



<b>Meeting(s):</b>	Development Committee Policy & Resources Committee Shetland Islands Council	8 February 2017 13 February 2017 15 February 2017
<b>Report Title:</b>	2017/18 Budget and Charging Proposals – Development Committee	
<b>Reference Number:</b>	F-004-F	
<b>Author / Job Title:</b>	Jonathan Belford, Executive Manager - Finance	

## 1.0 Decisions / Action required:

- 1.1 That the Development Committee RECOMMEND to Policy and Resources Committee and Council that they approve the budget proposals for 2017/18 included in this report and set out in detail in the Budget Proposals by Activity (Appendix 2) and Schedule of Charges (Appendix 3).

## 2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Development Committee to consider the controllable budget proposals for the services within the Committee's remit.
- 2.2 The proposed budget for 2017/18 for Services under the Development Committee is £8.48m
- 2.3 Appendices 1, 2, 3 and 4 attached to this report show the 2017/18 proposed budgets reconciled by Committee, by activity, the proposed schedule of charges, and a reconciliation of the Development Directorates budgets, consecutively.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that 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 Despite the work done so far, sustainability in particular is extremely challenging at this time, with reducing Scottish Government funding being the trend since 2011/12. It is expected that this will continue while the UK and Scottish Government's seek to balance their budgets and prioritise their spending. In order to take action on improving the Council's approach in identifying and implementing sustainable solutions for the future, Directorate plans identify core priority areas for action between now and 2020, which can be summarised as follows:
- continue to progress the Shetland Tertiary Education, Research and Training

Project, by completing the second tier management team restructure, exploring options to increase external and Scottish Funding Council funding opportunities, and review and identify options to reduce the cost of the Tertiary Education Sector estate 2017 - 2020;

- progress opportunities to share services with community partners and other local authorities;
- review funding of external organisations, and the Museum and Archives Service by 2020; and
- review and identify the level of service to be provided by Development Services by 2020, and develop a workforce plan to meet future skills gaps, considering retirements, redeployments, extended use of career grades and Modern Apprentice placements 2018 – 2019.

#### **4.0 Key Issues:**

- 4.1 Each of the Council's Directorates was provided with a target operating budget based on the 2015/20 Medium Term Financial Plan which was subsequently adjusted for cost pressures, service transfers and additional savings achieved in 2016/17, plus savings to be achieved in 2017/18. The Director of Development Services has subsequently developed the budget proposals for services under this committee, as shown in the table below:

Budget Position	Development Services £000
2016/17 Budget	8,844
Cost Pressures	(38)
Service Transfers	9
Savings Target for 2017/18	(333)
2017/18 Target	8,482
Growth	-
New Income Generation	-
Other Efficiencies/Minor Changes	(2)
2017/18 Proposed Budget	8,480

- 4.2 The main explanations for movements in the budget position in the table above are: there was a reduction in cost pressure requirement of National Insurance contributions of £38k; a service transfer to consolidate Citizens Advice Bureau grant funding under Development; a service specific savings target of £333k; and other efficiencies of £2k.
- 4.3 Appendix 1 sets out a reconciliation showing how the Council's overall budget proposals for the services within the Directorates are aligned to the remit of the Committees.
- 4.4 Appendix 2 sets out the 2017/18 budget in detail by activity. For comparison purposes the 2016/17 original budget and full-time equivalent staff numbers have also been included.
- 4.5 The proposed charges included in the budget proposals for Development Committee are attached as Appendix 3.
- 4.6 Overall the Development Directorate has not met its budget target, and is proposing a budget which is £31k over target (see Appendix 4). How the Development Directorate addresses and meets any future budgetary targets as

identified in the next Medium Term Financial Plan 2016/17 to 2021/22 is a key issue, which may prove to be a challenge for this Committee.	
<b>5.0 Exempt and/or confidential information:</b>	
5.1	None
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The proposed budgets ensure that there is no reduction in service for users and communities.
<b>6.2 Human Resources and Organisational Development:</b>	All budget proposals with staffing implications will be actioned in line with HR advice and relevant Council policies.
<b>6.3 Equality, Diversity and Human Rights:</b>	None.
<b>6.4 Legal:</b>	Under Section 95 of the Local Government (Scotland) Act 1973, there is a requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief financial officer/Section 95 officer has responsibility for the administration of those affairs, and Section 93 of the Local Government Finance Act 1992 requires the Council to set a balanced budget.
<b>6.5 Finance:</b>	<p>The services under the remit of this Committee have proposed budgets that are £2k under target.</p> <p>Any decision to recommend changes to the proposals in this report will result in an increased or decreased draw on reserves, and may result in not meeting the affordable position set out in the Medium Term Financial Plan. This will require a formal amendment and must be fully quantified in the Committee decision.</p>
<b>6.6 Assets and Property:</b>	This budget proposes a risk based approach for the maintenance of assets to minimise deterioration and potential failure.
<b>6.7 ICT and new technologies:</b>	None.
<b>6.8 Environmental:</b>	This budget proposes continuing work on reducing carbon emissions to support the Council's duty under the Climate Change (Scotland) Act 2009.
<b>6.9</b>	

<b>Risk Management:</b>	<p>There are numerous risks involved in planning the delivery of services for the future and the awareness of these risks is critical to successful financial management.</p> <p>These budgeted 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 budget risk for services reporting to this Committee is:</p> <ul style="list-style-type: none"> <li>the generation of additional income or financial savings to ensure that the Tertiary Education Sector moves onto a sustainable footing</li> </ul> <p>These risks are mitigated by using a realistic approach and the most up-to-date information when setting the budget. Also, the inclusion in the overall Council budget of a corporate cost pressure and contingency budget to support volatile and unexpected additional costs.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for other significant unforeseen events.</p>	
<b>6.10 Policy and Delegated Authority:</b>	<p>The Development Committee has delegated authority to advise Policy and Resources Committee and the Council in the development of service, objectives, policies and plans concerned with service delivery.</p> <p>Approval of the revenue budget requires a decision of Council, in terms of Section 2.1.3 of the Council's Scheme of Administration and Delegations.</p>	
<b>6.11 Previously considered by:</b>	n/a	n/a

**Contact Details:**

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**Appendices:**

Appendix 1 - 2017/18 Reconciliation of Directorates' Proposed Budgets to Committees

Appendix 2 - 2017/18 Budget Proposals by Activity - Development Committee

Appendix 3 - 2017/18 Schedule of Charges - Development Committee

Appendix 4 - 2017/18 Reconciliation of Development Services Proposed Budgets to Committees

## 2017-18 Reconciliation of Directorates' Proposed Budgets to Committees

Directorate	Development Committee £000	Education & Families Committee £000	Environment & Transport Committee £000	Policy & Resources Committee £000	Shetland College Board £000	Total £000
Executive & Corporate Services				10,200		10,200
Children's Services		41,852				41,852
Health & Social Care				20,494		20,494
Integration Joint Board				-1,263		-1,263
Development Services	8,480	323	5,974		125	14,902
Infrastructure Services			19,809			19,809
<b>TOTAL</b>	<b>8,480</b>	<b>42,175</b>	<b>25,783</b>	<b>29,431</b>	<b>125</b>	<b>105,994</b>



Service	Activity	Links to Corporate Plan	2016/17 Original Budget £	2017/18 Proposed Budget £	Change (Increase)/ Decrease £	Proposed Changes to Service Level	Impact Assessment Details (if appropriate)	2016/17 FTEs	2017/18 FTEs	Change (Increase)/ Decrease FTEs
Development Directorate	Directorate	Highest possible standards of leadership and management helping to create a culture that makes sure we achieve the things set out in the plan.	162,520	170,643	(8,123)	None		1.00	1	0.00
Development Directorate	Vacancy Factor	Excellent financial management arrangements, will ensure we are continuing to keep to a balanced and sustainable budget.		(124,831)	124,831	None				
Development Directorate	Tertiary Education Support	The tertiary education, research and training project will have created an effective model for providing excellent services to our learners.	1,837,397	1,632,834	204,563	Minor - Planned reduction in support funding		0.50	0.54	(0.04)
Development Directorate	Museum and Archives	More children will be taking part in physical and cultural activities - developing healthy lifestyles to help them play a full and active part in Shetland community life.	970,874	969,539	1,335	None		0	0	0.00
Development Directorate	Pensioners	N/A: Statutory Provision	88,289	95,687	(7,398)	None		0	0	0.00
Community Planning & Development	Community Planning	Statutory requirement, overarching and links to all aspects of Corporate Plan.	143,569	189,332	(45,763)	None - Temporary additional post for the Implementation of Community Empowerment Act and Resiliant Communities & Islands during 2017/18		2.41	3.59	(1.18)
Community Planning & Development	Community Support	Links to Young People and Community Strength.	414,604	412,580	2,024	None		2	2	0.00
Community Planning & Development	Management & Support	Links to Community Strength and Our 20 by 20 Plan. Also indirectly involved in all other aspects of Corporate Plan through Community Planning.	133,280	131,104	2,176	None		3.89	2.77	1.12
Community Planning & Development	Fairer Shetland	Links specifically to point 14 and Community Strength, but has indirect links to all aspects of Corporate Plan in relation to reducing inequalities.	205,594	197,444	8,150	None - Increase in FTE EU Funded.		1	1.62	(0.62)
Community Planning & Development	Community Safety	Links to Community Strength.	17,092	16,761	331	None		0	0	0.00
Community Planning & Development	Community Justice	Responsibility transferred to CPPs with links to Community Strength and Our 20 by 20.	0	0	0	New Service activity - Reconfiguration of FTE (not new post)		0	1	(1.00)
Economic Development	Business Development	Enterprising Economy P9	1,290,696	1,252,579	38,117	None		11.12	11.94	(0.82)
Economic Development	Access to External Funding	Enterprising Economy P9	69,911	82,804	(12,893)	None		0.98	1.19	(0.21)
Economic Development	Promotional Activities	Enterprising Economy P9	399,172	409,196	(10,024)	None		0.08	0.27	(0.19)
Economic Development	Economic Policy and Research	Enterprising Economy P9	192,057	132,685	59,372	None		2.93	1.97	0.96
Economic Development	Shetland Telecommunications	Improve high-speed broadband and mobile connections throughout Shetland.	(116,286)	(103,962)	(12,324)	None		3.19	2.61	0.58
Housing	Homelessness	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	127,096	157,945	(30,849)	None		8.76	9.22	(0.46)
Housing	Housing Support	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	663,822	596,682	67,140	None		20.7	19.14	1.56
Housing	Support to External Organisations	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	118,316	118,516	(200)	None		0	0	0.00
Housing	Economic Rents	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	(14,751)	(14,918)	167	None		0	0	0.00
Housing	Housing Management and Technical Support	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	894,524	896,891	(2,367)	None		15.35	15.55	(0.20)
Planning	Marine Development	Enable Economy Outcomes.	157,695	151,551	6,144	None		4.3	4.31	(0.01)
Planning	Building Standards	Enable Economy & Housing, Community Strength and Connection & Access outcomes.	202,061	183,488	18,573	None		8.17	7.93	0.24
Planning	Development Management	Enable Economy & Housing, Community Strength and Connection & Access outcomes.	250,255	251,208	(953)	None		9.66	11.48	(1.82)
Planning	Development Plans and Natural Heritage	Enable Economy & Housing, Community Strength and Connection & Access outcomes.	676,209	684,949	(8,740)	None		11.82	12.08	(0.26)
Planning	KIMO/Nuclear Policy	We will have reduced the effect we have on our local environment.	19,122	(24,324)	43,446	Minor - decreased focus on this area		2.03	1.04	0.99





## SCHEDULE OF CHARGES - DEVELOPMENT COMMITTEE

F-004 - Appendix 3

ALL CHARGES ARE EXCLUSIVE OF VAT, WHERE APPLICABLE

Activity	Charge	Unit	2016/17 Charge £	2017/18 Charge £	Variance %
Homeless Persons	Shared Accomodation - Standard Occupancy Charge	per week	51.50	52.30	1.55
	Shared Accomodation - Furniture Charge	per week	12.10	12.30	1.65
	Shared Accomodation - Electricity Charge	per week	18.70	19.00	1.60
	Shared Accomodation - Service Charge	per week	16.10	16.35	1.55
	89 St Olaf Street - Room 5 - Occupancy Charge	per week	69.20	70.30	1.59
	Electricity in communal areas (12a North Road)	per week	5.20	5.30	1.92
	General Needs Stock Used for Homeless Persons - 1 Apt - Occupancy Charge	per week	51.50	52.30	1.55
	General Needs Stock Used for Homeless Persons - 2 Apt - Occupancy Charge	per week	69.20	70.30	1.59
	General Needs Stock Used for Homeless Persons - 3 Apt - Occupancy Charge	per week	85.90	87.30	1.63
	General Needs Stock Used for Homeless Persons - 4 Apt - Occupancy Charge	per week	103.00	104.60	1.55
	General Needs Stock Used for Homeless Persons - 5 Apt - Occupancy Charge	per week	119.00	120.90	1.60
	Lerwick Chalets - Homeless Lets - 1 Bed - Occupancy Charge	per week	35.50	36.00	1.41
	Lerwick Chalets - Homeless Lets - 2 Bed - Occupancy Charge	per week	45.50	46.20	1.54
	Landward Chalets - Homeless Lets - 1 Bed - Occupancy Charge	per week	32.00	32.50	1.56
	Landward Chalets - Homeless Lets - 2 Bed - Occupancy Charge	per week	41.50	42.20	1.69

	Homeless Persons - General Needs Stock & Chalets - B&B Accommodation - Adult aged 16 or over	per week	102.50	120.00	17.07
	Homeless Persons - General Needs Stock & Chalets - B&B Accommodation - Child under 16	per week	57.00	60.00	5.26
	Storage Charges (storage of property in Gremista store)	per week	6.10	6.20	1.64
<b>Caravan Site/Pitch Rents</b>	Caravan Site/Pitch Rents - Hoofields	per week	14.50	15.20	4.83
	Caravan Site/Pitch Rents - Other	per week	10.00	10.50	5.00
<b>Search of Records</b>	Charge per hour or part thereof	per hour	100.00	105.00	5.00
<b>Letter of Comfort</b>	Provision of Letter of Comfort	per letter		250.00	
	Site Visit in relation to Letter of Comfort	per Visit		200.00	
<b>Building Warrant</b>	Building Warrant Fee Structure	See attached fee structure for full details	<a href="http://www.shetland.gov.uk/buildingstandards/documents/FeeStructure2003.pdf">http://www.shetland.gov.uk/buildingstandards/documents/FeeStructure2003.pdf</a>	<a href="http://www.shetland.gov.uk/buildingstandards/documents/FeeStructure2003.pdf">http://www.shetland.gov.uk/buildingstandards/documents/FeeStructure2003.pdf</a>	
<b>Scottish Government - Online Fee Calculator</b>	<a href="https://www.eplanning.scot/ePlanningClient/custompages/feecalculator.aspx">https://www.eplanning.scot/ePlanningClient/custompages/feecalculator.aspx</a>	N/A	N/A	N/A	
<b>Planning Application Residential Use - In principle</b>	Construction of buildings, structures or erections for use as residential accommodation (other than development within category 6)	per dwellinghouse	401.00	401.00	0
	Construction of buildings, structures or erections for use as residential accommodation (other than development within category 6)	More than one dwellinghouse = per 0.1ha of the site (or part thereof). Maximum £10,028	401.00	401.00	0

<b>Planning Application Residential Use - Full or Approval of Matters Specified in Conditions</b>	Construction of buildings, structures or erections for use as residential accommodation (other than development within category 6)	per dwellinghouse (maximum charge £20,055)	401.00	401.00	0
<b>Planning Application Other Buildings - In principle</b>	Erection of other Buildings (other than buildings within category 1, 3, 4 or 6)	per 0.1ha of site (or part thereof) - maximum £10,028	401.00	401.00	0
<b>Planning Application Other Buildings- Full or Approval of Matters Specified in Conditions</b>	Erection of other Buildings (other than buildings within category 1, 3, 4 or 6)	Gross Area Floor Space does not exceed 40 sq m	202.00	202.00	0
	Erection of other Buildings (other than buildings within category 1, 3, 4 or 6)	Gross Area Floor Space exceeds 40 sq m, but is less than 75 sq m	401.00	401.00	0
	Erection of other Buildings (other than buildings within category 1, 3, 4 or 6)	Gross Area Floor Space exceeds 75 sq m, then charge for each 75 sq m (or part thereof). Maximum £20,055	401.00	401.00	0
<b>Planning Application Agricultural - In principle</b>	Erection of buildings to be used for agricultural purposes (other than buildings in category 4)	per 0.1ha of site (or part thereof) - maximum £10,028	401.00	401.00	0

<b>Planning Application Agricultural - In all other cases</b>	Erection of buildings to be used for agricultural purposes (other than buildings in category 4)	Ground area covered will exceed 465 sq m, but does not exceed 540 sq m	401.00	401.00	0
	Erection of buildings to be used for agricultural purposes (other than buildings in category 4)	First 540 sq m of ground area covered plus each subsequent 75 sq m (or part thereof). Maximum £20,055	401.00	401.00	0
	Erection of glasshouses on land used for the purposes of agriculture	Ground area covered exceeds 465 sq m	2,321.00	2321.00	0
<b>Planning Application</b>	Erection, alteration or replacement of plant or machinery.	per 0.1ha of site (or part thereof) - maximum	401.00	401.00	0
	Householder enlargement, improvement or other alteration to existing dwellinghouse.	For one dwellinghouse	202.00	202.00	0
	Householder enlargement, improvement or other alteration to existing dwellinghouse.	For two or more dwellinghouses	401.00	401.00	0
	High Hedge Notice.	per application	401.00	401.00	
	Change of use of a building to use as one or more dwellinghouses.	per dwellinghouse - maximum £20,055	401.00	401.00	0

<b>Planning Application - Other Householder Developments</b>	Operations including the erection of a building within the curtilage of an existing dwellinghouse, for purposes ancillary to the enjoyment of the dwellinghouse	per application	202.00	202.00	0
	Erection/construction of gates, fences, walls or other means of enclosure along a boundary of the curtilage of an existing dwellinghouse.	per application	202.00	202.00	0
	Construction of car parks, service roads and other means of access for the purposes of a single undertaking, where the development is required for a purpose incidental to the existing use of the land.	per application	202.00	202.00	0
<b>Planning Application - Car Parks etc</b>	The construction of car parks, service roads and other means of access on land used for the purposes of a single undertaking where the development is required for a purpose incidental to the existing use.	per application	202.00	202.00	0
<b>Planning Application - Exploratory drilling for oil or natural gas</b>	Operations connected with exploratory drilling for oil or natural gas.	per 0.1ha of the site - maximum £30,240	401.00	401.00	0
<b>Planning Application - Fish Farming</b>	(a) Placing or assembly of equipment in any part of any marine water for the purpose of fish farming	per 0.1ha of the surface area of marine water to be used in relation to the replacement or assembly of any equipment for purposes of fish farming; and (b)	183.00	183.00	0

	(b) Placing or assembly of equipment in any part of any marine water for the purpose of fish farming	per 0.1ha of the sea bed to be used in relation to such development - maximum	63.00	63.00	0
<b>Planning Application - Operations not coming within any of the above categories</b>	Winning and working of minerals (exc peat).	per 0.1ha of site (or part thereof) - maximum £30,240	202.00	202.00	0
	Winning and working of peat	per 0.1ha of site (or part thereof) - maximum £3,024	202.00	202.00	0
	Any other purpose	per 0.1ha of site (or part thereof) - maximum £2,016	202.00	202.00	0
<b>Planning Application - Use of disposal of waste/storage of minerals</b>	Use of land for disposal of refuse or waste materials or for the deposit of material remaining after minerals have been extracted.	per 0.1ha of the site - maximum £30,240	202.00	202.00	0
	The use of land for the storage of minerals in the open.	per 0.1ha of the site - maximum £30,240	202.00	202.00	0
<b>Planning Application - Other Change of Use</b>	Making of a material change in the use of a building or land (other than that within categories 11 and 12) or in the use of equipment placed or assembled in marine waters for the purposes of fish farming	per application	401.00	202.00	-50
<b>Section 42 Application</b>	To remove a condition on an existing permission	per application	202.00	202.00	0

<b>Other Applications</b>	Applicaition for prior approval/prior notification (including agricultural or forestry buildings, domestic micro-wind turbines, domestic air-source heat pumps, demolition).	per application	78.00	78.00	0
	Advertisements	per application	202.00	202.00	0
	Certificate of lawfulness - existing use, or operations which have been carried out	per application	The same amount that would normally have been payable under the main	The same amount that would normally have been payable under the main	
	Applications under Section 150 (1)(c) of the Act	per application	202.00	202.00	0
	Certificate of Lawfulness - proposed use, or operations	per application	Half the amount that would normally have been payable under the main scale of fees	Half the amount that would normally have been payable under the main scale of fees	
	Applications under Section 1510 (a) of the Act where the use is one or more dwellinghouses	per dwellinghouse - maximum £20,055	401.00	401.00	0
<b>Street Naming &amp; Numbering</b>			100.00	100.00	0.00

<b>Concessionary Fees and Exemptions</b>	Works to improve a disabled persons access to a public building, or improve access, safety, health or comfort at that person's dwellinghouse	Note Fee exemption does not apply to new dwellinghouses or where there is a statutory obligation to provide access to such buildings.	No Fee	No Fee	
	Applications (including advertisements) by Community Councils	Normal Fee	Half Normal Fee	Half Normal Fee	
	Applications required because of the removal of permitted development rights by a condition or by an Article 4 Direction (e.g. Conservation Areas)		No Fee	No Fee	
	Applications required because of the removal of a condition of a right to make a change of use within the Use Classes Order or General Permitted Development Order		No Fee	No Fee	
	Applications made by non-profit making clubs, societies, trusts etc for the object of providing sport or recreation facilities.	per application	401.00	401.00	
	Revised or fresh applications for development of the same character or description within the original site - submitted within 12 months of receiving original decision, or the date of submission of an application which is withdrawn.		No Fee	No Fee	
	Applications for listed building consent or conservation area consent		No Fee	No Fee	
<b>Heritage</b>	KIMO		variable	variable	
<b>Publications</b>	Sale of publications		variable	variable	



<b>Shetland Telecom Charges</b>	Shetland Telecom charges		variable	variable	
<b>EMP-Conditional Management Prog.</b>	Fairer Scotland Funding grant		variable	variable	
<b>EMP-Community Bike Projects</b>	Funding for bike project		variable	variable	
<b>Universal Credits</b>	Delivery Partnership Agreement with Department for Work & Pensions		variable	variable	
<b>Investments</b>	Monitoring fee - Shetland Seafood Auction		variable	variable	
	Recharge legal fees		variable	variable	
	Buyback of shares		variable	variable	
	Interest on loan		variable	variable	
<b>Fishing Licences</b>	Sale of Fishing Licences		variable	variable	
<b>ALL</b>	Re-imburse travel/accommodation costs		variable	variable	



## Development Directorate – 2017/18 Budget Proposals (by Committee)

Budget Position	Development Committee £000	Education & Families Committee £000	Environment & Transport Committee £000	Shetland College Board £000	Development Services £000
2016/17 Budget	8,844	328	5,892	203	15,267
Cost Pressures	(38)	(1)	76	(25)	12
Service Transfers	9	0	0	0	9
Savings Target for 2017/18	(333)	(4)	(30)	(50)	(417)
2017/18 Target	8,482	323	5,938	128	14,871
Growth	0	0	58	0	58
New Income Generation	0	0	0	0	0
Other Efficiencies/Minor Changes	(2)	0	(22)	(3)	(27)
2017/18 Proposed Budget	8,480	323	5,974	125	14,902





# Shetland Islands Council

Agenda Item

3

<b>Meeting(s):</b>	Development Committee Policy and Resources Committee Shetland Islands Council	8 February 2017 13 February 2017 15 February 2017
<b>Report Title:</b>	Housing Revenue Account (HRA) Business Plan 2017-2022	
<b>Reference Number:</b>	DV-16-17-F	
<b>Author / Job Title:</b>	Anita Jamieson / Executive Manager - Housing	

## 1.0 Decisions / Action Required:

- 1.1 That the Development Committee RECOMMEND that the Policy and Resources Committee RECOMMEND that the Council approves the Housing Revenue Account (HRA) Business Plan 2017-2022 (Appendix A), as part of the Council's Policy Framework, to be managed by the Development Committee.

## 2.0 High Level Summary:

- 2.1 The HRA Business Plan draws together the financial, property and customer aspects of the Housing Service to demonstrate a sustainable and affordable service to tenants. The Business Plan is supported by 30 year financial modelling and projections, an Asset Management Strategy (Appendix B) and a refreshed Tenant Participation Strategy (Appendix C). The Business Plan looks at a five year window of operation but will be refreshed annually in line with the Medium Term Financial Plan and will be used to form the basis of the HRA budget process.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 '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.'
- 3.2 The proposed Business Plan aligns with the vision set out in the Corporate Plan, in seeking to demonstrate to our tenants, applicants, the public and those we are accountable to, that the HRA is financially sustainable and that it seeks to provide a quality service to its customers.

## 4.0 Key Issues:

- 4.1 This is the first time that there has been a holistic plan for the Housing Revenue Account (HRA). The HRA was for many years driven by the high level of historic debt and the resolution of the outstanding debt has provided a clear opportunity to think and plan differently for the future to ensure the sustainability of the service. Over the initial five year period of the Plan, the priority will be to ensure that sufficient investment is made in the existing housing stock to ensure that it meets the appropriate national standards, that rents are maintained at an affordable level and that tenants continue to be included in shaping the service provided by their landlord.

<b>5.0 Exempt and/or Confidential Information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Existing tenants will benefit from the reassurance that the service is sustainable and that a degree of certainty can be provided on future investment and rent levels.
<b>6.2 Human Resources and Organisational Development:</b>	The Business Plan identifies priority areas for service review to ensure that we meet the service needs.
<b>6.3 Equality, Diversity and Human Rights:</b>	No specific implications.
<b>6.4 Legal:</b>	The operation of the Housing Revenue Account is set out in the Housing (Scotland) Act 1987 and subsequent amendments. The statutory provision of tenant participation is contained in the Housing (Scotland) Act 2001.
<b>6.5 Finance:</b>	The financial modelling is key to the demonstration of a sustainable and affordable service over time. The work done has demonstrated that the account is sustainable over the long term view. The modelling will form the basis of the annual business plan and budget reviews and will assist greatly in providing certainty on expenditure and income to the account including rent levels.
<b>6.6 Assets and Property:</b>	The development of an Asset Management Strategy provides a clear future plan of investment based on robust survey data. This will shift spending patterns away from reactive repairs and move to a planned, component –based system. Information on assets and their condition will also be improved.
<b>6.7 ICT and New Technologies:</b>	The current Housing Management system is designed to be integrated across the service and there are no additional implications as a result of the HRA Business Plan.
<b>6.8 Environmental:</b>	Through the Asset Management Strategy we will be looking at ensuring we have efficient procurement procedures and practices that meet the Council's environmental obligations.

