	
	Revisions to Funding of the Capital Programme	0	574	574	
16,214	Revised Budgeted Draw on Reserves	10,492	6496	16,988	47
13,152	Projected Outturn Draw on Reserves	6,453	5,341	11,794	32
3,062	Projected Variance on Draw on Reserves	4,039	1,155	5,194	14



Meeting(s):	Policy and Resources Committee Shetland Islands Council	7 December 2016 14 December 2016
Report Title:	Asset Investment Plan – Progress Report	
Reference Number:	CPS-14-16-d2	
Author / Job Title:	Robert Sinclair, Executive Manager – Capital Programme	

1.0	Decisions / Action required:
1.1	That the Policy and Resources Committee RECOMMENDS that the Council notes the progress and budget re-profiling of the projects within the Asset Investment Plan
2.0	High Level Summary:
2.1	This report advises the Council on the progress of the projects contained within its Asset Investment Plan which are currently underway or to be started in 2016/17.
2.2	It includes a summary of the financial status and predicted outturn for the full life of each project.
2.3	This report details the requirement to re-profile two capital maintenance programme budgets in order to avoid substantial additional costs for the Council.
3.0	Corporate Priorities and Joint Working:
3.1	This report forms part of the annual performance reporting arrangements on financial matters in support of the Financial Strategy, Reserves Policy and Budget Strategy. 'Our Plan 2016 to 2020' states that "Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means" and that "We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the community plan".
4.0	Key Issues:
4.1	This report provides an overview of the full life of those projects within the Council's Asset Investment Plan that are currently underway or to be started in 2016/17, based on the agreed budget and the predicted outturn.
4.2	Where projects take place over a number of financial years, this report summarises the position from the beginning to completion of the project. Capital maintenance is not included in this report.
4.3	Quarterly monitoring reports on capital expenditure are provided by the Executive

<p>Manager - Finance, detailing the progress of all capital projects within the current financial year. That report also covers expenditure on capital maintenance.</p>	
4.4	The detailed project information is attached as Appendix A.
4.5	Although this report does not focus on capital maintenance, there are two capital maintenance budgets which have been re-profiled and require to be reported to Council at this time.
4.6	<p>Vehicle & Plant Replacement Programme</p> <p>Six winter gritting vehicles have been replaced in the current year to avoid substantial repair costs of £100k. As the Replacement Programme budget is fully committed for the current year, there is a requirement to draw forward budget from the 2017/18 Programme to meet the additional cost in 2016/17. The budget for 2017/18 has therefore been reduced by £324k and reprofiled to 2016/17 resulting in no additional budget over the two year period.</p>
4.7	<p>PC/Lan Upgrade Programme</p> <p>An essential planned upgrade to Microsoft Software Licenses has been brought forward due to notification of a price increase in January 2017. This early purchase will result in estimated avoided costs of £228k over the six year life of the Licenses. As the Programme budget for 2016/17 is fully committed, additional budget of £245k has been allocated to the current year, with an equivalent reduction in the Programme budget in future years in the 5 Year Asset Investment Plan, resulting in no additional budget requirement over the 5 year period.</p>
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Upon completion, the projects described in the appendix to this report will either enhance the quality and/ or condition of the assets available to the people of Shetland or add to them.
6.2 Human Resources and Organisational Development:	No implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.
6.4 Legal:	No implications arising directly from this report.
6.5 Finance:	The Asset Investment Plan projects which are currently underway or to be commenced in 2016/17, and are detailed in

	<p>Appendix A, have a projected outturn cost of £44.6m.</p> <p>Of the total cost, £3.4m will be funded externally with £41.2m to be funded by the Council.</p> <p>The budget re-profiling referred to in paragraphs 4.6 and 4.7 of this report results in an estimated additional cost avoidance of £100k on vehicle maintenance and £228k on software licenses for the Council.</p>	
6.6 Assets and Property:	Upon completion, the projects described in the appendix to this report will either enhance the quality and/ or condition of the Council's existing asset base or add to it.	
6.7 ICT and new technologies:	No implications arising directly from this report.	
6.8 Environmental:	All maintenance and new-build projects seek to address climate change and carbon management for example by embedding energy saving measures and environmentally friendly materials in their design. Where possible, assets are repaired and maintained where this reduces the carbon footprint associated with new-build. Environmental Impact Assessments are carried out where the nature or scale of the project dictates. The only such project currently underway is the new AHS and associated Halls of Residence.	
6.9 Risk Management:	The main areas of risk are financial in terms of over or under-spend. Regular progress reports to Committee and the Council enable Members to monitor the investment plan.	
6.10 Policy and Delegated Authority:	Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from the Policy and Resources Committee.	
6.11 Previously considered by:	Policy and Resources Committee Shetland Islands Council	30 August 2016 31 August 2016

Contact Details:

Robert Sinclair, Executive Manager – Capital Programme

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7 December 2016

Appendices:

Appendix A - Asset Investment Plan – Progress Report

Background Documents: None

Capital Projects - Full Life Project Costs

CPS-14-16 Appendix A

Directorate	Service Area	Budget			Funding		Expenditure	
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to Date £	Project Cost Outstanding £
Corporate Service	Capital Programme Service	2,885,000	2,885,000	0	233,855	2,651,145	233,341	2,651,659
		2,885,000	2,885,000	0	233,855	2,651,145	233,341	2,651,659
Children's Services	Schools	21,201,727	21,201,727	0	1,032,500	20,169,227	10,739,842	10,461,885
		21,201,727	21,201,727	0	1,032,500	20,169,227	10,739,842	10,461,885
Community Care Services	Adult Service	11,555,312	10,451,298	1,104,014	2,000,000	8,452,995	5,059,494	5,391,805
		11,555,312	10,451,298	1,104,014	2,000,000	8,452,995	5,059,494	5,391,805
Development Services	Economic Development	190,000	190,000	0	0	190,000	0	190,000
	Housing	100,000	100,000	0	0	100,000	0	100,000
		290,000	290,000	0	0	290,000	0	290,000
Infrastructure Services	Environmental Services	660,000	660,000	0	0	660,000	255,528	404,472
	Estate Operations	1,450,000	1,627,385	(177,385)	0	1,627,385	1,303,439	323,946
	Ferry Operations	3,050,000	3,050,000	0	0	3,050,000	499,322	2,550,678
	Roads	1,761,400	1,757,854	3,546	136,245	1,621,609	1,484,197	273,657
	Ports & Harbours	2,647,000	2,664,515	(17,515)	20,000	2,644,515	426,774	2,237,741
		9,568,400	9,759,754	(191,354)	156,245	9,603,509	3,969,261	5,790,493
	Total All Funds	45,500,439	44,587,780	912,659	3,422,600	41,166,877	20,001,937	24,585,842

	Budget			Funding		Expenditure		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	Update
Market Street Store Redevelopment	305,000	305,000	0	0	305,000	30,428	274,572	Tender returned over budget, cost saving exercise being undertaken with contractor.
Lerwick Library Refurbishment	900,000	900,000	0	0	900,000	0	900,000	Initial design work underway. Works planned for 17/18.
Town Hall Conservation Project	1,680,000	1,680,000	0	233,855	1,446,145	202,913	1,477,087	Following a tender exercise, Laing Traditional Masonry Ltd (LTM) were awarded the contract for the repairs to the building fabric and the conservation of the stained glass. LTM started on site 17/10/16 with a contract period of 34 weeks. Contract work to date includes: Scaffold erection; making templates for and ordering replacement stone; raking out cement pointing and dismantling and conservation of stained glass. The external funding figure listed here is provisional and will depend on the type of eligible grant work completed.
Total	2,885,000	2,885,000	0	233,855	2,651,145	233,341	2,651,659	

	Budget			Funding		Expenditure		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	Update
Anderson High School Replacement	3,094,803	3,094,803	0	25,000	3,069,803	1,710,927	1,383,876	The budget and cost of project cost shown here is for the expenditure to be funded by the Council only as the £42m contract expenditure, to be funded by SFT, will not go through the Council. Construction work began on site in summer 2015. The main structural work on the building is now complete. Cladding and glazing work is well advanced and the Contractor is focused on getting the building wind and water tight before winter. Work is also progressing in first fix of services and the erection of internal partitions. Work is due to be completed by September 2017.
Anderson High Clickimin Path Upgrade	1,015,000	1,015,000	0	507,500	507,500	653,012	361,988	SIC / Sustrans funded project, with only retention to be paid on completed sections. Land purchase at Westerloch will enable Infrastructure to commence with the west path (est 40K) in late November 2016. The path around the Rugby pitch will not be built until the roundabout and new school works are complete. Remaining budget required for completion of the rugby pitch and loch link.
Anderson High Halls of Residence	13,740,000	13,740,000	0	0	13,740,000	6,702,561	7,037,439	Construction work began on site in summer 2015. The building's superstructure is now complete and work on the external cladding and glazing is well advanced. It is anticipated that the building will be wind and water tight before the onset of winter. Work on mechanical and electrical installations is progressing well and the internal partitioning for the upper floor bedroom is substantially complete. Work is due to be completed by September 2017
Anderson High ICT Equipment	250,000	250,000	0	0	250,000	0	250,000	Equipment purchase to be co-ordinated by ICT who advise that some slippage will be required to next financial year.
Clickimin Works	3,101,924	3,101,924	0	500,000	2,601,924	1,673,343	1,428,581	SIC / Sport Scotland funded Project. Work has commenced on the covered indoor training facility in March this year. The project is nearing completion as work focuses on the laying of the synthetic playing surface and on completing the changing facilities. The covered training pitch is programmed to be complete in December 2016. Proposals for internal modifications to the existing Clickimin Leisure Facility are also nearing completion, and design work is being progressed for alterations to the main building entrance.
Total	21,201,727	21,201,727	0	1,032,500	20,169,227	10,739,842	10,461,885	

	Budget			Funding		Expenditure		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	Update
ET & Taing House Extension (Spend to Save)	3,500,000	2,397,683	1,102,317	0	2,397,683	2,286,498	111,186	Phase 1 complete. Phase 2 delayed as scope of project and budget reduced accordingly, however further funding required in 2016/17 to cover upgrade to laundry equipment, material testing and ADT installation. Practical completion issued 12/08/16.
NHS Conversion Scalloway School	2,000,000	1,998,303	1,697	2,000,000	0	1,998,303	0	Works all complete with final account still to be settled.
Eric Gray Replacement	6,055,312	6,055,312	0	0	6,055,312	774,693	5,280,619	Works started on site 1 August, 2016. Groundworks, external drainage and concrete retaining walls substantially complete. Concrete foundation and floor slab due to start mid November. Works currently on programme.
Total	11,555,312	10,451,298	1,104,014	2,000,000	8,452,995	5,059,494	5,391,805	

	Budget			Funding		Expenditure		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	Update
Landfill Capping - Phase 2	660,000	660,000	0	0	660,000	255,528	404,472	Phase 2 under way, the budget shown here also includes further phases scheduled for future years.
Bells Brae PS Refurbishment	850,000	850,000	0	0	850,000	559,754	290,246	Works tendered and commenced on site. Programme timing still very tight. 50% complete at Q2 2016. Overspend to be partially offset by under spending on capital building maintenance programme. Additional mechanical works have come to light as the original installation was uncovered, compounded by difficulties programming such invasive works into holiday periods so that the school remains operational.
Sound PS Refurbishment	600,000	777,385	(177,385)	0	777,385	743,685	33,700	Sound School site works are now complete. Additional works for the Sound project were due to a change in scope and tender prices higher than anticipated. To be partially offset by under spending on capital building maintenance programme.
Clickimin Roundabout Works	1,059,000	1,045,636	13,364	17,745	1,027,891	1,041,967	3,668	Culvert works and roundabout complete, with only retention to be paid. Some planting undertaken with further planting planned next year. Final layer of bitmac to be laid on access road to new AHS next financial year.
Mill Brae Footway	169,400	179,219	(9,819)	118,500	60,719	177,103	2,116	Works complete, with only retention to be paid. Overspend against Visirail fencing when anticipated land purchase failed. Additional expenditure against replacement street lighting as this was hard to remove.
Trondra Bridge Painting & Replacement of Parapet Bolts	305,000	305,000	0	0	305,000	265,022	39,978	Contract almost complete. Weather permitting works will be completed this financial year.
Muckle Roe Bridge Painting	228,000	228,000	0	0	228,000	105	227,895	Preparation of tender documents underway, anticipate tender documents will go out January 2017.
Linga Conversion	2,150,000	2,150,000	0	0	2,150,000	0	2,150,000	Design fees for propulsion and control systems upgrade options are being progressed with Rolls Royce who have been to Shetland to discuss requirements. There is a possibility that the project might not go ahead, but BRO anticipates 200K in feasibility costs this financial year.
Fivla Life Extension	900,000	900,000	0	0	900,000	499,322	400,678	Life extension works involve navigation, bridge, equipment and electrical upgrades with internal and external refurbishment. BRO anticipates a £100K carry forward to complete wheelhouse in 2017/18.
Scalloway Fishmarket	222,000	230,566	(8,566)	0	230,566	230,566	0	Replacement of coolers/ condensing units and sectional overhead doors now complete.
Ferry Terminal Access	40,000	40,000	0	20,000	20,000	0	40,000	Upgrade of ferry terminal disabled access, Bressay and Laxo have been completed. BRO to request that £30K be carried forward to 2017/18.

	Budget			Funding		Expenditure		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	Update
Ferry Terminal Security	60,000	60,000	0	0	60,000	25,101	34,899	Upgrade of ferry terminal security. Installation beginning now with completion anticipated before end of financial year.
Hamarsness Ferry Terminal Painting	150,000	150,000	0	0	150,000	14,279	135,721	Surveys have indicated that the main project works can be re-programmed, and can be slipped to 2017/18. Anticipate spend of 15K this year for minor works and tender preparation.
Toft Ferry Terminal Painting	150,000	150,000	0	0	150,000	11,173	138,827	Surveys have indicated that the main project works can be re-programmed, and may be delayed for 2 to 3 years. Anticipate spend of 15K this year for minor works and some tender preparation.
Ulsta Ferry Terminal Painting	150,000	150,000	0	0	150,000	11,173	138,827	Surveys have indicated that the main project works can be re-programmed, and may be delayed for 2 to 3 years. Anticipate spend of 15K this year for minor works and some tender preparation.
Cathodic Protection - Cullivoe Pier	250,000	250,000	0	0	250,000	273	249,728	Contract awarded to Ocean Kinetics. Contract start date 01/11/16. Works to be completed this financial year
Scalloway Quay West - Pile Repairs	250,000	250,000	0	0	250,000	260	249,740	Tender documents prepared and tenders expected to be returned by mid December. Work expected to be complete during this financial year.
Baltasound Old Pier - Pile Repairs	250,000	250,000	0	0	250,000	0	250,000	Tender documents and drawings currently being prepared. Work expected to be complete during this financial year.
Hydrographic Survey - Sullom Voe	125,000	133,949	(8,949)	0	133,949	133,949	0	Complete with additional surveys undertaken at some Ferry Terminals. All expenditure has been incorrectly coded here, the BRO to organise transfer of Ferry Terminal costs to correct codes.
VTs Radar Replacement	1,000,000	1,000,000	0	0	1,000,000	0	1,000,000	Design specification complete and tenders have been issued, anticipate tender return January, 2017. BRO advises under spend in 16/17 financial year will need to be slipped to 17/18. Works likely to be programmed over 2 years.
Total	9,568,400	9,759,754	-191,354	156,245	9,603,509	3,969,261	5,790,493	

	Budget			Funding		Expenditure		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	Update
Walls Pier Crane	30,000	30,000	0	0	30,000	0	30,000	Existing fixed crane is beyond economic repair. Infrastructure Services will procure the crane, tenders have been received and are being evaluated.
Leaside Conversion	160,000	160,000	0	0	160,000	0	160,000	Continued demand for smaller housing units at a premium; so conversion of 24/25 Leaside to 4 flats with external stairway deemed the best value for money at £40K per unit. Tenders have been returned and after evaluation will need to be reported further.
Pitt Lane Demolition	100,000	100,000	0	0	100,000	0	100,000	Subject to ongoing legal process.
Total	290,000	290,000	0	0	290,000	0	290,000	



Meeting(s):	Shetland Islands Council	14 December 2016
Report Title:	Procurement Strategy 2017-2020	
Reference Number:	CPS-15-16-F	
Author / Job Title:	Robert Sinclair Executive Manager - Capital Programme	

1.0 Decisions / Action required:

1.1 That the Council RESOLVE to:

- (a) consider and approve the corporate Procurement Strategy, at Appendix 1, and
- (b) approve publication of the final corporate Procurement Strategy incorporating any additional changes or matters arising from the meeting;
- (c) subject to approval of 1.1 a) delegate authority to the Director of Corporate Services or her nominee to:
 - (i) implement the corporate Procurement Strategy as approved;
 - (ii) to enter into such collaborative contracts/ frameworks as are deemed appropriate and necessary in accordance with the corporate Procurement Strategy, subject to consultation with the Executive Manager Governance & Law, or his nominee;
 - (iii) to consider and implement systems and procedures (including software if necessary), subject to the availability of budget.

2.0 High Level Summary:

- 2.1 The purpose of this report is to present the revised corporate Procurement Strategy for 2017 to 2020 to ensure that the Council has appropriate procurement processes and procedures in place to meet both Council wide and Scottish Government objectives.

3.0 Corporate Priorities and Joint Working:

- 3.1 The proposed Procurement Strategy 2017-20 attached as Appendix A to this report contributes to a number of the '20 by 20' objectives set out in 'Our Plan 2016 to 2020'. In particular, it supports the aim to ensure that "Our arrangements for buying goods and services will be considered to be efficient and provide ongoing savings", the aim to work "in a more efficient way, allowing us to cope with reduced resources" and the aim to "be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working".
- 3.2 The strategy also specifically includes as an objective the need to continue to consider collaborative opportunities with external partners, such as Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland and other public

sector organisations, where appropriate.

4.0 Key Issues:

- 4.1 In July 2007 the Council approved a three-year procurement strategy that, amongst other things, led to the establishment of the Procurement Section within the Capital Programme Service in late 2010.
- 4.2 During that three-year period a number of initiatives were undertaken including Council membership of the national procurement organisation Scotland Excel. This provides Council officers with purchasing options where savings and efficiencies can be realised by using national framework contracts. Other opportunities to collaborate locally, regionally and nationally have also been undertaken.
- 4.3 On 21 March 2012 the Council approved a Procurement Strategy for 2012-15 (Min Ref: 24/12) that built on the objectives set out in the previous version but was updated in line with national procurement requirements and initiatives, in particular:
- Governance & accountability;
 - The procurement process
 - E-procurement;
 - Collaboration (including internally within the Council);
 - Savings & Benefits
 - Sustainability & Transparency;
 - Training & Competence
- 4.4 The proposed Procurement Strategy 2017-20 attached as Appendix A to this report builds on these topics but moves the emphasis towards:
- Commissioning and Procurement as work streams to be undertaken together
 - Implementation of new EU Directives
 - “Slice” contracts
 - Social and other specific services
 - Contract register
 - Procurement strategy
 - Annual procurement report
 - Growing the economy and developing SME’s
 - Sustainability
 - Whole Life Costing
 - Community Benefits
 - Electronic procurement
- 4.5 The Strategy includes an Action Plan which seeks to convert these priorities into SMART objectives for implementation.
- 4.6 The Council is legally required, under the Procurement Reform (Scotland) Act 2014, to publish a Procurement Strategy by 31 December 2016 and an Annual Procurement Report as soon as reasonably practical after the end of its financial year. The first annual report will apply to the 2017/18 financial year.

5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Implementation of the procurement strategy will impact on both internal and external stakeholders. Where consultation is deemed necessary this will be carried out accordingly.
6.2 Human Resources and Organisational Development:	There are no direct human resource implications in the short term. There may, however, be implications as working practices and procedures develop. Where resourcing issues arise these will be resolved in accordance with Council policy.
6.3 Equality, Diversity and Human Rights:	Equalities legislation does require to be considered in the Council's procurement activity. Whilst there are no direct implications within the Strategy document such matters are normally addressed in contract terms and conditions as required.
6.4 Legal:	The Council's procurement policies and practices require to accord with, amongst other things, EU and Scottish Government procurement legislation, principles and guidance. Where changes to such policies and practices are proposed these shall be progressed in consultation with the Executive Manager Governance and Law.
6.5 Finance:	There are no direct financial implications resulting from this report. The Strategy shall continue to target procurement savings and efficiencies. There shall, however, be cost implications where new systems, working practices and training require to be developed and these will be reported as required. The Capital Programme Service Plan for 2017/18 aims to deliver procurement savings of £300k across the Council. The total estimated recurring revenue savings made since 2011/12 to date (2016/17) following central procurement exercises is over £2M as well as the target of £300k for 2017/18. Approval of this Strategy will support the Council in securing savings through more effective procurement, better rates from contract and framework agreements and more streamlined business support processes.
6.6 Assets and Property:	There are no direct Asset and Property implications arising from this report. Consideration may require to be given to such matters where, for example, centralised storage may be considered as an option for commonly sourced goods and where new systems may be required.
6.7 ICT and new technologies:	Where appropriate, Procurement Staff will engage with ICT, where for example systems supporting online catalogues or more integrated purchasing systems are identified as delivering efficiencies and/ or cost savings.

6.8 Environmental:	The procurement of goods, works and services do have a direct bearing on the environment. The Procurement Strategy includes sustainability as a key category that requires Council policy and practices to address national and European legislation in this field both internally and with those parties that it conducts business with.	
6.9 Risk Management:	The aims of the Strategy will be to minimise risks associated with poor procurement practice by ensuring that business is conducted properly and efficiently.	
6.10 Policy and Delegated Authority:	The content of this report would normally be reported to Policy and Resources Committee in the first instance whose role includes, to "Advise the Council in the development of its strategic objectives, policies and priorities". Due to the need to report this prior to 31 December 2016, the strategy is being reported directly to the Council.	
6.11 Previously considered by:	N/A	

Contact Details:

Robert Sinclair, Executive Manager – Capital Programme

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14 December 2016

Appendices:

Appendix A: Procurement Strategy 2017 - 2020

Background Documents: None

Procurement Strategy



**Shetland Islands Council
Corporate Services
Capital Programme Service**

Procurement Strategy

2017 - 2020

Document: Procurement Strategy	Approved:
Author: Procurement Manager	Stage: V2
Date: November 2016	Version Number: V 2

Procurement Strategy

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1. Summary of Strategic Objectives and Action Plan

Procurement Strategy

1. Introduction

BUSINESS APPROACH

Shetland Islands Council is committed to a corporate approach to commissioning and procurement for all works, services and supplies to be carried out in a professional, timely and efficient manner.

Good procurement practice can in turn enhance the provision of customer-focused services to be efficient, effective and economic.

Council policies will reflect its obligations under EU / Scottish law, including Best Value, supporting the local economy and encouraging greater collaboration both internally and between other public and private sector organisations.

PROCUREMENT STRATEGY AGENDA

The provision of an effective and measurable framework for all Procurement activity.

Our Plan 2016 – 2020 states:

“By the end of this plan (2020), we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland”

The Procurement Strategy also recognises the Council's objectives in the context of the Scottish Government's Procurement Reform agenda.

This document sets out a revised Procurement Strategy for Shetland Islands Council in accordance with the Council's Commissioning and Procurement policy and the aspirations set out in Our Plan 2016 - 2020. The strategy is built on good procurement practice and is aimed at delivering: considerable cost savings; greater collaboration at a national, sectoral and local level; support for local contractors, suppliers and service providers; benefits to the local economy and help for local business to compete for Council and other public sector business, where possible. The strategy promotes and develops good procurement practice for the benefit of all concerned.

It is vital that the Council complies with the legislative framework that surrounds the procurement of goods, works and services. The Council's Contract Standing Orders sets out the requirements of this framework in detail and it is essential that they are adhered to. Challenges to procurement processes and procedures are increasingly common and carry with them the real danger of direct costs and programme implications. In adopting a strategic business approach to procurement activity these risks are substantially reduced.

The strategy is not a mechanism to remove existing procurement and related budgetary responsibilities, nor is it a means to create a rather narrow approach to procurement activity. Where appropriate the Procurement Section will put in place purchasing arrangements for goods, works and services, especially where in areas of common spend across the Council. This shall include consideration of centralised procurement for these commodities. These arrangements should be the first consideration when undertaking a procurement exercise and should only be deviated from where a clear business case for doing so can be demonstrated. This strategy does not replace procurement policies and procedures, but reinforces the need for their application and for the review of these policies and procedures, where deemed appropriate.

This document replaces the previous strategy approved in 2012 and places a greater emphasis on the need to approach commissioning and procurement as integral parts of a single outcome. The Procurement Strategy delivers the outputs that a robust commissioning process should identify, based in turn on a sound business case.