<b>6.9 Risk Management:</b>	The greatest risk of not having an HRA Business Plan in place is the need to plan holistically around the parts of the service and to ensure that investment decisions are taken in a balanced way, which can weigh up the relevant risks. The financial modelling is able provide 'what-if' scenarios to assist with appropriate decision making.	
<b>6.10 Policy and Delegated Authority:</b>	<p>In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to take decisions in relation to those functions within its remit which includes Housing. It is appropriate therefore that the Development Committee consider and decide on the HRA Business Plan and its associated appendices.</p> <p>In accordance with Section 2.2.1 of the Council's Scheme of Delegations, Policy and Resources Committee has referred authority to recommend the inclusion of strategies contained in the Policy Framework, for final determination and approval by the Council (Section 2.1.3.2).</p>	
<b>Previously considered by:</b>	n/a	n/a

**Contact Details:**

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02 February 2017

**Appendices:**

Appendix A - Housing Revenue Account Business Plan 2017-2022  
Appendix B - Asset Management Strategy  
Appendix C - Tenant Participation Strategy

**Background Documents:** None







## **Housing Revenue Account (HRA)**

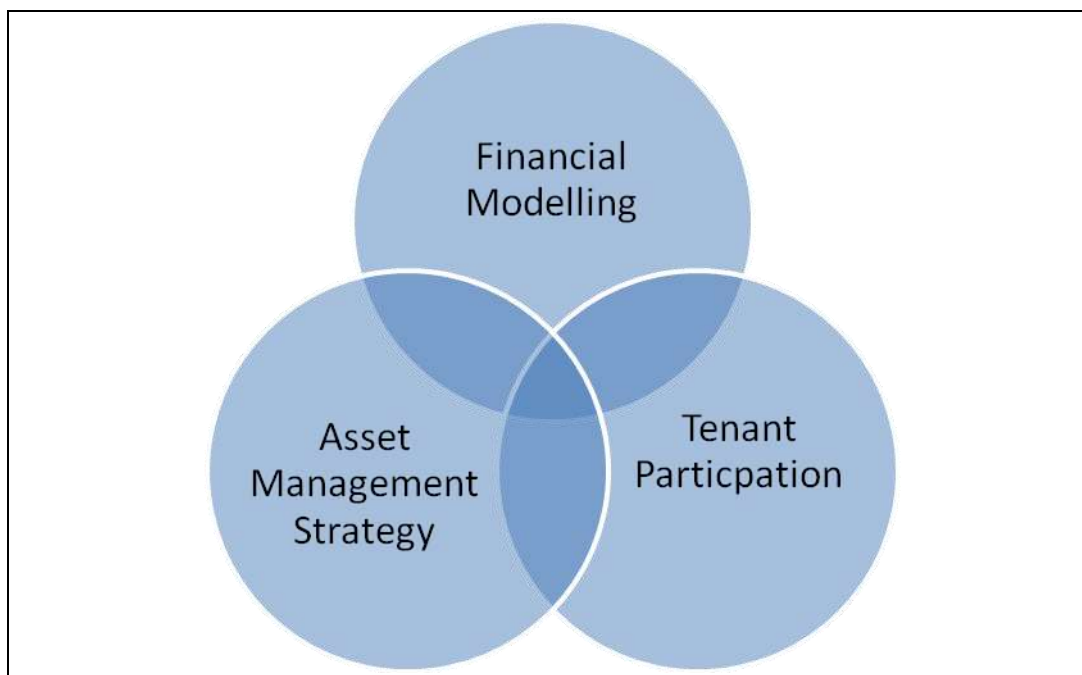
### **Business Plan 2017**

#### **Executive Manager - Housing**

**1.0 Introduction**

**1.1 Development of the Business Plan**

- 1.2 The Housing Revenue Account (HRA) Business Plan explains where we want to be as a Council housing service and our proposals for getting there. Shetland Islands Council's HRA has for many years been constrained by a burden of historic housing debt. Following successful negotiations with both UK and Scottish Governments in 2013, a debt resolution was agreed that reduced the debt burden in line with the Scottish average. This makes it all the more important that we take time to produce a business plan for the future that ensures the ongoing sustainability of the account and provides some certainty to our tenants and customers about future service levels.
- 1.3 The purpose of the HRA Business Plan is to set out our vision, core objectives and key actions so that they are clear to our tenants and customers, our staff, the general public, our colleagues and partner agencies, and to external scrutiny bodies. The Business Plan is designed to set out the strategic goals of the Council's Housing Service and measure progress toward achieving these goals. The Business Plan provides a realistic appraisal of how these strategic goals will be achieved within the limitations of available funding and the likely economic climate.
- 1.4 The Business Plan expresses the values which influence all that we do and how we seek to improve. It also addresses how we will change and respond to the challenges ahead. This will involve a strong focus on more efficient and effective public services. At the same time, we want to ensure that our customers are satisfied with the services we provide and have the opportunity to build on the Tenant Participation structures that we have in place. Tenants enjoy a significant level of statutory input into the service and in order to ensure that, where possible, their customer experience is enhanced, it is vital to recognise those structures and to continuously review and improve the mechanisms available to our tenants to be directly involved.
- 1.5 The Business Plan is intended to be easily accessible to stakeholders. It provides information to demonstrate that the Council has a clear picture of its strategic direction and the associated financial position of the service in order to deliver this.
- 1.6 The Business Planning process has involved several work-streams culminating in the final document, this is illustrated in the diagram on page 3, to show the inter-dependence of each area:



- 1.7 The overlapping sections of the graph can be further detailed by the following list of key areas which need to be considered and addressed through the HRA Business Plan and budget process.
- Rent Levels and Affordability
  - Quality Standards e.g. Energy Efficiency Standard for Social Housing (EESH)
  - Levels of Service Provision
  - Capacity for investment
  - Inflation
  - Capacity for new build development
  - Available Balances
  - Public Sector Borrowing
  - Tenants views
- 1.8 Our starting point needed to be extensive financial modelling carried out to establish our base case financial position. The financial sustainability of the account had to be tested and we also needed to be clear on what capacity there was on the HRA for future investment plans. The financial model enables us to look at short, medium and long term projections of the HRA and to test a number of scenarios. We also carried out sensitivity analysis of the impact of changes to inflation and interest rates. While this produces a 30 year long term picture, for planning purposes we are focussing on a five year window with ongoing annual review.
- 1.9 This document uses the Scottish Housing Regulator's best practice framework for housing business planning<sup>1</sup> as well as the the Scottish Government's guidance on the

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<sup>1</sup><https://www.scottishhousingregulator.gov.uk/sites/default/files/publications/Business%20Planning%20RP%20-%20FINAL%20-%20Version%205%20-%202014%20December%202015.pdf>

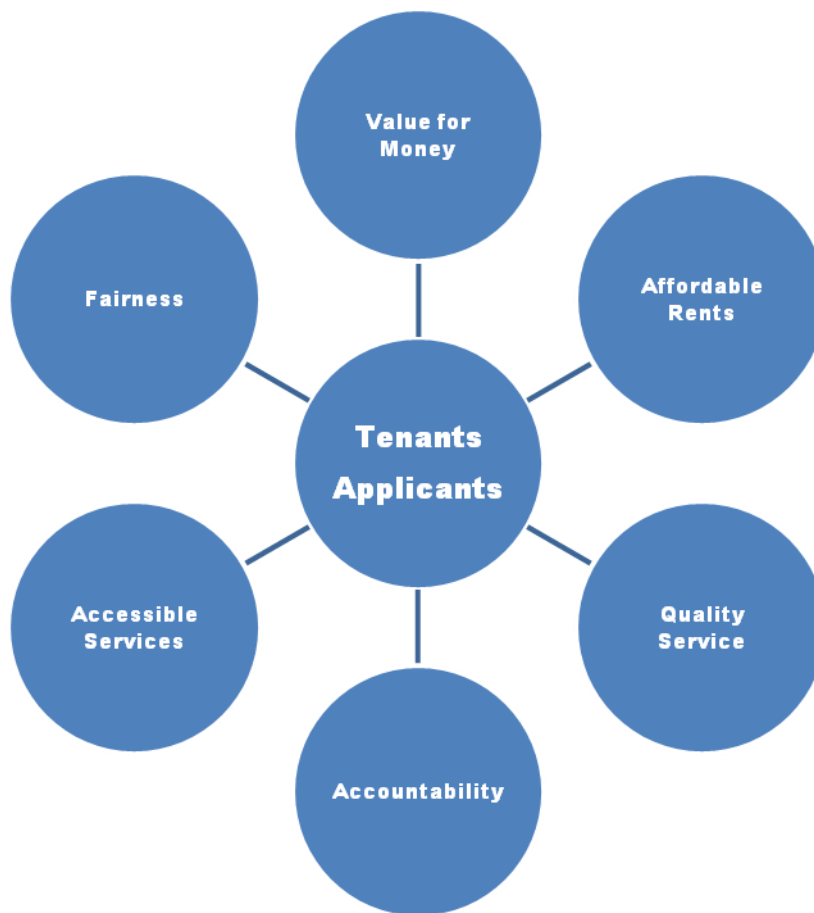
operation of HRAs<sup>2</sup> published in 2014. This ensures that the Council follows the prevailing guidelines in creating its HRA Business Plan for the next 30 years.

- 1.10 External support to the process came from Robert McDowall Consultancy, The Tenant Participation Advisory Service – Scotland (TPAS) and Michael Dyson Associates. Internally, the financial modelling was carried out by the Management Accountancy team in Finance Services.
- 1.11 The Council has not previously had an Asset Management Strategy for its housing stock so the opportunity to integrate that into the Business Plan was timely and necessary. Whilst the Council had a volume of stock information this needed to be verified by way of a sample stock condition survey to provide the base starting point for developing the strategy.
- 1.12 Tenants are at the heart of everything the housing service does and are entitled by law to be involved in the decisions that affect their homes. A revised Tenant Participation Strategy was produced and all tenants were consulted on the document. A refreshed action plan will be produced during 2017.

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<sup>2</sup> <http://www.gov.scot/Resource/0044/00445684.pdf>

## 2.0 Business Plan Objectives



- 2.1 The objectives of the HRA Business Plan are to demonstrate that we can operate a sustainable HRA into the future that allows for fair, accessible and good quality services to be delivered to our tenants and applicants at an affordable cost, demonstrating good value for money. The Housing Service must be accountable to its tenants and also to elected members, the Scottish Government, the Scottish Housing Regulator and service delivery partners.
- 2.2 The Business Plan aims to align corporate and service strategic documents to demonstrate how the service will operate into the future and to continue to provide services that meet the core objectives set out in the diagram above.

### **3.0 Strategic Links**

#### **3.1 Links to other Strategies**

- 3.1.2 The Housing Service fits into the Council's strategic and performance management framework as detailed below.

#### **3.2 Community Plan & Local Outcomes Improvement Plan (LOIP)**

- 3.2.1 The Community Planning Partnership (Shetland Partnership) involves key agencies from the public, private and voluntary sector working together with communities to develop a community plan that aims to make Shetland the best place to live and work by creating communities that meet the national targets of: Wealthier & Fairer; Learning & Supportive; Healthy & Caring; Safe; Vibrant & Sustainable.
- 3.2.2 These are delivered through the Local Outcome Improvement Plan (LOIP) agreed in June 2016. Outcome D of the plan focuses on sustainable economic growth and ensuring that all people have the chance to be part of island life. Within the plan is a priority action of attracting more people to Shetland to live, work, study and invest. Housing has a pivotal role in contributing to these outcomes and this is reflected through the Local Housing Strategy and its delivery.

#### **3.3 Council Corporate Plan**

- 3.3.1 The Council sets out its corporate vision in its Corporate Plan:

<p><b>By the end of this Plan (2020), we want to be known as an excellent organisation that works with our partners to deliver sustainable services for the people of Shetland.</b></p>
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- 3.3.2 Housing is high on the agenda of the key priorities set out in the Corporate Plan, with **Increased the supply of affordable housing in Shetland** featuring as one of the listed five key priorities for the Council.

#### **3.4 Local Housing Strategy**

- 3.4.1 The Housing Service operates within a strategic framework which links to local and national policies. These are contained in the Local Housing Strategy<sup>3</sup>. and underpinned by the evidence base presented in the Housing Need and Demand Assessment which identifies housing supply and demand, trends, affordability level and imbalances in housing stock and tenures based on a range of robust and credible datasets and information<sup>4</sup>. The five key themes of the Local Housing Strategy are:

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<sup>3</sup> [http://www.shetland.gov.uk/housing/policies\\_housing\\_strategy.asp](http://www.shetland.gov.uk/housing/policies_housing_strategy.asp)

<sup>4</sup> [http://www.shetland.gov.uk/housing/policies\\_housing\\_need.asp](http://www.shetland.gov.uk/housing/policies_housing_need.asp)

- Future housing supply
- Homelessness
- Housing support/ housing needs of an ageing population
- Fuel Poverty
- Private Sector

### **3.5 Directorate Plan**

- 3.5.1 The Housing Service is part of the Development Directorate. The Development Directorate encompasses Housing, Planning, Economic Development, Transport Planning, Community Planning and Development and Shetland College.
- 3.5.2 There are clear strategic connections and synergies between the services that comprise the Development Directorate. These are brought together in an annual Directorate Plan which identifies the key drivers and links between the services and the delivery of the Corporate Plan priorities.

### **3.6 Strategic Housing Investment Plan (SHIP)**

- 3.6.1 The Strategic Housing Investment Plan is the delivery plan for the Local Housing Strategy and specifically details the capital investment projects to meet the outcomes identified. The SHIP covers a five year time period and is reported every two years. SHIP's are submitted to Scottish Government for approval and forms the basis of the funding allocation from the Governments Affordable Housing Investment programme.

## **4.0 Asset Management**

### **4.1 The Council's Housing Stock**

- 4.1.1 An integral part of the business planning process has been the detailed work that has gone into the Asset Management Strategy.

The Council supplemented its own stock information with an externally commissioned survey of 20% of the stock. The findings of the survey conclude that the stock is generally in good condition and that good investment had been made in recent years. However, it was noted that a number of properties have components which are approaching the end of their useable life. This is to be expected given the age profile of our housing stock. Key areas for future investment are energy efficiency, replacement heating systems, kitchen replacements and roof covering replacement.

- 4.1.2 Some additional structural concerns in particular stock design or materials have been identified and consultant engineers commissioned to provide detailed survey information on these to be prioritised for remedial works.
- 4.1.3 The purpose of the housing stock asset management strategy is to ensure that we maintain our housing stock to current standards and that we procure component replacement in the most cost effective way. Our investment

programmewill be developed around planned repairs to housing stock, thus reducing the expenditure on reactive repairs. As part of the Asset Management Strategy we will also develop standardised specification documents and will ensure that replacement components are quality products which are suitable for the Shetland environment and with consideration to the lifetime of the asset, represent good value for money. Tenants will be consulted and involved in decisions on the introduction of specification standards.

## **4.2 Stock Profile**

4.2.1 As at 31 March 2016, the Council's housing stock on the HRA numbered 1725 properties throughout Shetland. Details of the housing stock are set out in the Asset Management Strategy. In summary, just over half (52%) of the stock is located in Lerwick with the remainder dispersed throughout Shetland. The majority of the housing stock was built after 1965 and are mainly two and three bedroom properties.

## **5.0 How We Work**

5.1 The Housing Service is organised into the following sections:

- Housing Management & Homelessness
- Asset Management
- Repairs Service
- Housing Support
- Research & Information
- Business Support

With around 87 FTE staff, the Housing Service is managed by an Executive Manager and three Team Leaders (Asset Management, Housing Management and Housing Support) covering both the HRA and General Fund activities of the Housing Service.

5.2 An annual training programme aims to balance mandatory and developmental training with the aim of providing a professional, customer focused service. Use of career-grades has given staff opportunities to 'grow' into professional roles with formal qualification and supported work experience. The Service uses the Shelter Training package to provide recognised national standard training in Housing Advice, Information and Law for all staff. Regular one-to-one support and formal annual employee review meetings are carried out within all teams.

5.3 Team structure service reviews have been recently carried out in Housing Support and Housing Management to ensure that the service meets current needs and is fit for purpose.

Within the Development Directorate reviews of admin/business support and research and information teams has led to the development of virtual teams and more joined-up working across the directorate.

5.4 Identified areas for team structure service review in 2017/18 are: Asset Management and Housing Repairs.



5.5 All our policies are compiled into an accessible Quality Manual and are regularly reviewed and updated.

5.6 Recent achievements within the Housing service include:

- Achieving resolution of the Housing Debt
- Implementing a new integrated housing management system
- Achieving an excellent Care Inspectorate report for Housing Support Service
- Redesigning the Housing Support Service
- Continuing to work in partnership with Hjaltsland Housing Association on the delivery of new housing supply
- Removing the Trading Account status from the DLO to enable an integrated housing repairs service to be developed
- Focusing on prevention of homelessness to reduce numbers of homeless presentations

## **5.7 Service Strengths**

5.7.1 Through various methods, such as inspection, benchmarking and national reporting, we have been recognised as having significant strengths in the following areas:

- Commitment to Tenant Participation
- Partnership working being at the core of our strategic planning and service delivery
- Focus on early intervention and offering a housing options approach
- High levels of satisfaction with repairs and maintenance service
- Dedicated and professional staff

## **5.8 Areas for Improvement and Service Priorities**

5.8.1 We are currently reviewing and evaluating a number of key areas with a view to improving service planning, provision and delivery:

- Energy efficiency needs of our housing stock
- Rent levels and affordability
- The workforce requirements of the repairs service
- Use of technology and mobile working options
- Formalised benchmarking
- Updating of our Tenant Participation action plan

## **5.9 Partnership Working**

5.9.1 The Housing Service is committed to partnership working to deliver on its aims and objectives and to support a range of services and projects with links to Housing. There are multiple partnerships in place at both strategic and operational levels. Some examples of partnership/multi-agency working include Anti-Social Behaviour; Corporate Parenting; Domestic Abuse Partnership; Welfare Reform; Fuel Poverty etc.

5.9.2 We also consider our tenants and applicants to be partners in our work and have produced a refreshed Tenant Participation Strategy as part of the business plan process. This has been consulted on with all tenants and has been positively received. The Tenant Participation Strategy sets out our partnership commitment to our tenants. A new action plan for greater tenant involvement in line with the Scottish Housing Regulator's national frameworks will be developed in 2017.

## **5.10 Common Housing Register**

5.10.1 Shetland Islands Council and Hjaltland Housing Association operate a shared housing waiting list. In practice this means that applicants only need to complete one form to apply for social housing in Shetland. This provides applicants with a more efficient housing application process. Regular reviews are carried out and tenants' views are sought on the process to provide feedback and allow continuous improvement.

## **6.0 Quality of Service – Accountability and Value for Money**

6.1 The Housing Service must be accountable to its tenants and also to elected members, the Scottish Government, the Scottish Housing Regulator and service delivery partners.

In 2014, the Scottish Housing Regulator introduced new reporting requirements through the Scottish Social Housing Charter. All social landlords must produce an annual return on the charter (ARC) reporting against a range of key performance measures devised in consultation with tenants nationally. Also locally landlords must produce a report card on annual performance for distribution to all tenants.

6.2 The Scottish Housing Regulator has also produced a comparison tool using the charter returns from all landlords in Scotland so that benchmarking and peer group comparisons can be done.

In developing our tenant scrutiny further, we will look to expand our internal audit process to widen involvement of tenants in reviewing our policies and procedures, as set out in the Tenant Participation Strategy.

## **7.0 Scottish Housing Regulator**

7.1 The Scottish Housing Regulator (SHR)<sup>5</sup> is an independent external body that assesses the effectiveness of housing landlords across Scotland, both local authority and housing association landlords. The SHR introduced a uniform set of performance indicators for all landlords to report on annually, together with a requirement to publish performance data annually in a report card format for all tenants, known as the Annual Return on the Charter (ARC). The ARC focuses on enabling tenants to hold landlords accountable for performance in achieving the outcomes that matter to them. This data also provides accessible and valuable benchmarking information across all social housing landlords in Scotland

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<sup>5</sup> <https://www.scottishhousingregulator.gov.uk/>

## **8.0 Tenant Participation and Consultation**

- 8.1 The Council has a long history of involvement in tenant participation and consultation. The establishment of an independent Tenant Participation Worker through the Shetland Tenants Forum was hailed as a model of good practice when it was established. The refreshed Tenant Participation Strategy which has been developed alongside this Business Plan shows the evolution of tenant participation. Tenant participation was given statutory status in the Housing (Scotland) Act 2001.
- 8.2 Traditionally tenant participation has focused on tenant groups, however changes brought about by the Scottish Housing Regulator make it clear that wider tenant involvement is needed. Not all tenants want to be part of a formal group but do want to have a say in how their landlord provides services to them. The Council recognises that there are different ways for tenants to be involved and through our refreshed Tenant Participation Strategy, we will seek to develop a range of options for tenants throughout 2017 and beyond. This will include providing views, opinions and feedback on services through surveys, focus groups, estate inspections, tenant led audits etc.

## **9.0 Tenant Satisfaction**

- 9.1 From the Scottish Housing Charter survey carried out in 2014, 77.9% of tenants reported that they were satisfied with the overall service provided. From the Charter survey sample, 84.7% of tenants reported that they were satisfied with the repair and maintenance service they had had. From our own feedback surveys which we carry out for each repair we recorded higher levels of satisfaction, with 94% of responses indicating that they were satisfied with the service received. However from the survey tenants satisfaction with their opportunities to participate in landlord's decision making and who felt that their landlord was good at keeping them informed about their services and outcomes was lower than average at 50% and 67.4% respectively.

## **10.0 Performance Management**

- 10.1 It is important to have a performance monitoring framework in place that allows us to:
- Clearly demonstrate what our customers can expect from us;
  - Assess systematically whether we are meeting the standards and targets we have set;
  - Ensure that performance is reviewed and actions to correct or improve performance can be identified and implemented;
  - Make clear to staff what the standards of service that they need to work to are.
- 10.2 We measure our performance through the use of performance indicators developed from national and local sources. This ensures consistency and allows management to focus on our key priorities. Our integrated housing management system allows managers to access user-defined monitoring reports in real time. Areas of poor performance are investigated quickly and appropriately by managers. Regular reports to Committee ensure that elected members are apprised of the service performance on a regular, quarterly basis.

- 10.3 Annual reporting on the Housing Charter to both the SHR and to tenants through the Report Card ensures that our tenants and external scrutiny body are fully informed of our performance. Through our refreshed Tenant Participation Strategy we plan to extend tenant involvement in shaping policy through a range of focus groups and tenant audit programmes.

## **11.0 Benchmarking**

- 11.1 Benchmarking, or comparing performance with others, can be a useful way of checking performance levels. The Scottish Housing Regulator has published all the Charter information returns in a way that allows comparisons with other landlords. This tool is available online and can be accessed by anyone. It is a useful way for tenants to do their own comparisons. As with all high level statistical reporting, further analysis and understanding of context is needed to properly understand where there are differences. Formal benchmarking and performance is an area that we have identified to be developed further. There are national membership organisations who are providing this service and we plan to investigate what services they are able to offer.

An initial comparison carried out using the SHR reporting tool with the published 2015/16 information to compare Shetland Islands Council with our closest comparators across a range of the reported indicators shows the following:

<b>2015/16</b>		<b>SIC</b>	<b>OIC</b>	<b>HC</b>	<b>HHA</b>	<b>HHP</b>	<b>SHR Ave.</b>
<b>Homes &amp; Rents</b>	Stock Number	1741	952	13899	630	2191	4418
	Ave rent 1 bed home	£57.82	£65.06	£61.11	£75.60	£65.41	£62.76
	Ave rent 3 bed home	£84.53	£77.07	£74.95	£87.27	£76.63	£75.66
<b>Tenant Satisfaction</b>	Overall % tenants satisfied with service	74.8	87.6	74.0	90.3	83.0	83.7
<b>Quality &amp; Maintenance</b>	Ave time taken to carry out emergency repair (hours)	5.0	6.9	7.9	5.5	9.4	8.1
	% repairs carried out 'right first time'	83.7	93.7	95.3	94.8	88.3	94.5
	% tenants satisfied with repair	82.7	84.3	83.3	89.2	83.6	85.1
<b>Neighbourhood</b>	Cases of anti-social behaviour per 100 homes	0.6	4.0	15.1	11.6	1.5	12.7
	% of anti social behaviour	70	81.6	81.0	83.6	81.2	81.1

**Appendix A (DV-16-17)**

	cases resolved within local targets						
<b>Value for Money</b>	% rent not collected through void/empty homes	1.3	1.5	1.0	0.1	0.7	1.0
	Average time taken in days to re-let homes	64.2	40.6	47.1	6.5	21.1	41.5

Key: SIC – Shetland Islands Council  
 OIC – Orkney Islands Council  
 HC – Highland Council  
 HHA – Hjalaland Housing Association  
 HHP – Hebridean Housing Partnership  
 SHR Ave – Scottish Average as per SHR charter report

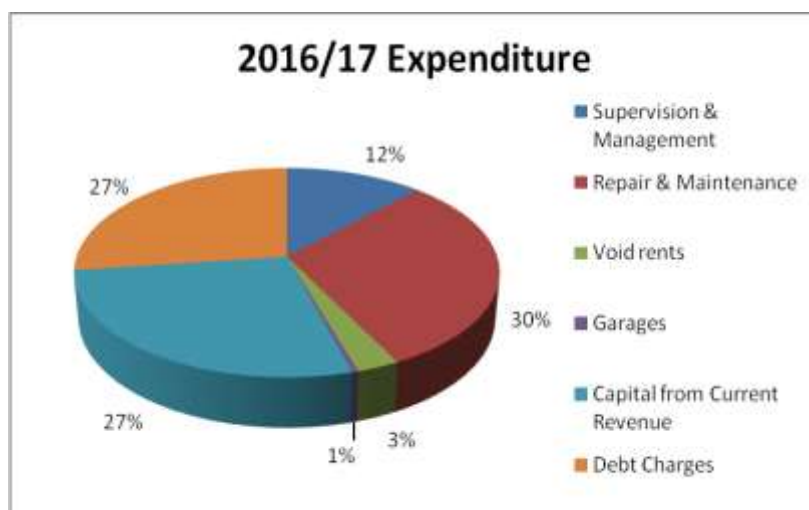
## 12.0 Financial Plan

### 12.1 Housing Revenue Account

12.1.1 The HRA is a statutory requirement for all local authorities that provide a housing landlord service. It is a ring-fenced account with income mainly being generated from tenants' rents. Expenditure is incurred through the management and maintenance of, as well as investment in, the housing stock to ensure that tenants' homes are safe, secure, warm free from defects and meet current standards.

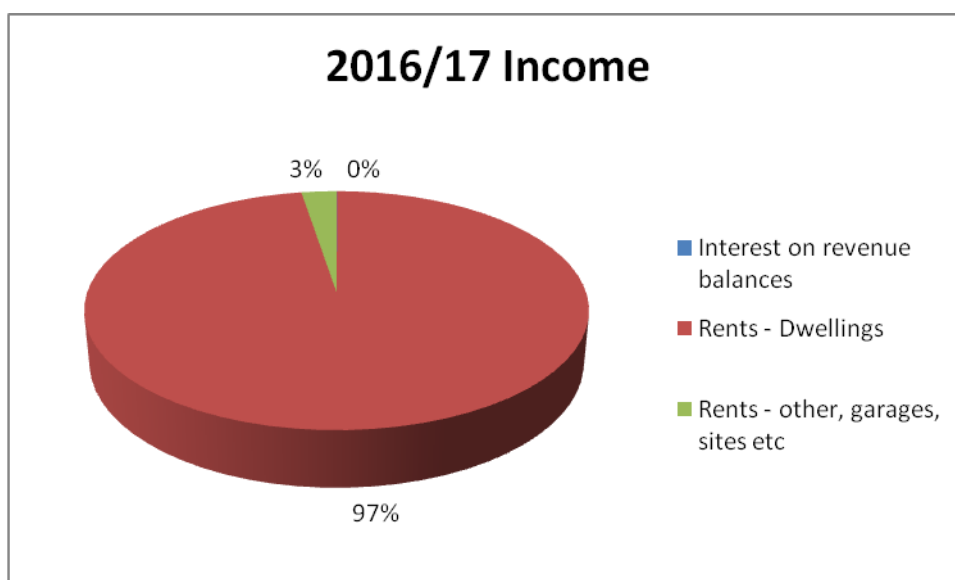
The HRA is divided into Capital and Revenue items. Expenditure on Capital items is where money is invested in major works (such as external refurbishment, replacement roofs, full house heating and insulation upgrades) to improve the physical quality of the houses.

Revenue income is predominantly the rent that tenants pay to the Council and Revenue expenditure is associated with the day-to-day management and maintenance of the houses. Further detail on the revenue income and expenditure is provided within Figures A and B below.



(Figure A – 2016/17 HRA Agreed Expenditure Budget)

The greatest proportion (30%) of revenue spend is on repair and maintenance, with funding for capital projects and debt charges the next highest.



(Figure B – 2016/17 Agreed HRA Income Budgets)

It should be noted that homelessness services and housing support services are funded from the Council's General Fund and do not form part of the Housing Revenue Account.

## **12.2 Overview**

12.2.1 The primary focus of the financial modelling which underpins the Business Plan was to ensure that the HRA can be sustained over the 30 year period, with more detailed focus on the medium term (3-5 years). The model has allowed the review and assessment of the required level of funding over the medium to long term.

## **12.3 History of the HRA**

12.3.1 The HRA has historically been constrained by a very high level of housing debt, which peaked at around £59m in the late 1980's. The debt was incurred when the oil industry arrived in Shetland in the 1970s and money was borrowed to build houses and to maintain and refurbish the original housing stock over a period of years.

A debt resolution was sought from the Scottish Government and agreed in 2013, which has brought borrowing levels down to £15m. This means that the debt is now at a more manageable level.

## **12.4 Stock Valuation**

12.4.1 The 2015-16 Annual Accounts of Shetland Islands Council states the valuation of Council Dwellings on the HRA at £65.771M. Other land, buildings and vehicles held on the HRA have a stated value of £1.078M.

## **12.5 Financial Modelling**

12.5.1 Financial modelling has been done, taking the 2017/18 proposed HRA budgets as the base year. The actual housing stock numbers as at 31 October 2016 have been used to model opening stock.

## **12.6 Key Financial Assumptions**

### **12.6.1 Inflation**

The model has used the longer-term expected rate of 2% CPI over the 30 year period. An assumption as to the future value of inflation is available from government forecasts, which although low at present, with the Consumer Prices Index (CPI) currently<sup>6</sup> 1.6%, the Office for Budget Responsibility shows government forecasts for CPI to return to 2% by 2020. Given the long-term nature of these assumptions, looking back over the last 20 years, UK CPI averaged 2.7% over the last 10 years, 2.2% over 15 years and 2.1% over 20 years.

Using all of this as a backdrop it is not unreasonable to forecast that CPI may exceed 2% in the long-term and as such to recommend using future inflation proofing of investments at 2.1%, the 20 year average.

### **12.6.2 Real Growth Above Inflation**

The model has assumed growth of 0.5% per annum above underlying inflation. This reflects the increased costs associated with managing and maintaining housing services within a remote community.

### **12.6.3 HRA Costs**

The main expenditure items on the HRA are repairs and maintenance, supervision and management, capital expenditure (including exceptional works) and borrowing costs.

#### Repairs and Maintenance

This covers the cost of the responsive and cyclical maintenance and the staffing costs associated with providing these services. This takes account of the cyclical maintenance costs detailed in Asset Management Strategy, along with the cost of running the Housing Repairs Service.

#### Supervision and Management

The HRA requires proper supervision and management in order to ensure that its properties are effectively managed, maintained and let to tenants.

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<sup>6</sup> Office for National Statistics: Consumer Price Inflation, December 2016



### Capital Expenditure

Capital expenditure includes the cost of major component replacement. The Asset Management Strategy has been developed following a detailed stock survey and this information has been fed into the model. The focus in the medium term will be to ensure that energy efficiency targets and required planned maintenance of existing housing stock is achieved and maintained. It was acknowledged in the stock condition survey that there will be peaks and troughs in relation to the expenditure from year to year for major component replacements and other capital works. The modelling has smoothed out the impact of those peaks and troughs by building in a flat rate of £3.155m per annum, adjusting for stock numbers, underlying inflation and growth. This flat rate recognises and takes account of the current annual capacity limits within both the Housing Repair Service and the local construction industry to undertake repair works.

### Exceptional Works

The Asset Management Strategy also recognises some additional capital expenditure which is deemed as exceptional works. This expenditure relates to identified failure of blocks manufactured between 1975 and 1981 and used in the construction of some of the HRA's housing stock, and also issues with Cruden design steel frames used in properties built in the late 1940s and early 1950s. It is difficult to forecast the cost of these works accurately until all properties are inspected. Only then will the full extent of the works be known.

Based on the repair work already undertaken and the structural surveys commissioned on the properties, a best and worst case scenarios for the exceptional works has been calculated. The financial modelling uses a mid-point costing in this respect, of £20.706M, programmed over years 2 to 8 of the model.

### Borrowing Costs

Historically, borrowing has been required to fund the HRA. The model includes the costs associated with the repayment of this old debt, which will be repaid in full in year 15. There is also a requirement for new borrowing to ensure the Asset Investment Strategy can be met, this is discussed in more detail below.

It is expected that borrowing will be undertaken at the Council's internal pooled rate, on which interest has been estimated at 5.75% for the purpose of the financial modelling.

## **12.7 How is the HRA Funded?**

The HRA must be self-sustaining, so the expenditure detailed above must be funded. The primary ways in which the HRA is funded are through rental Income, use of reserves and borrowing. In year 1 the model also shows Capital Receipt income.

### Rental Income

Rent modelling has been undertaken and assumes the underlying inflation rate and real growth factor over the 30 year lifetime of the model. A key service priority for the HRA is to provide affordable rents.

It has been recognised that there is a disparity between the average rental we charge on our smaller properties and that charged by other Councils and Housing Associations. In the medium term (5 years), the plan has incorporated the application of 2% inflation on an annual basis to all rents, with an additional £1 per week to be added to the rent for one and two apartment properties. This will bring the rents in line with benchmark figures, ensuring the differential between rental cost per apartment size does not continue to widen. Tenants were consulted on this for the 2016/17 and agreed with this principle. The impact of this change versus a straight 2.5% increase to all property rentals in the first 5 years is minimal.

In considering rental income there is a need to take account of the levels of rent arrears, bad debts and void costs and make provision for these. The bad debt provision has been estimated at 1% of total rental income as debt written off over the last 5 years have not exceed this level (2013/14 0.66% peak). Void costs are calculated for general and sheltered accommodation at 2.4% and 3% of total rental income, respectively, again this has been modelled on voids data collated over the last 5 years.

To fund the forecast expenditure of the HRA over the medium to long term, solely through rental income, would require rent to rise by more than the underlying inflation and growth rates. Our modelling showed that rental income would need to increase by 6-7% during the years the exceptional works were being undertaken to meet the costs. This would increase rents to an unaffordable level, so has been ruled out as a funding option.

### Use of Reserves

The Council has a specific reserve which has been built up over a number of years initially created from the Reserve Fund. This reserve is necessary to ensure the HRA is financially sustainable and can meet any unforeseen or exceptional circumstances.

As at 31 March 2016 the Housing Repairs and Renewals Reserve balance was £13.1m. The financial modelling identified that additional funding, beyond the planned rent increase, is required to meet planned expenditure over the medium to long term. Use of reserves has been tested and will be insufficient to meet the whole of the remaining cost.

The use of the reserve needs to be sustainable, so it is necessary to set a minimum level to which the Housing Repairs and Renewals Reserve can fall. Given that any major fluctuations in the timing of expenditure are likely to be within the Asset Investment Programme, the minimum reserve level has been set at £4m. This is equal to the annualised cost of one year's planned asset investment (£3.2m) plus an allowance of 4% of the current estimated overall cost of exceptional works (£800k). It is felt this is a prudent level to set reserves at to account for fluctuations and unexpected circumstances.