The strategy is underpinned by the Council's Contract Standing Orders and corresponding procurement legislation. It provides a direction of travel for procurement activity in the period from 2017 to 2020 and, in its associated Implementation Plan, describes the specific work streams aimed at delivering on Our Plan 2016 – 2020.

Procurement Strategy

Procurement activity will require to be addressed in Directorate and Service Plans. The Procurement Section will assist all Council services to deliver related budget targets by undertaking commodity reviews aimed at identifying opportunities for ongoing efficiencies and savings.

Procurement activity under the strategy covers all Council procurement requirements, including those to be carried out in the Council's capacity as a Utility.

Effective, efficient, innovative and collaborative procurement practice will allow the Council to deliver best value in the provision of goods, works and services. Technological solutions that can improve procurement practices and accessibility in an efficient and economic manner will be progressed where there is a robust business case.

Implementation of this Procurement Strategy will require corporate leadership, professionalism and a culture of continuous improvement in all procurement activities.

The background to this revised strategy has confirmed that in some areas there is still a fragmented approach to procurement within the Council. Progress has been made through the Council's membership of Scotland Excel, involvement with various national procurement contracts and the establishment of the Procurement Section, more work is required to take advantage of potential savings and efficiencies whilst being mindful of the quality of the products, works and services required. As part of the Business Transformation Programme, it is expected that more effective and efficient procurement processes progressed via the central procurement section with co-ordinated support at a directorate / unit level should develop improvements in:

- Management Information
- Strategy and Policy Development
- Standardised Procurement Processes
- Staff Skills
- Collaboration and related efficiencies
- Legal requirements
- Learning and continuous improvement
- Electronic procurement
- Supplier Development
- Contract Management
- Sustainability and Community Benefit obligations

2. Context

BUSINESS CASE

The Council has recently invested heavily in ensuring that a business case must lie at the core of all investment decisions.

Building Better Business Cases training and ensuring that the “Five Case” model is embedded in all project management has highlighted the importance of sound governance and in particular a focus on outcomes and the robust option appraisal that must be undertaken to ensure Best Value is achieved.

Whilst these principles may usually be associated with capital or ICT projects, they should equally be applied to the commissioning of supplies and services.

Our Plan states:

“High standards of governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.”



PROCUREMENT STRATEGIC CONTEXT (2.1)

Develop the procurement service to address the relevant aims of Our Plan 2016 - 2020, whilst meeting Scottish Government requirements and guidance.

In 2010 the Council agreed that a corporate procurement approach be adopted with the establishment of a Procurement Section to be managed by the Executive Manager Capital Programme. The remit of the section is to ensure that the regulatory procurement regime is adhered to and to take steps to improve procurement practice in order to realise significant cost savings. This required action to achieve improvements, which were effective and sustainable. The original focus was on:

- Corporate priorities
- Centralised Procurement
- Procurement principles
- Procurement leadership
- Accountability and governance
- Procurement policies and procedures
- e-procurement
- Internal and external collaboration
- Identification, realisation and capture of savings
- Accessibility and sustainability
- Procurement education and competences
- Promotion of the local economy where appropriate

Since 2012, the focus of procurement activity has moved somewhat. Whilst work continues on the matters set out above, there is now increased emphasis on:

- Commissioning and Procurement as work streams to be undertaken together
- Implementation of new EU Directives
 - “Slice” contracts
 - Social and other specific services
 - Contract register
 - Procurement strategy
 - Annual procurement report
- Growing the economy and developing SME’s
- Sustainability
- Whole Life Costing
- Community Benefits
- Electronic procurement

The Council is legally required to publish a Procurement Strategy and Annual Procurement Report in accordance with the Procurement Reform (Scotland) Act 2014.

ACTIONS (See Appendix 2 - Strategic Objective 2.1)

- Align implementation of the Action Plan under this Strategy, with Our Plan and national requirements for procurement activity.
- Publish a Procurement Strategy

3. Governance and Accountability

BUSINESS APPROACH

The Scottish Government, has established a new Procurement landscape that builds upon that outlined in the 2006 McClelland Report.

Procurement professionals are now and will require to be involved at the earlier stages of Council business plans, providing recognition and support to procurement functions, increasing accessibility thereby obtaining and providing more accurate and relevant information.



PROCUREMENT STRATEGIC OBJECTIVE (2.2)

The central procurement function, will continue to develop communication and provide the means to network with all services. This should facilitate best practice, information sharing and advice to all areas of the Council and its stakeholders. As well as providing a mechanism for reviewing, learning from and sharing of knowledge.

Raising the Profile

The procurement section within the Council is formally established and work continues to raise the profile to assist all services in their procurement requirements. This mirrors the approach taken both nationally and locally within the public sector. The Scottish Government has formally established the Public Procurement Group chaired by the Director of Scottish Procurement. The main aim is to deliver the vision for public procurement.

Within the Council this means a more direct route to senior management and a greater involvement in the formulation of related Council strategies and policies. It also means greater communication between dedicated procurement officers, those who have limited procurement duties and of course clients and service users within and outwith the Council.

In the wider community, improved consultation with suppliers, contractors and service providers has been established, especially local Small and Medium sized Enterprises (SME)s. This requires to be maintained in order to continue to encourage positive business relationships that can benefit both the Council and the local economy.

Public feedback will also form part of the strategy to ensure that procurement is meeting the community's aspirations for service delivery and, where possible, creating sustainable growth of the local economy, ensuring equality of access, addressing environmental concerns and generally contributing to the quality of life, in accordance with the Our Plan. Work already undertaken with local businesses to deliver "how to" sessions in relation to: tender preparation, applying for Council contracts, considering opportunities through Scotland Excel and using the Public Contracts Scotland (PCS) web portal (providing free access to public sector contracts across Scotland) will continue.

Every public sector organisation in Scotland supports a commitment to collaboration to obtain the maximum benefit for the public pound. Collaboration will only be feasible by promoting regular and informative communication between procurement professionals across all public sectors.

ACTIONS (See Appendix 2 - Strategic Objective 2.2)

- The Executive Manager Capital Programme will represent the procurement service at senior management level.
- The Procurement Section will co-ordinate procurement activities with procurement Lead Officers / Procurement Contacts.
- Revise and update the Contract Standing Orders

Procurement Strategy

4. The Procurement Process

BUSINESS APPROACH

The Council's arrangements for procurement are based on a central procurement function with delegated authority for some procurement. This is governed by EU directives, Scottish Government legislation, Contract Standing Orders, Financial Regulations and various related policies and procedures. The Procurement Section is required to support the delegated functions in order to make better use of national, local and collaborative contract opportunities. Savings and benefits will be realised as a consequence of that approach.

The decentralised procurement structure requires support from the central procurement function to avoid non-compliance, missed opportunities and duplication of effort.

The Council's obligation to ensure legislative compliance coupled with opportunity savings and benefits, requires to minimise the risk associated with different approaches to procurement.

PROCUREMENT STRATEGIC OBJECTIVE(2.3)

Embed good procurement practice across the Council underpinned by good communication and collaboration.

In Scotland it is acknowledged both nationally and locally that there is a need to continuously improve the procurement function. This is underpinned by current EU legislation where there is now more emphasis on business probity, sustainability and e-technology. The Scottish Government has devolved responsibility for procurement and has established The Scottish Model of Procurement.



Scottish Model of Procurement



The four key elements noted above require to be considered as a norm and embedded in all procurement activity:

- Improving supplier access to public contracts
- Delivering savings and benefits
- Maximising efficiency and collaboration
- Embedding sustainability in all we do

This approach is reflected in this strategy document and the Contract Standing Orders. Further promotion of and embedding good procurement practice across the Council will support the Procurement Capability Improvement Programme (PCIP) carried out by Scotland Excel.

ACTIONS (See Appendix 2 - Strategic Objective 2.3)

- Procurement Contacts/ Lead Officers will be further supported to receive and provide advice. This will help ensure good procurement practice is adopted across the Council.
- Feedback shall be established both internally and externally with all stakeholders to record, act upon and improve procurement activity.

5. E-procurement

BUSINESS APPROACH

When electronic procurement is developed in the future to significantly contribute to the modernising government agenda, the Council must embrace new ways of thinking, with innovative ideas for doing business, extensive collaboration and use of new technology. It will mean providing services which enables staff, provides up to the minute procurement information, ensures contract compliance, increases internal collaboration, enables suppliers and contractors to meet the Council's obligations as Employer.

Our Plan states:

"Modern IT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively."

PROCUREMENT STRATEGIC OBJECTIVE(2.4)

Review all Procurement processes and functions to develop procurement capacity, ensure compatibility with other Council systems, provide Business Information, improve procurement controls including integration with suppliers and partners, where appropriate.

The E-challenge – The System

Electronic (e)-procurement is already established as part of the procurement approach in the Council. The Council's "Business Transformation" programme together with EU directive requirements in this area, will require all elements of e-procurement to be further developed. Contract notices, pre-qualification / tender documents are already administered and submitted electronically via the Public Contracts Scotland (PCS) web portal. Invoices from and payments to suppliers can also be processed electronically. Use of the Council website to make better use of the available technology will further help to meet the Council's obligations in e-procurement. The procurement section has an integral part to play in developing this for the benefit of service departments and suppliers.

Electronic Procurement includes development of the following key business drivers below:

- Support for standardised processes
- Transparent integration with the Council's Financial Management System(s)
- Commitment Accounting
- E-catalogues
- Business Intelligence Information
- Improved contract and supplier management
- Electronic as opposed to paper based processing
- Improved payment timescales

Our Plan 2016 – 2020 states: *"More money will be going towards 'spend to save' initiatives, providing resources to fund innovative ways of working that save money but help us achieve our desired outcomes."*

This Strategy recognises the work already undertaken to upgrade the Integra System that Finance Service are responsible for. Any other developments that can help to make procurement functions and related transactions easier to use in electronic form should be considered.

System(s) that can support online catalogues and the development of a fully integrated purchasing system, for example, will help to streamline the procurement process and reducing off-contract and maverick spend.

ACTIONS (See Appendix 2 - Strategic Objective 2.4)

- Review procurement systems/ practices across the Council.
- Make appropriate improvements using both Intranet/ Internet and other available software.

6. Collaboration

BUSINESS APPROACH

The Council as a member authority of Scotland Excel and participation in other national agreements has already benefitted from collaboration via frameworks/contracts, mainly in supplies. However, for procurement as a whole the approach has been fragmented and inconsistent and has not taken full advantage of other potential savings opportunities.

Procurement must embrace, where the case is made, all collaborative opportunities, both internally and externally and consider national frameworks, as recommended by the McClelland Report, in order to gain the benefits from a collective approach to the use of resources and spending power. Key factors to be considered, however, are the local economy, service delivery and logistics.



PROCUREMENT STRATEGIC OBJECTIVE (2.5)

Continue to promote collaboration as the first factor to be considered, whether internally or externally for all procurement activities.

Economies of Scale

It is now acknowledged that collaboration, nationally, regionally and locally with other partner organisations in the public sector will:

- Aggregate spend for increased purchasing power
- Better utilise procurement skills and resources
- Share and establish best practice procurement
- Simplify dealing with suppliers
- Support e-procurement
- Reduce administration
- Act as a forum to raise common procurement issues

Our Plan 2016 – 2020 states: *“We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working.”*

The Procurement Section, has already improved internal collaboration within the Council by raising awareness, making more use of national framework contracts and establishing contracts for commonly used supplies and services.

Whilst a more collaborative approach to procurement has been established, it is recognised that further opportunities exist. This will make the best use of the procurement expertise available, minimise duplication and take advantage of economies of scale. Additionally, further collaboration can: reduce administration costs, provide more accurate management information, support e-procurement, rationalise the supplier base and provide the opportunity to standardise specifications in accordance with related policies, such as sustainable procurement. The Council's Corporate Management Team (CMT) supports a Council wide / cross service contract approach for goods, works and services where appropriate.

The Council continues to commit to participation in collaborative procurement opportunities internally, regionally and nationally. Procurement collaboration must be considered in terms of efficiency and maintaining quality of supply. Where collaboration is well planned and executed it will encourage participation and should produce measurable savings in monetary and efficiency terms.

ACTIONS (See Appendix 2 - Strategic Objective 2.5)

- Carry out spend analysis to support commodity and supply base reviews.
- Identify existing and further internal procurement opportunities and progress options for cross-service collaboration.
- Actively engage in collaborative opportunities with external partners, such as Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland and other public sector organisations, where appropriate.

7. Savings and Benefits

BUSINESS APPROACH

Shetland Islands Council, as a public sector body, is obliged to provide services to required standards, within the resources available. Increasingly as commitments and expectations rise this can prove difficult, when it is also expected that, Council expenditure should be properly controlled and managed.

The Council recognises that efficient procurement can directly benefit the expenditure issue to maintain service delivery, through provision of savings and efficiency benefits which will accrue annually, for the life of the supply or service provision concerned.

Our Plan states:

Excellent financial management arrangements will make sure we are continuing to keep to a balanced and Sustainable budget, and are living within our means.



PROCUREMENT STRATEGIC OBJECTIVE (2.6)

Develop methods that accurately identifies benefits and values derived from revised procurement activities that can be measured against recognised standards and can be utilised for regular monitoring and management reporting purposes.

Good Procurement Benefits

Good procurement practice should realise savings in expenditure, time and other related efficiencies. These benefits can have a positive effect on overall Council expenditure in accordance with the Council's approved budget strategy. Such benefits can be measured and accounted for. It will also address quality, efficiency gains, equality of opportunity whilst maintaining service delivery. Our Plan 2016 – 2020 states: *"Our arrangements for buying goods and services will be considered to be efficient and provide ongoing savings"*

These benefits (accountable and perceived) have sometimes been considered as a bonus. More emphasis is now given to quantifying or demonstrating the value of these and to appreciate their significance in supporting improved service delivery or the effect on Council funds.

The total estimated recurring revenue savings made since 2011/12 to date (2016/17) following central procurement exercises is over £2M. Procurement savings estimated at £250,000 for 2016/17 are included in the Capital Programme service plan. The target for 2017/18 is £300,000. These savings are over and above those that may be identified as part of the annual budget setting process. Efficiency measures in procurement should deliver the same (or equivalent) goods or services, with the objective of achieving reduced costs. Comparison must be made between the approved budgeted estimate and the actual cost for any particular commodity. It is essential to accurately identify and quantify both monetary and efficiency benefits in order to meet an approved savings target.

Monitoring savings and benefits is challenging and does require services to share information relating to the outcome of procurement exercises and use of contract(s). Various practices and systems can be used. Some form of accountability is required to demonstrate the basis for savings verification and reporting. Whilst savings at all levels will be monitored, recurring revenue will form the main focus of any reporting.

The Procurement Section will review the practices and use of software already available. These will be adapted in order to capture all procurement savings. Where appropriate we will consult with other local authorities and public sector bodies in developing this.

ACTIONS (See Appendix 2 - Strategic Objective 2.6)

- In conjunction with the Council's Finance Service consider and develop methods for capturing savings / benefits and related reporting.
- Engage internally via the Procurement Contacts network to implement and maintain these reporting requirements.

8. Sustainability, Transparency and Community Benefits

BUSINESS APPROACH

The Council is required to carry out its procurement activities in an objective and transparent manner. This approach is legally underpinned by the Treaty of Rome, EU Directives, Contract Standing Orders and Codes of Conduct. The Freedom of Information (Scotland) Act 2002 also reinforces this in addition to Council procurement policy principles.

Procurement activities must address sustainability. The community is increasingly aware of the steps being taken regarding environmental sustainability. The Council is also determined to reflect the need for equality of opportunity, social improvement and employment as part of the overall well being of the community. The procurement function can form a key part in these aims.

PROCUREMENT STRATEGIC OBJECTIVE (2.7)

Establish a Procurement culture that recognises accessibility and sustainability as the norm and promotes the Council's objectives for business and the community.

An Open, Objective and Transparent Agenda

Actively promoting accessibility does not only apply to physical accessibility under Disability Discrimination legislation. It also applies to providing better access to services or to information held as required under Freedom of Information and Environmental Impact Regulations legislation. The Council recognises its obligations regarding these and has enhanced its "Customer Service" accessibility, via an interactive Council website. The procurement section will reinforce use of this technology to provide opportunities for access to procurement information on both the website and other web portals such as Public Contracts Scotland (PCS).

This approach will contribute to the Council's objectives to provide businesses and customers with easy to access and use web portals in order to improve engagement with the Council. This will be especially important for local Small and Medium sized Enterprises (SMEs), the voluntary sector, supported businesses, social enterprise organisations and other businesses. Procurement will continue to provide greater accessibility to other Council stakeholders, internally and in the wider community. Where improvements are identified, steps will be taken to address these.

The Council is required to take a sustainable approach in all its activities. Our Plan 2016 – 2020 states: *"We will have reduced the effect we have on the local environment, particularly reducing carbon emissions from our work and buildings."*

A sustainable procurement duty has now to be considered for particular types of contracts. This means that specifications and contract conditions have to consider and address, where appropriate, sustainability. Matters to be considered, for example, include: minimising the environmental impact of its business practices; waste disposal and the environment; setting minimum targets for recyclable material in construction projects; carbon emissions and improved working practices. Community Benefits can also be considered when drafting contracts and is mandatory for certain types of contract.

Procurement is recognised, therefore, as a major contributor to the sustainability agenda that can also include the delivery of other community benefits.

ACTIONS (See Appendix 2 - Strategic Objective 2.7)

- Provide portals for procurement accessibility via the Intranet and the internet website including PCS
- Publication of the Council's Contract Register.

Procurement Strategy

- Include sustainable procurement duty and community benefits in all relevant procurement exercises.

Procurement Strategy

9. Training, Competence & Supplier Development

BUSINESS APPROACH

The UK public sector business community has acknowledged the importance of procurement activities in order to: provide opportunities for savings; improve service delivery; ensure legislative compliance; utilise technology to modernise government; improve supply chain management and to address environmental issues such as sustainable development.

The need to equip those involved in procurement with a recognised standard of skills and abilities to achieve these benefits is now, widely accepted.

PROCUREMENT STRATEGIC OBJECTIVE (2.8)

Develop Procurement Staff with skills and competences to the necessary professional level.

Support and engage Supplier Development to ensure that businesses have the capacity to properly respond to opportunities and accessibility to contracts opportunities.

The Professional Benefit

Procurement in the public sector is now recognised as a profession that practitioners can consider as a career. The importance of good procurement and the contribution it can make to business success is now firmly embedded in the public sector. The requirement to have greater knowledge and competence through increased skill levels in the procurement function, with adequate professional training and development is now a given. Most public sector organisations now have established professional procurement functions with a recognition of its status in the organisation both for staff and suppliers.

“The Procurement People of Today and Leaders of Tomorrow programme aims to improve procurement and commercial skills in Scotland’s public sector. To achieve this, work is underway to develop a cross-sector ‘National Learning and Skills Strategy’ that addresses learning priorities and supports best practice and governance.” (Scottish Procurement and Commercial Directorate) It is, however, generally acknowledged that there is still a shortage of competent and qualified procurement staff. The Scottish Government has promotes initiatives to address this through learning and development.

The Council has structured employee review and development and training in place. This approach presents staff with development and career progression opportunities and will help to retain existing skills and experience. Training plans need to identify procurement training for procurement and “non procurement” staff.

It is also recognised that in addition to the need for competent procurement staff, improved training and support for businesses is essential. A programme for business and supplier development and engagement is key to procurement activity.

ACTIONS (See Appendix 2 - Strategic Objective 2.8)

- In conjunction with HR identify procurement competency levels via a skills audit and collate/ agree training requirements.
- Continue to liaise with Scotland Excel, Scottish Government and other organisations, to implement training opportunities as appropriate.
- Develop the Electronic (e)-learning and other procurement training methods.
- Continue to liaise with the Economic Development Unit and other parties, to further engage with and promote supplier development.

Procurement Strategy

10. Implementation of the Procurement Strategy

BUSINESS APPROACH

All strategies need an executive sponsor to ensure service delivery.

The role of the Sponsor is to ensure that all elected members and senior officers understand the benefits of efficient, effective procurement for the Council.

In addition the Sponsor should lead strategic procurement development and secure commitment from all parties to establish priorities for the Procurement function and the programme of action as high profile.

PROCUREMENT STRATEGIC OBJECTIVE (2.9)

“The provision of a Procurement function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes.”

The Executive Manager Capital Programme together with the Procurement Manager will take the lead in implementing this Procurement Strategy. This will be supported in each of the Council's Service areas by the appointed procurement contacts. It will be the responsibility of all Directors to ensure that service managers continue to recognise their procurement needs and support this Procurement Strategy. In taking this Procurement Strategy forward, it is recognised that continued pressure to effect change is likely. This may require funding via “spend to save” initiatives.

The established network of Procurement Contacts will help to promote procurement activities identified under this Procurement Strategy. Where strategic matters require to be addressed the Executive Manager Capital Programme shall report these to CMT for a decision. Procurement Contacts will act as a forum to ensure the strategy is implemented and appropriate key officers will assist with procurement reviews and contract renewals. The Executive Manager Capital Programme will recommend procurement reviews. Procurement Contacts under the direction of the Procurement Manager will oversee the implementation of the strategy, consider funding when appropriate, assist in prioritising the programme of action and report to CMT and Council, as required.

ACTIONS (See Appendix 2 - Strategic Objective 2.9)

- The Procurement Manager will give direction to the implementation of the Procurement Strategy via the network of Procurement contacts to assist Executive Managers. This group will meet as required to progress implementation and act as a forum for procurement activities generally.
- A list of products/services that will be subject to procurement review will be included in the Service Plan for Capital Programme Service every year.
- The Procurement Manager will monitor implementation of the strategy and procurement reviews and report to the Executive Manager Capital Programmes. The Action Plan will be in the form of a Traffic Light update report.
- Publish an Annual Procurement Report to record and publicise performance and achievements in delivering the Procurement Strategy.

Procurement Strategy

APPENDIX 1 - Summary of Strategic Objectives and Action Plan

Strategic Objective	Rationale	Who	Action	When
2.1 Develop the procurement service to address the relevant aims of Our Plan 2016 - 2020, whilst meeting Scottish Government requirements and guidance.	<ul style="list-style-type: none"> • Implement strategy with high level support • Raise visibility and importance of procurement • Improve internal communication and collaboration • Ensure application of policies and procedures • Ensure compliance with relevant legislation and related guidance 	<ul style="list-style-type: none"> • Executive Manager Capital Programme Service • Procurement Manager • Procurement Section • Executive Manager Governance & Law • All Directors/Executive Managers. 	<ul style="list-style-type: none"> • Align implementation of the Action Plan under this Strategy, with Our Plan and national requirements for procurement activity. 	June 2017
			<ul style="list-style-type: none"> • Publish a Procurement Strategy 	December 2016

Strategic Objective	Rationale	Who	Action	When
2.2 The central procurement function will continue to develop communication and provide the means to network with all services. This should facilitate best practice, information sharing and advice to all areas of the Council and its stakeholders. As well as providing a mechanism for reviewing, learning from and sharing of knowledge.	<ul style="list-style-type: none"> • Raise awareness and importance of procurement 	<ul style="list-style-type: none"> • Executive Manager Capital Programme Service 	<ul style="list-style-type: none"> • The Executive Manager Capital Programme will represent the procurement service at senior management level. 	Ongoing
	<ul style="list-style-type: none"> • Improve internal communication and collaboration 	<ul style="list-style-type: none"> • Procurement Manager 	<ul style="list-style-type: none"> • The Procurement Section will co-ordinate procurement exercises / activities with procurement Lead Officers/ Procurement Contacts. 	Ongoing
	<ul style="list-style-type: none"> • Progress procurement exercises in accordance with Service requirements, legislation and related guidance. 	<ul style="list-style-type: none"> • Procurement Section • Procurement Contacts/ Lead Officers • Executive Manager Governance & Law 	<ul style="list-style-type: none"> • Revise and update the Contract Standing Orders 	February 2017

Strategic Objective	Rationale	Who	Action	When
2.3 Embed good procurement practice across the Council underpinned by good communication and collaboration.	<ul style="list-style-type: none"> • To reduce off-contract spend • Improve accessibility • Ensure compliance with Council policy and procedures and legislative framework • Ensure transparency in all transactions and processes 	<ul style="list-style-type: none"> • Procurement Manager • Procurement Section • Procurement Contacts • Executive Manager Finance • Payments Manager 	<ul style="list-style-type: none"> • Procurement Contacts / Lead Officers will be further supported to receive and provide advice. This will help ensure good procurement practice is adopted across the Council • Feedback shall be established internally and externally with all stakeholders to record, act upon and improve procurement activity. 	<p>June 2018 / Ongoing</p> <p>May 2017 / Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
2.4 Review all Procurement processes and functions to develop procurement capacity, ensure compatibility with other Council systems, provide Business Information, improve procurement controls including integration with suppliers and partners, where appropriate.	<ul style="list-style-type: none"> • To continue to develop electronic procurement requirements, increase accessibility • Reduce costs and promote further efficiency in the procurement process 	<ul style="list-style-type: none"> • Executive Manager ICT • Executive Manager Executive Services • Payments Manager • Procurement Manager • Procurement Section • Internal Lead Officers / Procurement Contacts • Technology Partners • External Stakeholders – suppliers, service providers 	<ul style="list-style-type: none"> • Review procurement systems / practices across the Council • Make appropriate improvements using Intranet / Internet and other available software. 	<p>December 2018</p> <p>December 2017</p>