## **Borrowing**

Capital expenditure can also be funded from borrowing. This means that the cost of capital in any particular year is spread over a number of years in line with the conditions of borrowing ( i.e. 20 years/30 years or a combination). This results in an annual charge for borrowing which has to be met from revenue. Any borrowing has to be undertaken in line with the current Council's Borrowing Policy.

Borrowing can be internal or external to the Council. The economic case for borrowing externally or using the Council's own reserves to finance capital expenditure is essentially down to whether interest rates are higher or lower than the long term average return on the Council's external investments (with fund managers).

As at 31 March 2016 the HRA borrowing was £13.828m. At this level of borrowing, the debt cost per dwelling is £7,460. This compares to national average of £12,807 per dwelling<sup>7</sup> for 2015/16.

Further borrowing will be required from year 4 to 26 based on the financial modelling, to meet the remaining funding gap necessary to facilitate the Asset Investment Programme. The total additional borrowing requirement has been estimated at £38.504m, with the debt per dwelling peaking in year 7 at £12,981.

## **Capital Receipts**

In the model it is predicted that a further 4 house sales will occur in 2017/18 through Right to Buy Legislation. The Tenant's Right to Buy came to an end on 1<sup>st</sup> August 2016, so this is anticipated to be the final year where house sales will take place. The sale of houses generates a capital receipt which is used to funding capital expenditure.

### **12.10 Financial Risks**

There are many variables in the financial modelling to be considered. The assumptions made in the financial modelling have been tested, but financial risks still remain.

- Interest rates are currently at a very low level, but over the lifetime of the model are likely to rise. This is mitigated to some extent with the use of a pooled rate of interest, which are less likely to show major fluctuations.

The uncertainty over the cost of exceptional work required could have a major impact on the model. The worst case scenario, would involve further borrowing and push the model towards a less sustainable position. Comfort can be taken from the findings of work done to date on the affected properties that the worst case scenario is not the likely outcome and that the mid-point estimation used is prudent

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<sup>7</sup> <https://www.scottishhousingregulator.gov.uk> – Sector Analysis – Statistics – 2016 Table FRS102(8) – Financial Ratios and Costs

### **13.0 Future Investment**

#### **13.1 New Affordable House Building**

The supply of new affordable housing is a key theme in the Local Housing Strategy. The delivery of new social housing is currently undertaken in partnership with Hjaltland Housing Association who is the lead developer in the delivery of social rented housing. This arrangement maximises external funding into Shetland and is detailed in the Strategic Housing Investment Plan (SHIP) It is important that the Council, as the statutory enabling body for housing, seeks to maximise this kind of opportunity as it offers different funding mechanisms that do not impact on the HRA.

#### **13.2 Asset Management & National Standards (SHQS and EESSH)**

The production of an Asset Management Strategy sets a clear course for future investment in the existing housing stock. This information is based on verified data. The shift to planned maintenance and reduced reliance on reactive maintenance will provide clearer programmes of work for staff and tenants. Initial focus will be in ensuring that national standards such as the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESSH) can be met. This will require significant investment in heating and insulation programmes for our housing stock. A five year planned work programme will be developed and shared with tenants. This will be regularly reviewed and progress reported. The Asset Management Strategy makes an explicit link to the Tenant Participation Strategy and the work plan will identify a number of workstreams to develop tenant involvement in this area.

A further strand of the Asset Management Strategy is to evaluate efficient procurement, with assistance from our Corporate Procurement team.

#### **13.3 Other Investment Plans**

While the Asset Management Strategy has identified and costed the major component replacements required (e.g kitchens, bathrooms, windows etc), there are a number of additional areas which may require investment due either to construction methods or structural concerns. Where these occur we will commission specific professional surveys and reports and will prioritise investment through review of the programme and the financial modelling outputs.

### **14.0 Rent Strategy**

- 14.1 Council rents in Shetland have traditionally been at the higher end of the scale in comparison to other local authorities. The high level of rents was due to the historic housing debt which was a main driver in rent-setting in the past. Rent increases have in recent years, up to the resolution of the housing debt, been in excess of inflation. The Business Planning process has allowed us to financially model the impact of costs and investments on rents. Consultation with tenants has indicated that while most tenants feel that their rents are high, they are generally happy with the service they receive. Tenants have expressed concerns about affordability should rent increases be above inflationary level. The business planning process allows a degree of certainty over planned future rent levels. It is recommended to advise tenants of the likely rent levels over the coming three year period, subject to annual review.

- 14.2 In looking in detail at benchmarking data, it is clear that our previous strategy of applying a flat percentage increase across all property sizes has skewed our rent differentials. In practice this means that our bedsit, one-bedroom and two bedroom properties have rent levels well below the Scottish average. These rents are also much lower than our comparator landlords (see table at 11.1). This gap is being addressed in future rent increases by applying an appropriate formula to the smaller properties. Further rent modelling and tenant consultation will be carried out annually as part of the HRA Budget process.

## **15.0 Conclusions**

- 15.1 The HRA can demonstrate financial viability over the 30 year life of the Business Plan, whilst at the same time fulfilling the strategic priorities of the Local Housing Strategy.
- 15.2 The financial modelling gives the HRA a solid base for annual review to be translated into HRA budget proposals.
- 15.3 The financial modelling allows us to be clear that the financial demands on the HRA over the short to medium term are the maintenance of the existing Housing stock, leaving little scope for new build projects.
- 15.4 The Business Plan will be reviewed annually and updated for any significant change to the investment plan and reported to the relevant committee through the Budget Process.

Executive Manager – Housing

January 2017





# Asset Management Strategy

<b>Responsible Officer:</b>	Team Leader – Asset Management
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*Management is a key part of Business Planning  
which connects at a strategy level, decisions about  
an organisation's business needs, the deployment  
of its assets and its future investment needs"*

*Sir Michael Lyons (2004)*

# Asset Management Strategy

## Background

As part of Shetland Islands Council (SIC) ongoing review and development of the Housing Service it was agreed that a new Asset Management Strategy was required to identify how the SIC propose to deliver the best use of the Housing Service assets.

This Housing Asset Management Strategy will compliment and support the new Housing Service Business Plan.

## What is an Asset Management Strategy?

Asset management is the range of activities undertaken to ensure the housing stock meets the needs and standards now and for the future. The Asset Management Strategy is about reviewing and developing the asset to provide the right accommodation in the right location. This Strategy will demonstrate the SIC is effectively managing their assets and is therefore evidence that the organisation is well managed and governed.

## Vision Statement

Shetland Islands Council Vision Statement;

***‘We will provide affordable, well maintained and energy-efficient homes for now and the future’***

Underpinning this vision are three values;

### **Putting people first;**

We value our tenants and our employees and we consider actions before making decisions.

### **Supporting communities;**

We will work with others to do what is right.

### **Spending money wisely;**

We will achieve value for money by consulting with tenants and involving employees to help make the right choices.

## Aims and Objectives

The following aims and objectives have been developed to complement and support the SIC with meeting its Vision Statement;

- To deliver home improvements which are sustainable and represent best value.

- To continue to maintain homes in line with statutory standards and property related legislation.
- To provide a range of good quality homes to people in housing need and those requiring care and support.
- To achieve continuous improvement in all property related services through effective performance management and benchmarking.
- To ensure that funding is maximised and to deliver value for money and identify efficiency savings wherever possible.
- To improve the energy efficiency of homes in order to help reduce fuel poverty and contribute to the wider environmental sustainability agenda.
- To create successful, sustainable communities through ongoing regeneration activity with partners and stakeholders.
- To ensure resident involvement and consultation is effective, allowing views to be heard and services to be applied accordingly.

## Asset Profile

### Stock Data

The SIC has a total housing stock of 1787 as at October 2016.

The earliest property was constructed during the mid 18<sup>th</sup> century with the latest built during 2014. Diagrams One and Two provide an indication of the construction age for our current housing stock. The busiest period for constructing new homes in Shetland occurred between 1965 and 1982 when 1010 homes were built, which accounts for 55% of our housing stock. During this period oil was discovered within the North Sea and Shetland underwent a change in industry and prosperity as a result of the needs to service this new commerce.

Construction Period	Properties Built
Pre 1944	163
1945-1965	328
1965-1982	967
1983-2000	247
Post 2000	82
<b>Grand Total</b>	<b>1787</b>

Diagram One – Current Housing Stock Built Date Data

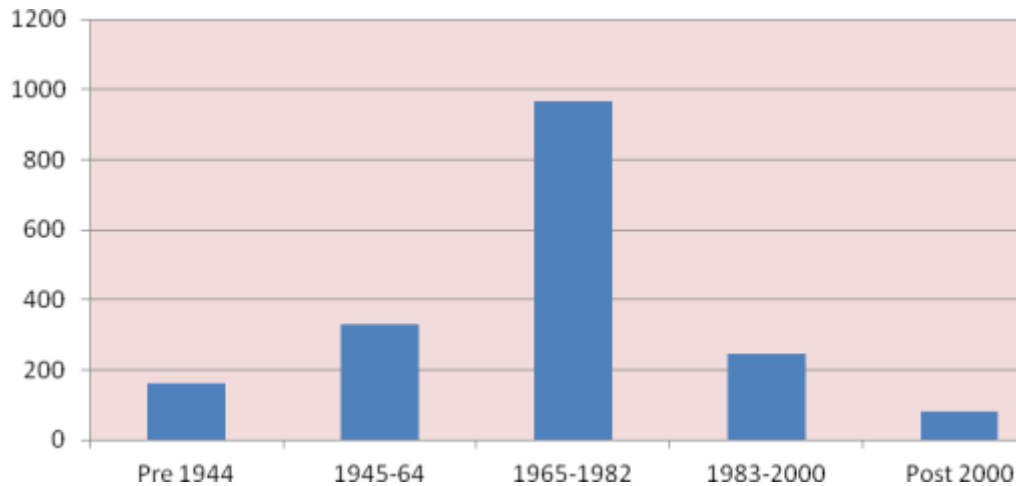


Diagram Two – Built Date Profile

Diagrams Three and Four detail the size of properties based upon the number of bedrooms provided. The largest provision of the current stock is for three bedroom properties accounting for 36% of our stock. The smallest allocation of four plus bedroom sized properties accounts for only 2% of our stock.

Property Size	Property Numbers
Bedsit/1 Bed	558
2 Bedrooms	545
3 Bedrooms	641
4+ Bedrooms	43
<b>Grand Total</b>	<b>1787</b>

Diagram Three – Property Size Data

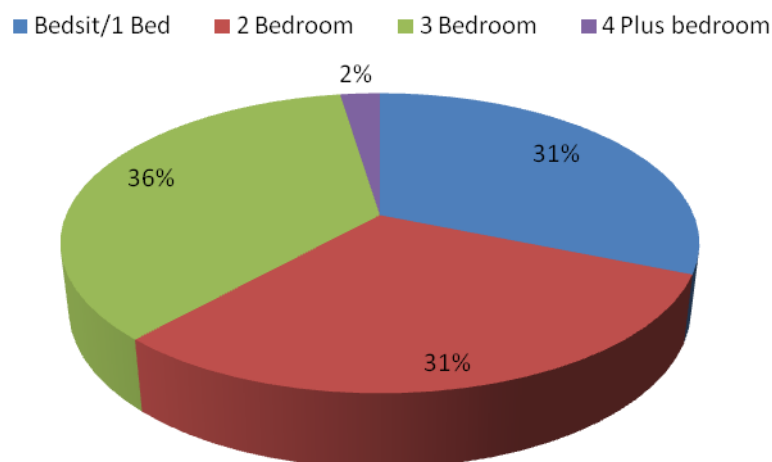


Diagram Four – Property Size Chart

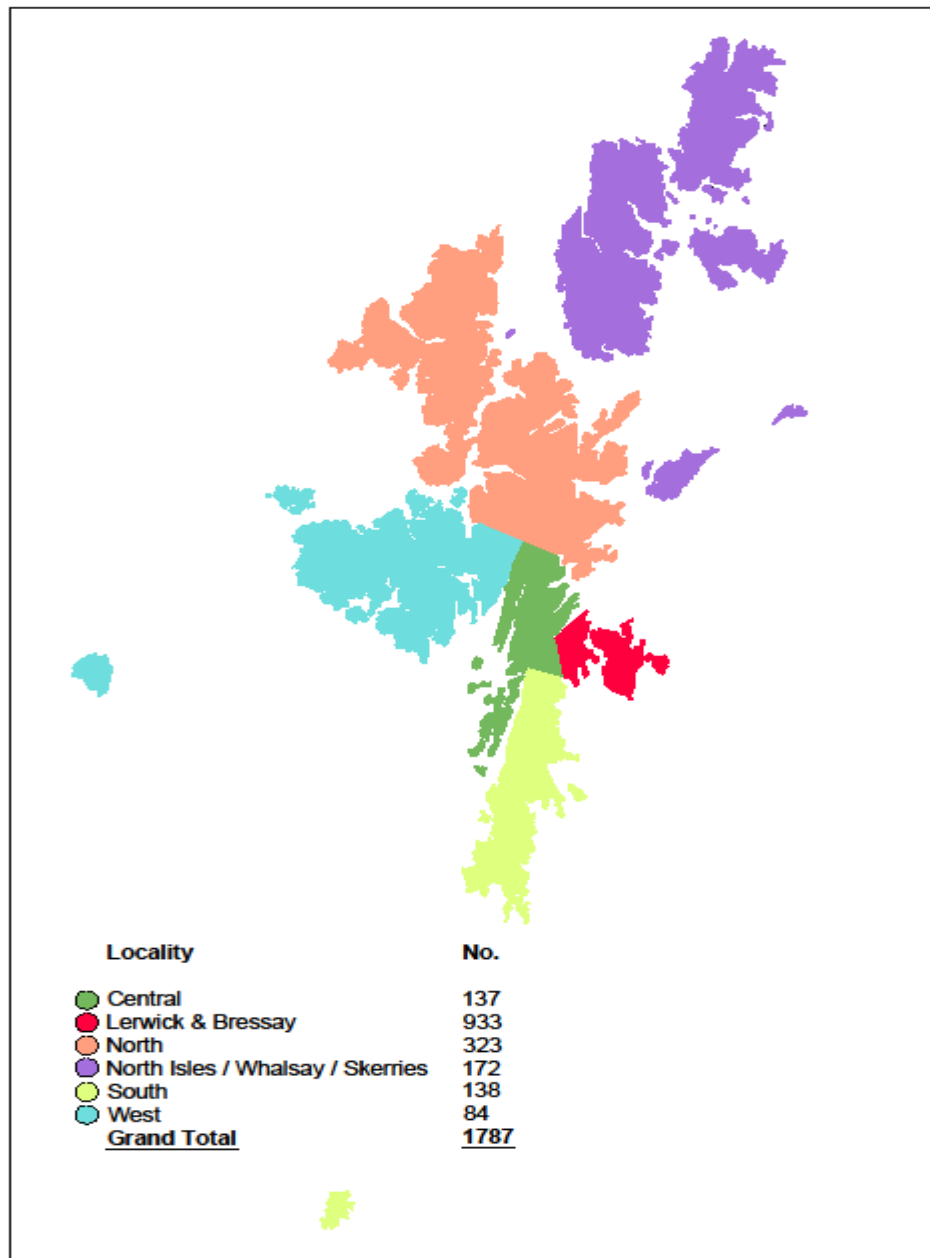


Diagram Five – Stock Location

The above map provides an indication of the location and numbers of housing stock within Shetland. The largest group is located within the Lerwick/Bressay area at 933 homes, this would reflect the area of largest population within Shetland.

### Right to Buy

The Housing (Scotland) Bill was passed by the Scottish Parliament on 25 June 2014 and became an Act on 1<sup>st</sup> August 2014. The Act entitled council and housing association tenants in Scotland the opportunity to buy their property for a limited time. The Right to Buy for tenants ended on 1 August 2016 and as at 18 November 2016 there are 76 active Right to Buy applications. Further guidance can be found on the following dedicated website;

[http://www.shetland.gov.uk/housing/housing\\_options\\_right\\_to\\_buy.asp](http://www.shetland.gov.uk/housing/housing_options_right_to_buy.asp)

## Asset Condition Review

The SIC have undertaken the following investigations to establish the condition of the existing assets;

- Stock Condition Survey
- Identified Structural Surveys
- Energy Assessments

### Stock Condition Survey

The SIC commissioned a 20% Stock Condition Survey which was undertaken during October 2014. The headline findings from the Stock Condition Survey are as follows;

- Externally the consultant stated that the ***“properties appeared to be in good condition.”***
- The surveys identified that ***“investment had been made in recent years, however it was noted that a number of properties have components which are approaching the end of their useable life.”***
- The greatest immediate cost liability across the stock lies with replacement kitchens, with slightly over 21% of all properties requiring a new kitchen within the next 5 years.
- The replacement of heating systems presents the highest likely cost liability over a 30 year period.
- Roof coverings present the highest cost liability for external components.

### Identified Structural Surveys

The SIC commissioned consultant engineers to undertake surveys of recognised structural issues. These surveys were undertaken during October 2014. The surveys related to concerns with block failure and properties constructed with a Cruden design.

### **Block Failure**

The predominant issue identified related to concrete blocks manufactured between 1975 and 81. Some blocks manufactured during this period are now showing a loss of structural strength, presumably due to failings within the block manufacturing process.

To date the SIC have undertaken exceptional remedial repairs to 60 properties affected by block failure. Investigations are ongoing to identify any further stock affected.

### **Cruden Design**

Cruden design properties were built throughout Britain during the late 1940's and early 1950's. These properties are built with a structural steel frame over clad with an outer finish. Through the passage of time it has been established that the steel frames were susceptible to failure. As a result of these failings exceptional remedial works are required to repair the affected areas.

To date the SIC have undertaken exceptional remedial repairs to 28 properties affected by frame failure. Investigations are ongoing to 6 further properties, which are the only remaining Cruden design homes within our housing stock.

### **Energy Assessments**

The SIC undertook a desktop study to establish the current Energy Efficiency Ratings for our housing stock. This exercise identified the energy improvement works required to improve the energy ratings in line with the requirements of The Scottish Housing Quality Standards and Energy Efficiency Standards for Social Housing (ESSH). These are mandatory standard for social landlords which must be met by the end of 2020.

This desktop exercise identified that approximately 67% of our properties required remedial energy improvement works to meet the legislative standards by the end of 2020.

### **Stock Condition Review Action Points**

The Housing Service will continue to monitor, record and assess the condition of our asset. When issues are identified we will proactively undertake remedial works to ensure our properties are well maintained and are energy efficient.

## **Investment**

The SIC are responsible for financing housing management, maintenance and investment costs through the full rental income generated from our housing stock.

The outcomes of the Stock Condition Review assisted with the identification of the overall costs required to maintain and improve the housing asset over a 30 year business planning period. This information will enable the SIC to make



informed investment decisions against the estimated rental income over future years. This information is incorporated into the financial modelling of the Housing Service Business Plan.

### **Stock Condition Survey**

The 20% Stock Condition Survey undertaken on behalf of the SIC identified the condition and likely renewal date for property components. Through the initiation of these projects we will continue with a programme of cyclical replacement which will ensure that components are replaced before they reach the end of their affective life.

The initial five year planned programme identified the following component areas as requiring significant investment;

- Kitchens
- Windows/doors
- Roof finishes
- External wall finishes
- Heating

Following the results of the Stock Condition Survey, the SIC reviewed the recorded data and developed a programme of capital component replacement and cyclical maintenance. Through the establishment of these programmes a reduction with reactive and emergency repairs is anticipated and therefore a decline in expenditure on unplanned repairs.

The SIC are developing a standard specification document for the replacement of components. The SIC believe that replacing components with good quality products, which are suitable for the chosen environment and with consideration to the life of the asset represents good value for money.

### **Exceptional Works**

The SIC and consultant engineer are currently reviewing the Reports produced following the engineers surveys. This review will result in the establishment of a programme of remedial works required to rectify the identified structural issues, together with agreed timescales. This information will be included within the 30 year Investment Plan supporting the Housing Service Business Plan.

### **Energy Efficiency**

Following a study by our Contracts Manager (Services/Energy) we identified a programme of remedial works required to meet current legislation standards. The study identified the need for the following property improvements works;

- Increase attic insulation
- Increase external wall insulation
- Increase underfloor insulation
- Improvement to heating systems

## Resources

The SIC Housing Service Asset Management and Repairs Service who are responsible for the repair and maintenance of the Housing Service asset.

The Asset Management Section employs a mixed team of professionals to manage and monitor construction and maintenance projects. The estimated value of these projects can range from £10,000 to in excess of £1,000,000. The disciplines employed by the SIC are listed below;

- Contract Administration
- Inspection
- Architectural
- Contract Management (Services/Energy)
- Quantity Surveying

The Repair Service employs a multi trade workforce who provides a 24 Hour, 365 days a year responsive service. The trades employed by the SIC are listed below;

- Joinery
- Plumbing
- Electrical
- Painting

When works are identified that requires either specialist trades or our own workforce does not have the capacity to undertake the work we appoint external trade contractors.

Diagram Six Identifies the professional disciplines required to undertake a typical construction project. The positions shown in blue are those roles carried out by SIC employees. The positions shown in orange would be met by the appointment of external consultants. We do not have a sufficient workload to justify the employment of either an engineer or health and safety professional and therefore appointing this resource when required provides us with the correct balance and best value approach.



Diagram Six – Typical Construction Project Team

When planning future projects the SIC Housing Service have to take into account the 'Shetland factor'. This relates to the Islands remote location, our access to limited resources and the impact of other construction related projects.

As a result of this factor we work closely with other construction related organisations to identify future market trends. We also look to develop projects to reflect what the local market can best accommodate in relation to resources and availability.

### Training

The SIC recognises that reviewing employee performance and the identification of development needs is central to the continuous improvement of service delivery and the motivation of employees.

We proactively ensure that our employees are trained to meet the standards required by current legislation and to keep our staff well informed with new developments.

The SIC have an Employee Review and Development Policy. Employees meet with management annually to review and discuss performance, future training needs and development and career planning.

The SIC operates an e-learning system. This gives the opportunity for staff to access a range of online training courses using Brightwave, which is an e-learning system developed by local authorities in Scotland.

## Energy Efficiency

The SIC aim to improve the energy efficiency of our homes, reduce energy consumption, fuel poverty and the emissions of greenhouse gases.

### **The Scottish Housing Quality Standard (SHQS)**

SHQS was introduced in February 2004 and was the Scottish Government's principal measure of housing quality in Scotland. The SHQS is a set of five broad housing criteria which must all be met if the property is to pass SHQS. These criteria in turn consist of 55 elements and nine sub-elements against which properties need to be measured.

The purpose of introducing a minimum housing standard in Scotland is essentially to provide a 'floor' below which a property should ideally not fall. In the case of the social housing sector (local authority landlords and Registered Social Landlords), Scottish Government has set a policy target for landlords to bring their stock up to every element of the standard (where applicable) by April 2015.

The SIC informed the Scottish Housing Regulator following the April 2015 deadline that 99.9% of our homes met SHQS with exemptions in relation to element 54 (Common Door Entry). The buildings we occupy eligible for a door entry system provide accommodation for a small number of mixed SIC and private tenancies. Historically we have had no issues highlighting the need for a door entry system. This is likely due to our Islands environment, where the issues that occur in the larger polluted areas on the mainland do not exist within Shetland.

### **The Energy Efficiency Standard for Social Housing (EESH)**

EESH is a further legislative requirement from the Scottish Government. This is a mandatory standard for social landlords which must be met by the end of 2020. EESH succeeded the energy targets and guidance of SHQS.

EESH aims to encourage landlords to improve the energy efficiency of social housing in Scotland. This supports the Scottish Governments vision of warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland, as set out in the Scottish Governments Sustainable Housing Strategy.

The Standard aims to improve the energy efficiency of social housing and reduce energy consumption, fuel poverty and the emission of greenhouse gases. Meeting this standard will help to achieve the Climate Change (Scotland) Act 2009 target of reducing carbon emissions by 42 per cent by 2020 and 80 per cent by 2050.

The standards are available on the following dedicated website:

<http://energyefficientsocialhousing.org/>

The SIC identified a program of remedial works required to ensure that our homes meet the EESSH standards by the end of 2020. This will include the homes identified as exceptions from SHQS.

### **Energy Efficiency Action Points**

Our Contracts Manager (Services/Energy) manages our energy efficiency projects. With the advent of SHQS and EESSH we have noted a steady increase in energy efficiency projects. Annually these works account for almost 25% of our annual budget and affect circa 350 properties. We have forecast that this profile will continue over the next 5 years to meet the needs of EESSH before the 2020 deadline. Subsequent ongoing analysis against legislative targets will identify future project needs.

Our Contract Manager (Services/Energy) has the added responsibility of developing and managing contracts in relation to services, which are identified under cyclical maintenance.

Taking into consideration the growth of energy efficiency projects together with the continued need to deliver our cyclical maintenance works we are reviewing our resource need to meet this increased service demand.

## **Tenant Involvement**

Tenant involvement is important to us, it allows us to share information, evaluate needs and take onboard views prior to decisions being made. Feedback is also important, from this we can identify what works, what does not, and where improvements can be made.

During May 2015 the SIC arranged a workshop with stakeholders to review tenant feedback regarding building related works. The following points were raised as important;

- Tenants want more involvement with decision making.
- Improved communication before, during and after works are undertaken.
- Tenant involvement with performance monitoring.

### **Shetland Tenants Forum**

The Shetland Tenants Forum was formed in 1991 and is the independent ear and voice for tenants. The way Shetland has approached tenant participation is held up as a model of good practice. The Housing Service and Tenants Forum

are in regular contact discussing asset management issues for both individual tenants and estate wide concerns. Involving and valuing the tenants is a key theme and as an organisation there is a strong focus on access and customer care across all aspects of the Housing Service. Further information regarding the Shetland Tenants Forum can be found on the following website;

<http://www.shetlandtenantsforum.com/>

### **Inspection Officers**

All tenants have a named Inspection Officer who can provide technical advice and guidance. The officers liaise with tenants, assist with issues and provide technical advice. When required they will organise and manage repair works.

### **Estates Inspections**

Estates inspections are carried out annually with invites issued to tenants, tenant groups, elected members and Environmental Health. These inspections are an opportunity for all to raise estate management issues on a formal or informal basis.

### **Tenants Home Improvement**

Under the Scottish Secure Regulations 2002 tenants have the right to carry out improvement works to their homes, provided they obtain approval from the SIC. Tenants who carry out improvement works may have the right to claim compensation for any agreed specific works when their tenancy comes to an end.

### **Feedback**

The SIC periodically carry out Tenants Satisfaction Surveys to provide feedback on the services provide by Housing to our customers. The responses from these surveys are summarised and included within the Scottish Social Housing Charter Return.

The information from the last Survey was also used within the Housing Report Card 2015-16 which was issued to all tenants. This Report Card summed up how the Council performed based on the information provided by tenants. The Housing Report Card can be found at the following web address;

<http://www.shetland.gov.uk/housing/documents/2015.16HousingReportCard.pdf>

### **Complaints**

We are an organisation committed to continual improvement and see customer complaints as an essential part of that process. It is important to listen and work together to resolve issues. The SIC has provided a leaflet on how complaints are dealt with and this leaflet can be found at the following web address;

[http://www.shetland.gov.uk/comments\\_complaints/](http://www.shetland.gov.uk/comments_complaints/)

## **Condensation**

Complaints associated with condensation related dampness have increased significantly in the last year. This issue is not specific to Shetland with other mainland social landlords reporting that these complaints have tripled over the last 12 months.

The SIC issued to all householders and published a leaflet during March 2015 to inform tenants of the causes of condensation. The leaflet also provided advice on how tenants and the SIC can work together to eliminate dampness caused by condensation. The leaflet can be found at the following website;

<http://www.shetland.gov.uk/housing/documents/SICHousingCondensationLeafletFINAL13022015.pdf>

## **Information Technology (IT)**

The Housing Service operates a fully integrated housing management system (Capita).

Capita is regularly updated by staff to ensure that the data stored is current and the information can be used to inform SIC staff, tenants, contractors and anyone with a need for this data of the current status of a property/tenant.

The SIC also operate complimentary Capita software which can produce reports to assist with monitoring and future planning.

The SIC has a comprehensive Internet homepage that provides the public with an extensive library of information on Council Services. The Housing Service section of this site supplies the viewer with information on a wide range of housing related topics. The SIC Housing page can be found at the following web address;

<http://www.shetland.gov.uk/housing/>

### **Information Technology Action Points**

We are developing Operational Procedures to ensure the Housing Service have agreed recorded guidance for staff to update and operate our IT systems. We acknowledge that IT is an area known for development and change, therefore we recognise the need to continually monitor and develop our Service needs to maximise the benefits from technology developments.

## **Procurement**

In 2010 the SIC agreed that a corporate procurement approach be adopted with the establishment of a Procurement Section. 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.

The strategy sets out good procurement practice which in turn is aimed at delivering considerable cost savings, greater collaboration at a national and local level. It will also support local contractors, suppliers, service providers and benefit the local economy. We are exploring the potential to use community benefit clauses when the SIC enters into future contracts with the private sector. The strategy promotes and develops good procurement practice for the benefit of all concerned.

### **Procurement Action Points**

The Housing Service is an active member of the Council's Procurement Contacts network. This network was created to monitor and develop procurement in line with regulatory requirements, changing industry standards and other procurement opportunities. We are a committed member of this network and acknowledge the positive benefits of collaborative working to identify and develop best procurement practice for Housing and the Council.

## **Cyclical Maintenance**

Cyclical maintenance covers the work undertaken on an annual or long term basis. The current cyclical maintenance programme includes the following work areas;

- Legionella
- Heat pump servicing
- Ventilation servicing
- Fire alarm servicing
- Septic tank maintenance
- External painting
- Electrical testing

### **Cyclical Maintenance Action Points**

The Housing Service will continue to proactively undertake a program of maintenance projects to meet legislative and manufacturers written guidance.

## **Housing Repairs Service**

The Housing Repair Service is made up of a multi trade workforce that provides a 24 hour 365 days a year responsive service. The responsibility for repairs to SIC houses is shared between the SIC and the tenant in line with the tenancy agreement. In general, the SIC is responsible for maintaining the fabric and permanent fittings of the building. The tenant is responsible for internal decoration, furnishings and removable fittings like clothes lines, TV aerials, curtain rails, light bulbs and so on.



The SIC operate a repairs helpdesk where issues can be reported. Through this facility, repairs can be logged and tickets issued based upon priority. Repairs are categorised by the SIC as emergency, urgent, routine or 'other'. Tenants have the right to a repair being carried out within the timescales set out below.

- Out of Hours Emergency Repairs (same day)
- Emergency Repairs (same day)
- Urgent Repairs (response within 3 working days)
- Routine Repairs (response within 1 month)
- 3 Month Repairs

Further information regarding repairs can be found on the following dedicated website;

[http://www.shetland.gov.uk/housing/tenants\\_repair\\_responsibilities.asp](http://www.shetland.gov.uk/housing/tenants_repair_responsibilities.asp)

### **Right to Repair**

Under the Housing (Scotland) Act 2001, Scottish secure tenants have the right to have small urgent repairs carried out by their landlord within a given timescale. This is called the '*Right to Repair*'. It covers certain repairs which are known as 'qualifying repairs'. If the SIC repair service does not start the qualifying repair within the time limit set, the tenant can select another contractor from a provided list of contractors. The new contractor will inform the SIC and the tenant will receive compensation for the inconvenience caused.