Strategic Objective	Rationale	Who	Action	When	
2.5	Continue to promote collaboration as the first factor to be considered, whether internally or externally for all procurement activities.	<ul style="list-style-type: none">To continue to challenge inefficiencies associated with disparate procurement.To ensure compliance where aggregation rules applyTo obtain Best ValueTo make better use of limited resources	<ul style="list-style-type: none">Executive Manager Capital ProgrammeProcurement ManagerExecutive ManagersProcurement Lead Officers / ContactsProcurement Partners – Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland, other regional Councils and other public sector bodies	<ul style="list-style-type: none">Carry out spend analysis to identify commodity and supply base reviews.Identify existing and further internal procurement opportunities and progress options for cross-service collaboration.Actively engage in collaborative opportunities with external partners, such as Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland and other public sector organisations, where appropriate.	<div>May 2017 / Ongoing</div> <div>Ongoing</div> <div>Ongoing</div>

Strategic Objective	Rationale	Who	Action	When
2.6 Develop methods that accurately identifies benefits and values derived from revised procurement activities that can be measured against recognised standards and can be utilised for regular monitoring and management reporting purposes.	<ul style="list-style-type: none"> • To accurately monitor and report savings & benefits. • To adopt a method which allows comparison both internally and with other public bodies. • Promote consistency of approach to savings reporting 	<ul style="list-style-type: none"> • Executive Manager Finance • Procurement Manager • Procurement Section • Procurement Lead Officers / Contacts 	<ul style="list-style-type: none"> • In conjunction with the Council's Finance Service consider and develop methods for capturing savings / benefits and related reporting. 	October 2017
			<ul style="list-style-type: none"> • Engage internally with the Procurement Contacts network to implement and maintain these reporting requirements. 	May 2017 - Ongoing

Strategic Objective	Rationale	Who	Action	When
2.7 Establish a Procurement culture that recognises accessibility and sustainability as the norm and promotes the Councils objectives for business and the community.	<ul style="list-style-type: none"> To embed the Council's sustainability procurement duty in the procurement process To reflect the Councils commitment to the environment. To fulfil legislative obligations To meet the Community Benefit obligation in procurement exercises 	<ul style="list-style-type: none"> Procurement Manager Procurement Section Executive Manager Environmental Services Team Leader Carbon Management Procurement Lead Officers / Contacts Executive Manager Governance & Law Executive Manager Executive Services 	<ul style="list-style-type: none"> Provide portals for procurement accessibility via the Intranet and the Internet including PCS. Publication of the Council's Contract Register. Include sustainable procurement duty and community benefits in all relevant procurement exercises. 	<p>June 2017 - Ongoing</p> <p>January 2017 - Ongoing</p> <p>Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.8 Develop Procurement Staff with skills and competences to the necessary professional level.</p> <p>Support and engage Supplier Development to ensure that businesses have the capacity to properly respond to opportunities and accessibility to contracts opportunities</p>	<ul style="list-style-type: none"> • To continue improvement to the procurement function • To address knowledge, competencies and skills gap • Promote national initiatives to raise procurement standards • Motivate and empower staff • Reinforce the Council commitment to Personal Development • To further engage and develop supplier development 	<ul style="list-style-type: none"> • Executive Manager Human Resources • Train Shetland • Shetland College • Procurement Manager & Procurement Section • Procurement Lead Officers / Contacts • Executive Manager Economic Development • Procurement Partners, Scotland Excel, Scottish Government; Supplier Development Programme • Businesses 	<ul style="list-style-type: none"> • In conjunction with HR identify procurement competency levels via a skills audit and collate / agree training requirements. 	December 2017
			<ul style="list-style-type: none"> • Continue to liaise with Scotland Excel, Scottish Government and other organisations, to implement training opportunities, as appropriate. 	Ongoing
			<ul style="list-style-type: none"> • Develop Electronic (e)-learning and other procurement training methods. 	June 2017
			<ul style="list-style-type: none"> • Continue to liaise with Economic Development and other parties, to further engage with and promote supplier development. 	October 2017 - Ongoing

Strategic Objective	Rationale	Who	Action	When
2.9	<p>“The provision of a Procurement function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes.”</p> <ul style="list-style-type: none"> • Deliver measurable procurement performance • Improve management information • Meet regulatory reporting requirements • Improve procurement performance and capability. 	<ul style="list-style-type: none"> • Executive Manager Capital Programme Service • Procurement Manager • All Executive Managers • Procurement Section • Procurement Lead Officers / Contacts • Other stakeholders and suppliers 	<ul style="list-style-type: none"> • The Procurement Manager will give direction to the implementation of the Procurement Strategy via the network of Procurement contacts to assist Executive Managers. This group will meet as required to progress implementation and act as a forum for procurement activities generally. 	Ongoing
			<ul style="list-style-type: none"> • A list of products/services that will be subject to procurement review will be included in the Service Plan for Capital Programme Service every year. 	September 2017 / Annually
			<ul style="list-style-type: none"> • The Procurement Manager will monitor implementation of the strategy and procurement reviews and report to the Executive Manager Capital Programme. The Action Plan will be in the form of a Traffic Light update report 	Quarterly
			<ul style="list-style-type: none"> • Publish an Annual Procurement Report to record and publicise performance and achievements in delivering the Procurement Strategy. 	June 2018 and annually thereafter.



Meeting(s):	Policy & Resources Committee Shetland Islands Council	7 December 2016 14 December 2016
Report Title:	Corporate Risk Register	
Reference Number:	CRP-26-16-F	
Author / Job Title:	Christine Ferguson Director of Corporate Services	

1.0 Decisions / Action required:

1.1 That the Policy & Resources Committee and Council RESOLVE to

1.1.1 NOTE the changes to the Corporate Risk Register;

1.1.2 NOTE key risks facing the Council at this time and the action taken to mitigate those risks; and

1.1.3 COMMENT and ADVISE the Chief Executive and senior managers of their views and any changes required.

2.0 High Level Summary:

2.1 The purpose of this report is to present the current Corporate Risk Register to Policy & Resources Committee and to Council as part of the organisation's Performance Monitoring arrangements.

3.0 Corporate Priorities and Joint Working:

3.1 Our Plan 2016, in its 20 by 20 states that:-

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

3.2 The implications for partnership working are included in the narrative in the Risk Register as appropriate.

4.0 Key Issues:

4.1 *Addition to the Register*

Children's Services Management team requested the addition of the risk of an unpredictable increase in revenue expenditure from additional charges being

levied where an off-island placement is secured for a child. As per risk no 026, Children's Services on occasion require an off-island placement for a child. The cost of that placement would be met by Shetland Islands Council and the host local authority would provide appropriate educational access services as they would for any child in their catchment area. Some host local authorities have indicated that the additional cost of a school place or education provision, including meeting the possible additional support needs of a pupil placed off-island, will be recharged to the Shetland Islands Council. This is currently quantified, unanticipated and not in the revenue budget. This risk is estimated as being Possible (I think this could maybe occur in the next year), and with an impact of Minor (increased cost of working of between £10k and £100k).

4.2 *Removal from Register*

Lack of compliance with standing orders on procurement (ORG 013) has been removed from the Register. The Director of Infrastructure Services explained that necessary control measures remain in place to ensure the risk continues to be managed effectively, and external auditors have not mentioned this in the last two years.

4.3 *Revisions to Risks*

- Management capacity to deliver the benefits of health and social care integration – the control measures have been updated to reflect current activity - ORG016;
- Recruitment of staff - Revised to reflect the current areas of high demand such as in Planning, teaching and Ports and Harbours, and the likelihood has been increased to Likely - ORG018;
- Communications failure leading to risk of harm to a vulnerable adult – the risk has been revised and additional control measure details added to explain that 'There is good multi-agency working with formal arenas to discuss individual cases causing concern' - ORG024;
- Cyber attack – the control measure has been revised to take account of improvements in technology - ORG029;
- Missed opportunities from the Viewpoint survey – The control measures have been revised to state that the Workforce Strategy is now approved, as well as the Viewpoint Engagement Plan. CMT are now leading on a number of work streams within the Plan - ORG031;
- Failure to meet Corporate/Community Plan – This risk has been revised to take account of the move from 8 North Ness and the increase in workload caused by the workarounds required. – ORG 0032.

5.0 Exempt and/or confidential information:

5.1 None

6.0 Implications :	
6.1 Service Users, Patients and Communities:	A robust approach to risk management at all levels of the organisation is essential in order to prevent or reduce potentially negative impacts on the Community/ Stakeholders. The detail in this regard is covered in the Risk Register.
6.2 Human Resources and Organisational Development:	Risk management promotes best practice and seeks to protect staff across the Council. Risk ORG0037, makes reference to the potential impact on the Council's workforce planning of the uncertainties that Brexit creates. This will add to the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working. There is much speculation about the impact on employment in the UK which HR is monitoring to ensure the Council responds appropriately.
6.3 Equality, Diversity and Human Rights:	By actively managing risks the Council ensures that negative impacts on the staff and service users are anticipated and prevented or minimised.
6.4 Legal:	There are no legal implications arising directly from this report. Legal issues are considered as an integral part of the risk management process.
6.5 Finance:	The new risk added by Children's Services highlights the potential for an unplanned and unpredictable increase in revenue spending. Recognising and highlighting risks facing the Council will help ensure that appropriate controls are considered and put in place.
6.6 Assets and Property:	The recent move out of the offices at 8 North Ness has caused some disruption to the Council and the services provided to the public and also internally by Corporate and Executive Services and Planning. Risk ORG0032 has been updated to reflect the current situation and actions being taken to mitigate against any negative impacts.
6.7 ICT and new technologies:	None
6.8 Environmental:	Risks to the environment are considered in reports to committee or the Council in order to ensure that negative impacts are identified and reduced as far as practicable. There are no environmental issues identified specifically in this report.
6.9 Risk Management:	This report presents the current risks to the organisation's delivery of services, as identified by the Risk Board, thus ensuring that the organisation complies with the Risk Policy and Strategy.

6.11 Policy and Delegated Authority:	Policy and Resources Committee requires the Corporate Risk Register to be reported periodically [Min. Ref. P&R 75/15]. The Risk Management Strategy forms part of the Policy Framework contained in Section A of the Constitution – Governance, which states that the management body for the Risk Management Strategy lies within the remit of the Policy and Resources Committee. Ensuring the proper management of the Corporate Risk Register is therefore a delegated matter for the Policy and Resources Committee. However, the Council instructed that the Corporate Risk Register be reported to the Council quarterly as part of the PPMF cycle [Min. Ref. SIC 20/16] so that all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information.	
6.12 Previously considered by:	Policy & Resources Committee	7 December 2016

Contact Details:

Christine Ferguson, Director of Corporate Services

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29 November 2016

Appendices:

Appendix 1 – Corporate Risk Register as at 17 November 2016

Background Documents:

Risk Assessment - Shetland Islands Council

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

ORG0024 - Communications failure - Risk of harm to a vulnerable adult - Shetland has an increasing older population and an increase in people with a learning disability reaching older age. Statutory services will need to have oversight of an increasing number of vulnerable adults to prevent harm occurring. Triggers such as - Statutory services fail to identify and take account of all vulnerable adults within their remit, systems failure means that information is not fully collated and/or shared, could result in vulnerable adult not given access to full range of services that they need, delay in access to services leads to harm to vulnerable adult, reputational risk to organisation, potential for HSE action, Care Commission/ external advisors' negative report, civil action.	Possible	Major	High	<ul style="list-style-type: none"> There are well established mechanisms in place to support the detection of risk with an active Adult Protection Committee overseeing the work. There is good multi-agency working within formal arenas to discuss individual cases causing concern. Transitions group in place for Learning Disability Services to manage childhood support to adult support. Ongoing work to review services to make effective use of limited and reducing budgets. 	Unlikely	Major	Medium	Simon Bokor-Ingram Shetland Islands Council
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Corporate Plan