### **Repair Service Action Points**

Following the development and introduction of a new Housing Management System (Capita) our ability to evaluate performance and the changing service needs of the Repair Service has improved. We can now identify the localities where service need is greatest by trade together with the types of works undertaken. Through the analysis of this data we can develop our Repair Service to meet the developing needs of our housing stock.

The Repairs Service operates a Schedule of Rates to assist with calculating repair costs. The Housing Service engaged an external consultant to review our current schedule. We are looking to develop the schedule to provide a more specific list of items, which will be comparable with nationally recognised standards and assist with our performance reporting.

Through the development of our evaluation and monitoring procedures, we will establish and target service delivery together with developing the Service to limit the number of reactive repairs and proactively plan long term maintenance of the housing stock.

## Health and Safety

The Scottish Housing Quality Standard (SHQS) was introduced in February 2004 and was the Scottish Government's principal measure of housing quality in Scotland. The SHQS is a set of five broad housing criteria which must all be met if the property is to pass SHQS and Section E of this Standard relates to Healthy, Safe and Secure. The Scottish Government set a policy target date for landlords to bring their stock up to meet the standard by April 2015. In the case of Section E there are 15 elements to comply with, the SIC met all of these standards and applied for an exemption from element 54, this relates to the need to provide secure door entry systems to common front doors. Only two properties were identified that met the criteria of requiring a door entry system. Historically no issues have been identified to necessitate the need to install door entry systems within these properties.

### Asbestos

The SIC engaged external consultants to review and update our Housing Asbestos Management Plan in accordance with the following legislation;

- The Control of Asbestos at Work Regulations 2012
- Health and Safety at Work Act 1974
- Management of Health and Safety at Work Regulations 1999

Our Plan details the approach that the SIC will take with the day to day management of asbestos contained within our assets.

The Capita computer system operated by the SIC incorporates our Asbestos Register. In its present form the Register indicates where known or suspected asbestos containing materials have been located and their generic type. This is a live document, which is continually updated.

The Control of Asbestos at Work Regulations 2012 continues a specific duty to manage the risk from asbestos containing materials in non-domestic premises. These regulations can also be used as guidance for domestic premises where the landlord has a duty of care to staff and tenants living and working within these properties.

### Legionella

As a residential accommodation provider our obligations come under the approved code of practice 'The Control of Legionella Bacteria in Water Systems' guidance.

Water quality testing is carried out on a 6 month cycle and Legionella Risk Assessments are carried out at 24 monthly intervals to all 'at risk' buildings managed by the SIC.

### **Electrical Testing**

In accordance with the 17<sup>th</sup> edition of the IET Wiring Regulations BS 7671:2008 electrical testing will be carried out at 10 year intervals unless the qualified electrician recommends an earlier inspection.

Inspections of the electrical installations will be carried out at every change of occupancy by a competent person. Competent person are those who hold a certification for attending the Electrical Awareness course provided by CORGI Technical Services.

### **Gas**

Shetland does not have mains gas supply and therefore we have no properties with gas central heating.

We supply a small number of gas appliances which are serviced annually in accordance with our statutory obligations.

### **Fire Safety**

The Regulatory reform (Fire Safety) Order 2005 came into effect on the 1 April 2006.

As a result of this legislation, all organisations were made responsible for their own fire safety. All employers must conduct a fire risk assessment regardless of the size of the risk, provide staff with fire awareness training, fire marshal training and the provision of fire safety management plans, log books and maintenance of fire safety precautions.

To ensure SIC is fully compliant, fire risk assessments of all offices and common areas of residential properties have been carried out.

### **Recorded Data**

All information collected regarding health and safety is uploaded onto our Capita Housing Management System. This system provides our staff, tenants and contractors with readily available information about the health and safety data arising for our housing assets. In addition, this information assists us with managing all respective repair work tickets and managing our planned works program.

### **Health and Safety Action Points**

The SIC is an organisation that proactively meets its statutory obligations with regards to Health and Safety. We will through continuous review, training and development ensure the safety of staff, contractors, tenants and stakeholders.

## Review

To enable us to monitor and access progress in relation to our Asset Management Strategy we have developed an Action Plan (Appendix 1) This Plan will provide the appropriate foundations and allow us to progress with a structured plan towards specific goals.

The Asset Management Team Leader within the Housing Service will monitor and manage the Action Plan. The Team Leader will meet with the Housing Services Executive Manager regularly to review progress. The Executive Manager will report on the progress to appropriate Council committees.

The Asset Management Strategy and Action Plan will be reviewed annually and updates published as required.

The Asset Management Strategy and the associated documents are live documents, which through continual review and development will assist the SIC to provide *“affordable, well maintained and energy-efficient homes for now and the future”*

**Tenant Participation Strategy for Shetland  
2016-2019**

**“Working together to provide a quality housing service”**

**Shetland Islands Council and Shetland Tenants Forum**

**Our commitment to Participation and involvement**

Tenants are at the very heart of the service we provide. We are committed to providing quality services to our tenants and to ensuring that all tenants have access to participate in shaping the service that they receive. This strategy document sets out a variety of ways that we have agreed will help enable this to happen. Tenant participation is a two-way process that involves sharing information and ideas to help improve standards and services.

Anita Jamieson

Executive Manager - Housing

## Aims and objectives

- ✓ To actively encourage and involve tenants in decisions which will affect them, their homes and communities
- ✓ To support Tenants and the Council working together to improve services for all tenants
- ✓ To offer a range of options for tenants and residents to participate collectively through tenant and resident groups and individually.
- ✓ To ensure tenants have the support and information needed to enable them to get involved.
- ✓ To provide tenants with up to date information
- ✓ To develop training opportunities for elected members, staff and tenants across a range of housing activities
- ✓ To ensure tenant participation activities reflect equal opportunities and are accessible

**Equal opportunities** - we recognise the importance of equality of opportunity for all our tenants. We will not discriminate on the basis of age, disability, gender reassignment, pregnancy and maternity, race religion and belief, sex, sexual orientation and marriage and civil partnership. We will assist tenants who may need support to participate.

## Introduction to the Strategy

This Strategy sets out what we plan to do, how we will consult with our tenants and residents, options available for getting involved, how we will take account of tenants and residents views and how we will feedback to tenants and residents.

### The strategy 2016-2019

#### The past the present and the future

Shetland Islands Council is committed to ensuring tenants take part in decisions that affect them. The Council has a long and strong history of tenant involvement and since 2000 has supported the Shetland Tenants Forum (STF), the representative body for tenants and residents in Shetland. The Shetland Tenants Forum has a tenant participation worker to support and promote participation.

**The past** - Our strategy was out of date and needed a complete review. Since our first strategy, housing law has changed, more opportunities for tenant involvement have been introduced. TPAS Scotland, a national social enterprise organisation has worked with us to develop our new strategy.

**The present** - A draft strategy which incorporated new legislation and new opportunities for involvement was sent to tenants groups, STF members and tenants seeking their views on the draft in 2016. A large scale Tenants Satisfaction Survey in 2014 also informed the development of the revised strategy.

**The future** - The strategy 2016-2019 was approved by STF in July 2016. It is a “living” document, which will change over time to take account of emerging initiatives and tenants’ ideas.

## **Shaping the Strategy – new opportunities**

**The Scottish Social Housing Charter** was developed by tenants in Scotland for tenants in Scotland. It sets out housing standards and outcomes that all Councils and housing associations should achieve in performing housing activities for tenants. It outlines what tenants should expect from their landlords.

The Charter is important to tenants; homeless people and other service users because it will help tenants have

- a clear understanding of what they can expect from their landlord
- It will give landlords clarity and certainty around what they should be achieving for their tenants and other service users

The Charter gives tenants more opportunities to get involved in developing good housing services. A copy of the Charter is available from the Council’s Housing service or STF offices or [www.scotland.gov.uk](http://www.scotland.gov.uk)

### **The Scottish Housing Regulator (SHR)**

The SHR’s role is to safeguard and promote the interests of current and future tenants, homeless people and other people who use the services provided by all social landlords. The SHR monitors and regulates the Council’s housing services. The SHR requires landlords to work with their tenants to make sure tenants are at the heart of their organisation and tenants have opportunities to monitor performance and improve services.

### **The Annual Report to Tenants**

Annually, landlords must complete the Annual Return against the Charter (ARC) and It must be delivered to the SHR by the end of May each year.

The Council and tenants will work together every year to develop a report card for tenants. This will be a summary of information on the Councils housing service performance over the year. The report card is to be completed by the end of October each year. In August of each year, the SHR will publish on line the performance of every landlord in Scotland and this information will be available to every tenant in Scotland. [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

## **Getting involved**

### **Open to all – equal opportunities**

We will ensure that we actively promote equal access to participation. In all our participation and consultation activities we will promote and encourage our tenants to get involved regardless of their age, disability, gender reassignment, pregnancy and maternity, race religion and belief, sex, sexual orientation and marriage and civil partnership. We will use a wide range of methods to consult, involve and enable participation which reflects and respects the diversity of our tenants.

We will make every effort to ensure that any barriers that may prevent tenants from participating are addressed. We will for example:

- ✓ When requested provide information in a range of formats
- ✓ Make sure all our information is easy to read and understand, written in plain language
- ✓ Make sure all our information, before it is published is approved by STF and has the Tenant Tick approved logo
- ✓ Hold meeting, events and other activities in places that are accessible
- ✓ Pay reasonable travel expenses or provide transport to attend events
- ✓ Pay reasonable care costs to enable tenants to attend events
- ✓ Provide additional support as required such as digital hearing systems

The Council is a member of Language Line.

### **How can you get involved?**

There is no one way of getting involved that suits everyone. We recognise that some tenants will be more interested in participating than others.

There are a range of ways you can get involved and give your opinions. The Council and STF welcomes the view of all its tenants and residents, and there may be some occasions where only the views of tenants are taken into account, for example in annual consultations over rents; only tenants pay rent so only tenants views count.

### **Shetland Tenants Forum**

What is it? – tenants from all over Shetland meet monthly and discuss and give their views on a range of local housing issues, local community issues, as well Council and Scotland wide issues for tenants. The forum is run and controlled by a committee of tenants.

The STF works in partnership with the Council to ensure tenants are actively involved in shaping proposals to change services, new initiatives, consultations etc.



The STF is open to all tenants in Shetland;; it is funded by the Council and employs a worker to actively encourage and support tenants to get involved as individuals or to help set up and support existing and new tenants and residents groups. The STF gives grants of £300 to help with the start-up costs for new groups and annual grants of £300 to support groups activities.

The STF also offers an advice service for tenants;; if you have a complement, complaint, issue or problem you can take that to STF.

The STF has its offices in Lerwick –

Shetland Tenants Forum

1a Water Lane

Lerwick

ZE1 0AG

Email: **[joann@shetlandtf.plus.com](mailto:joann@shetlandtf.plus.com)**

Tel / Fax: 01595 695197

If you would like more information about STF or to join the STF and to take part in shaping the future of Council housing services in Shetland contact the Forum. It doesn't involve a huge amount of time or effort and STF will pay towards your travel to attend meetings.

Information from STF – STF keeps tenants up to date through its newsletter, which will be full of topical information and will give you a chance to have your say.

All publications from the Housing Service are edited by the STF . On approval new publications will show the tenant tick logo.

The website [www.shetlandtenantsforum.com](http://www.shetlandtenantsforum.com) gives up to date information on consultations, forum meetings, groups in your area, up and coming events.

STF is an equal and active member on a range of Housing Service working groups, such as rent setting, satisfaction surveys etc.

Annual quality audits are carried out on all aspects of the housing service by STF members .

STF can make positive change to tenants' lives – it's easy to get involved and be part of that change.

## **Tenants and Residents Groups**

A Tenants and Residents Group is made up of local people who represent the interests of everyone living in their area. It plays a large part in dealing with problems that people come up against, as well as organising things like social events. Groups are set up for everyone to join and membership is open to all local people.

The Council and STF actively promote the setting up of groups to discuss local issues and to represent local communities directly with the Council. STF gives annual and start up grants to help support groups. Help and guidance to form a group is available from STF.

A Tenants and Residents Group must have a constitution and an active committee to qualify for a grant. STF has a constitution which groups can use as a guide. To become a Registered Tenants Organisation (RTO) the Scottish Government has laid down certain requirements; for more information please contact STF.

The Council is obliged to maintain a register of RTOs as a public document.

Formal and informal groups have access to support, information and training through STF and the Council.

## **Register of Interested Tenants**

If you want to keep up to date with what is happening, and you want to have your views heard on one or a range of subjects, join the Register of Interest. You will be invited to take part in surveys, working groups and meetings. Or if you prefer, you can choose to take part only by surveys. You can express an interest in all topics or just ones which are of particular interest to you. Joining the Register is a way of getting your views across without leaving your armchair. To find out more contact STF.

## **Tenant Information Volunteers (TIVS)**

TIVs represent their local community by speaking to their neighbours, asking their views on a variety of issues or topics and reporting these views back to the Forum. TIVs will be supported by STF by keeping you up to date with what's new, what's being consulted on, methods of gathering your friends and neighbours views etc. You will be trained and supported by STF.

## **Working Groups**

The Council and STF often get together to look in depth at a subject and form working groups. Tenants' voices are very important in these working groups to drive forward change and improvements. These working groups focus on a range of key issues and are set up as required with timescales attached. They are informal groups and are used to look at, for example, a housing policy review or a change to a policy for example, repairs, communications etc. These groups will be made up of tenants, service users, council officers and elected members as appropriate.

If you have a particular area of interest look out for adverts in the newsletter on the website, or if you are on the register of interested tenants, you will be invited to take part.

### **Surveys**

The Council will carry out a tenant satisfaction survey of all tenants every two years. The Council and STF will undertake short surveys, on for example your satisfaction with the quality of repairs.

### **Tenant conference/information day**

Every year the STF and Council along with other local organisations such as the CAB and credit union will hold an information day or conference for tenants. The day will enable tenants to pick up information and have a say in an informal setting.

### **Meetings**

The Council or the STF might occasionally organise a meeting in your local area to discuss a project or an issue, to give you information or to get your view on a specific issue.

### **Service Enquiry Group**

Tenant Service enquiries are carried out by a team of informed council tenants and other service users. They will closely examine a particular area of Housing and the Repairs Service to identify strengths and recommend areas for improvement in the service. This will allow tenants to review the services delivered by the Council and work in partnership to deliver better more efficient services in the future. The Council provides training and support to enable this group to undertake the service enquiry reviews.

The Council and STF have set up a panel of tenants to look in depth at a service area or at the how the Housing Service performs in a particular area. The Group members will all be fully trained and supported to undertake their scrutiny role.

The Group will thoroughly investigate a specific area or service and recognise things that are done well and make recommendations for improvement.

## Keeping you up to date

It is important that you are kept up to date with information. The Housing Service and the STF will provide you with a range of good quality information which is accurate, up to date and written in plain language. You can receive information in a number of ways, face to face, by post, by email, through the STF or Council web site and through local papers and radio.

The information will include:

- ✓ Your tenancy agreement
- ✓ Tenants handbook
- ✓ Newsletter from STF
- ✓ Newsletter from the Council
- ✓ Any proposed changes to policy or services
- ✓ Annual rent consultation
- ✓ Annual tenants report card on how we are performing
- ✓ And feedback on any consultation exercises

## You will be asked your views on?

The Housing Service and STF will ask you for your views on and consult you on for example:

- Any changes to our housing management policies and procedures such as
  - Allocations
  - Repairs service
  - How we manage our estates
  - Anti-social behaviour
  - Tenant participation
- Our rents
- How satisfied you are with our services
- Our service standards for example our relet policy
- Our new build homes
- Any proposals to transfer our homes to another landlord
- Any changes in Scottish Government laws
- Any other local or Shetland wide issue

The Housing Service and STF will:

- make sure you have all the information you need
- have a named person to contact for further information or to ask a question
- give you time to consider your view
- give you a range of options to express your views, for example by survey, by phone, email or at a meeting etc

- make sure your views are taken into account before any decision is taken
- let you know what is the process for reaching a decision
- let you know the final decision and reasons for the decision

## **Support for participation**

The Housing Service has given funds to the STF to give grants to local groups.

Tenants organisations can receive a start-up grant to get going of £300

An annual grant of £300 is awarded to existing groups, to receive this grant groups must provide their annual accounts.

Groups will have support from STF and Housing Service staff

Training can be given to groups either from STF, the Housing Service or from an independent organisation.

Transport and reasonable care costs will be covered for attending Housing Service or STF events and meetings.

## **Have we got it right?**

This strategy is a working documents, it is a living document. We need to make sure it continues to be fit for purpose. We will review this strategy with tenants every 3 years. We will include any new legislation updates in newsletters etc.

STF and the housing service will develop and monitor progress through an annual action plan

This strategy can be given in different formats and languages on request.





<b>Meeting(s):</b>	Development Committee Policy and Resources Committee Shetland Islands Council	8 February 2017 13 February 2017 15 February 2017
<b>Report Title:</b>	2017/18 Housing Revenue Account Budget and Charging Proposals	
<b>Reference Number:</b>	F-010-F	
<b>Author / Job Title:</b>	Jonathan Belford, Executive Manager - Finance	

### 1.0 Decisions / Action required:

- 1.1 That the Development Committee RECOMMEND to Policy and Resources Committee and Council that they approve the budget proposals for 2017/18 for the Housing Revenue Account included in this report and the proposed charges detailed at Appendix 1.

### 2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Development Committee to consider the controllable budget proposals for the Housing Revenue Account (HRA).
- 2.2 The overall proposed position for the Housing Revenue Account for 2017/18 is a contribution from the Housing Repairs and Renewals Fund of £484k.
- 2.3 The 2017/18 proposed schedule of charges for the HRA is attached as Appendix 1.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that 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 HRA Business Plan 2017 will be presented as a separate agenda item at this meeting. The HRA budget has been produced incorporating the over-arching financial aims of this plan, which are:
- to ensure that annual HRA budgets are financially sustainable into the future;
  - to focus on keeping housing rents at affordable levels;
  - to focus capital expenditure on maintaining the existing housing stock;
  - to ensure that all capital expenditure funded through borrowing complies with the Prudential Code and its key principles of prudence, affordability and

sustainability; and

- to ensure that only a sustainable draw is made on the Housing Repairs and Renewals Reserve each year.

#### 4.0 Key Issues:

4.1 The table below sets out the proposed 2017-18 budget for the HRA:

2016-17 Approved Budget (£000)	Description	2017-18 Proposed Budget (£000)
	<u>Expenditure</u>	
725	Supervision & Management	817
1,821	Repair & Maintenance	1,884
168	Void Rents & Charges	165
25	Garages	30
1,630	Capital Funded from Current Revenue	2,692
1,621	Debt Charges – Dwellings	1,711
5,990	Total: Expenditure	7,299
	<u>Income:</u>	
(2)	Interest on Revenue Balances	(1)
(6,763)	Rents – Dwellings	(6,623)
(181)	Rents - Other ie garages/sites etc	(191)
(6,946)	Total: Income	(6,815)
(956)	Total (Surplus)/Deficit	484
956	Contribution (from) / to Housing R & R Fund	(484)
0	<u>HRA Balanced Budget</u>	0

4.2 The 2017/18 budget has been prepared using the same key financial assumptions adopted in the financial modelling which has been done to inform the HRA Business Plan 2017.

4.3 An underlying inflation factor of 2% has been assumed over the coming 30 years, and a further 0.5% growth above inflation has been used to recognise the increased costs associated with managing and maintain housing services in a remote community.

4.4 It has been recognised in the rent modelling work that there is a disparity between the rent on the smaller properties compared to the larger properties. To address this issue and bring the weekly rental on smaller properties closer to the equivalent benchmark, it is proposed that only 2% inflation be applied to the rental on all properties, with no growth, but that £1 per week is added to the rental on one and two bedroom properties in addition to inflation. This means that an average rent rise of 2.28% is proposed for 2017/18.

Rental income is expected to reduce in 2017/18, despite the proposed percentage rent increase. This due to the reduction in overall housing stock number through Right To Buy sales.



- 4.5 Rents – Other ie garages and sites, is proposed to increase by £10k overall. Weekly rental charges for garage sites have increased from £3 to £5 per week (67%), and weekly garages rental charge by just under 5% (please see Appendix 1 for detail) in recognition of the increased cost of maintaining and managing these sites. It has been decided to remove the charge for shed rental, as it applies to a very small number of sheds and is no longer economical to collect. Consultation has taken place with tenants to explain the removal of the charge and that responsibility for any ongoing maintenance will rest with the tenant.
- 4.6 Void rents and charges are proposed to reduce in 2017/18. These costs are estimated as 2.4% of general housing rental income and 3% sheltered housing rental income, based on historic rates of void costs.
- 4.7 Employee costs are incorporated into the budgets within Supervision and Management and Repairs and Maintenance. A pay and pensions uplift of 1% has been assumed in the budget.
- 4.8 An integral part of the business planning process has been the detailed work that has gone into the Housing Asset Management Strategy. The Council supplemented its own stock information with an externally commissioned survey of 20% of the stock to allow the planning of both capital and revenue expenditure required to maintain Council housing stock into the long-term. The budget assumes the underlying inflation factor and growth on repairs and maintenance costs and takes into account the reduced overall stock numbers due to Right To Buy sales.
- 4.9 The HRA capital programme included in the Council's Asset Investment Plan for 2017/18 is £2.912m, which takes reference for the Housing Asset Management Strategy and business planning process. It is proposed that the capital expenditure is funded through Capital Funded from Current Revenue, £2.692m and estimated capital receipts from the sale of a further 4 Council Houses, £200k and vehicle sales of, £21k, in 2017/18.
- 4.10 Debt levels within the HRA have reduced substantially through the successful negotiations with Government in 2013, after which the remaining debt was externalised. The HRA is expected to have borrowing of £13m at the start of 2017/18 and no new borrowing will be required in the year. Borrowing costs on the existing debt has been estimated at £1.711m, which includes the principle repayment, in addition to interest and other charges.
- 4.11 The purpose of the Housing Repairs and Renewals Reserve is to ensure the HRA is financially sustainable and has funds available to smooth out the peaks and troughs in HRA expenditure in specific years. It must be maintained at a level which can meet any unforeseen or exceptional circumstances and this has been tested in the financial modelling which underpins the HRA Business Plan 2017.
- 4.12 The Housing Repairs and Renewals Fund as at 31 March 2016 had a balance of £13.143m. There will be a need to draw £484k from this Reserve to support the proposed HRA budget for 2017/18.

## **5.0 Exempt and/or confidential information:**

- 5.1 None

<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	<p>There is a statutory obligation to consult with tenants annually on the rent increases and proposed changes to service levels.</p> <p>At the last consultation in October 2016 there was a 12% return. Of those who responded 72% felt that the rent they pay for their home represented good value for money. On affordability, 34% said the proposed increase was affordable, 49% had some concerns about affordability and 17% said they felt it was not affordable.</p>
<b>6.2 Human Resources and Organisational Development:</b>	None
<b>6.3 Equality, Diversity and Human Rights:</b>	The Local Housing Strategy has had a full equalities impact assessment carried out.
<b>6.4 Legal:</b>	<p>Under Section 95 of the Local Government (Scotland) Act 1973, there is a requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief financial officer/Section 95 officer has responsibility for the administration of those affairs.</p> <p>Income and expenditure in relation to a local authority's own direct provision of housing must be recorded separately within a Housing Revenue Account as laid out in Section 203 of the Housing (Scotland) Act 1987.</p>
<b>6.5 Finance:</b>	<p>The 2017/18 HRA budget is based on the detailed financial modelling which underpins the HRA Business Plan 2017.</p> <p>The HRA requires a transfer from the Housing Repairs and Renewals Fund of £484k to balance the budget.</p>
<b>6.6 Assets and Property:</b>	The Housing Stock Asset Management Strategy is to ensure that housing stock is maintained to current standards and procurement of component replacements is done in the most cost effective way.
<b>6.7 ICT and new technologies:</b>	This budget will ensure continuing analysis and search for new technology which can be implemented to ensure effectiveness and efficiency in provision of services.
<b>6.8 Environmental:</b>	The Local Housing Strategy was screened for Strategic Environmental Assessment.
<b>6.9 Risk Management:</b>	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>From a financial perspective, risks are an integral part of</p>

	<p>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 financial risk for the Housing Revenue Account is that the draw on the Housing Repairs and Renewal Fund becomes unsustainable. The risk has been mitigated by the detailed work carried out on the HRA Business Plan 2017, which gives assurance of the longer term financial stability of the HRA.</p>	
<b>6.10 Policy and Delegated Authority:</b>	<p>The Development Committee has delegated authority to advise Policy and Resources Committee and the Council in the development of services and objectives, policy and plans concerned with service delivery. Approval of the revenue budgets requires a decision of Council, under the terms of Section 2.1.3 of the Council's Scheme of Administration and Delegation.</p>	
<b>6.11 Previously considered by:</b>	n/a	n/a

**Contact Details:**

Sheila Duncan, Management Accountant, [sheila.duncan@shetland.gov.uk](mailto:sheila.duncan@shetland.gov.uk), 8 February 2017

**Appendices:**

Appendix 1- 2017/18 Housing Revenue Account Schedule of Charges



**Schedule of Charges 2017-18**Rent levels – Summary per Property Size 2017-18

Property size	Area	2016/17 Rent Per Week £	2017/18 Rent Per Week £	Weekly Increase £
5 Apartment	Lerwick	104.15	106.24	2.00
4 Apartment	Lerwick	89.38	91.17	2.00
3 Apartment	Lerwick	74.23	75.71	2.00
2 Apartment	Lerwick	60.85	63.07	3.64
1 Apartment	Lerwick	45.69	47.61	4.19
8 Apartment	Non Lerwick	141.40	144.23	2.00
6 Apartment	Non Lerwick	113.34	115.61	2.00
5 Apartment	Non Lerwick	98.94	100.92	2.00
4 Apartment	Non Lerwick	84.92	86.61	2.00
3 Apartment	Non Lerwick	70.52	71.93	2.00
2 Apartment	Non Lerwick	57.86	60.01	3.73
1 Apartment	Non Lerwick	43.46	45.33	4.30
AVERAGE RENT LEVELS		73.94	75.63	2.28%

NOTES                      A 2% inflationary uplift is proposed to all properties, together with £1 per week additional charge added to all one and two apartment properties to address the disparity in pricing between small and large property rentals against appropriate benchmarks.

Garages, Sheds & Site Charges 2017/18

TYPE OF CHARGE	2016/17 CHARGE £	2017/18 CHARGE £	VARIANCE %
<b>GARAGES:</b>			
Garage Rents (no electricity)	10.50	11.00	4.76
Garage Rents (electricity)	15.00	15.70	4.67
Double Garage (electricity)	22.50	23.60	4.89
Garage Site Rent	3.00	5.00	66.67
<b>SHEDS:</b>			
Soldian Court and Voderview, Lerwick	1.50	0.00	-100.00





<b>Meeting(s):</b>	Development Committee	8 February 2017
<b>Report Title:</b>	Local Development Plan – Development Plans Scheme 2017	
<b>Reference Number:</b>	DV-15-17-F	
<b>Author / Job Title:</b>	Suzanne Shearer / Team Leader - Development Plans	

## 1.0 Decisions / Action required:

- 1.1 That the Development Committee RESOLVE to approve the Development Plan Scheme attached at Appendix 1.

## 2.0 High Level Summary:

- 2.1 Section 20B of the Planning Etc. Scotland Act (2006) requires each planning authority to prepare a Development Plan Scheme (DPS) at least annually. The DPS sets out the authority's programme for preparing and reviewing its Local Development Plan (LDP).
- 2.2 Development Plans are spatial land use plans. Their purpose is to guide the future use of land by addressing the spatial implications of economic, social and environmental change. Development Plans should set out realistic long-term land use visions for the Council. The LDP should indicate where development should and should not happen, thereby providing confidence to both communities and investors.
- 2.3 The LDP must complement other policies and strategies across the Council. The Development Plans and Heritage Team therefore continue to need significant levels of input from other Council services.
- 2.4 The Council is required to engage in meaningful consultation and engagement during the preparation of the LDP; the participation statement, which forms part of the DPS, states when and how the Planning Authority intends to consult during the various stages of the LDP.
- 2.5 The Current LDP was adopted in September 2014. The Development Plans & Heritage Team are currently engaged in the evidence gathering stage for the next LDP (LDP2). The main statutory stages in the preparation and delivery of the LDP and the timeline for achieving them are detailed in Appendix 2 of this document. At the same time, work continues on completion of the agreed list of Supplementary Guidance documents associated to the LDP adopted in 2014. It should be noted that this is only one of many workstreams for the Development Plans & Heritage team.

<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
3.1	When complete, the next Shetland LDP will become the strategic tool for the Council's development priorities. In conjunction with other Council Policies (Including the Local Housing Strategy), it will contribute to meeting the spatial aims of the Community Plan and the Corporate Plan.
<b>4.0</b>	<b>Key Issues:</b>
4.1	The current timetable for completion of LDP2.
4.2	<p>Slippage in delivery has occurred due to a number of factors –</p> <ul style="list-style-type: none"> <li>• Staffing – The Development Plans and Heritage team has been understaffed in various posts for the past 2 years. Currently there are two vacant Planning officer posts, a recruitment exercise to fill these posts is underway.</li> <li>• Other priority workloads including Masterplanning sites in Lerwick have taken up a significant amount of officer time. It is now a requirement for LDP Planning Officers to enable and facilitate delivery of the sites included within the LDP, this means additional input at the Masterplanning and Development stages of sites included in the LDP.</li> <li>• Additional short term workload resulting from the Review of Planning.</li> </ul>
4.3	The LDP is dependent on the evidence provided in a number of other strategic documents, most prominently the Housing Needs and Demands Assessment and the Community Plan - Locality Profiles. Neither of these documents have been completed, and progression beyond the evidence gathering stage of the LDP cannot happen until they are completed.
4.4	The DPS presented today is subject to change as the Review of Planning progresses. The Scottish Government is recommending a number of proposals which, if they are adopted, are likely to significantly change the Plan making process. The Council will be kept up to date of these changes and an updated DPS may be presented to the Council within the 12 month lifetime of this DPS.
<b>5.0</b>	<b>Exempt and/or confidential information:</b>
5.1	None.



<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	There is a requirement for extensive consultation through the Plan, particularly at the early stages (Pre MIR & MIR). The Development Plans & Heritage Team is committed to achieve this, as set out in the Participation Statement, and will seek to work with the Community Planning and Development Service and the Communication Section to maximise these opportunities.
<b>6.2 Human Resources and Organisational Development:</b>	All workload relating to the Plan making process will be met within the resources of the existing Development Plans & Heritage Team.
<b>6.3 Equality, Diversity and Human Rights:</b>	The Council is obliged to address its obligation to comply with equalities legislation and policies when preparing the LDP, and all policies, guidance and actions are being analysed and assessed in these terms. A full assessment will be completed for submission alongside the LDP.
<b>6.4 Legal:</b>	None.
<b>6.5 Finance:</b>	None.
<b>6.6 Assets and Property:</b>	None.
<b>6.7 ICT and new technologies:</b>	None.
<b>6.8 Environmental:</b>	The LDP is subject to strategic environmental assessment with a draft Environmental Report to accompany the MIR and a revised environmental report to accompany the LDP, this will show how environmental implications have been considered and impacts mitigated. The Planning Authority is also subject to the over-arching requirement to exercise the function (of preparing development plans) with the objective of contributing to sustainable development imposed by The Planning etc. (Scotland) Act 2006. A Habitats Regulations Appraisal must be undertaken (to comply with the Conservation (Natural Habitats &c.) regulations 1994) in order to determine whether the LDP is likely to have a significant effect on any European site.
<b>6.9 Risk Management:</b>	The lack of an up to date Development Plan could prevent the Council from supporting developments that are in line with its priorities, and result in more challenges to Council decisions. The LDP is formulated to reflect the Council's priorities.