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

ORG0015 - Professional Errors and Omissions - Lack of compliance with policies leading to a poorly run organisation with costly consequences. The Council could still improve further compliance with council policies and procedures. These include Standing Orders, Health & Safety, Risk Management, Insurance, Financial Regulations, Travel & Expenses, Employee Review & Development, managing poor performance and attending mandatory training events.	Possible	Extreme	High	<ul style="list-style-type: none"> CMT has been sending out a strong message on compliance with policies which is having an effect, particularly with regard to budgetary control and financial management. However, there is still an issue of non-compliance in a number of other areas which has yet to be addressed. Some policies and processes need to be reviewed in order to ensure that compliance across the organisation is more achievable. 	Possible	Significant	Medium	Mark Boden Shetland Islands Council
ORG0016 - Professional - Other - Management capacity to deliver the benefits of health and social care integration. Significant effort is required to continue driving the integration agenda and to realise the benefits, and adequate management capacity and skill is required to achieve this. Locality working will require further drive and effort to achieve a shift in structure that delivers front line benefits to residents.	Possible	Major	High	<ul style="list-style-type: none"> There is a joint management structure in place. Work underway to deliver strategic direction agreed by IJB where localities are better supported. Structures in place around joint projects/ programmes of work. 	Possible	Significant	Medium	Simon Bokor-Ingram Shetland Islands Council
ORG0022 - Professional - Other - Failure to deliver major STERT review on time and on budget. The time frame for the project is up to June 2018 i.e. the end of the Interim Joint Principal position. There is a change fund of £300K for two years but there will be an ongoing saving of £200K from the start of the second year. In the first year these payments will be attached to milestones which are also deliverables of the Interim Joint Principal. The project timescale is now less challenging as an Interim Joint Principal has been appointed and is now in post'	Unlikely	Significant	Medium	<ul style="list-style-type: none"> There are project management arrangements in place which have been enhanced and strengthened recently. Both the Council and the NAFC Marine Centre Board confirmed their commitment to the next steps towards integration on 24 Feb and 3 March respectively. Project timescales are however challenging. The project timescales will be less challenging now that an Interim Joint Principal has been recruited. 	Unlikely	Minor	Low	Neil Grant Shetland Islands Council

ORG0028 - Professional - Other - Failure to deliver major AHS build project on time and on budget. Complex project involving several external parties, following a methodology not previously used by the Council Design Build Financial Model (DBFM) which increases the risk of the project going off track. However, financial close was achieved in July 2015, and construction has commenced. A lack of understanding of DBFM, project management failure or partner failure can lead to project delay and/or budget rises, negative reaction in press and public. Project completion is currently timetabled for Sept 2017	Possible	Significant	Medium	• Project risk register in place which is closely monitored and managed	Unlikely	Significant	Medium	Mark Boden Shetland Islands Council
ORG0032 - Corporate/Community plan - failure to meet - Recent Council activities plus local / national issues have led to an increased workload for Services across the Council and within Corporate Services - and particularly for Finance, Governance and Law, Capital Programme and Human Resources. There is a limit to how much additional work staff can absorb - staff and services are considered to be at capacity. The implemented move from 8 North Ness was disruptive and there is an ongoing increase in workload caused by the work arounds required so that the Council can continue to operate from other locations.	Possible	Significant	Medium	• The effects of the move from 8 North Ness are being monitored and adjustments made where possible to ensure minimal disruption to services. • Our Plan 2016-20 has been agreed. This explains the outcomes that the SIC wants to achieve by April 2020. Our financial planning process is more robust and in line with other planning processes. The risks to Directorate and Service plans are articulated and considered in reports. The Risks for new initiatives including the allocation of resources are considered at Project start up and kept under review.	Unlikely	Minor	Low	Christine Ferguson Shetland Islands Council
Corporate Plan F13. Our "20 By '20" - Workforce Planning								
ORG0018 - Demographic change - Recruitment & Retention of staff within areas of high demand such as health and social care and in professional areas such as Planning, teaching and Ports and Harbours. The distant and remote nature of Shetland means that there is a small labour pool and therefore limited skills locally which is a greater challenge due to occupational segregation in areas such as ferries and social care. The national pay structures also place restrictions on our ability to match salaries of larger organisations.	Likely	Minor	Medium	• HR continually reviews the council's HR policies and processes to maximise successful recruitment and retention .Support is also provided to managers to ensure effective people management that encourages staff retention within service areas.	Unlikely	Minor	Low	Denise Bell Shetland Islands Council
Corporate Plan F15. Our "20 By '20" - Assets								

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

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

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

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

ORG0029 - Malicious damage/ vandalism/sabotage - Malicious cyber attack could happen at any time. ICT and SIC have a host of security systems and approaches in place. However, an attack, successful or otherwise, can always happen. It may be impossible to tell whether there has been an attack, or what any attack has looked at/ taken/ copied. Any attack could result in compromise /damage to systems or reputation, data leak, loss of data or system downtime.	Unlikely	Major	Medium	• Anti-virus and firewall defences, ICT security policy, boundary appliance scan all incoming e-mail. Corporate anti-virus installed on all servers and workstations. Corporate firewalls Surecloud vulnerability scanning and IDS appliance - Systems support team monitor network activity and check open server ports Annual penetration testing	Rare	Significant	Low	Susan Msalila Shetland Islands Council
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Corporate Plan

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

ORG0014 - Policies - effect of - - Health & Social Care Integration. Shetland's Integration Joint Board has delegated authority for the strategic planning of services, and the responsibility for directing delivery to achieve those strategic aims. Board has been established and core constitutional documents approved. The risk is that the outcomes for the individuals and communities does not improve within a new framework.	Possible	Significant	Medium	<ul style="list-style-type: none"> • A Strategic Plan is in place for 2016/17 that sets out service delivery matched to available funding. • Performance indicators have been developed to complement the national core suite of indicators. Joint governance arrangements are in place with NHS Shetland that bring together scrutiny of both clinical and social care activity. . • The Chief officer for the IJB is the Director of Community Health and Social Care, who is a member of a national group of Chief Officers and information from the meeting/ activities of the group will ensure that the Council is kept up to date with developments so that these can be fed back to a wider audience. 	Unlikely	Minor	Low	Simon Bokor-Ingram Shetland Islands Council
ORG0021 - Physical - People / Property - Other - The Council invested heavily in infrastructure at the time when the oil industry was taking off. This infrastructure was funded from income generated from the oil industry. That infrastructure is now aging and will need to be replaced, however, the financial situation is now tighter which will mean that it will be challenging to finance this.	Likely	Extreme	High	<ul style="list-style-type: none"> • The current Asset Investment Plan focuses on the maintenance of existing assets in order to prolong their useful economic lives. This should mitigate against the risk of immediate failure. In order to address the longer term replacement of assets, a Borrowing Policy was approved by Council on 11 December 2013. 	Likely	Major	High	Christine Ferguson Shetland Islands Council
<div>Corporate Plan</div> <div>F6. Our "20 By '20" - Financial Management</div>								
ORG0034 - Customer / Citizen - Other - The SIC Pension Fund is currently not 100% funded. At 31 March 2014 triennial evaluation the Fund was 91.7% funded. The SIC Pension Fund, as well as the Council has a number of Scheduled and Admitted Bodies that have liabilities to fund over the long term. Admitted bodies failing or being unable to meet their contributions places risk from these arrangements on the Council, as the largest contributor to the Pension Fund.	Almost Certain	Major	High	<ul style="list-style-type: none"> • For Bodies seeking admission to the Pension Fund they now have to be supported in doing so by the Council (as a Schedule 1 Body) and also provide a guarantee / bond to meet any liabilities should they default in the future. This mitigates the risk in relation to new entrants. 	Rare	Extreme	High	Jonathan Belford Shetland Islands Council
<div>Corporate Plan</div> <div>F8. Our "20 by '20" - Efficient</div>								
ORG0020 - Economic / Financial - Other - Failure to deliver on Medium term Financial Plan - The Council's reserves have decreased by 60% since the turn of the century due to an over reliance on them to meet the funding gap between income and expenditure. The Council continues to operate unsustainably and without intervention, the Council would eventually run out of reserves altogether.	Unlikely	Extreme	High	<ul style="list-style-type: none"> • The Financial Management arrangements of the Council have been strengthened with the introduction of the MTFP and more rigorous budgetary control. 	Unlikely	Major	Medium	Mark Boden Shetland Islands Council
<div>Corporate Plan</div> <div>Shetland Islands Council - Our Plan 2016 - 2020</div>								

ORG0037 - Political - Other - On 23rd June 2016, a country-wide referendum was held to identify whether the UK wished to remain in, or leave, the European Union. Following the immediate political turmoil, there has been ongoing economic and political uncertainty. Various organisations in Shetland receive EU funding and this could be (and in some cases, has been) removed. The Shetland Islands Council receives EU funding for a number of purposes. Trigger: Referendum result, post referendum political and economic uncertainty or change, could lead to: Short-term - Withdrawal of funding, political and economic uncertainty, potential impact on recruitment, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, impact on partner organisations and partner-funded bodies. Does the SIC have a lobbying role?; Medium term: Withdrawal of funding, political and economic uncertainty, legislative change, regulatory uncertainty, impact on pension fund and Council investments, issues round fish quotas/ market/ pelagic fleet, economic impact, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, potential impact on recruitment (of staff/ students),/ on SIC's workforce planning particularly given the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working potential for further legislative, political and structural change, opportunity to influence direction and shape of new legislation, impact on partner organisations and partner-funded bodies, requirement to consider risks around capital expenditure. What is the SIC's role and priorities?; Long-term: Uncertainty, impact on longer term planning for organisation, potential for further legislative, political and structural change.	Likely	Major	High	<ul style="list-style-type: none"> Development Services are preparing a Brexit impacts paper for Shetland which should help in scenario planning, lobbying etc. 4th October Risk Board to focus on Brexit risks, potential for an all-day service plan seminar with an opportunity to discuss Brexit at that forum. 	Possible	Minor	Medium	Mark Boden Shetland Islands Council
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Meeting(s):	Shetland Islands Council	14 December 2016
Report Title:	Governance Review Programme - Appointments to External Organisations	
Reference Number:	GL-59-F	
Author / Job Title:	Jan Riise, Executive Manager – Governance and Law	

1.0 Decisions / Action required:

1.1 That the Council NOTES the work carried out to date, and APPROVES:

1.1.1 That futures appointments should be based on the following additional principles :

- a) Where there is a **clear link to a Council Strategy or Policy objective in appointing to a national or international body**, the presumption will be to consider making an appointment, but each request will be considered on its own merits;
- b) Where any organisation falls within the **Following the Public Pound Policy** requirements, the Council will not appoint a Councillor; and
- c) Where the organisation **cannot demonstrate a link to a Council strategic or policy objective, and is not funded by the Council**, each request will be considered on a case by case basis;
And

1.1.2 The creation of a detailed appointments Register based on these principles, setting out the full requirements and implications of each organisation and set of criteria against which all appointments will be considered.

1.1.3 A final report will be presented to the Council in February for final approval, as per the agreed timetable.

2.0 High Level Summary:

2.1 The purpose of this report is to advise on progress on the review of external appointments, taking account of responses from organisations and the views of Councillors, and to discuss options available and seek agreement on the way forward.

2.2 This work stream is part of the Governance Review Programme, agreed by the Council at its meeting on 3 November 2016, which will result in the production of an Appointments Register and formal guidance for Councillors on such appointments.

2.3 The agreed timetable is as follows:

LEAD OFFICER / RESOURCES	PROJECT / WORKSTREAM	CURRENT PHASE NOV – DEC 2016	PHASE 2 JAN – FEB 2017	PHASE 3 FEB – APR 2017	PHASE 4 MAY 2017 – MAR 2018 <i>Implementation</i>
Executive Managers – Governance and Law and Executive Services	APPOINTMENTS TO EXTERNAL ORGANISATIONS	<ul style="list-style-type: none"> • Collation of info from organisations and councillors • Discussion Paper - Councillors' Seminar 1 • Stage 2 Report to SIC – Options 	<ul style="list-style-type: none"> • Appointments Register • Discussion paper - guidance - Councillors' Seminar 2 	<ul style="list-style-type: none"> • Stage 3 Report to SIC –Final Recommendations • <i>New Part G2 - External Appointments Guidance</i> 	<ul style="list-style-type: none"> • Annual Review [start Aug/Sept]

3.0 Corporate Priorities and Joint Working:

3.1 Our “20” by “20” commitments lists item 5 as follows:-

“High standards of Governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.”

In effect it is sound governance arrangements which underpins all of the decisions which implementing “Our Plan” will require, and gives assurance to the organisations that work with the Council that we manage our governance risks effectively.

4.0 Key Issues:

Principles

4.1 The report to Council on 24 February 2016 (SIC Min. Ref. 05/16) set out the underlying principles for the review of appointments, as follows:

- Securing best value
- Ensuring good governance
- Ethical Standards and managing conflicts
- Mitigating risks
- Limiting Liability of individual Councillors

4.2 Organisations were written to with the message, also agreed by the Council, that the presumption was against future appointments being made, unless the Council can identify and quantify the value that can be gained from the perspective of the Council.

4.3 It must be emphasised that the Council has no desire to disregard community or other objectives and values held by organisation, or Councillors themselves, but as a public authority, the Council must look to uphold its own objectives and high standards first as well as offering appropriate protection for individual councillors when representing the Council. The objectives and related values held by organisations or individuals could be achieved or contributed to in ways other than by direct appointment of Councillors, and this review is intended to explore the options available.

Consultation Feedback

- 4.4 A seminar for Councillors was held on 30 November and information gained from organisations and individual meetings with councillors formed the basis of discussions on some of the individual organisations and the way in which appointments could be addressed in future. Current organisations were placed into categories, and these are set out in Appendix 1.
- 4.5 Further consultation with Councillors will take place during January, either by email, individual meetings with Councillors or, if diary space permits, a further seminar. The following is a summary of the key issues which the Seminar covered, and Councillors may wish to explore further today:

National/international

- a. Members were in general agreement that these appointments should continue, with the exception of one or two that require further exploration.
- b. Members were clear that it was very important to ensure that each appointment can demonstrate the value that it brings to the Council other than just a community support mechanism.
- c. Discussion was held on the merits of some of the national/international organisations, and Members felt it was easier to identify the benefits and value of many of these organisations to the Council in terms of its own Strategic objectives and policies, and in light of the fact that no funding is provided by the Council other than membership fees.

Statutory

- d. The statutory appointments were accepted and other than more specific information being required to inform the new council, and considerations as to where conflicts could exist, members were in general agreement with their continuation.
- e. It was noted that many of these appointments would be required at the Statutory meetings, whereas others could wait until August once committee memberships and senior councillor appointments have been made and portfolios are clearly established.

Local/Trusts

- f. This theme continued into consideration of the local appointments, and acceptance that a further review of the local and trust appointments were required to clarify firstly if they were appointments to an organisation, or an appointment to a meeting/committee, where approved duty status would similarly apply, and secondly whether such appointments should be “ex-officio” or open to all.
- g. Many of the local organisations rely on the Councillor members as a conduit for sharing council information, or in terms of their personal knowledge of the local area or people. The issue for the Council is what value this adds to the Council, and whether such attendance should perhaps be reverted to a personal one for Councillors, rather than nomination or appointment by the Council.
- h. There can be a tendency for organisations to identify who they want appointed, rather than the Council making that decision based on its own business requirements.

Funded Organisations

- i. In terms of funding [by grant, subsidised service, or service level agreement rather than membership fees] it is important to note and understand the duty that the

Council already has to in terms of the “Code of Guidance on Funding External Bodies and Following the Public Pound” and its own “Policy on Following the Public Pound when Providing Financial and Non-financial support to External Organisations/Individuals” [SIC Min. Ref. 38/06]. This review has highlighted a need to perhaps review the practices that have evolved since that Policy was approved and to identify and explain the role of Budget Responsible Officers for each of these organisations.

Liabilities

- j. It is recognised that many appointments are historical ones which have been accepted over time without question. However in a different and ever changing financial and litigious environment, it is important for Councillors to be clear on their own liabilities, as well as those of the Council.

Next Phase

- 4.6 This first phase of the review has provided a useful summary of the position in terms of the organisations and groups that councillors are involved in. However, it is clear from some responses that many organisations, particularly the smaller Trusts, will have considerable changes to make to Trust Deeds and other constitutional documents if the Council adopts its favoured position in terms of no further appointments unless justification can be evidenced. Some organisations did not respond with sufficient information to make a fully informed decision at this stage. Therefore, in terms of addressing all of the principles that the Council agreed in February, all appointments listed will be subject to further detailed individual scrutiny, particularly those that fall within the “Following the Public Pound” regime, and in this regard, many will require further dialogue with the organisations and current appointees.
- 4.7 Having considered the responses received during consultation, and taking account of the principles which the Council has already adopted on this matter, it is proposed that the criteria on which future appointments are made should be taken a step further at this stage, and consideration will be based on the following additional principles:
- Where there is a **clear link to a Council Strategy or Policy objective in appointing to a national or international body**, the presumption will be to consider making an appointment, but each request will be considered on its own merits;
 - Where any organisation falls within the **Following the Public Pound** Policy requirements, the Council will not appoint a Councillor; and
 - Where the organisation **cannot demonstrate a link to a Council strategic or policy objective, and is not funded by the Council**, each request should be considered on a case by case basis.
- 4.8 The next report to Council in February will produce the first version of a detailed appointments Register, which will seek to address the governance issues and the criteria which must be addressed, allowing the Council to make fully informed decisions on a case by case basis. The proposed Register will cover the following headings for each case [not exhaustive]:
- Name of organisation
 - Category – National / International / Local / Statutory
 - Type of organisation e.g. public trust / charity / registered company, etc.

- Type/number of appointments/nominations sought
- Substitutes [in general this will not be required unless specifically requested]
- Term of office [in general this will align with the Council's term of office or that of the office bearer]
- Criteria/conditions required by the organisation:
 - Council/Committee/Office bearer/Ward
 - Skills and Knowledge
- Criteria/conditions required by the Council:
 - Links to Council Strategic Plans/Objectives
 - Assessment against agreed principles and observations
 - Number / location of meetings
 - Financial Information – Council Funded/Non-funded/membership fees
 - Legal - Obligations/Liabilities/Insurance
 - Expenses – will the council bear any costs of attendance and if so, the estimated costs for budget purposes
 - Current issues – from organisation and from previous/current appointee
 - Risks/Impacts – organisational and personal, financial, environmental, community and political, equality, diversity and human rights.
- BRO, Lead Officer and/or Monitoring Officer advice

Managing Conflicts

4.9 Further guidance will also be produced in relation to general advice on appointments that all Councillors require to ensure that acceptance of any future appointments, either through the Council or by personal acceptance, are clear and unambiguous in terms of their intent and liability, and the impact on Councillor obligations and duties under the Code of Conduct. Advice for officers will also form part of this guidance, to ensure continuing compliance with policy and understanding of the role that Councillors and officers have when appointments are made.

4.10 In this regard, the decisions required in section 1.0 above are commended to the Council.

5.0 Exempt and/or confidential information:

5.1 This report does not contain any exempt information and discussion of such information is unlikely to be required at this stage. However, Council will have to take advice from the Monitoring Officer if discussion were to take place on detailed business or financial information of any other organisation or its members.

6.0 Implications :

6.1 Service Users, Patients and Communities:	The next stage of this review will include further consultation at a detailed level with each of the organisations, Councillors and relevant officers.
6.2 Human Resources and Organisational Development:	There are no impacts on employees and/or wider workforce management and development, and there are no issues which will affect staff health, safety and wellbeing.

6.3 Equality, Diversity and Human Rights:	There are no known internal and/or external equalities issues associated with the terms of this report. These matters will be considered as part of the criteria for appointments and Equalities Impact Assessment completed, if deemed appropriate.
6.4 Legal:	There are no known legal implications for the Council in terms of the approach being proposed for the next stage of the review, but legal implications will form part of each case as part of the Register.
6.5 Finance:	There are no direct financial implications in terms of the subject of this report, but any reduction in future appointments may contribute to the a reduction in Councillors costs and expenses. Detailed criteria for future appointments will require an estimate of expenses, allowing for improved budget setting. Enhanced scrutiny of funded bodies may also lead to future savings.
6.6 Assets and Property:	There are no implications for any of the Council's major assets and property, buildings or equipment.
6.7 ICT and new technologies:	There are no implications for ICT and ICT systems.
6.8 Environmental:	There are no implications for the local environment, Climate Change or Carbon Management - a Strategic Environmental Impact Assessment is not required.
6.9 Risk Management:	Approving the next stage of the review ensures the Council will maintain a structured approach to mitigating future risks. Individual cases will identify specific risks and impacts.
6.10 Policy and Delegated Authority:	The appointments addressed in this report are, in the main, made by Council, and have not been delegated to any other Committee.
6.11 Previously considered by:	The issues in this report have previously been considered by the following: SIC - 25 February 2016 SIC – 3 November 2016

Contact Details:

Anne Cogle, Team Leader – Administration anne.cogle@shetland.gov.uk

Jan Riise, Executive Manager – Governance and Law jan.riise@shetland.gov.uk

6 December 2016

Appendices:

Appendix 1 – List of organisations

Background Documents:

See minutes of meetings listed in 6.11 above.

END

National/International	Local	Statutory	Trusts
<ul style="list-style-type: none"> • COSLA • Scotland Excel • KIMO • Nulear Free Local Authorities • Scottish Councils Committee on Radioactive Substances • CPMR • Dounreay Stakeholders Group • Highland Reserve Forces and Cadets Association • Scottish Accident Prevention Council 	<ul style="list-style-type: none"> • ASCC Liaison Group • Shetland Tourism Association • Shetland Geopark Liaison Group • Living Lerwick Steering Group • Shetland Alcohol and Drugs Partnership • Shetland Childcare Partnership • CAB Board of Management • Shetland Environment Forum • Shetland Ocean Alliance [SHOAL] • SSMO • Shetland/Vagsoy Twinning Association • Sullom Voe Association Ltd • SOTEAG • Sumburgh Airport Consultative Committee 	<ul style="list-style-type: none"> • NHS Shetland • Lerwick Port Authority • Orkney and Shetland Valuation Joint Board • Pension Board • Integration Joint Board • ZetTrans • Northern Community Justice Authority • Shetland Area Support Team [Childrens Hearings Scotland] • Shetland Partnership Board • Community Safety and Resilience Board 	<ul style="list-style-type: none"> • Shetland Amenity Trust • Shetland Fisheries Training Centre Trust • Brownies Taing Pier Trust • Eliza Charlotte Harper Bequest • Fair Isle Bird Observatory Trust • Foula Electricity Trust • Georgeson Charitable Trust • Germatwatt Centre Trust • Hunter Morrison Trust • Sandsayre Pier Trust • Textile Working Museum Trust • The Shetland Trust • Voxter Centre Trust



Meeting(s):	Shetland Islands Council	14 December 2016
Report Title:	SIC Diary of Meetings 2017/18	
Reference Number:	GL-58-16-F	
Author / Job Title:	Jan Riise, Executive Manager – Governance and Law	

1.0 Decisions / Action required:

- 1.1 That the Council **RESOLVES** to approve the attached schedule of Council and Committee meetings for 2017/18.

2.0 High Level Summary:

- 2.1 The purpose of this report is to seek Council's approval for the schedule of meetings for 2017/18.

3.0 Corporate Priorities and Joint Working:

- 3.1 The recommendation in this report will achieve point 5 of Our Plan 2017 to 2021, by contributing towards the achievement of high standards of governance, and effective decision making.
- 3.2 The Council should also note that a calendar of meetings of the Integration Joint Board and its Committees is also being developed alongside the approved NHS and proposed SIC meeting dates, as well as having regard to its own Business Programme. Once approved by the IJB, these will be added to the diary and circulated as appropriate.

4.0 Key Issues:

- 4.1 The draft diary is based on the same principles and timescales as 2016/17, by setting the PPMF and budget setting meetings at the required times, and then setting ordinary meetings cycles in between. Key issues for noting or consideration are as follows:

Special Meetings

- 4.2 Councillors will note that a further five dates have been set aside as special meeting dates which can be used in between cycles for special meetings of any committee or council. Our intention is to allow Councillors, and officers, to diary these dates early on, with the expectation of special meetings being called for those dates only, except for any very exceptional meetings which may be required outwith those timescales. This has worked relatively well during 2016/17 and has merit in being continued into the new Council.

Budget Setting

- 4.3 With regard to the budget setting timetable for 2017/18, consideration was given to altering the timetable to remove the budget setting meetings from December to February, in light of the timing of the Scottish Government's announcement of funding levels. However, the Section 95 Officer advises that there remains merit in planning the budget setting during November and December, on the basis that there will continue to be less funding for local government and therefore a need to share information and discuss the options for budgets, savings and business cases as soon as possible. In addition, this timescale also fits with the requirements of the Integration Scheme for Health and Social Care, and although budget setting prior to the end of the calendar year has not been possible for the last 2 years, it is important for the Council and its partners to collaborate at an early stage and plan the work ahead, as required. This, of course, is subject to any requirements at a later date which may require an alternative timetable to be adopted.