<b>6.10 Policy and Delegated Authority:</b>	In accordance with Section 2.3.1 of the Council's Scheme of Delegations, the Development Committee has delegated authority to implement decisions within its remit.	
<b>6.11 Previously considered by:</b>	None.	

**Contact Details:**

Suzanne Shearer, Team Leader Development Plans and Heritage, Tel: 01595745858  
30 January 2017.

**Appendices:**

Appendix 1: The Local Development Plan Development Plans Scheme 2017  
Appendix 2: Main Statutory Stages in Plan Preparation and Delivery

**Background Documents:** None.

# Development Plan Scheme 2017

## Introduction

Shetland Islands Council is required to prepare and keep under review a Local Development Plan (LDP) that guides how and where places can be developed and improved across Shetland. The LDP includes Local Development Plans that set out policies and site allocations and Supplementary Guidance (SG) that contain more detailed guidance and, in some instances policy, on specific issues or places. The Council adopted the Shetland LDP in September 2014 and some of the associated Supplementary Guidance has been adopted since then. The Planning Service has been working on the next LDP (LDP2) since 2015.

Planning Applications for all types of development in Shetland are determined against the Local Development Plan.

The current Local Development Plan and Supplementary Guidance can be viewed online here: <http://www.shetland.gov.uk/planning/LDP>

## Purpose of the Development Plan Scheme

The Development Plan Scheme (DPS) sets out the Council's proposed timetable for review and replacement of the LDP, setting out the steps the Council will take to prepare the LDP. It also shows where there are opportunities for consultation and participation – by stakeholders, the general public and for everyone with an interest. The DPS must include a participation statement, which explains in detail the proposed arrangements and opportunities for involvement in the various participation and consultation stages.

The DPS must be reviewed at least annually and the Council is ultimately judged on whether or not it has sufficiently adhered to the participation statement.

This DPS provides details of:

- An update on the work programme, including current progress and future priorities
- The Supplementary Guidance List
- The Participation Statement showing the key pieces of work we propose to undertake in the coming year

## The Current Position

### LDP2:

The Council adopted the Shetland LDP in September 2014 and the Scottish Government's target is for it to be replaced by autumn 2019; we refer to the next LDP as LDP2.

We commenced work on LDP2 in January 2015; this initial work requires the Development Plans team engaging with key stakeholders and communities to assemble the data and information needed to inform the Main Issues Report (MIR), set the strategic vision and the spatial strategy for the LDP. All of this requires an up

to date, detailed and credible evidence base. This is the most labour intensive part of the LDP process and takes the largest percentage of the plan preparation time.

We have been closely involved with the development of the Place Standard, which is an innovative new tool to support the delivery of high quality places. We are part of a short term working group which pulled resources to deliver the Place Standard Consultation in the summer of 2016, the online Shetland wide survey received a high number of responses and proved to be an effective way of engaging with the Shetland Community. Work on analysis and dissemination of the data is ongoing, The results of this will provide key information to help us in the development of the LDP.

We have committed time and resources to working with the Council's Housing Service in its preparation of the replacement Housing Need and Demand Assessment (HNDA), which will form the evidence base for the Local Housing Strategy and also for the housing land requirement for the LDP; the HNDA is due to be published in 2017 (date to be confirmed). After the publication of the HNDA we will continue to work with Housing during the development of the Local Housing Strategy which also informs the LDP.

#### **LDP 1 Associated Supplementary Guidance Documents:**

During the year the Council adopted the SG Placemaking and it has now been submitted to the Scottish Ministers for adoption. Supplementary Guidance Aquaculture and Non Statutory Supplementary Guidance Works Licence have been through a public consultation exercise. SG Aquaculture is now awaiting adoption from the Council prior to it's submission to the Scottish Ministers and Non-Statutory SG Works Licence is awaiting adoption by the Council.

For progress on all SG see table 2.

**Table 1. The LDP 2 Work Programme**

Key Stage		Timescale
Evidence Gathering	<ul style="list-style-type: none"> <li>• Publish Development Plan Scheme</li> <li>• Engage with Key Agencies and Shetland Community</li> <li>• Gather Evidence Base</li> <li>• Call for Sites</li> <li>• Prepare Monitoring Statement</li> <li>• Prepare Main Issues Report</li> <li>• Prepare draft Environmental Report</li> </ul>	Quarter 1 2015 to Quarter 3 2017
Main Issues Report	<ul style="list-style-type: none"> <li>• Publish Main Issues Report</li> <li>• Publish Monitoring Statement</li> <li>• Publish Draft Environmental Report</li> <li>• Consultation on Main Issues report</li> </ul>	Quarter 3 & Quarter 4 2017
Proposed Plan	<ul style="list-style-type: none"> <li>• Consider Representations on MIR</li> <li>• Prepare Proposed Plan (LDP2)</li> <li>• LDP2 SEA Scoping</li> <li>• Prepare Action Programme</li> <li>• Prepare revised SEA Environmental Report</li> <li>• Report Proposed Plan to Committee</li> <li>• Publish and consult on Proposed Plan, Action Programme and Environmental Report</li> <li>• Consider Representations on Proposed Plan, Action Programme and Environmental Report</li> <li>• Prepare Summary of unresolved issues &amp; report of conformity with Participation Statement.</li> <li>• Prepare Report to Council of Representations and suggested modifications on the Proposed Plan.</li> <li>• Preparation of a Summary of unresolved Issues for Examination</li> </ul>	Quarter 4 2017 to Quarter 4 2018
Submission to Ministers	<p>Submit the following to Scottish Ministers:</p> <ul style="list-style-type: none"> <li>• Proposed Plan</li> <li>• Proposed Action Programme</li> <li>• Report of Conformity</li> <li>• Note of representations and how taken in to account</li> <li>• Publish Submission of Plan</li> </ul>	2019
Examination	<p>Examination of Proposed Plan</p> <ul style="list-style-type: none"> <li>• Examination report Published and submitted to Planning Authority</li> </ul>	2019

**Table 2. Supplementary Guidance**

	Research (1), Draft (2), Pre-Consultation inc consider responses, Committee Draft (4)	Approved for consultation	Consultation	Review Consultation responses & redraft	Approved for submission to Scottish Government	Sent to Scottish Government for Adoption	Adopted	
Supplementary Guidance								Additional Information
Marine Spatial Plan								
Local Nature Conservation Sites								
Onshore Wind Energy								SEA being revised
Placemaking								
Parking Standards & Residential Access	1							
Aquaculture								
Works Licence								
Local Landscape Areas								Draft consulted 2013, presently on hold
Open Space								Draft consulted 2013, presently on hold
Natural Heritage								Draft consulted 2013, presently on hold
Business and Industry								Draft consulted 2013, presently on hold
Water and Drainage								Draft consulted 2013, presently on hold
Historic Environment								Draft consulted 2013, presently on hold
Lerwick Town centre								Draft consulted 2013, presently on hold
Minerals								Draft consulted 2013, presently on hold. See Interim Planning Policy: Minerals December 2009: <a href="http://www.shetland.gov.uk/developmentplans/documents/MineralsPolicyDecember2009FinalDocument.pdf">http://www.shetland.gov.uk/developmentplans/documents/MineralsPolicyDecember2009FinalDocument.pdf</a>

## PARTICIPATION STATEMENT

### How to get involved in preparing the next Local Development Plan

It is essential that everyone living, working and investing in Shetland has the opportunity to be involved in the preparation of the Local Development Plan and we encourage you to get involved from the start. This Participation Statement sets out the opportunities for you to have your say and how and when the Planning Authority intends to consult on the various stages of the LDP.

### Purpose of Participation Statement

Shetland Islands Council is committed to ensuring that all consultation is carried out in a constructive and respectful manner and as such any consultation carried out by the Council will adhere to the National Standards for Community Engagement details of the National standards can be found here: <http://www.scdc.org.uk/what/national-standards/>

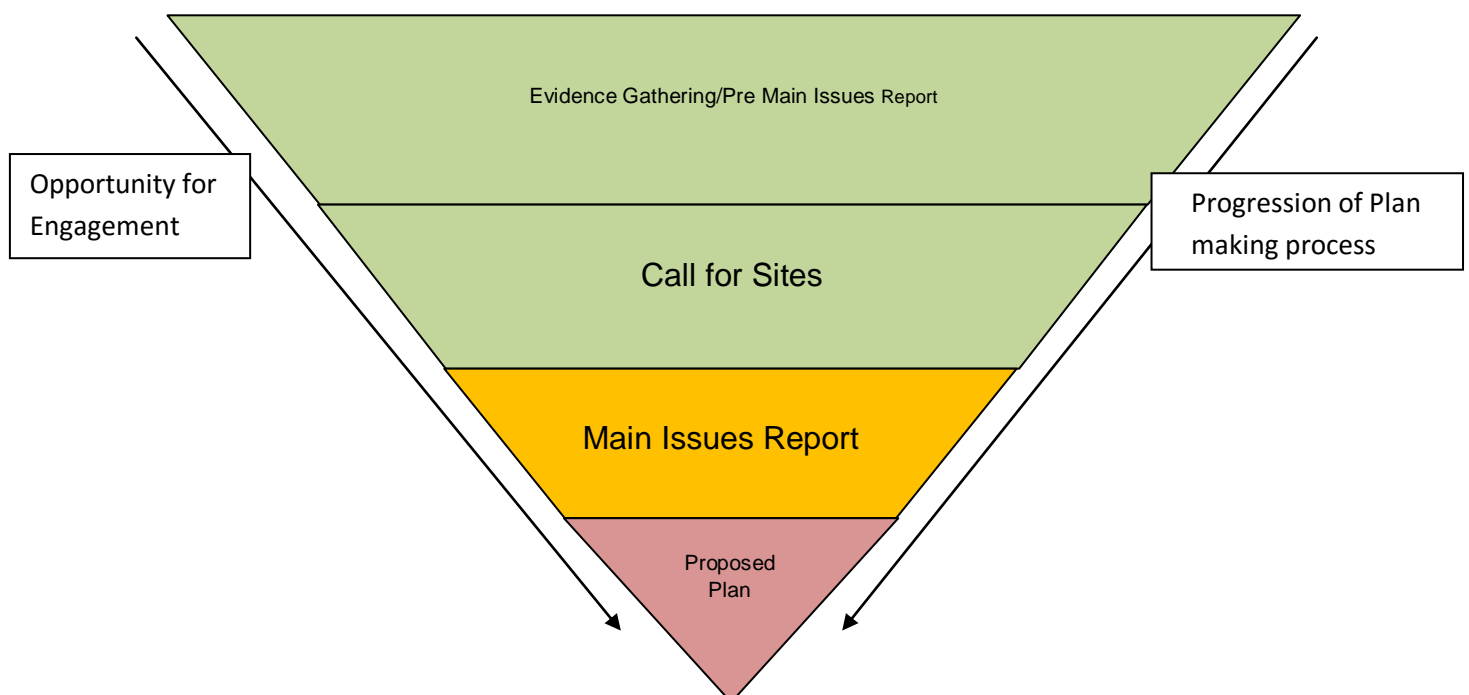
### The Shetland Local Development Plan

The production of the next LDP is a continuous process with a number of key stages and opportunities for engagement. The key stages have decreasing levels of opportunity for influencing change as the Plan progresses towards conclusion, which means you can have more impact on the outcomes the sooner you get involved. In summary the 3 key stages can be summarised into one of the three groups below:

Engagement	<div style="width: 50px; height: 15px; background-color: #d9ead3; border: 1px solid black;"></div>
Consultation	<div style="width: 50px; height: 15px; background-color: #fdd49e; border: 1px solid black;"></div>
Informing	<div style="width: 50px; height: 15px; background-color: #f4cccc; border: 1px solid black;"></div>

**Diagram 1** illustrates the different stages of plan preparation and the proportionate level of opportunity for engagement at each stage.

**Diagram 1**



**Table 3** focuses on the 4 key stages of the Plan preparation process and the key methods for engagement to illustrate the actions the Planning Service will take in order to engage with stakeholders throughout the process. The Planning Service will endeavour to build on these methods as resources and local circumstances allow.

**Table 3 Participation in the Shetland Local Development Plan**

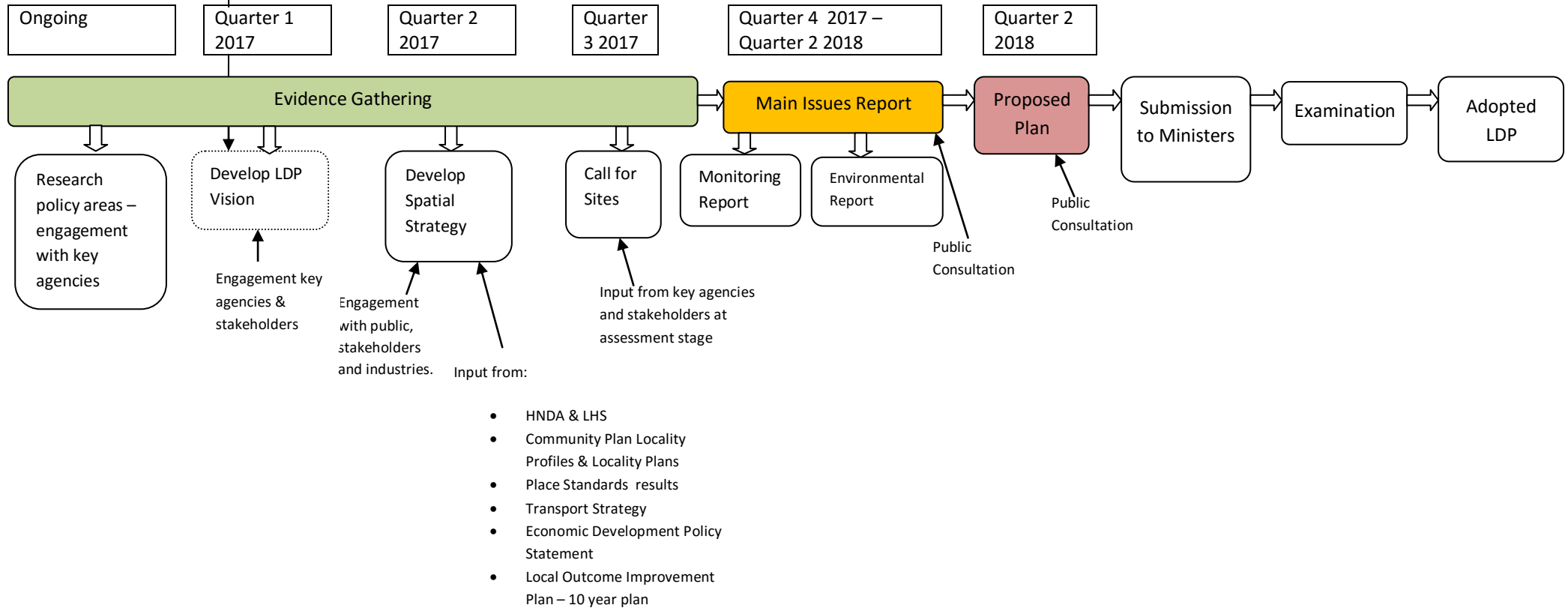
Key Stage	Who	Key methods	Timescale
Evidence Gathering & Pre – Main Issues Report	<ul style="list-style-type: none"> <li>Community Groups</li> <li>Key Agencies</li> <li>Public Sector Organisations</li> <li>Private sector stakeholders</li> <li>General Public with an emphasis on ensuring underrepresented groups are given the opportunity to engage in the process e.g. Young people</li> </ul>	<ul style="list-style-type: none"> <li>Newsletter</li> <li>Newspaper articles</li> <li>Radio</li> <li>Community Road show/ workshops</li> <li>Targeted workshops</li> <li>Youth workshops with schools/youth clubs</li> <li>Social Media</li> <li>Focus groups</li> <li>SIC Planning Service website updates</li> </ul>	Quarter 1 2015 to Quarter 3 2017
Call for Sites - Promotion	<ul style="list-style-type: none"> <li>Community Groups</li> <li>Land Owners</li> <li>Developers</li> <li>General Public</li> </ul>	<ul style="list-style-type: none"> <li>Newsletter</li> <li>Developers workshop</li> <li>Newspaper articles</li> <li>Availability of Duty Officer drop in/appointments</li> <li>SIC Planning Service website updates</li> </ul>	<b>Promotion</b> Quarter 1 2017 & Quarter 2 2017
Call for Sites Submissions	<ul style="list-style-type: none"> <li>Land Owners</li> <li>Developers</li> <li>General Public</li> </ul>	<ul style="list-style-type: none"> <li>Newsletter</li> <li>Newspaper articles</li> <li>Radio</li> <li>Availability of Duty Officer drop in/ appointments</li> <li>SIC Planning Service website updates</li> </ul>	<b>Submissions</b> Quarter 3 2017 & Quarter 4 2017
Main Issues Report – preparation and engagement	<ul style="list-style-type: none"> <li>Community Groups</li> <li>Key Agencies</li> <li>Public Sector Organisations</li> <li>Private sector stakeholders</li> <li>General Public with an emphasis on ensuring underrepresented</li> </ul>	<ul style="list-style-type: none"> <li>Newsletter</li> <li>Availability of Duty Officer drop in/ appointments</li> <li>SIC Planning Service website updates</li> </ul>	<b>Preparation</b> Quarter 4 2017



	groups are given the opportunity to engage in the process e.g. Young people		
Main Issues Report - Consultation	<ul style="list-style-type: none"> <li>• Community Groups</li> <li>• Key Agencies</li> <li>• Public Sector Organisations</li> <li>• Private sector stakeholders</li> <li>• Land Owners</li> <li>• Developers</li> <li>• General Public with an emphasis on ensuring underrepresented groups are given the opportunity to engage in the process e.g. Young people</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletter</li> <li>• Availability of Duty Officer drop in/ appointments</li> <li>• Newspaper articles</li> <li>• Radio</li> <li>• Attendance at Community Council Forum Groups</li> <li>• Deposit of MIR in Council HQ, Libraries, Inter-Island Ferries</li> <li>• SIC Planning Service website updates</li> <li>• Statutory publicity (adverts etc)</li> </ul>	<b>Consultation</b> Quarter 1 2018
Proposed Plan	<ul style="list-style-type: none"> <li>• All parties involved in the previous Plan development stages.</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletter</li> <li>• Letter to respondents of MIR</li> <li>• Deposit of Proposed Plan in Council HQ, Libraries, Inter-Island Ferries</li> <li>• SIC Planning Service website updates</li> <li>• Statutory publicity (adverts etc)</li> </ul>	Quarter 2 2018



We are here in  
the process –  
February 2017







<b>Meeting(s):</b>	Development Committee Shetland Islands Council	8 February 2017 22 February 2017
<b>Report Title:</b>	Supplementary Guidance - Aquaculture	
<b>Reference Number:</b>	DV-12-17-F	
<b>Author / Job Title:</b>	Martin Holmes / Coastal Zone Manager	

## 1.0 Decisions / Action required:

- 1.1 That the Development Committee RECOMMEND to the Council that it RESOLVE to adopt the Supplementary Guidance – Aquaculture as statutory guidance to the Local Development Plan.

## 2.0 High Level Summary:

- 2.1 The purpose of this report is to provide a brief summary of the supplementary guidance (SG) on aquaculture. If adopted by Council the document will provide detailed policy context and guidance for developers and, as a statutory part of the Local Development Plan (LDP), will be integral to the planning application decision making process for the fish farming sector.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 The LDP is the strategic tool for the Council's spatial development priorities and underpins sustainable development. In conjunction with other Council policies it also contributes to the spatial aims of the Community Plan and the Corporate Plan.
- 3.2 In providing additional policy context and guidance SG supports a high standard of governance by ensuring the Council operates effectively and decisions are evidence based and supported by effective assessments of options and potential effects.

## 4.0 Key Issues:

- 4.1 Supplementary Guidance expands upon existing policies and proposals and supports the content of the LDP. This is particularly important when extensive and well defined detail is required for a specific area of interest or development sector. It provides more detail and guidance to developers when they are formulating proposals and to the Council (and others) when considering the impacts of any proposed development.
- 4.2 The Council has had policy context and guidance in place for fish farming developments since 1989 and it has been integral to the development of a very successful industry which is now one of the main drivers of the local economy. Between 1989 and 2007 aquaculture developments were included within the Council's Works Licence Policy but following the transfer of marine fish farming

into the planning system in April 2007 policy for this sector was provided for separately to that for other types of marine development. The policy has not been updated since July 2007.

- 4.3 In taking forward the current adopted LDP it was decided that it would be appropriate to include the Council's aquaculture policy as SG. The document was revised and updated in light of legislative changes and subject to a 12 week public consultation when the LDP was approved as the Council's settled view in October 2012 (Min Ref 96/12).
- 4.4 Following adoption of the LDP in 2014 it was recommended that a number of SGs, including aquaculture, be adopted by the Council. However due to the length of time that had lapsed between their approval and the date they were reported back to Council for adoption, the Council resolved to subject all the SGs to a further period of consultation (Min Ref 80/14).
- 4.5 As a consequence of resource issues within the Development Plans section the second round of consultation on the SG for aquaculture was not completed until the end of August 2016 with analysis of responses taking place thereafter.
- 4.6 Overall the majority of respondents were content with, and supportive of, the SG document. A number of comments were made in regard to text, layout and detail and these have been incorporated into the document where appropriate.
- 4.7 Three respondents considered that the Council should review its policy in regard to the presumption against aquaculture developments within the Sullom Voe Harbour Area given the downturn in tanker movements. Currently the policy states that aquaculture will not be permitted while 'the primary purpose (of the harbour) is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances'. While the number of tanker movements has decreased it is clear that the primary purpose of the harbour continues to exist and will do so for some years yet. It is also considered that consultation of the adoption of a document as SG is not the means by which a review should be instigated. Clearly there will come a point where it will be appropriate and necessary for the Council to review this policy aspect.
- 4.8 One respondent questioned whether supplementary guidance should contain further policy statements, other than those set out in the LDP, as described in a letter from the Chief Planner in January 2015. The Chief Planner's letter was issued to address a number of concerns Scotland wide in regard to connectivity between LDPs and supplementary guidance. The three concerns were:
- *The sufficiency of the express statement regarding the guidance in the Plan itself:* this means that guidance may only deal with the provision of further information or detail in respect of policies set out in the LDP provided these matters are expressly identified in a statement in the Plan as matters that are to be dealt with in supplementary guidance.
  - *Compliance with national policy* – National Planning Framework (NPF) 3 and Scottish Planning Policy (SPP) specifically.
  - *The appropriateness of the subject matter covered by the guidance.*

4.9	<p>There is no express indication within the Chief Planner's letter that supplementary guidance cannot include further policy statements that provide further detail, information and guidance. LDP Policy CST1 (Coastal Development) clearly identifies that fish farming developments will be assessed against this SG and thus contains the necessary 'policy hook' for its inclusion. In addition it is compliant with both NPF3 in supporting the sustainable development of the industry in line with their 2020 growth targets and SPP by addressing the policy principles and issues set out in SPP paragraphs 250 – 251. Given the importance of the fish farming sector to Shetland's economy it is deemed an appropriate subject matter for guidance having proved its value over the past 27 years or so. It is therefore considered that the SG – Aquaculture accords with the criteria set out in the Chief Planner's letter and can be adopted as supplementary guidance to the LDP in the form set out in Appendix 1 to this report.</p>	
4.10	<p>Along with the Shetland Islands' Marine Spatial Plan, which also contains policy statements beyond and has been adopted as SG to the LDP, adoption of this SG further strengthens the connectivity between terrestrial and marine planning. Integration between land and marine planning is advocated by the National marine Plan and also in Planning Circular 1/2015 'The relationship between the statutory land use planning system and marine planning and licensing'.</p>	
4.11	<p>Summary sheets of the comments submitted by respondents are included at Appendix 2.</p>	
<b>5.0</b>	<b>Exempt and/or Confidential Information:</b>	
5.1	None	
<b>6.0</b>	<b>Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Document has been subject to 2 rounds of public consultation. Furthers certainty amongst service users when bring development proposals forward.	
<b>6.2 Human Resources and Organisational Development:</b>	None.	
<b>6.3 Equality, Diversity and Human Rights:</b>	None.	
<b>6.4 Legal:</b>	Ensures up-to-date compliance with planning legislation.	
<b>6.5 Finance:</b>	None.	
<b>6.6 Assets and Property:</b>	None.	

<b>6.7 ICT and new technologies:</b>	None	
<b>6.8 Environmental:</b>	Supports sustainable development of the aquaculture sector such that environmental effects are managed and/or mitigated including those associated with climate change and carbon management. SEA is not required.	
<b>6.9 Risk Management:</b>	Council policy documents underpin good decision making and are integral to good governance. A lack of such policy documents clearly undermines this and would be ineffective in supporting sustainable development and could increase costs and time to both applicants and the Council when preparing and determining planning applications.	
<b>6.10 Policy and Delegated Authority:</b>	In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit. However determining of matters of Policy is reserved to the Council.	
<b>6.11 Previously considered by:</b>	None	

**Contact Details:**

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25 January 2017

**Appendices:**

Appendix 1: Supplementary Guidance – Aquaculture

Appendix 2: Summary consultation response sheets

**Background Documents:**

END





**Shetland**  
**Islands Council**

## **SUPPLEMENTARY GUIDANCE – AQUACULTURE**

**January 2017**

Coastal Zone Management Service, 8 North Ness Business Park, Lerwick ZE1 0LZ Tel: 01595 744293  
Email: [marine.planning@shetland.gov.uk](mailto:marine.planning@shetland.gov.uk)

## SHETLAND ISLANDS COUNCIL SUPPLEMENTARY GUIDANCE: AQUACULTURE

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## PART I: POLICY FRAMEWORK AND LEGISLATION

### 1. Introduction

- 1.1 The marine fish farming industry in Shetland has two major components: finfish farms and those involved in the cultivation of shellfish and the industry is a major component of the Shetland economy. Salmon production is the largest element by far and there are a small number of hatcheries producing salmon smolts including two with freshwater loch cage developments.. Sea trout, cod and halibut have been farmed in recent years whilst the hatchery production of lumpsuckers, as a biological control for sea lice, is being established. In respect of shellfish cultivation, mussels are the main species with a small number of sites previously developed for scallops and oysters.
- 1.2 The purpose of this document is to provide guidance to all involved in the process of considering proposals for new or amended “fish farming” developments under the scope of the Town and Country Planning (Scotland) Act 1997 (as amended). In general terms, that means development and/or the placing of “equipment” in freshwater, the sea, on the seabed or on the foreshore below Mean High Water Springs (MHWS) and out to the limits of territorial waters (12nm) for the purposes of breeding, rearing or keeping of fish or shellfish (which includes any kind of sea urchin, crustacean or mollusc).
- 1.3 Shetland Islands Council (The Council) will apply this policy to all planning applications for fish farming developments for which the Council has authority to issue planning permission in terms of the 1997 Act determined on, or after, the date it is approved by Shetland Islands Council. Applications will be determined in line with the Council’s Scheme of Delegation as it applies to the Planning Service.
- 1.4 This policy has been drawn up in recognition of the Council’s commitment to sustainable development of which the key aims are to:
  - Encourage sustainable development that maintains and improves life chances for local people.
  - Involve local communities in the decision making process.
  - Protect and enhance Shetland’s environment.

At all times the Council will endeavour to balance these aims to ensure its policies and decisions are equally promoted.
- 1.5 In cases where granting permission for a development poses significant risks of damage to the environment, the Council will apply the precautionary principle to limit those risks, even where scientific or technical knowledge is inconclusive.
- 1.6 The Council has certain powers and duties in respect of environmental protection, as do other statutory bodies and agencies (see section 3, Regulatory Framework). In respect of fish farming developments, there may be circumstances where it would be more appropriate for another body to exercise its powers to achieve a particular objective rather than for the Council to seek to secure that objective through the imposition of conditions attached to planning permissions. However, this does not

prohibit the Council from attaching conditions to planning permissions that may have the effect of securing other objectives as well.

- 1.7 Shetland Islands Council is involved in a number of areas in the arena of marine spatial planning. Principal amongst these are the Shetland Islands' Marine Spatial Plan, the Local Development Plan and Regional Marine Plans required under the Marine (Scotland) Act 2010. The purpose behind these plans is a need to optimise, in a balanced manner, the variety of activities that occur in Shetland's marine coastal environment to both safeguard its assets and allow appropriate sustainable development. As such this policy is an integral component of these Plans and prospective developers are strongly recommended to consult these Plans prior to submission of an application.
- 1.8 This document comprises background information or general advice to prospective developers and informs the statements contained within the Supplementary Guidance for Aquaculture.

## **2. Regulatory Framework**

- 2.1 Planning applications are required for all freshwater and marine fish farm developments under the Town and Country Planning (Scotland) Act 1997, as amended. Applications will be considered in terms of this Supplementary Guidance; the Council's Local Development Plan; Scottish Planning Policy; Scotland's National Marine Plan; Shetland Islands' Marine Spatial Plan and Marine Scotland's Locational Guidelines for the Authorisation of Marine Fish Farms in Scottish Waters.
- 2.2 As of 01 June 2012 aquaculture developments are afforded certain Permitted Development (PD) rights through the Town and Country Planning (General Permitted Development) (Fish Farming) (Scotland) Amendment Order 2012. PD applies to certain alterations to cages, barges, top nets, placing of temporary equipment, adding an additional long line and changes to finfish species being farmed. Prior Notification to the planning authority is required (except for change of species) and it has 28 days from receipt of this to issue a determination as to whether its prior approval is required to exercise a PDR. If this does not happen the operator becomes entitled to make the change. Where the planning authority determines its approval is required it has 2 months in which to determine the case. The applicant has a right of appeal to Scottish Ministers if prior approval is refused, granted with conditions or not determined within 2 months.
- 2.3 Applications for planning permission for finfish farming require to be considered in the light of the Town and Country Planning (Environmental Impact Assessment) (Scotland) Regulations 2011.
- 2.4 Equipment sited below Mean Low Water Springs (MLWS) will generally require a seabed lease from The Crown Estate in discharge of its functions under the Crown Estate Act 1961. The Council recommends that developers contact The Crown Estate at the earliest possible stage to ensure that their interest is registered, through a lease option agreement, and conflicts with other developments can be avoided.