Seminars

- 4.4 Budget seminars for each Committee and the Council will be held in November as currently scheduled, and 2 further dates will be scheduled in January for the Council and IJB to discuss the budget proposals ahead of the final budget setting by the Council and IJB in February.
- 4.5 With regard to other seminars it is proposed that additional specific dates are also set aside for Service or Departmental Seminars with the aim being to make best use of time but to ensure that Councillors can be kept informed of any specific requirements of services or departments which arise through the development of projects or changes in service. The proposal is that up to the equivalent of 12 full days are scheduled throughout the year [excluding the Budget seminar dates] with the aim to coincide many of these with the requirements of the Business Programme and other planned work by either the Council or its Community Planning partners. These dates have therefore not been set yet, but will be planned alongside the Business Programmes to be presented by Directors to the final set of Committee meetings in March.

Councillor Development/Training

- 4.6 In discussion with Executive Services, it is further proposed that 4 days per year are set aside for Councillor Development days, ensuring that Councillors, particularly those who are newly elected in May 2017, receive any necessary training in order to meet their personal development needs or statutory requirements for training. This proposal will be taken forward as part of the induction training programme for next year.

General

- 4.7 Our aim is to ensure that the approved diary has as many fixed dates as possible so that Councillors, community partners and management, can address their total business in a planned way, in particular allowing Councillors scheduled "free time" during business hours for other strategic, service, constituency or personal matters.
- 4.8 As is always the case, and in consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue

and location of any meeting may be changed, or special meetings added, although every effort will be made to avoid such instances.

- 4.9 Accordingly, the proposed schedule of meetings is attached as Appendix 1 and is commended to Council for approval, noting that dates for Service seminars and Councillor Development/Training will be added.

Elections 2017

- 4.11 The Pre-election period for the Local Government Elections in May 2017 will commence on 13 March 2017 with the publication of the Notice of Election. In addition to the rules governing the Pre-election period, this begins an extremely busy time of preparations by the Chief Executive, Executive Services, and Corporate Services in preparation for the new Council, and Committee Services in particular are responsible for the conduct of the elections themselves in support of the duties of the Returning Officer. Therefore there are no meetings scheduled during April. Any urgent meetings required to conduct or conclude any Council business will, of course, be accommodated within the parameters of the pre-election period rules.
- 4.12 The Executive Manager – Executive Services, in consultation with Senior Councillors and Corporate Management Team are in the process of planning for the induction programme for new Councillors, which will commence on Monday 8 May for a period of 2 weeks.
- 4.13 The first statutory meeting of the new Council must take place within 21 days of the date of the election, and so in keeping with normal practice of the full Council being held on a Wednesday, the statutory meeting will take place on Wednesday 24 May 2017, which is 20 days after the election.

5.0 Exempt and/or confidential information:

- 5.1 None

6.0 Implications:

6.1 Service Users, Patients and Communities:	No consultation has taken place with the community or stakeholders, but the diary dates and final Business Programmes will provide the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.
6.2 Human Resources and Organisational Development:	None.
6.3 Equality, Diversity and Human Rights:	There are no equality, diversity or human rights issues and an Equalities Impact Assessment is not required.
6.4 Legal:	None.

6.5 Finance:	The proposals in this report do not have any direct financial implications, but indirect costs may be avoided by optimising Councillor and Officer time.
6.6 Assets and Property:	Due to the ongoing work at the Town Hall, alternative meeting venues will be required until the end of June 2017. Arrangements will be made to secure these venues in early course.
6.7 ICT and new technologies:	None.
6.8 Environmental:	None.
6.9 Risk Management:	The risks associated with setting the meeting dates and the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the diary of meetings and accompanying Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the objectives and actions contained in its corporate plans could mitigate against those risks.
6.10 Policy and Delegated Authority:	Section 18.2 of the Council's Standing Orders for meetings states "The dates of ordinary meetings of the Council and other bodies which are part of the political management framework will be decided by the Council on the basis of a programme of meetings which will normally be decided each year."
6.11 Previously considered by:	N/A

Contact Details:

Anne Cogle, Team Leader – Administration, anne.cogle@shetland.gov.uk

8 December 2016

Appendices:

Appendix 1 – Calendar of Meetings 2017/18

Background Documents: None

Key

School Holidays
SPE
Public Holiday
PPMF
Budget
Policy Forum
Ordinary
Pre-Election Period

Still to be added

SPB
SCT
ZET
SETF
CSRB



Meeting(s):	Shetland Islands Council	14 December 2016
Report Title:	Council Business Programme 2016/17	
Reference Number:	GL-54-16-F	
Author / Job Title:	Team Leader – Administration	

1.0 Decisions / Action required:

- 1.1 That the Council considers its business planned for the remaining quarters of the current financial year (1 April 2016 to 31 March 2017), and RESOLVES to approve any changes or additions to the business programme.

2.0 High Level Summary:

- 2.1 The purpose of this report is to inform the Council of the planned business to be presented to the Committee for the remaining quarters of the financial year 1 April 2016 to 31 March 2017, and discuss with Officers any changes or additions required to that programme.
- 2.2 The presentation of the Business Programme 2016/17 on a quarterly basis provides a focussed approach to the business of the Council, and allows senior Officers an opportunity to update the Council on changes and/or additions required to the Business Programme in a planned and measured way.

3.0 Corporate Priorities and Joint Working:

- 3.1 The recommendation in this report is consistent with the following corporate priorities:
- Our Plan 2016, in its 20 by 20 states that:-
 “High standards of governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects”.

4.0 Key Issues:

- 4.1 The Council approved the schedule of meetings for 2016/17 at its meeting on 16 December 2015 (Min Ref: 79/15).
- 4.2 It was agreed that the Business Programmes for each Committee/Board would be presented to the Planning and Performance Management Framework (PPMF) meetings, which are held on a quarterly basis, for discussion and approval.
- 4.3 The manner in which meetings have been scheduled is described below:

<ul style="list-style-type: none"> • Ordinary meetings have been scheduled, although some have no scheduled business at this stage. Where there is still no scheduled business within two weeks of the meeting, the meeting will be cancelled; • Special meetings may be called on specific dates for some items – other agenda items can be added, if time permits; • PPMF = Planning and Performance Management Framework meetings have been called for all Committees and Council once per quarter. These meetings are time restricted, with a specific focus on PPMF only, and therefore no other business will be permitted on those agendas; • Budget = Budget setting meetings – other agenda items can be added, if time permits, or if required as part of the budget setting process; and • In consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue and location of any meeting may be changed, or special meetings added. <p>4.4 The Business Programme for 2016/17 is presented by Committee Services to the Council and each Committee/Board on a quarterly basis for discussion and approval, particularly in relation to the remaining projects and reports which are listed at the end of the business programme page for each Committee/Board as still to be scheduled.</p>	<p>5.0 Exempt and/or confidential information:</p> <p>None</p>
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6.0 Implications :	
6.1 Service Users, Patients and Communities:	The Business Plan provides the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	None
6.5 Finance:	There are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time.
6.6 Assets and Property:	None

6.7 ICT and new technologies:	None	
6.8 Environmental:	None	
6.9 Risk Management:	The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the objectives and actions contained in its corporate plans could mitigate against those risks.	
6.10 Policy and Delegated Authority:	Maintaining a Business Programme ensures the effectiveness of the Council's planning and performance management framework. The Business Programme supports each Committee's role, as set out in paragraph 2.3 of the Council's Scheme of Administration and Delegations, in monitoring and reviewing achievements of key outcomes within its functional areas, whilst ensuring best value in the use of resources is met to achieve these outcomes within a performance culture of continuous improvement and customer focus.	
6.11 Previously considered by:	N/A	

Contact Details:

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7 December 2016

Appendices:

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

Background Documents:

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

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



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Thursday, 08 December 2016**

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



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Thursday, 08 December 2016**

Shetland Islands Council (continued)

D= Delegated R=Referred

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



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Thursday, 08 December 2016**

Shetland Islands Council (continued)

D= Delegated R=Referred

Quarter 2 1 July 2016 to 30 September 2016	Date of Meeting	Business	
	<i>Special</i> 22 August 2016 10 a.m.	Sumburgh Airport – Update	D
	<i>PPMF</i> 31 August 2016 2 p.m.	KIMO Presentation	D
		Corporate Risk Register	D
		Confidential Risk Register	D
		Overall SIC Management Accounts – Quarter 1	D
		Asset Investment Plan – Progress Report – Quarter 1	D
		Knab Redevelopment – Masterplanning Procurement	D
		Council Business Programme 2016/17	D
	<i>Special</i> 21 September 2016 2 p.m.	Shetland Islands Council - Final Audited Annual Accounts 2015/16	D
		Shetland Islands Council Annual Audit Report on the 2015/16 Audit	D
		New Anderson High School and Halls of Residence: ESA10 Legal matters	D
		Zetland Educational Trust – ISA 260 Report on the 2015/16 Audit	D
		Zetland Educational Trust – Final Audited Accounts 2015/16	D
Quarter 3 1 October 2016 to 31 December 2016	<i>Ordinary</i> 3 November 2016 10 a.m.	Joint Chair's Report Road Asset Management Plan and Road Maintenance Manual	D
		Chair's Report Charging Framework	D
		Chair's Report Asset Investment Plan, Gateway Process – Business Cases	D
		Northern Isles Ferry Services – Fares Consultation Response	D
		Chair's Report Knab Campus Development Brief	D
		Nomination to Shetland Transport Strategy Refresh Working Group	D
		Inter Islands Air Services Specification	D
		Foula Ferry Service Specification	D
		Sumburgh Airport – Update	D
		Governance Review Update	D



Shetland Islands Council - Meeting Dates and Business Programme 2016/17 as at Thursday, 08 December 2016

Shetland Islands Council (continued)

D= Delegated R=Referred

	Date of Meeting	Business	
Quarter 3 1 October 2016 to 31 December 2016 Continued	<i>PPMF & Ordinary</i> 14 December 2016 10 a.m.	SIC Overall Management Accounts 2016/17 – Projected Outturn at Quarter 2	D
		Inter-Island Transport Fair Funding and Shetland Inter-island Transport Study – Progress Report	D
		Governance Review Programme - Constitutional Documents Update	D
		Governance Review – Appointments to External Organisations	D
		Asset Investment Plan – Progress Report – Quarter 2	D
		Procurement Strategy 2017-2020	D
		Corporate Risk Register	D
		Confidential Risk Register	D
		SIC Meetings Diary 2017/18	D
		Council Office Premises	D
		Council Business Programme 2016/17	D
Quarter 4 1 January 2017 to 31 March 2017	<i>Special</i> 18 January 2017 10am	Islands Deal	D
	<i>Special</i> 15 February 2017 10am	2017-18 Policy and Resources Committee Budget and Charging Proposals	D
		Medium Term Financial Plan	D
		Council Reserves – 2016-17 Mid Year Investments Performance Review	D
		2017-18 Budget and Charging Proposals	D
		2017-18 HRA Budget and Charging Proposals	D
		2017-18 Community Health and Social Care Directorate Budget and Charging Proposals	D
		Proposed Five year Asset Investment Plan 2017/18 to 2021/22	D
		Long Term Asset Investment Plan – Project Update	D
		2017-18 SIC Budget Book	D



**Shetland Islands Council - Meeting Dates and Business Programme 2016/17
as at Thursday, 08 December 2016**

Shetland Islands Council (continued)

D= Delegated R=Referred

Quarter 4 1 January 2017 to 31 March 2017 <i>Continued</i>	Date of Meeting	Business	
	Ordinary 22 February 2017 10 a.m.	Annual Investment and Treasury Strategy 2017/18	D
		Medium Term Financial Plan 2017/18 to 2021/22	D
		Borrowing Policy 2017/18 to 2021/22	D
		Future of Zetland Educational Trust	D
		Long Term Financial Plan 2016-2051	D
	PPMF 8 March 2017 2 p.m.	Overall SIC Management Accounts – Quarter 3	D
		Asset Investment Plan – Progress Report – Quarter 3	D
		Annual Investment and Treasury Strategy 2017-18	D
		Corporate Risk Register	D
		Confidential Risk Register	D
		SIC Business Programme 2017/18	D

Planned Committee business still to be scheduled - as at Thursday, 08 December 2016

- National Bargaining

tbcc = to be confirmed

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

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

Ordinary = Ordinary meetings – other items can be added

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

END OF BUSINESS PROGRAMME as at Thursday, 08 December 2016