- 2.5 Fish farms will require an authorisation from the Scottish Environment Protection Agency (SEPA) under the Water Environment (Controlled Activities) (Scotland) Regulations 2011 in respect of chemical treatments and discharges from the site.
- 2.6 All marine fish farm developments are required to apply for a marine licence under Part 4 of the Marine (Scotland) Act 2010. A marine licence is required in respect of placement of works in the sea, navigation matters and use of well boats at finfish sites. It replaces the consents previously granted under the Food and Environment Protection Act 1985 and section 34 of the Coast Protection Act 1949.
- 2.7 All Aquaculture Production Businesses require to be authorised under the Aquatic Animal Health (Scotland) Regulations 2009 in relation to animal health requirements and the control of certain diseases in aquatic animals. This function is undertaken by the Fish Health Inspectorate at the Marine Scotland Marine Laboratory on behalf of Scottish Ministers. The same body is also responsible for ensuring the integrity of sites in regard to containment and equipment standards, escape incidents and sea lice issues under the Aquaculture and Fisheries (Scotland) Act 2013.
- 2.8 The Council additionally has a statutory duty to meet the requirements of the following legislation:
- The Habitats Directive – conservation of habitats and species; designation of Special Areas of Conservation
  - The Birds Directive – conservation of wild birds; designation of Special Protection Areas
  - The Water Framework Directive - ensures that all inland and coastal waters within river basin districts achieve good ecological status by 2027
  - Wildlife and Countryside Act 1981 – protection of birds, animals and plants; invasive non-native species; designation of Sites of Special Scientific Interest; nature reserves; rights of way
  - Water Environment and Water Services (Scotland) Act 2003 – protection of the water environment including river basin management planning, controlled activities regulations, provision of water and sewerage services
  - Nature Conservation (Scotland) Act 2004 – duty to further the conservation of biodiversity; SSSIs; preparation of the Scottish Marine Wildlife Watching Code
  - Marine (Scotland) Act 2010 – Marine Protected Areas; marine planning – National and Regional Marine Plans; conservation of seals including haul out designation
  - Wildlife and Natural Environment (Scotland) Act 2011 – provides additional powers and amendments to the 1981 Wildlife Act
  - Water Environment (Shellfish Water Protected Areas: Designation) (Scotland) Order 2013 – identifies specific coastal areas as shellfish water protected areas
  - Climate Change (Scotland) Act 2008 – contributes towards greenhouse gas reduction targets

A list of the areas to which the above legislation pertains can be found at Annex 1.

### 3 Policy Application

#### General Considerations

- 3.1 The Council will take account of the views of all interested parties, including competent and relevant bodies and local communities, in its determination of planning applications.
- 3.2 Planning applications will be determined with due regard to relevant national and local policies and guidance in place at the time of the application.
- 3.3 It shall be a condition of all planning permissions that developers must comply with all relevant statutory planning controls currently in force or which come into force during the period in which their planning permission remains valid. A failure to comply with any relevant statutory control or a breach of any condition which is brought to the Council's attention will be investigated and may, if circumstances warrant it, result in the Council taking appropriate enforcement action.
- 3.4 In respect of all planning permissions approved pursuant to this policy, if any site ceases to operational (for the purposes granted, i.e. fish farming) for a continuous period exceeding 3 years all equipment, including anchors and moorings, must be removed from the site as conditioned by the Planning Authority.
- 3.5 Appropriate lights, buoys or beacons that comply with the International Association of Lighthouse Authorities' guidelines must mark any installations close to navigation channels, or which may otherwise be a danger to navigation. Such markings will be specified in the planning permission following consultation between the Council's Ports and Harbours Operations and the Northern Lighthouse Board and must be present at all times when equipment is on site.
- 3.6 Where, following a Habitats Regulations Appraisal, an Appropriate Assessment is deemed necessary and subsequently indicates that the development will have an adverse effect on the integrity of any Natura 2000 site, the Council will be minded to refuse the application as required by the 1994 Regulations. Additionally the Council will take account of Articles 12, 13 and 16 of the Habitats Directive in respect of European Protected Species when considering planning applications. Similarly, under the Marine (Scotland) Act 2010 applications may require assessment against the conservation objectives of a Marine Protected Area and where these cannot be met the Council will be minded to refuse the application.
- 3.7 All applications for new or extended aquaculture developments must be submitted with a cage and mooring specification that is suitable for the proposed development.
- 3.8 All aquaculture proposals must demonstrate that anti-predator measures, permitted through the granting of planning permission, deter or prevent predation through use of methods which are non-lethal and do not cause any significant harm. For the avoidance of doubt the use of monofilament nets for such purposes is not permitted.

## Separation Distances

- 3.9 The Council's policy on separation distance between aquaculture developments was originally devised for the purposes of pollution control and minimisation of the risk of disease transfer and took particular account of the hydrographic and topographic characteristics of Shetland's coastal area. In these respects the policy has generally been successful. Whilst the Council will seek to achieve specified minimum separation distances between aquaculture developments, it recognises that it may be necessary and appropriate to consider increased separation distances in certain instances to facilitate sustainable development and environmental improvements.
- 3.10 Variations to separation distances may be supported where a Farm Management Agreement (FMA) or an Area Management Agreement (AMA) has been drawn up by site operators as required by the Aquaculture and Fisheries Act 2013. Where any such Agreement involves site relocation, amalgamation or revocation, the Council may be minded to refuse planning applications for new aquaculture developments in the space so created in acknowledgement of the need for increased separation distances to promote sustainable use of the coastal zone, improved biosecurity and environmental benefit. It is strongly recommended that any FMA or AMA involves both finfish and shellfish interests, and all other stakeholders in the area under consideration although the 2013 Act is only binding on fin fish developments.
- 3.11 Whilst the Council may be minded to refuse planning applications for new aquaculture developments in those areas created by site relocation, amalgamation or revocation, it may be possible for existing developers to seek variations to existing sites, including expansion of sites, provided separation distances promoted by such action are not adversely compromised. Applications of this type will be subject to the normal consultation process.
- 3.12 For the avoidance of doubt, the separation distances within this policy will apply to any intake or outfall pipes associated with any land based facility involved in the breeding, rearing or keeping of any freshwater fish species or marine species of fish and shellfish, and any freshwater or marine based aquaculture development unless subject to appropriate treatment.

## Finfish

- 3.13 The Council will assess applications for finfish farms on the basis of the information supplied with the application including, where appropriate, an ES. Comments and representations received as a result of consultation and publicity of the application will also be taken into account.
- 3.14 All finfish farming proposals (new and amended sites) will be considered in light of the Town and Country Planning (Environmental Impact Assessment) (Scotland) Regulations 2011. This means that the Council will determine whether the development will be likely to have significant effects on the environment and, as a consequence of the Baker ruling, any modifications will have to be considered in respect to the whole site and its potential impacts. The Council will also have regard to the indicative criteria set out in the Locational Guidelines for the Authorisation of Marine Fish Farms in Scottish Waters - Policy Guidance Note (Scottish Executive, 1999). In addition the

comments of the 'statutory consultees' under the 2011 EIA Regulations will be taken into account in determining the need for Environmental Assessment.

- 3.15 Prospective applicants are urged to consult staff of the Coastal Zone Management Service as early as possible when formulating their proposals so that an informal view can be given as to whether Environmental Impact Assessment (EIA) will be necessary in respect of a particular development. Under the auspices of Delivering Planning Reform for Aquaculture developers are expected to use the screening/scoping templates when seeking a formal opinion from the Council as to whether an EIA is required. The 2011 EIA Regulations specify that certain information must be included in Environmental Statements prepared in terms of those Regulations. Prospective developers should note that the statutory 4-month period for determination of planning applications where EIA is required excludes the period up to the submission of the Environmental Statement and that the pre-application screening/scoping templates stage is a maximum of 8 weeks.
- 3.16 Whilst a valid planning application may be made without seeking any such informal or formal opinions, developers should be aware that early consultation with the Coastal Zone Management Service and other competent bodies, as set out in Annex 2, regarding their proposals may speed determination of their application. In any case, planning applications received by the Coastal Zone Management Service, where a screening opinion has not previously been sought, will be treated as a request for a screening opinion.
- 3.17 Planning permission will only be granted for sites whose production, either in isolation or in conjunction with adjoining sites, will not have significant adverse effects on the environment of the site under application or the adjacent marine environment, insofar as current scientific method is able to determine.
- 3.18 For the avoidance of doubt, any change that would result in significant effects or impacts on the environment requires an application for a variation to the site and may also require the carrying out of an EIA.
- 3.19 Where a planning application is made to vary a site, which may include relocation, amalgamation or revocation, as part of a Farm Management Agreement (FMA), it will be necessary to consider these applications in light of the EIA Regulations. However the Environmental Statement in support of such applications may only be required to cover the specific issues relating to the proposed variation.

### **Shellfish**

- 3.20 Prospective applicants are urged to consult the Coastal Zone Management Service and other competent bodies as listed in Annex 2 as early as possible when formulating their proposals. Whilst a valid planning application may be made without seeking officers' informal opinion, developers should be aware that involving such staff in early discussions about their proposals may speed determination of their application.
- 3.21 The Council will assess applications for shellfish farms on the basis of the information supplied with the application. Comments and representations received as a result of consultation and publicity of the application will also be taken into account.



- 3.22 Where space has been created through site relocation, amalgamation or revocation as part of a FMA or an Area Management Agreement (AMA), prospective applicants should be aware that the Council may be minded not to approve planning applications for new aquaculture developments in these areas. However it may be feasible to permit existing shellfish developments in such areas to relocate or increase their surface works area, as part of an AMA or FMA, provided minimum separation distances are maintained. Applications will be subject to the normal consultation process.
- 3.23 As the shellfish sector has grown a number of concerns have been raised regarding the issue of biological carrying capacity and the ability of the coastal zone to support increasing production. Prospective applicants should be aware that all shellfish applications will be assessed against a simple carrying capacity model and where the model indicates that carrying capacity is nearing attainment or has been exceeded the Council may not grant planning permission for new developments or expansions to existing operations in such areas.
- 3.24 Prospective applicants should give preferential consideration to siting new shellfish developments in Shellfish Water Protected Areas as this will assist in ensuring the quality of the water in which the shellfish are grown. Where this is not possible developers should take account of other stakeholders in the area that may affect the quality of water, and in doing so the Council will be mindful that the affected area may have a future designation of those waters under the Water Environment (Shellfish Waters Protected Areas: Designation) (Scotland) Order 2013.

#### 4. Interpretation

4.1 The following meanings will be applied in the interpretation of this Supplementary Guidance:

- “EIA” means Environmental Impact Assessment, as defined in the 2011 EIA Regulations ;
- “environmental information” has the meaning given in the 2011 EIA Regulations ;
- “Environmental Statement” has the meaning given in the 2011 EIA Regulations ;
- "equipment" includes any tank, cage or other structure, or long-line, for use in fish farming;
- "fish farming" means the breeding, rearing or keeping of fish or shellfish (which includes any kind of sea urchin, crustacean or mollusc) but excluding seaweed species;
- “scoping opinion” has the meaning given in the 2011 EIA Regulations ;
- “screening opinion” has the meaning given in the 2011 EIA Regulations ;
- “statutory consultees” means those organisations defined by either or both of the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013 and the EIA (Scotland) Regulations 2011 as is appropriate;
- “Sullom Voe Harbour Area” is defined in the Sullom Voe Harbour Revision Order 1980;
- “ the 12 mile limit” means the limit consisting of a line every point of which is at a distance of 12 miles on the seaward side from the nearest point of the baseline from which the breadth of the territorial sea of the United Kingdom adjacent to Scotland is measured; and "miles" means international nautical miles of 1,852 metres;

## PART II: POLICIES

### 1. GENERAL POLICIES

- G1 In determining applications for planning permission, the Council will take account of, *inter alia*, the following factors to ensure sustainable development that is consistent with Council policies and objectives:
- The need to ensure that safe navigation is maintained.
  - Potential effects, including cumulative, on the environment, natural heritage interests and the historic environment.
  - The implications for fishing interests.
  - Existing marine developments, including other fish farms, in the locality.
  - The implications for recreational and other interests and users of the marine or freshwater resource.
  - The availability of any necessary infrastructure and potential impact on existing infrastructure, where relevant
  - The economic and/or social benefits of the development.
- G2 For the avoidance of doubt, the Council may be minded to grant applications to vary existing farms closer than the relevant separation distance required by policy where the original permission was granted under previous policy and provided the proposed variation does not result in any increase to the existing consented planning boundary area or increased environmental impact.
- G3 For the avoidance of doubt, where an application is being determined any subsequent application made that is closer than the minimum separation distances required by Policies F1 or S1, as appropriate, will not be considered until the first application has been determined.
- G4 Over time, the Council has adopted policies in coastal areas of Shetland where there is a general presumption against aquaculture development. Such policies are as follows:
- (a) Fish farming will not as a matter of policy be permitted anywhere within the Sullom Voe Harbour Area (as defined in the Sullom Voe Harbour Revision Order 1980) for as long as its primary purpose is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances;
  - (b) No aquaculture developments will be permitted in Whiteness Voe north of a line between Usta Ness and Grutwick or the upper part of Weisdale Voe between the Taing of Haggersta and Vedri Geo for environmental and visual reasons;
  - (c) No further new aquaculture developments will be permitted in Busta Voe north of a line drawn between Hevden Ness, Mainland and Green Taing, Muckle Roe as a matter of policy, and variations to existing sites north of this line should not result in either an increase in site size, a change in site location or an increase in environmental or visual impact for recreational and environmental reasons.

- G5 Where both the intake and outfall water supplies associated with either shore based finfish rearing facilities or shellfish washing and/or depuration facilities are subject to appropriate treatment, the Council may be minded to waive the minimum separation distances required by Policies F1 and S1.

## **2. FINFISH DEVELOPMENTS**

- F1 Planning permission will not be granted for finfish developments situated within 1,000m (measured as the water flows) of the extents of any other approved finfish farm or any water intakes/outfalls associated with shore based finfish rearing facilities, or within 500m (measured as the water flows) of the extent of any approved shellfish farm or any water intakes/outfalls associated with shore based shellfish washing and/or depuration facilities.
- F2 Where developers within an area seek to address issues of sustainability, biosecurity and environmental benefit through site relocation, amalgamation or revocation, the Council may be minded to seek greater separation distances than the minimum stated within this policy. To preserve these increased separation distance the Council may in addition be minded to refuse new applications for aquaculture developments in those areas created by site relocation, amalgamation or revocation. Industry should seek to achieve agreement with all licensees through either a Farm Management Agreement or Area Management Agreement.

## **3. SHELLFISH DEVELOPMENTS**

- S1 Planning permission will not be granted for shellfish developments situated within 500m (measured as the water flows) of the extents of any other approved aquaculture developments, or any water intakes/outfalls associated with shore based fin fish developments or shellfish washing and/or depuration facilities.
- S2 Whilst the Council may be minded not to approve applications for new aquaculture developments in those areas created through site relocation, amalgamation or revocation for the purposes of sustainability, biosecurity and environmental benefit, relocation of, or variations to, existing shellfish developments may be permitted provided they do not reduce the minimum separation distances allowed by Policy S1.
- S3 The Council will assess applications for shellfish developments within a particular body of water with respect to its biological carrying capacity (i.e the total shellfish biomass that can be sustained within a water body). Where it appears any proposed new development or variation to an existing farm may result in the estimated carrying capacity being significantly exceeded, the Council may be minded to refuse such applications.

## ANNEX 1

**Relevant designations**

## Special Areas of Conservation

*East Mires and Lumbister;**Fair Isle;**Hascosay;**Keen of Hamar;**Mousa;**North Fetlar;**Papa Stour;**Ronas Hill – North Roe;**The Vadills;**Tingon;**Sullom Voe;**Yell Sound Coast;**Pobie Bank Reef candidate SAC.*

## Special Protection Areas

*Fair Isle;**Fetlar;**Foula;**Hermaness, Saxa Vord and Valla Field;**Lochs of Spiggie and Brow;**Mousa;**Noss;**Otterswick and Graveland;**Papa Stour;**Ramna Stacks and Gruney;**Ronas Hill – North Roe and Tingon;**Sumburgh Head.*

## Marine Protected Areas (Nature Conservation)

*Fetlar to Haroldswick**Mousa to Boddam*

## Marine Protected Areas (Historic)

*Out Skerries*

## Marine Consultation Areas

*Brindister Voe and The Vadills;**The Houb, Fugla Ness;**Swinister Voe and the Houb of Fora Ness;**Whiteness Voe.*

*Sites of Special Scientific Interest, though not listed here, may be relevant in respect of individual applications.*

*Shetland National Scenic Area.*

*Locational Guidelines for the Authorisation of Marine Fish Farms in Scottish Waters.*

*Shellfish Water Protected Areas*

## ANNEX 2

**Bodies consulted on planning applications**

Community Council within which the application lies;  
The Crown Estate;  
Royal Society for the Protection of Birds (RSPB);  
Scottish Environment Protection Agency (SEPA);  
Marine Scotland  
Scottish Natural Heritage (SNH);  
Shetland Islands Council:  
    Development Management  
    Environmental Health;  
    Ports and Harbours Operations;  
Shetland Fishermen's Association (SFA).  
Shetland Shellfish Management Organisation (SSMO)  
Northern Lighthouse Board (NLB)  
Shetland Amenity Trust (archaeology/biological records)  
Historic Environment Scotland  
Scottish Water

Other bodies may be consulted on specific matters, if appropriate.

## Issues Comment form

Issue reference AQSG001(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Natural Heritage (001)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>Welcome concise nature of the document.</p> <p>Some text and layout changes would remove any possibility of confusion, e.g. amend 'policy' to 'guidance' throughout document.</p> <p>Guidance could be more explicit in respect of the policies any fish farm application would be tested against.</p> <p>Provision of maps would clarify some of the matters raised, e.g. areas where there is a presumption against aquaculture.</p> <p>Incorporate the Guidance document into future iterations of any marine spatial plan.</p>	
Modification sought by those submitting the representations:	
<p>Amend text and layout to remove prospect of confusion.</p> <p>Provide table of ALL policy documents, policy numbers and titles against which applications would be tested – table to include policies from LDP, Marine Spatial Plan, etc.</p> <p>Provide map of areas where there is a presumption against fish farming.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Some of the suggested text changes would provide clarification.</p> <p>Supplementary Guidance document is part of a hierarchy of plans and is not a stand alone policy document and developers are expected to consult the overarching parent documents (e.g. LDP or SIMSP) in the first instance before referencing the SG which itself states that this is the process developers should follow.</p> <p>Maps would provide a visual clarity to exempted areas</p>	
Conclusion/Action	
<p>Text amended and incorporated as appropriate.</p> <p>Given plan hierarchy consider inclusion of a 'policy table' not required – no action taken.</p> <p>Inclusion of map(s) in final document under consideration.</p>	

Issue reference AQSG002(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
SIC Roads Services (001)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>Future (shore base) developments should consider damage to roads during construction and operation due to roads not being suitable for the heavy loads associated with this size of development and budget cuts restrict level of repair that can be undertaken by the Council.</p>	
Modification sought by those submitting the representations:	
<p>Include requirement for a developer contribution to road maintenance when new shore based infrastructure is proposed for the servicing of fish farm developments.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>For economic reasons it is considered that existing shore bases would be used to service any new marine fish farm development. For any new land based development a s75 agreement could be entered into with a developer and this could form part of planning application determination process. However it is not something that can be included within supplementary guidance.</p>	
Conclusion/Action	
No action required	



Issue reference AQSG003(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Historic Environment Scotland (003)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
Content with SG document as it relates to historic environment interests.	
Modification sought by those submitting the representations:	
None.	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference AQSG004(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Delting Community Council (004)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
None	
Modification sought by those submitting the representations:	
None.	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference AQSG005(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Royal Yachting Association Scotland (005)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
Consider more detailed reference to anchorages required, both those marked on Admiralty charts and those in yacht cruising publications, although recognise there has been no issue with aquaculture developments encroaching on anchorages in Shetland. This may benefit and developers new to Shetland.	
Modification sought by those submitting the representations:	
Include more detail on traditional anchorages to ensure these aren't impacted by aquaculture developments.	
Summary of responses (including reasons) by the Planning Authority	
Although not a statutory requirement the presence of recognised anchorages is taken into account during application determination process. Detail of this type should be considered for inclusion in the first iteration of the Regional Marine Plan for Shetland.	
Conclusion/Action	
Consider further detail not required in SG document so no action required	

Issue reference AQSG006(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
SIC Environmental Health (006)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
None	
Modification sought by those submitting the representations:	
None	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference AQSG007(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Water (007)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
Consider that aquaculture developments unlikely to affect Scottish Water abstraction or discharge assets and infrastructure.	
Modification sought by those submitting the representations:	
None	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference AQSG008(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Shetland Amenity Trust (007)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>SG does not reference wreck sites, submerged landscapes or coastal sites all of which could be affected by marine and terrestrial aspects of aquaculture developments. Reference could be made to SPP, LDP and PAN2/2011 in policy section. Policy G1 could include historic environment and SIC designated wreck sites could be listed in designations (Annex 1). Archaeology and Biological Records should both be identified in list of consultees (Annex 2) under Amenity Trust.</p>	
Modification sought by those submitting the representations:	
<p>Include references to wreck sites, submerged landscapes and coastal sites. Include reference to specific archaeological policies in SPP and LDP. Reference historic environment in G1 Differentiate between the two roles of SAT in consultation bodies (Annex 2)</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>SG is in hierarchy of Plans and is not intended to reproduce what is already in any parent document – SPP, LDP and the SIMSP reference archaeology policies and identify location of wrecks, etc. Acknowledge historic environment should be referenced in SG policy G1.</p>	
Conclusion/Action	
<p>Incorporate historic environment into second bullet of G1. Amend Annex 2 to show archaeology and biological records interests of SAT</p>	

Issue reference AQSG011(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Greig Seafood Shetland Ltd (011)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
To support SPP and sustainable development the Sullom Voe Harbour Area should be made available to aquaculture development.	
Modification sought by those submitting the representations:	
Amend G4(a) so that fish farming can take place in the Sullom Voe Harbour Area.	
Summary of responses (including reasons) by the Planning Authority	
While acknowledging desire of industry to be able to access the Yell Sound area, consultation on adoption of an SG document is not the means for this to be taken forward.	
Conclusion/Action	
No action required.	

Issue reference AQSG012(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Government: Development Plan Gateway (012)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>Strengthen links to the National Marine Plan (NMP) particularly in those paragraphs that reference other planning documents.</p> <p>Amend LDP policy CST1 to include reference to NMP.</p> <p>Include more specific reference to SPP paragraphs that deal with aquaculture.</p> <p>Indicate that this SG, the LDP and the SG – Shetland Islands' Marine Spatial Plan is a move towards integrating terrestrial and marine plans as set out in SPP.</p> <p>Minor issues in respect of Permitted Development and industry Management Agreements.</p> <p>Possible confusion in terminology between use of aquaculture and fish farming as former does not include seaweed farming under the 1997 Planning Act, as amended.</p>	
Modification sought by those submitting the representations:	
<p>Reference NMP in paragraphs 1.7, 2, 4, 5 and 7 as appropriate.</p> <p>Amend policy CST1 to reference NMP.</p> <p>Include specific reference to SPP paragraphs on aquaculture planning.</p> <p>Clarify paras 2.2 and 3.10 on permitted development and management agreements respectively.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Check paragraphs to ascertain whether reference to NMP is appropriate as highlighted although most are in the background document and not the policy document itself.</p> <p>Check and clarify, if necessary, wording of paragraphs 2.2 and 3.10</p> <p>Policy CST1 cannot be amended at this stage plus not function of SG to repeat or re-iterate those within SPP – these are referenced in the LDP and in policy CST1.</p>	
Conclusion/Action	
<p>Amended paragraphs in line with representation as appropriate.</p> <p>No amendments to LDP policy CST1 or addition of further detail of SPP policy or statements.</p>	



Issue reference AQSG015(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Seafood Shetland (015)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>Amend production figures to reflect reality.</p> <p>Express concern at use of 'precautionary principle' – could block development.</p> <p>Duplication in lighting requirements in respect of planning permission and marine licence – could cause confusion.</p> <p>Support separation policy although consider this could be undermined by paras 3.10 and 3.22.</p> <p>Use of carrying capacity assessment is supported although consider it should be developed further.</p> <p>Thought should be given to reviewing the presumption against aquaculture developments in the Sullom Voe Harbour Area.</p>	
Modification sought by those submitting the representations:	
<p>Amend production figures.</p> <p>Avoid duplication with regard to navigation requirements.</p> <p>Ensure that changes to management agreements do not block potential shellfish developments.</p> <p>Develop carrying capacity model and apply in open and transparent manner and avoid disparity with Marine Scotland version.</p> <p>Review policy on presumption against aquaculture developments within Sullom Voe Harbour Area.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Production figures were included in SG covering paper and do not form part of the SG document itself – is accepted that figure is out of date.</p> <p>Navigation required to be considered at planning stage due to general conservancy and development duty placed on Council by the ZCC Act – accept that this is a duplication but move of these marine licence requirements to the planning system is being considered by Government.</p> <p>The wording of paras 3.10 and 3.22 does not of itself block potential future shellfish development nor is it the case that any space created is solely there for their use.</p> <p>Council and Marine Scotland capacity models are the same but they are applied slightly differently; Council does not have resource to develop this beyond current format.</p> <p>Consultation on document as SG is not the means to take forward consideration of major aspect of Council policy such as that pertaining to Sullom Voe.</p>	
Conclusion/Action	

No action required on production figures.

Representations do not of themselves warrant any rewording of the content of the SG policies or their justification paragraphs – no action taken.

A review of the policy as it pertains to Sullom Voe is for the Council to take forward as it sees fit and appropriate.

Issue reference AQSG016(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Shetland Shellfish Management Organisation (016)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
Content with SG document and no comments to make. Would wish to continue to be consulted on all marine planning applications as they relate to member interests.	
Modification sought by those submitting the representations:	
None.	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference AQSG017(2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Environment Protection Agency (017)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>Supportive of the SG but suggest some minor amendments.  Hatcheries may require CAR registration rather than a CAR licence.  Some legislation not been included in 'relevant legislation' section.  Need to consider impacts of developments on Marine Protected Areas as well as Natura sites.  Confusion may arise with current wording on Shellfish Water Protected Areas.</p>	
Modification sought by those submitting the representations:	
<p>Amend paragraph 2.5 to read authorisation rather than licence so that it also covers hatchery developments.  Amend paragraph 2.8 to include legislation on Climate Change and the Water Framework Directive.  Paragraph 3.6 should also include assessment of Marine Protected Areas as well as Natura sites.  Amend wording of paragraph 3.24 on Shellfish Water Protected Areas.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Agree that suggested amendments are required and are relevant to the purpose of the SG.</p>	
Conclusion/Action	
<p>Amend paragraphs 2.5, 2.8, 3.6 and 3.24 in line with representation.</p>	

Issue reference AQSG018 (2016)	Issue Heading Supplementary Guidance: Aquaculture
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Salmon Producers Organisation (018)	
Provision of the development plan to which the issue relates	SG: Aquaculture
Summary of the representations	
<p>Consider policy and guidance on aquaculture in Shetland complicated and opaque;  Reference to SPP not as full as it could be;  Supplementary guidance can only contain information and guidance to support policies set out in LDP – it can't include additional policies;  Figures for Shetland production somewhat elevated;  Some documents missing from the list under 'Scottish Planning Policy' section;  State that SG has amended LDP policy CST1 by adding extra sentence referencing fact all non-aquaculture developments in marine waters will be considered with reference to Works Licence Policy;  SG cannot contain policy and references to 'this policy framework' should be amended to 'document' for example;  Contend SIC only has power over aquaculture out to 3nm and not 12nm as stated;  A review of the basis on which aquaculture developments are excluded from the Sullom Voe Harbour Area should be undertaken as things have changed significantly since it was introduced;  Change title to SG – Fish Farming as some forms of aquaculture (e.g. sea weed farming) are not included in definition of fish farming in the Planning Acts.</p>	
Modification sought by those submitting the representations:	
<p>Expand references on SPP within the document;  Remove all policy statements from document on grounds SG can only contain information and guidance;  Amend production figures for Shetland salmon;  Add in missing documents to Scottish Planning Policy section;  Re-word introductory section so that LDP policy CST1 is correctly quoted and omits the detail on works licensing policy document as SG;  Amend all references to 'policy framework';  Clarify whether control over aquaculture extends to 3 or 12 nm;  Re-evaluate exclusion of aquaculture developments from Sullom Voe Harbour Area;  Amend title of document to SG – Fish Farming</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Not purpose of SG to repeat what is contained within Scottish Planning Policy – content of SPP taken as read;  The LDP contains necessary hook to SG for Aquaculture and it is considered that, while the SG does contain a number of policies specific to fish farming, these are not at odds with the overarching policy (CST1), are referenced in CST1 and are not out with the purpose of SG;  Consider that SG is not at odds with the issues/concerns raised by the Chief Planner;  Can amend production figures accordingly although these were included in the consultation explanation and do not form part of the SG itself;</p>	

Can add in any missing pieces or legislation, etc.;

The reproduction of CST1 from the LDP in the introductory section was not a verbatim quote. The wording was expanded to explain the situation with regard to the consultation on both this aquaculture SG and the works licence document – there is no intent to change CST1 and this cannot be done other than at LDP review;

Retain references to 'policy framework' as this is what SG is and opinion is that SG can contain policies where appropriate and necessary;

Control over aquaculture does apply to 12nm as stated in the various amendments to the Planning Acts although the planning authority boundaries are currently only defined out to 3nm;

Consultation on this document as SG is not the means to take forward consideration of major aspect of Council policy;

Cannot change title of document as reference in LDP Policy CST1 is to SG – Aquaculture and not SG – Fish Farming.

#### Conclusion/Action

Suggested amendments made where appropriate.

Planning Authority considers that the SG can contain policy where it is specifically relevant to the subject matter covered and as such this SG will be retained in its current form.



<b>Meeting(s):</b>	Development Committee Shetland Islands Council	8 February 2017 22 February 2017
<b>Report Title:</b>	Works Licence Policy	
<b>Reference Number:</b>	DV-13-17-F	
<b>Author / Job Title:</b>	Martin Holmes / Coastal Zone Manager	

## **1.0 Decisions / Action Required:**

- 1.1 That the Development Committee RECOMMEND to the Council that it RESOLVE to adopt the works licence policy as the policy framework for marine developments.

## **2.0 High Level Summary:**

- 2.1 The purpose of this report is to provide a brief summary of the Council's updated works licence policy following consultation. If adopted by Council, as standalone policy, the document will provide detailed policy context and guidance for developers and will be integral to the works licence application decision making process for all marine developments other than those for the fish farming sector.

## **3.0 Corporate Priorities and Joint Working:**

- 3.1 In conjunction with other Council policies the works licence policy contributes to the spatial aims of the Local Development Plan, the Community Plan and the Corporate Plan.
- 3.2 In providing additional policy context and guidance the document supports a high standard of governance by ensuring the Council operates effectively and decisions are evidence based and supported by effective assessments of options and potential effects.

## **4.0 Key Issues:**

- 4.1 The Council has had a works licence policy in place for marine works (developments) since 1989 to enable it to fulfil the duties imposed on it by the terms of the Zetland County Council Act 1974 in respect of conservancy and control of development in the coastal area of Shetland. It has underpinned the Council's commitment to sustainable development and ensured transparency in the decision making process. Between 1989 and 2007 aquaculture developments were included within the Works Licence Policy but, following the transfer of marine fish farming into the planning system in April 2007, policy for this sector has been provided for separately to that for other types of marine development.

- 4.2 In taking forward the current adopted LDP it was considered that it would be appropriate to include the works licence policy as Supplementary Guidance (SG). The document was revised and updated in light of legislative changes and subject to a 12 week public consultation when the LDP was approved as the Council's settled view in October 2012 (Min Ref 96/12).
- 4.3 Following adoption of the LDP in 2014 it was recommended that a number of SGs, including the works licence policy, be adopted by the Council. However due to the length of time that had lapsed between their approval and the date they were reported back to Council for adoption, the Council resolved to subject all the SGs to a further period of consultation (Min Ref 80/14).
- 4.4 As a consequence of resource issues within the Development Plans section the second round of consultation on the works licence policy was not completed until the end of August 2016 with analysis of responses taking place thereafter.
- 4.5 Overall the respondents were content with, and supportive of, the policy document. A number of comments were made in regard to text, layout and detail and these have been incorporated into the document where appropriate particularly where the suggested changes improved the clarity of the document.
- 4.6 While consultation on the works licence policy was undertaken with a view to adopting it as supplementary guidance to the LDP it has become clear that this cannot be the case. LDP Policy CST1 (Coastal Development) does not contain the necessary 'policy hook' that clearly identifies that works licence matters will be dealt with in supplementary guidance and as such it cannot be adopted as SG. A January 2015 letter from the Chief Planner provided further clarity on this issue. In addition works licence applications fall to be determined under the ZCC Act and not the Planning Acts. Consequently the Development Committee is being asked to recommend to Council that the works licence policy be adopted as a standalone policy document.
- 4.7 Integration between land and marine planning is advocated by the National Marine Plan and also in Planning Circular 1/2015 'The relationship between the statutory land use planning system and marine planning and licensing'. Along with the Shetland Islands' Marine Spatial Plan, the LDP and the SG – Aquaculture, adoption of the works licence policy further strengthens the connectivity between terrestrial and marine planning and one respondent highlighted the positive moves being made by the Council to achieve this.
- 4.8 A copy of the updated works licence policy is attached at Appendix 1 to this report and summary sheets of the comments submitted by respondents are included at Appendix 2.

## **5.0 Exempt and/or confidential information:**

- 5.1 None.



<b>6.0 Implications :</b>		
<b>6.1 Service Users, Patients and Communities:</b>	Document has been subject to 2 rounds of public consultation. Furthers certainty amongst service users when bringing development proposals forward.	
<b>6.2 Human Resources and Organisational Development:</b>	None.	
<b>6.3 Equality, Diversity and Human Rights:</b>	None.	
<b>6.4 Legal:</b>	Ensures up-to-date compliance with relevant legislation.	
<b>6.5 Finance:</b>	None.	
<b>6.6 Assets and Property:</b>	None.	
<b>6.7 ICT and new technologies:</b>	None.	
<b>6.8 Environmental:</b>	Supports sustainable development and sustainable use of marine resources such that environmental effects are managed and/or mitigated including those associated with climate change and carbon management. SEA is not required.	
<b>6.9 Risk Management:</b>	Council policy documents underpin good decision making and are integral to good governance. A lack of such policy documents clearly undermines this and would be ineffective in supporting sustainable development and could increase costs and time to both applicants and the Council when preparing and determining works licence applications.	
<b>6.10 Policy and Delegated Authority:</b>	In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit. However, determining matters of new or variation of existing policy is reserved to the Council.	
<b>6.11 Previously considered by:</b>	None.	

**Contact Details:**

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25 January 2017

**Appendices:**

Appendix 1: Supplementary Guidance – Aquaculture  
Appendix 2: Summary consultation response sheets

**Background Documents:**

END



# **Shetland Islands Council**

## **WORKS LICENCE POLICY**

**January 2017**

Coastal Zone Management Service, 8 North Ness Business Park, Lerwick ZE1 0LZ Tel: 01595 744293  
Email: [marine.planning@shetland.gov.uk](mailto:marine.planning@shetland.gov.uk)

## SHETLAND ISLANDS COUNCIL SUPPLEMENTARY GUIDANCE: WORKS LICENSING

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# SHETLAND ISLANDS COUNCIL WORKS LICENCE POLICY

## PART I: POLICY FRAMEWORK AND LEGISLATION

### 1. Introduction

- 1.1 Under the Zetland County Council Act 1974 (the Act of 1974), as amended, the Shetland Islands Council has a duty to promote the conservancy of, and control of development in, the coastal area of Shetland, with the exception of those areas under the jurisdiction of Lerwick Port Authority or Broonies Taing Pier Trust.
- 1.2 The purpose of the works licence policy is to provide guidance to all involved in the process of considering proposals that fall within the scope of the Act of 1974. In general terms that means the placing of 'works' as defined by the Act of 1974 in the sea, on the seabed or on the foreshore below Mean High Water Springs (MHWS) and out to 12 nm. Works means developments of all types other than that for the purposes of marine fish farming. The Act of 1974 also empowers the Council to grant dredging licenses within the limits of territorial waters around Shetland.
- 1.3 The Council will apply this policy to all applications for works licences for which the Council has authority to issue works licences in terms of the Zetland County Council Act 1974 determined on, or after, the date it is approved by Shetland Islands Council. Applications that are out with policy, or attract objections will be determined in line with the Council's Scheme of Delegation as it applies to the Planning Service.
- 1.4 This policy has been drawn up in recognition of the Council's commitment to sustainable development of which the key aims in relation to development in the coastal area are to:
  - Encourage appropriate development that maintains and improves life chances for local people.
  - Involve local communities in the decision making process.
  - Protect and enhance Shetland's environment.

At all times the Council will endeavour to balance these aims to ensure its policies and decisions are equally promoted.
- 1.5 The Council has certain powers and duties in respect of environmental protection, as do other statutory bodies and agencies (see section 3, Regulatory Framework). In respect of works in the coastal area, there may be circumstances where it would be more appropriate for another body to exercise its powers to achieve a particular objective rather than for the Council to seek to secure that objective through the imposition of conditions attached to works licences. However, this does not prohibit the Council from attaching conditions to works licences that may have the effect of securing other objectives as well.
- 1.6 Shetland Islands Council is involved in a number of areas in the fast evolving sphere of marine spatial planning. Principle among these is the Shetland Islands' Marine

Spatial Plan, the Local Development Plan and future Regional Marine Plans required under the Marine (Scotland) Act 2010. The purpose behind these plans is a need to optimise, in a balanced manner, the variety of activities that occur in Shetland's marine coastal environment to both safeguard its assets and allow appropriate sustainable development. As such this Works Licence policy will be an integral component of these Plans. It is strongly recommended that developers consult these Plans prior to submitting a works licence application.

- 1.7 This document comprises background information or general advice to developers and prospective licensees and informs the statements contained within the Works Licence Policy.

## **2. Background**

- 2.1 The Act of 1974 was passed primarily to regulate the activities of the oil industry in the coastal area of Shetland. However, this policy is also primarily concerned with, but is not confined to, the following developments and activities:

- Piers, Breakwaters, Marinas, Sea Defences and other constructions
- Moorings, Pontoons and Moored Barges
- Pipelines and cables
- Marine renewable energy developments (wave, tidal and wind).
- Septic tank sea outfalls
- Seaweed farming
- Dredging

## **3. Regulatory Framework**

### **All Developments**

- 3.1 Works licence applications are required for works in the coastal area (MHWS to the limit of territorial sea) around Shetland. Applications will be considered in terms of this policy; the Council's Local Development Plan (where relevant); the National Marine Plan; Scottish Planning Policy; Sectoral Plan Options for Offshore Wind and Marine Renewable Energy and Shetland Islands' Marine Spatial Plan. In addition, applications will be considered in terms of the existing legislative framework currently applying to the development envisaged.
- 3.2 Development for which a works licence is required may also require other permissions from the Council, most notably planning permission (for development above MLWS) or consent from the Council as Coast Protection Authority (for coast protection works). In respect of such developments, existing land-use planning policies (as set out in the Scottish Planning Policy, the Council's Local Development Plan and the Council's Coast Protection Policy) provide the primary policy guidance.
- 3.3 Works below Mean Low Water Springs (MLWS) will generally require a seabed lease from the Crown Estate under the Crown Estate Act 1961. The Council recommends

that developers contact the Crown Estate at the earliest possible stage to ensure that their interest is registered and conflicts with other development(s) can be avoided.

- 3.4 Works may require consent from the Scottish Environment Protection Agency (SEPA) under the Water Environment (Controlled Activities) (Scotland) Regulations 2011 in respect of any discharges and/or abstractions from the works.
- 3.5 A marine licence from Marine Scotland under Part 4 of the Marine (Scotland) Act 2010 may also be required in respect of placement of works in the sea, dredging and navigation matters. It replaces the consents previously granted under the Food and Environment Protection Act 1985 and section 34 of the Coast Protection Act 1949.
- 3.6 The Council additionally has a statutory duty to meet the requirements of the following legislation:
  - The Habitats Directive – conservation of habitats and species; designation of Special Areas of Conservation
  - The Birds Directive – conservation of wild birds; designation of Special Protection Areas
  - The Water Framework Directive – ensures that all inland and coastal waters within river basin districts achieve good ecological status by 2027
  - Wildlife and Countryside Act 1981 – protection of birds, animals and plants; invasive non-native species; designation of Sites of Special Scientific Interest; nature reserves; rights of way
  - Water Environment and Water Services (Scotland) Act 2003 – protection of the water environment including river basin management planning, controlled activities regulations, provision of water and sewerage services
  - Nature Conservation (Scotland) Act 2004 – duty to further the conservation of biodiversity; SSSIs; preparation of the Scottish Marine Wildlife Watching Code
  - Marine (Scotland) Act 2010 – Marine Protected Areas; marine planning – National and Regional Marine Plans; conservation of seals including haul out designation
  - Wildlife and Natural Environment (Scotland) Act 2011 – provides additional powers and amendments to the 1981 Wildlife Act
  - Water Environment (Shellfish Water Protected Areas: Designation) (Scotland) Order 2013 – identifies specific coastal areas as shellfish water protected areas
  - Climate Change (Scotland) Act 2008 – contributes towards greenhouse gas reduction targets

A list of the areas to which the above legislation pertains can be found at Annex 1.

### Marine Renewable Energy Developments

- 3.7 For marine renewable developments (offshore wind, wave and tidal generation schemes), those under 1 MW total output will require a marine licence (from Marine Scotland) in addition to the works licence from Shetland Islands Council. Developments designed to produce more than 1 MW will require a works licence, a marine licence and Section 36 permission under The Electricity Act 1989 (Requirement for Consent for Offshore Generating Stations)(Scotland) Order 2002 through application to Scottish Ministers. Developers can use the Section 36

application to obtain deemed planning permission for any onshore infrastructure associated with the development. Alternatively the latter can be obtained direct from the Planning Authority but the developer must state their preferred option at the application stage.

#### **4. General Considerations**

- 4.1 The Council will take account of the views of all interested parties, including competent and relevant bodies and local communities, in its determination of works licence applications.
- 4.2 Works licence applications will be determined with due regard to relevant national and local policies and guidance in place at the time of the application.
- 4.3 It shall be a condition of all works licenses that developers must comply with all relevant statutory controls currently in force or which come into force during the period in which their works licence remains valid. A failure to comply with any relevant statutory control or a breach of any condition which is brought to the Council's attention will be investigated and may, if circumstances warrant it, result in the Council taking appropriate action.
- 4.4 Where development for which a works licence has been granted does not commence within 3 years of the effective date of grant, the works licence and all rights in connection with it will be forfeit. This period may be extended provided developers submit an application for extension prior to the expiry of the 3 year period in the original works licence.
- 4.5 In respect of all works licences approved pursuant to this policy, if the works are not used, or the operations connected cease, for a continuous period of 3 years on a site for which a works licence has been granted and where development had previously been undertaken, the relevant works licence would cease to have effect. In that case, the licensee will take appropriate steps in correspondence with the Council to seek either an extension of time for continued non-development or approval to re-commence development. The Council will not be unreasonable in dealing with either of these requests but where neither scenario happens, or there continues to be no development on site, the Council may initiate proceedings to confirm forfeiture of the works licence. In calculating the 3 year period, no account will be taken of any period where works did not commence or were removed to comply with notices or orders served under other legislation.
- 4.6 Appropriate lights, buoys or beacons that comply with the International Association of Lighthouse Authorities' guidelines must mark any installations close to navigation channels, or which may otherwise be a danger to navigation. Such markings will be specified in the works licence following consultation between the Council's Ports and Harbours Operations and the Northern Lighthouse Board and must be present at all times when equipment is on site.



- 4.7 Where, following a Habitats Regulations Appraisal, an Appropriate Assessment is deemed necessary and subsequently indicates that the development/works will have an adverse effect on the integrity of any Natura 2000 site, the Council will be minded to refuse the application as required by the 1994 Regulations. Additionally the Council will take account of Articles 12, 13 and 16 of the Habitats Directive in respect of European Protected Species when considering works licence applications.
- 4.8 All applications for new or extended works must be submitted with a mooring specification that is suitable for the proposed development where this is required to maintain the works in position.
- 4.9 Where a works licence requires supporting environmental information, which may be in the form of an Environmental Impact Assessment required under another regulatory regime, the period for determination of the works licence will only commence once all environmental information is received by the Council.
- 4.10 Works licences may only be transferred to a new licensee with the Council's prior written consent. A written application to transfer the licence must be made to the Council who will not unreasonably withhold any such request. Failure to obtain the Council's consent may result in the Council revoking the licence.

## SHETLAND ISLANDS COUNCIL WORKS LICENCE POLICY

### PART II: POLICIES

#### 1. GENERAL POLICIES

These policies apply to all structures and developments requiring a works licence under the Act of 1974.

- G1 In determining applications for works licences, the Council will take account of, *inter alia*, the following factors:
- The need to ensure that safe navigation is maintained.
  - Potential effects, including cumulative, on the environment, natural heritage interests and the historic environment.
  - The implications for fishing interests.
  - Existing marine developments, including fish farms, in the locality.
  - The implications for recreational and other interests.
  - The availability of any necessary infrastructure and potential impact on existing infrastructure, where relevant
  - The economic and/or social benefits of the development
- G2 The Council may be minded to time limit a works licence where it considers the proposed works to be experimental or where the licence is required by the applicant to run a pilot project or under such circumstances as the Council considers appropriate.

## ANNEX 1

**Relevant designations**

## Special Areas of Conservation

*East Mires and Lumbister;**Fair Isle;**Hascosay;**Keen of Hamar;**Mousa;**North Fetlar;**Papa Stour;**Ronas Hill – North Roe;**The Vadills;**Tingon;**Sullom Voe;**Yell Sound Coast;**Pobie Bank Reef candidate SAC.*

## Special Protection Areas

*Fair Isle;**Fetlar;**Foula;**Hermaness, Saxa Vord and Valla Field;**Lochs of Spiggie and Brow;**Mousa;**Noss;**Otterswick and Graveland;**Papa Stour;**Ramna Stacks and Gruney;**Ronas Hill – North Roe and Tingon;**Sumburgh Head.*

## Marine Protected Areas (Nature Conservation)

*Fetlar to Haroldswick**Mousa to Boddam*

## Marine Protected Areas (Historic)

*Out Skerries*

## Marine Protected Areas (Research and Demonstration)

*Fair Isle*

## Marine Consultation Areas

*Brindister Voe and The Vadills;**The Houb, Fugla Ness;**Swinister Voe and the Houb of Fora Ness;**Whiteness Voe.*

*Sites of Special Scientific Interest, though not listed here, may be relevant in respect of individual applications.*

*Shetland National Scenic Area.*

*Locational Guidelines for the Authorisation of Marine Fish Farms in Scottish Waters.*

*Shellfish Water Protected Areas*

## ANNEX 2

**Bodies consulted on works licence applications**

Community Council within which the application lies;  
The Crown Estate;  
Royal Society for the Protection of Birds (RSPB);  
Scottish Environment Protection Agency (SEPA);  
Marine Scotland  
Scottish Natural Heritage (SNH);  
Shetland Islands Council:  
    Environmental Health;  
    Development Management;  
    Ports and Harbours Operations;  
Shetland Fishermen's Association (SFA).  
Shetland Shellfish Management Organisation (SSMO)  
Northern Lighthouse Board (NLB)  
Shetland Amenity Trust (archaeology/biological records)  
Historic Environment Scotland

Other bodies may be consulted on specific matters, if appropriate.



## Issues Comment form

Issue reference WLSG001(2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Natural Heritage (001)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
<p>Welcome concise nature of the document.</p> <p>Some text and layout changes would remove any possibility of confusion, e.g. amend 'policy' to 'guidance' throughout document.</p> <p>Guidance could be more explicit in respect of the policies any farm application would be tested against.</p> <p>Environmental aspects not as detailed as for the Aquaculture SG.</p> <p>Provision of maps would clarify some of the matters raised, e.g. areas where ZCC Act does not apply.</p> <p>Incorporate the Guidance document into future iterations of any marine spatial plan.</p>	
Modification sought by those submitting the representations:	
<p>Amend text and layout to remove prospect of confusion.</p> <p>Provide table of ALL policy documents, policy numbers and titles against which applications would be tested – table to include policies from LDP, Marine Spatial Plan, etc.</p> <p>Include same level of environmental detail as in SG – Aquaculture.</p> <p>Provide map of areas where works licenses under ZCC Act do not apply.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Some of the suggested text changes would provide clarification.</p> <p>Supplementary Guidance document is part of a hierarchy of plans and is not a stand alone policy document and developers are expected to consult the overarching parent documents (e.g. LDP or SIMSP) in the first instance before referencing the SG which itself states that this is the process developers should follow.</p> <p>The ZCC Act does not provide for the Council to be a competent authority under any EIA regulations – Council relies on this being available through other legislative frameworks such as those applying to s36 or marine licence applications.</p> <p>Although maps do provide a visual clarity considered as there is only 2 exempted areas (of which one is very small) not beneficial in this instance.</p>	
Conclusion/Action	
<p>Text amended and incorporated as appropriate.</p> <p>Given plan hierarchy consider inclusion of a 'policy table' not required – no action taken.</p> <p>Cannot provide environmental detail requested for legislative reasons – no action possible.</p> <p>Inclusion of map(s) not considered beneficial.</p>	

Issue reference WLSG003(2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Historic Environment Scotland (003)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
Content with SG document as it relates to historic environment interests.	
Modification sought by those submitting the representations:	
None	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	



Issue reference WLSG004(2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Delting Community Council (004)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
None	
Modification sought by those submitting the representations:	
None	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference WLSG007(2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Water (007)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
Consider that coastal developments unlikely to affect Scottish Water abstraction or discharge assets and infrastructure.	
Modification sought by those submitting the representations:	
None	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	

Issue reference WLSG009(2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Shetland Amenity Trust (009)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
<p>SG does not reference wreck sites, submerged landscapes or coastal sites all of which could be affected by marine developments.</p> <p>Reference could be made to SPP, LDP and PAN2/2011 in policy section.</p> <p>Policy G1 could include historic environment and SIC designated wreck sites could be listed in designations (Annex 1).</p> <p>Archaeology and Biological Records should both be identified in list of consultees (Annex 2) under Amenity Trust..</p>	
Modification sought by those submitting the representations:	
<p>Include references to wreck sites, submerged landscapes and coastal sites.</p> <p>Include reference to specific archaeological policies in SPP and LDP.</p> <p>Reference historic environment in G1</p> <p>Differentiate between the two roles of SAT in consultation bodies (Annex 2)</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>SG is in hierarchy of Plans and is not intended to reproduce what is already in any parent document – SPP, LDP and the SIMSP reference archaeology policies and identify location of wrecks, etc.</p> <p>Acknowledge historic environment should be referenced in SG policy G1</p>	
Conclusion/Action	
<p>Incorporate historic environment into second bullet of G1.</p> <p>Amend Annex 2 to show archaeology and biological records interests of SAT</p>	

Issue reference WLSG010(2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Environment Protection Agency (010)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
<p>Supportive of the SG but suggest some minor amendments.</p> <p>Water abstraction should be included as well as discharges to the environment.</p> <p>Some legislation not been included in 'relevant legislation' section.</p> <p>State that SEPA have standing advice in respect of marine applications and consultation should only be undertaken with them when this doesn't apply.</p>	
Modification sought by those submitting the representations:	
<p>Amend paragraph 3.4 to also include extraction of water.</p> <p>Amend paragraph 3.6 to include legislation on climate change and the Water Framework Directive.</p> <p>Highlight that SEPA should only be consulted where their standing advice does not apply (Annex 2).</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>Accept that water abstraction needs to be included and reference to climate change legislation and Water Framework Directive also be inserted.</p> <p>SIC aware of the standing advice SEPA has for marine applications where these have been submitted for determination – however the SG is there to guide potential developers and they need to be aware that SEPA are a part of the process and that early discussions with them prior to submission of an application will aid the process.</p>	
Conclusion/Action	
<p>Amend 3.4 to include abstraction.</p> <p>Amend 3.6 to include Water Framework Directive and Climate Change (Scotland) Act 2008.</p> <p>Retain SEPA entry in Annex 2 as is.</p>	

Issue reference WLSG013 (2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish Government: Development Plan Gateway (013)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
<p>National Marine Plan (NMP) should be more strongly referenced as an integral part of statutory planning policy – particularly relevant to paras 2 and 6. LDP policy CST1 should also reflect NMP. Section on marine renewables contains some inaccuracies with regard to regulatory framework. This policy document along with the LDP and SG – Marine Spatial Plan reflect the requirement for alignment between terrestrial and marine plans as set out in SPP. Suggest incorporating specific reference to SPP sections to reflect national policy position on coastal planning.</p>	
Modification sought by those submitting the representations:	
<p>Include references to NMP where appropriate. Amending heading and wording in Renewables section and amend text to accurately reflect the regulatory framework. Include more specific references to SPP sections.</p>	
Summary of responses (including reasons) by the Planning Authority	
<p>References to NMP can be made where required to ensure full policy structure. Agree that section on marine/offshore renewables needs to reflect regulatory position accurately. SPP is referenced where appropriate but SG documents should not include repetition of content. Cannot amend LDP policy wording except at Plan review.</p>	
Conclusion/Action	
<p>Added references to NMP (and SPP) where appropriate. Amended wording on renewable regulatory framework.</p>	

Issue reference WLSG014 (2016)	Issue Heading Supplementary Guidance: Works Licensing
Body or person(s) submitting a representation raising the issue (including reference number)	
Scottish and Southern Energy Power Distribution (014)	
Provision of the development plan to which the issue relates	SG: Works Licensing
Summary of the representations	
Find policy and guidance clear and easy to follow Support adoption	
Modification sought by those submitting the representations:	
None	
Summary of responses (including reasons) by the Planning Authority	
None	
Conclusion/Action	
No action required	



<b>Meeting(s):</b>	Development Committee	8 February 2017
<b>Report Title:</b>	Strategic Housing Investment Plan (SHIP) 2017-2021	
<b>Reference Number:</b>	DV-07-17-F	
<b>Author / Job Title:</b>	Anita Jamieson, Executive Manager - Housing	

## 1.0 Decisions / Action Required:

### 1.1 That the Committee:

- 1.1.1 Approve the Strategic Housing Investment Programme 2017/18– 2021/22 as set out in Appendix A for submission to Scottish Government.
- 1.1.2 Grant delegated authority to the Director of Development Services (or his nominee) to assign approved projects from the SHIP to meet programme variations e.g to pull forward an approved project from later years if additional funding becomes available.

## 2.0 High Level Summary:

- 2.1 The Strategic Housing Delivery Plan (SHIP) is the key document to show how resources would be applied and prioritised in delivering the outcomes contained in the Local Housing Strategy, in line with Scottish Government guidance.
- 2.2 The SHIP looks ahead over a five year time period and is reported every two years.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 The key priority themes of the Local Housing Strategy are reflected in the Local Outcome Improvement Plan (LOIP) and increasing supply of housing is a key priority in the Corporate Plan.
- 3.2 The SHIP is developed through a partnership approach involving Housing, Planning, Community Planning and Development and Capital Programme Services together with Hjalitland Housing Association.

## 4.0 Key Issues:

- 4.1 The SHIP as presented continues to deliver new housing supply in line with the Local Housing Strategy. The Government has set an ambitious target to deliver 50,000 new homes over the term of this parliament and is committed to providing additional funding to support the delivery of housing supply.

## 5.0 Exempt and/or Confidential Information:

- 5.1 None.

<b>6.0 Implications :</b>		
<b>6.1 Service Users, Patients and Communities:</b>	The Local Housing Strategy (LHS) identifies housing needs across all tenures and was the subject of extensive community consultation. The SHIP is the delivery agent for the LHS.	
<b>6.2 Human Resources and Organisational Development:</b>	None.	
<b>6.3 Equality, Diversity and Human Rights:</b>	The Local Housing Strategy has had a full equalities impact assessment carried out.	
<b>6.4 Legal:</b>	None.	
<b>6.5 Finance:</b>	The Scottish Government hold and manage the budget for housing supply centrally. Indicative 5 year resource planning assumptions have been issued. There are no direct financial implications arising from this report.	
<b>6.6 Assets and Property:</b>	None.	
<b>6.7 ICT and New Technologies:</b>	None.	
<b>6.8 Environmental:</b>	None – the LHS was exempt from Strategic Environmental Assessment.	
<b>6.9 Risk Management:</b>	The SHIP seeks to put in place a deliverable programme of affordable housing development within the context of existing local and strategic priorities and resources available. The delegated authority sought allows a degree of flexibility to make changes to the programme to maximise external resources.	
<b>6.10 Policy and Delegated Authority:</b>	In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to take decisions in relation to those functions within its remit which includes Housing.	
<b>6.11 Previously Considered by:</b>	n/a	

**Contact Details:**

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30 January 2017



**Appendices:**

Appendix A1 – Strategic Housing Investment Plan – 2017/18-2021/22 (Text)

Appendix A2 – Strategic Housing Investment Plan – 2017/18-2021/22 (Tables)

**Background Documents: n/a**





## **Shetland Islands Council**

### **Strategic Housing Investment Plan**

**2017/18 – 2021/22**

## **Shetland Islands Council – Strategic Housing Investment Plan (SHIP) – 2017/18 – 2020/21**

### **1.0 Introduction**

- 1.1 The Strategic Housing Investment Plan (SHIP) is the key document to show how resources would be applied and prioritised in delivering the outcomes contained in the Local Housing Strategy (LHS). The guidance on SHIPs requires the plan to look ahead over a 5 year time period. The Scottish Government has announced indicative resource planning assumptions for the future years covered by the plan. The SHIP will be reported every two years.

### **2.0 Methodology**

- 2.1 The SHIP has been developed through a partnership approach between the Council's Housing Service, Planning Service, Capital Programme Service and Hjaltland Housing Association.
- 2.2 The Local Housing Strategy 2011-2016 was approved by Council in August 2011 and was submitted to the Scottish Government. Plans are in hand to update the Local Housing Strategy in early 2017.
- 2.3 The Local Housing Strategy (LHS) is the basis for the Council's future housing investment and was developed using a multi-agency approach. The LHS identified five key theme areas;
- A – Future Supply of Housing
  - B – Fuel Poverty
  - C – Housing Support/Housing for an Ageing Population
  - D – Homelessness
  - E – Private Sector Housing
- 2.4 The Local Development Plan works in conjunction with the Local Housing Strategy in terms of identifying land supply to meet housing needs.

### **3.0 Strategic Links**

- 3.1 The strategic framework for the production of this document is based on the Local Housing Strategy (LHS) and is linked to the Local Outcomes Improvement Plan and the Corporate Plan aim of increasing housing supply in Shetland across all tenures.

### **4.0 Key Issues Identified in the Preparation of the SHIP**

- 4.1 The HNDA and LHS have demonstrated the clear need for further affordable housing supply in Shetland. Demand continues to outstrip supply. It is evident that the greatest demand and housing pressure in Shetland is in the central mainland area and is particularly concentrated in Lerwick, Scalloway and the immediate surrounding areas. Opportunities to do 'rental off the shelf'(ROTS) purchasing within agreed parameters is also a successful means of achieving incremental increases in stock that meets particular needs. Any proposals for ROTS are subject to a number of locally agreed financial and strategic criteria.
- 4.2 Although the outstanding debt issue on the Housing Revenue Account (HRA) has been satisfactorily resolved, the HRA is going through a business planning process to ensure that the financial balance of the account is sustainable and that the immediate priority is to invest in our existing stock to ensure that quality standards are achieved. The Council is not in a financial position to develop its own new build programme at this time but the business planning framework will enable this to be kept under regular review.
- 4.3 The Council and Hjaltsland Housing Association have developed a very effective working partnership and have a track record in finding innovative funding mechanisms locally to enable the development programme to continue. In order to maximise external funding for new build housing and to capitalise on opportunities to attract any potential programme slippage, it is proposed to continue to develop this partnership approach.
- 4.4 The Scottish Government has set an ambitious target for the delivery of 50,000 new homes across Scotland in the term of this parliament with 70% of that target being for social rent. This represents a 67% increase in affordable housing supply and is backed by a £3 billion commitment.
- 4.5 The Council is investigating, through the development of its LHS themes, how it can help to stimulate future housing supply through a range of incentives and initiatives and access new funding streams that are being announced.

- 4.6 The announcement of the Infrastructure Fund is a welcome addition to enabling projects to move ahead in a more practical way that removes the financial constraints previously linked to provision of infrastructure on sites.
- 4.7 The recent work on the HNDA has, again, shown the evidence of the need for more diverse and alternative tenures. Through the programme we need to assess and find alternatives to meet those market needs, such as mid-market rent options and low cost home ownership options. Mid-market rent has not been used locally to date and would potentially provide a solution to the identified group of people who traditionally are priced out of the home-buyer market but are unable to demonstrate the level of housing need to secure social rented tenure in a pressurised housing market.
- 4.8 One area of housing supply that has been identified as an area for action is opportunities for first time buyers and low cost home ownership. The Council and Hjaltsland would like to develop options to meet this need by further investigating schemes such as a rent to buy or developer incentives. A self-build mortgage scheme has been piloted in the Highland area and the evaluation of its success is awaited to see if a similar scheme could be developed locally.
- 4.9 There is a need to ensure that the aims of the LHS can deliver in tandem with the Community Plan themes in sustaining confident and thriving communities across Shetland and evidence suggests that a number of these alternative options could provide appropriate solutions where social rented housing may not be available or where demand for social housing is limited and other tenures better meet the identified housing needs.
- 4.10 The Resource Planning Assumption (RPA's) for the coming five years have been advised as follows by the Scottish Government. These are minimum levels :

2017/18 - £2.561M

2018/19 - £1.921M

2019/20 - £1.280M

2020/21 - £1.280M

2021/22 - £1.280M

- 4.11 The Local Housing Strategy identified a need for between 53 and 72 units of affordable accommodation to be added to the housing supply each year for the next ten years. The currently proposed SHIP shows that we currently have future plans for 204 units in addition to the 52 which are currently on site. This gives an average of 51 units per annum which is slightly below the lower annual target level.
- 4.12 The programme put forward is well in excess of the RPA levels, although these are stated as a minimum level. The total programme has a grant funding requirement of £16.6M. This demonstrates the level of challenge in delivering the increased number of units set out in the national target.
- 4.13 The Local Housing Strategy also identified the need for additional housing options to meet the needs of an ageing population. There is increasing demand for a range of options to meet the needs of the elderly, disabled and people with a dementia diagnosis. The Housing Contribution Statement to the IJB's Strategic Commissioning Plan sets out how the Housing Service will contribute to meeting those needs.
- 4.14 The King Harald Street development will signify the first move to create a 'Homes for Life' housing option in Shetland. The proposal is that these flats will have built-in future proofing to enable them to meet the needs of ambulant disabled people or people with progressive conditions being supported to live independently in their own tenancies.
- 4.15 Meeting future housing needs will require further work to be done to identify suitable land for housing development and to develop opportunities which can meet housing need, attract external funding and continue to support sustainable communities in Shetland into the future. The Local Development Plan will be key to identifying future land supply. It is proposed that further joint working involving the Council's Housing, Planning and Capital Programme Services together with Hjaltland Housing Association will continue, to ensure that we can maximise those opportunities by developing a realistic programme and shadow programme.
- 4.16 Opportunities to consider other funding streams to assist with affordable housing supply should also be pursued. For example, this could be through community benefit policies, developer contributions or planning gain agreements.

## **5.0 Strategic Environmental Assessment**

- 5.1 A Strategic Environmental Assessment (SEA) screening report was submitted for the Local Housing Strategy in June 2011. It was agreed that a full SEA was not required on the Local Housing Strategy. As the SHIP is effectively the resources annex to the LHS it is considered to be covered by the SEA screening report.

## **6.0 Priorities and Partnership Working**

- 6.1 The Council and HHA continue to work jointly to address the relentless challenges of meeting housing demand in Shetland through the framework of the Local Housing Strategy. The adoption of the SHIP strengthens and formalises that partnership.
- 6.2 Priorities are clearly articulated in the Local Housing Strategy.
- 6.3 The Local Development Plan will contribute to the lifetime of this plan by assisting with identification of suitable sites for housing development.
- 6.4 Identification of future land supply will greatly assist in ensuring a land bank is available to support delivery of housing supply and to enable a robust shadow programme in future SHIPs.

## **7.0 Equalities**

- 7.1 The Council is committed to ensuring that equal opportunities are central to all its strategies and service provision. Much work has been done on ensuring access to a range of quality housing information is available to anyone in the community and beyond.
- 7.2 All new build properties are built to current building regulation standards.
- 7.3 The LHS considered the needs of equalities groups at all stages of its development.
- 7.4 In line with Scottish Government guidance, an Equality Impact Assessment has been carried out on the LHS.



## **8.0 Conclusions**

- 8.1 The Council is committed to increasing the supply of affordable housing for rent and low cost home ownership across Shetland. With only one housing association in Shetland, the Council is committed to working in partnership with HHA to ensure that investment in housing in Shetland is maximised.
- 8.2 Through the ongoing development of the LHS, the Housing Service and its strategic partners will be looking at a range of housing solutions to try to address the continuing housing need in Shetland.
- 8.3 The programme put forward will require an increase in grant funding beyond RPA indicators to enable the projects to be delivered.

AMJ/SHIP1718  
19 December 2016



STRATEGIC HOUSING INVESTMENT PLAN 2017/18-2021/22

Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-3 2017/18-2019/20

LOCAL AUTHORITY:

PROJECT	SUB-AREA	PRIORITY	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	GEOGRAPHIC CODE (Numeric Value - from Drop Down Table Below)	DEVELOPER	UNITS - TENURE							UNITS - BUILT FORM				UNITS - TYPE				GREENER STANDARDS	APPROVAL DATE	UNITS - SITE STARTS				UNITS - COMPLETIONS			SG FUNDING REQUIRED (£0.000m)					TOTAL FUNDING REQUIRED OVER PERIOD		
						Social Rent	Mid Market Rent	LCHO - Shared Equity	LCHO - Shared Ownership	LCHO - Improvement for Sale	PSR	Total Units	Rehab	Off the Shelf	NB	Total Units	GN	Specialist Provision	Type of Specialist Particular Need (If Known)	Total Units by Type			Enter Y or N	Financial Year (Estimated or Actual)	PRE 2017/18	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	PRE 2017/18	2017/18	2018/19		2019/20	
Met Office Phase 2		Low / Medium / High	(X - 445350) (Y - 1139713)	2	Hjaltland Housing Association Ltd	21						21			21	21	21			21	n	2015/16	21				21			1.926							
Hill Grind Phase 2			(X - 446003) (Y - 1141895)	2	Hjaltland Housing Association Ltd	11						11			11	11	10	1	wheelchair	11	n	2016/17	11				11			0.267	0.751						
Strand Phase 3			(X - 443394) (Y - 1145923)	2	Hjaltland Housing Association Ltd	16						16			16	16	16			16	n	2016/17	16					16		0.428	1.110						
Grantfield (OFS)			(X - 446920) (Y - 1141789)	2	Hjaltland Housing Association Ltd			9				9			9	9	9			9	n	2017/18 (est)		9					9		0.324	0.188					
King Harald Street			(X - 447399) (Y - 1141241)	2	Hjaltland Housing Association Ltd	27						27			27	27	17	10	Ambient disabled	27	n	2017/18 (est)		27						27		0.785	1.573				
Strand Phase 4			(X - 443394) (Y - 1145923)	2	Hjaltland Housing Association Ltd	12						12			12	12	12			12	n	2018/19 (est)			12				12			1.411					
Staneyhill Phase 1			(X - 446659) (Y - 1141712)	2	Hjaltland Housing Association Ltd	36						36			36	36	36			36	n	2018/19 (est)			36						1.016	1.457					
Strand Phase 5			(X - 443394) (Y - 1145923)	2	Hjaltland Housing Association Ltd	6		6				12			12	12	12			12	n	2019/20 (est)				12							1.590				
Hill Grind Phase 3			(X - 446003) (Y - 1141895)	2	Hjaltland Housing Association Ltd	12						12			12	12	12			12	n	2019/20 (est)				12							0.694				
Westview Scalloway			(X -440285) (Y - 1139618)	2	Hjaltland Housing Association Ltd	4						4			4	4	4			4	n	2016/17 (est)	4				4			0.102	0.241						
Total						145	0	15	0	0	0	160	0	0	160	160	149	11	0	160				52	36	48	24	36	16	48		3.211	4.188	3.741			

Table 2 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 4-5 2020/21-2021/22

LOCAL AUTHORITY:

PROJECT	SUB-AREA	PRIORITY	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	GEOGRAPHIC CODE (Numeric Value - from Drop Down Table Below)	DEVELOPER	UNITS - TENURE							UNITS - BUILT FORM				UNITS - TYPE				GREENER STANDARDS	APPROVAL DATE	UNITS - SITE STARTS			UNITS - COMPLETIONS		SG FUNDING REQUIRED (£0.000m)				
						Social Rent	Mid Market Rent	LCHO - Shared Equity	LCHO - Shared Ownership	LCHO - Improvement for Sale	PSR	Total Units	Rehab	Off the Shelf	NB	Total Units	GN	Specialist Provision	Type of Specialist Particular Need (If Known)	Total Units by Type			Financial Year (Estimated or Actual)	PRE 2020/21	2020/21	2021/22	2020/21	2021/22	PRE 2020/21	2020/21	2021/22	TOTAL SG FUNDING REQUIRED OVER SHIP
Staneyhill Phase 1		Low / Medium / High	(X - 446659) (Y - 1141712)	2	Hjaltland Housing Association Ltd	36						36			36	36	36			36	n	2018/19 (est)	36			36		0.000			0.000	
Strand Phase 5			(X - 443394) (Y - 1145923)	2	Hjaltland Housing Association Ltd	6		6				12			12	12	12			12	n	2019/20 (est)	12			12		0.000			0.000	
Hill Grind Phase 3			(X - 446003) (Y - 1141895)	2	Hjaltland Housing Association Ltd	12						12			12	12	12			12	n	2019/20 (est)	12			12		0.000	0.533		0.533	
Staneyhill Phase 2			(X - 446704) (Y - 1142129)	2	Hjaltland Housing Association Ltd	33						33			33	33	33			33	n	2020/21 (est)		33			33		1.801	1.450	3.251	
Staneyhill Phase 3			(X - 446304) (Y - 1142050)	2	Hjaltland Housing Association Ltd	35						35			35	35	35			35	n	2021/22 (est)			35				0.458	0.458		
Hillgrind Phase 4			(X - 446003) (Y - 1141895)	2	Hjaltland Housing Association Ltd	20						20			20	20	20			20	n	2021/22 (est)			20				0.640	0.640		
Pitt/Park Lane Ph 1			(X - 447571) (Y - 1141306)	8	Hjaltland Housing Association Ltd			8				8			8	8	8			8	n	2019/20 (est)			8		8			0.609	0.455	
Total						142	0	14	0	0	0	156	0	0	156	156	156	0	0	156			60	33	63	60	41	0	2.334	3.157	5.491	

Drop Down Table Values	
Numerical Value	Geographic Code
1	West Highland/Island Authorities/Remote/Rural ArgyllRSL - SR - Greener
2	West Highland/Island Authorities/Remote/Rural ArgyllRSL - SR - Other
3	Other RuralRSL - SR - Greener
4	Other RuralRSL - SR - Other
5	City and UrbanRSL - SR - Greener
6	City and UrbanRSL - SR - Other
7	AllRSL - Mid-Market Rent - Greener
8	AllRSL - Mid-Market Rent - Other
9	AllCouncil - SR - Greener
10	AllCouncil -SR - Other





<b>Meeting:</b>	<b>Development Committee Policy and Resources Committee</b>	<b>08 February 2017 13 February 2017</b>
<b>Report Title:</b>	<b>Fibre Optic Asset Development Project 2017</b>	
<b>Reference No:</b>	<b>DV-06-17-F</b>	
<b>Author/Job Title:</b>	<b>Douglas Irvine/Executive Manager – Economic Development</b>	

## **1.0 Decisions/Action required:**

- 1.1 That the Development Committee RECOMMENDS that the Policy and Resources Committee RESOLVES to:
- Agree the terms of the Project Initiation Document (PID), attached as Appendix 1.
  - Approve the Critical Success Factors for the project listed in paragraph 2.
  - Note that the PID may require further development under the direction of the Director of Development and such changes will be signed off by the Chief Executive.

## **2.0 High Level Summary:**

- 2.1 On 13 December 2016, the Development Committee called for the terms of a project for investigating the future role of Shetland Telecom's assets and staff to be placed on the agenda of the next meeting [Min Ref: 51/16].
- 2.2 The outcome sought from this exercise is to identify how the progress made to date and the current work of the former Shetland Telecom project can be assimilated into the Council's operations in the most cost effective way. The project will therefore examine the future operation of the Shetland Telecom developed infrastructure and the fibre optic network developed by ICT. This is part of the wider ICT communications network used by the Council and its partners.
- 2.3 The objectives for the new project, defined as Critical Success Factors (CSFs) are as follows:
- CSF 1 – Establish the processes, budgets and skills to maintain the asset. (Provide a resilient network with low risk of failure.)
  - CSF 2 – Institute mechanisms which maximise future income from the asset. (An affordable service in terms of cost to customers, opportunity cost to the Council and income generated.)
  - CSF 3 – Establish ways to expand use of the asset to improve public services to

the Shetland community and, where practical, enable business and social use of high speed media.

- CSF 4 – Use the asset to support high speed broadband development initiatives. (Where possible avoid activities that duplicate other investments.)

### **3.0 Corporate Priorities and Joint Working:**

- 3.1 “Improve high-speed broadband and mobile connections throughout Shetland” is one of the top priorities in the Council’s Plan 2016-20.”
- 3.2 “Ensuring that Next Generation Broadband is available to 75% of Shetland’s population by 2016 – helping to boost social connectivity and economic activity throughout Shetland and helping Economic Development and service delivery in some of Shetland’s remoter areas” is a key outcome in the Community Plan.
- 3.3 It is important that the project ties in with Digital Strategies being developed at national and local levels. For example, the Scottish Government is preparing a second phase of the Digital Scotland Superfast Broadband projects (DSSB). The next phase, termed R100, is designed to meet the Scottish Government’s target of achieving superfast broadband to all Scottish households by 2021. Part of the work involves a £45m investment in the Highlands and Islands and the Scottish Government is applying for £20m of EU funding as part of the overall package. The timetable is for the funding package to be secured in 2017 with implementation in 2018. There is still no information on how the next phase will be tendered.
- 3.4 In terms of wider partnership working within Shetland the project needs to link with the following:
- ICT Wide Area Network Project
  - The Broadband and Connectivity and Digital Service Delivery strands of the Council’s Business Transformation Project
  - Computing services provided to third parties including the third sector through the Council’s ICT network
  - Broadband services provided to customers using the Council’s Shetland Telecom project

The Project Executive will consider inviting suppliers and customers from these services onto the Project Board, as explained in the PID in appendix 1.

### **4.0 Key Issues:**

- 4.1 The main issues associated with the report are:
- To protect against the Council’s and Shetland’s high speed broadband communication systems becoming ineffective and lagging behind other areas.
  - Making sure that existing fibre optic assets are properly maintained to avoid breakdown of services and customer dissatisfaction.
  - To reach firm conclusions and a course of action that avoids the loss of key staff and skills.

<ul style="list-style-type: none"> <li>• Ensuring that loss of earnings is avoided which could place additional strain on Council budgets.</li> <li>• Identify and avoid duplicated effort involving other public and private sector services.</li> <li>• Making sure that the Shetland public is properly informed of the conclusions of the exercise, particularly in relation to how any future services are to be provided.</li> </ul>	
<b>5.0 Exempt and/or Confidential Information:</b>	
5.1 None.	
<b>6.0 Implications:</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Establishing the local provision of the Shetland Telecom fibre optic network within the Council's overall fibre optic network, or externally if that can work better, will provide a stable service for public bodies, social and commercial clients.
<b>6.2 Human Resources and Organisational Development:</b>	There are likely to be implications for staff working in ICT, Infrastructure Services and Shetland Telecom. The Council's HR policies and procedures on staff consultation and Organisational Development will be followed when proposals with implications for staff are considered.
<b>6.3 Equality, Diversity and Human Rights:</b>	The provision of high speed broadband in remote places such as Shetland is an enabler that allows people to access better digital services and to have better employment opportunities.
<b>6.4 Legal:</b>	<p>The following is relevant:</p> <ul style="list-style-type: none"> <li>• Abiding by the terms of the EU grant awarded for the project.</li> <li>• Meeting the terms of contractual obligations with suppliers, customers and staff.</li> </ul>
<b>6.5 Finance:</b>	There are no direct financial implications arising from this report. In 2016/17 the Shetland Telecom project was budgeted to produce a surplus on controllable items of £174,000. However, reviewing the position for Quarter 2, a surplus of £194,000 is now projected. It is important at a time of budgetary constraints to maximise income wherever possible.
<b>6.6 Assets and Property:</b>	The new project will define how all the Council's assets involved, including the customer base, need to be looked after.
<b>6.7 ICT and New Technologies:</b>	The project has helped the introduction of superfast broadband into Shetland, which is already bringing significant benefits to the ICT sector.
<b>6.8 Environmental:</b>	Having good access to superfast broadband promotes working at distance and therefore cuts down on carbon emissions. A

	Strategic Environmental Impact Assessment is not required.	
<b>6.9 Risk Management:</b>	The “Uncertain Direction of the Shetland Telecom Project” is listed as a risk on JCAD with a medium score of 9.	
<b>6.10 Policy and Delegated Authority:</b>	<p>This report has been prepared under policy 3.1 of the Economic Development Policy Statement 2013-17 (Development Committee Min Ref 37/13), which states “Provide High Speed Broadband in Shetland by the following outcomes/targets:-</p> <ul style="list-style-type: none"> <li>• 85% of Shetland households able to access Super Fast broadband (20 MB/s).</li> <li>• Develop technical and service needs cases for extensions of the Council broadband network to Unst and Fetlar.</li> <li>• Achieve net income of £140,000.</li> <li>• Develop campaign to promote benefits of high-speed broadband to communities, businesses and households.”</li> </ul> <p>The Development Committee does not have delegated authority for all the matters likely to be affected by this project such as capital programme, capital and revenue implications and Human Resources/Organisational Development. A recommendation has to be made to the Policy and Resources Committee.</p> <p>Policy and Resources Committee has delegated authority to take decisions on matters relating to Asset Management and wider implications, supported by a recommendation from the Development Committee.</p>	
<b>6.11 Previously Considered by:</b>	Development Committee	13 December 2016

**Contact Details:**

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**Appendices:**

Appendix 1: Project Initiation Document – Fibre Optic Asset Development Project 2017

**Background Documents:** None





## PROJECT DOCUMENTATION

## PROJECT INITIATION DOCUMENT (PID)

<b>Project:</b>	<b>Fibre Optic Asset Development Project 2017</b> Future development of the Council fibre optic network including; <ul style="list-style-type: none"> <li>• Shetland Telecom project derived assets and processes, including existing and potential customer base</li> <li>• The fibre optic network developed by the Council's ICT service</li> </ul>
<b>Release:</b>	Initial (pending decision of Policy and Resources Committee on 13 February 2017).
<b>Date:</b>	04.01.17
<b>PRINCE2</b>	
<b>Author:</b>	Project Manager – Executive Manager – Economic Development (responsible for assembling the Project Initiation documentation and for products) Project Assurance – Reviewer – Executive Manager – Community Planning and Development
<b>Owner:</b>	Chief Executive
<b>Client:</b>	Shetland Islands Council
<b>Document Ref:</b>	DI/

# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

<b>Version No:</b>	V1.1
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# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

### 1. Project Initiation Document History

#### 1.1 Document Location

This document is only valid on the day it was printed.

The source of the document will be found at this location – DI/

#### 1.2 Revision History

Date of this revision:

Date of next revision:

Revision date	Previous revision date	Summary of Changes	Changes marked
		First issue	
10.01.17		Changes to project objectives and desired outcomes, project scope and exclusions and project management team structure.	Not considered necessary as the PID was still at formative stage.
30.01.17		Changes required through agenda management.	Not necessary as PID was still at draft stage.

#### 1.3 Approvals

This document requires the following approvals.

Signed approval forms should be filed appropriately in the project filing system.

Name	Signature	Title	Date of Issue	Version

#### 1.4 Distribution

This document has been distributed to:

Name	Title	Date of Issue	Version

# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

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## 2. Project Definition

This project has been instructed by the Council's Development Committee following approval of the "Shetland Telecom – End of Project Report" on 13 December 2016 (See DV-59-16F)

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### 2.1 Background

With the completion of the Shetland Telecom development phases, it is acknowledged that the Council needs to understand what further role it has in promoting the delivery of high speed broadband to all Shetland communities. It is also necessary to undertake this project involving consideration of the fibre optic network developed by the Council ICT service.

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### 2.2 Project objectives and desired outcomes

The desired outcome is to identify how the progress made to date and the current work of the Shetland Telecom project can be assimilated into the Council's operations in the most cost effective way.

The objectives of the project are to:

- Consolidate all existing Council fibre optic infrastructure into a single asset comprising the fibre optic cables, ducts, chambers, cabinets and Points of Presence.
- Identify the value of this asset.
- Identify how much it costs to maintain the asset.
- Identify how much benefit the Council and its public sector partners gain from use of the asset.
- Identify how much income the Council can reasonably expect to derive from exploitation of the assets for business, community and social benefits.

The desired outcomes, expressed as Critical Success Factors (CSF's) are:

- CSF 1 – Establish the processes, budgets and skills to maintain the asset. (Provide a resilient network with low risk of failure)
- CSF 2 – Institute mechanisms which maximise future income from the asset. (An affordable service in terms of cost to customers, opportunity cost to the Council and income generated)
- CSF 3 – Establish ways to expand use of the asset to improve public services to the Shetland community and, where practical, enable business and social use of high speed media.
- CSF 4 – Use the asset to support high speed broadband development initiatives. (Where possible avoid activities that duplicate other investments)

# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

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### 2.3 Project scope and exclusions

The project scope includes:

- All existing Council fibre optic infrastructure (the Shetland Telecom developed infrastructure and the fibre optic network developed by ICT).
- Active equipment used to support existing business customers.
- Operational procedures across Council Departments if required to support delivery of the project's critical success factors.
- Existing and new contracts with business partners and customers to support delivery of the project's critical success factors.
- Understanding the links to national and local projects which aim to improve digital connectivity.

The project scope excludes:

- Active equipment used by the Council and its partners to support public services.
- SICGuest and other public access Wi-Fi infrastructure.
- Wireless point to point and point to multipoint equipment.
- Any extension to the Council's fibre optic network (such proposals need to be dealt with as projects in their own right).

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### 2.4 Constraints and assumptions

The project will not deliver any new infrastructure but will:

- Use existing assets and staff skills.
- Fully engage with development projects promoted by Government agencies.
- Examine both internal to Council and external to Council solutions.

Measurement of benefits will include qualitative improvement of public and private sector services as well as quantitative benefits such as income earned.

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### 2.5 The user(s) and any other known interested parties

- Shetland Islands Council
- Community Planning Partners
- Existing and future business customers
- Community Enterprises
- Government Agencies
- Communications Providers
- Shetland Industry

# **Fibre Optic Asset Development Project 2017**

## **Project Initiation Document**

Date: 04.01.17

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### **2.6 Interfaces**

- Development Committee
- Scottish Government
- HIE
- Community Planning

# **Fibre Optic Asset Development Project 2017**

## **Project Initiation Document**

Date: 04.01.17

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### **3. Project Approach**

The project will adopt the Council's Better Business Case method defining an initial long list of options being refined down to a single preferred option.

# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

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### 4. Business Case

See DV 59-16 F. The current Shetland Telecom projects generate c. £150,000+ annually in net sales while operating in a difficult environment with unclear objectives. In order to manage customer relations in the medium to long term it is necessary to clarify how the Council wishes to operate and promote high speed broadband services in future while maximising service improvements and income from its existing investment.



# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

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### 5. Project Board Team Structure

Executive Officer	Director of Development Services
Members	Executive Manager – ICT
	Executive Manager – Estate Operations
	Executive Manager – Finance
	Customers such as internal to the Council, external public sector and business customers are to be appointed at the discretion of the Executive Officer.
Project Manager	Executive Manager – Economic Development
Project Reviewer	Executive Manager – Community Planning and Development

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#### 5.1 Role Descriptions

- Director of Development Services – is in charge of the project and will chair the board meetings and is responsible for defining the work required to complete the project. The role also requires obtaining the Chief Executive's approval for the preferred option and any changes to the PID.
- Executive Manager – ICT, is present to maintain corporate ICT policy integrity.
- Executive Manager – Estate Operations, is present to ensure practical asset management.
- Executive Manager – Finance, is present to ensure that the preferred option is cost-effective and makes a net contribution to revenue, either in service improvement or in income.
- Executive Manager – Community Planning and Development, will check that Prince2 and Business Case process is followed properly.
- Executive Manager – Economic Development – is responsible for resourcing and carrying out the actions required by the Project Board and for preparing reports.

# **Fibre Optic Asset Development Project 2017**

## **Project Initiation Document**

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### **6. Quality Management Strategy**

The project board and the reviewer will ensure that the terms of Prince2 and the Business Case methodology are followed.

# **Fibre Optic Asset Development Project 2017**

## **Project Initiation Document**

Date: 04.01.17

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### **7. Configuration Management Strategy**

Not applicable.

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### 8. Risk Management Strategy

This will be prepared taking consideration of the following risks:

- Poor project management means that the Council's and Shetland's high speed broadband communication systems becomes ineffective and lags behind other areas.
- Poor maintenance of existing assets leads to breakdown of services and customer dissatisfaction.
- Project drift leads to loss of key staff and skills.
- Loss of earnings places additional strain on the Council's budget.
- Duplication of effort leads to waste of public resources.
- Poor communication leads to a lack of understanding among the Shetland public about the objectives of the project.

# **Fibre Optic Asset Development Project 2017**

## **Project Initiation Document**

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### **9. Communication Management Strategy**

Updates will be reported to Development Committee, to relevant Council staff, CMT, Community Planning Board. Public Press statements will be issued when objectives have been achieved.

# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

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### 10. Project Plan

Project milestones include:

- PID agreed by Policy and Resources Committee on 13.02.17
- Long list of options identified by 17.03.17
- Short list of options identified by 30.04.17
- Preferred Option identified by the end of May 2017
- Reports prepared for Development Committee, Employees Joint Consultative Committee, Policy and Resources Committee and Full Council, as required, early in the new Council.

# Fibre Optic Asset Development Project 2017

## Project Initiation Document

Date: 04.01.17

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### 11. Project Controls

- Committee decisions are required to agree this project initiation document and associated critical success factors.
- Future changes to the PID will be signed off by the Chief Executive.
- Long listing and short listing will be agreed by the project board.
- The preferred option will be signed off by the Chief Executive prior to the necessary Council approval.

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### **12. Tailoring of PRINCE2**

Not applicable.





<b>Meeting(s):</b>	Development Committee	8 February 2017
<b>Report Title:</b>	Fair Isle Electricity Company – New Electricity Scheme for Fair Isle	
<b>Reference Number:</b>	DV-08-17-F	
<b>Author / Job Title:</b>	Maurice Henderson/Project Manager	

## 1.0 Decisions / Action required:

1.1 That the Development Committee resolve to:

- a) Approve a financial contribution from the Council of £250,000 towards the cost of the new Fair Isle Electricity Scheme. This amount will be part of a £2.65 million funding package, sourced from a range of proposed contributors.
- b) Delegate authority to the Executive Manager – Economic Development, or his nominee, to manage the Council contribution of funding towards the Fair Isle electricity scheme project.
- c) Approve a commitment to provide a total contribution of £250,000 towards the cost of the new Fair Isle Electricity Scheme, and agree that this will be incorporated into future budget proposals for 2017/18 and 2018/19.

## 2.0 High Level Summary:

- 2.1 Fair Isle has generated its own electricity from a combination of wind power and diesel generation since the early 1980s. The island does not have a guaranteed 24 hour supply of electricity; when there is no wind, the power goes off at 11pm and back on at 7am. The 2 wind generators and 2 diesel generators supply the power but the older wind generator is now obsolete and the other out of commission. The community has recognised that if it is to sustain and grow the island population and economy there is a need to develop its infrastructure, and as a priority extend and improve its electricity scheme.
- 2.2 The development of the island's local energy supply is one of the highest priorities identified in the recent community development plan and will transform life on the island.
- 2.3 The current system consists of life expired generation capacity, a low voltage network, no storage ability and no potential to supply further consumers; limiting economic growth and the potential for connecting additional housing.
- 2.4 The project aims to deliver an upgraded system with a reliable 24 hour electricity supply for the community. The proposed scheme will consist of three 60kW wind turbines, supplying the majority of the electricity; a solar photovoltaic array, battery storage and a new high voltage network. The high voltage network will be extended

to the north of the island, allowing grid connections for the new Scottish Water treatment works, Fair Isle Bird Observatory, airstrip and the harbour at the North Haven. The scheme will provide a higher quality, stable power supply that is suitable for equipment such as computers, monitoring equipment and white goods that often have shortened life on the island.

- 2.5 The project is currently in the planning phase and the Fair Isle Electricity Company has professional support from a project manager, technical consultant, financial advisor and legal adviser. This team have been appointed to take the project to a stage where planning consent is in place. Funding for this development stage has come from the Scottish Government, HIE Shetland, Scottish Water and the Council as well as Fair Isle Electricity Company's own funds.
- 2.6 The Fair Isle Electricity Company was advised to apply to the Scottish Government's Low Carbon Infrastructure Transition Programme (LCITP) for funding. This is a European supported scheme where funding must be spent by September 2018. It can provide up to 50% of the capital costs but requires 50% match funding. The Fair Isle Electricity Company is working on a funding package to match the LCITP grant and has applied to the Economic Development Service for £250,000 of grant assistance; this would provide an important contribution to the project.
- 2.7 The tables below give a summary of the project costs that are based on estimates provided in technical studies for the proposed scheme. These would be subject to a full tendering process so a contingency has been included in the estimates at this stage. The table of funding sources indicates the status of funding; whether confirmed or provides indication of what stage the funding applications are at. A commitment from Shetland Islands Council funds is seen as important in supporting the pending application for Lottery funding of £600k - 22.4% of project costs.

### Summary of Costs

HV System	£620,705
Energy Storage System	£609,435
Wind Turbine Generators	£660,000
Solar PV System	£125,000
New Diesel Generators	£98,000
Project Management & Professional Fees	£192,100
Contingency	£345,786
<b>Total</b>	<b>£2,651,026</b>

## Funding Sources

Funding Source	Confirmed or Not	£	%
Scottish Govt. LCITP	Application has been successful; currently going through due diligence prior to grant award – subject to securing match funding.	£1,325,513	50%
Scottish Water	Confirmed	£208,000	7.9%
Shetland Islands Council	Subject to Development Committee decision	£250,000	9.4%
Big Lottery Fund	Applied for – not confirmed	£600,000	22.6%
Fair Isle Electricity Company	Confirmed	£20,000	0.8%
HIE Shetland	HIE is very supportive of this project and has indicated a willingness to commit up to £250k to fund the remaining project shortfall, subject to due diligence	£247, 513	9.3%
National Trust Scotland, Fair Isle Bird Observatory, Williams, Chanel, Crowd Funding,	Other sources have been approached for potential financial contributions to try and cover all possible funding opportunities. (This could be up to £100k, not included in breakdown)		
<b>Total</b>		<b>£2,651,026</b>	<b>100%</b>

### 3.0 Corporate Priorities and Joint Working:

- 3.1 The Fair Isle Electricity Scheme project is a very good fit with Shetland Islands Council policy and the specific statements from the Corporate Plan 2016-2020 are quoted below.

#### Economy and Housing

1. We will have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas.
2. We will have a culture of helping new businesses to start up and businesses to grow, as well as having a thriving 'social enterprise sector' of businesses that give something back to the community.
3. There will be opportunities for people with all levels of skills, and there will be a close match between the skills that businesses need and those that the trained workforce have.

- 3.2 This is a community led project and the Economic Development Service has been joint working with Fair Isle Electricity Company, Fair Isle Development Company, HIE Shetland, Scottish Government, Scottish Water, NTS, the Council's Ferry Operations, and the Council's Energy Unit in developing this project.

### 4.0 Key Issues:

- 4.1 The provision of an upgraded energy solution for Fair Isle that allows for a reliable,

stable 24 hour, low carbon supply of electricity on the island.

- 4.2 A scheme that supplies a power supply that is of a quality suitable for power sensitive equipment and everyday items that are taken for granted on Mainland Shetland; such as computers, monitoring equipment, washing machines etc.
- 4.3 Energy storage will maximise the use of renewable energy generated, keeping the import of diesel to Fair Isle to a minimum. This is important in reducing the number of barrels of diesel that are required to be shipped to the island.
- 4.4 The scheme will be capable of meeting the current electricity demand and allow for future economic growth as outlined in the Fair Isle Community plan. The island HV power grid will be extended to the north end of the island and connect facilities such as the harbour, airstrip, fire station and water treatment works. The potential benefits include heating in the fire station, shore power and lighting at the pier, with the ability to power the ferry winching equipment from the grid. The potential for powering airstrip landing lights, improving safety and potentially extending available flight hours. The new system would allow for the connection of additional domestic load, new properties and small businesses currently curtailed within the limits of the existing scheme.
- 4.5 The existing system is no longer fit for purpose, with the renewable energy generation now beyond their serviceable working lives and the scheme becoming heavily reliant on diesel generation. This is a costly form of generation and means that the number of hours of electricity on the island has to be limited to 7am – 11pm. The oldest wind turbine was installed in the 1980s and both turbines have been refurbished many times with bespoke parts made for them.
- 4.6 A reliable fit for purpose electricity supply is key to maintaining a resilient and sustainable community on Fair Isle. The power improvements will help Fair Isle become a more attractive place to live, and provide opportunity for economic development on the island. This may include the use of light machinery such as in the knitwear or craft sector.
- 4.7 The project is at a critical stage in securing a funding package that will allow the project to proceed to tendering and construction in the autumn of 2017. The Shetland Islands Council grant support will provide an important contribution to this match funding, leveraging over £2.4 million of external funding to the project.
- 4.8 Grant assistance is considered the best finance option for this project. The limited market for sales of electricity on the island means that finance through borrowing would make the price of electricity unaffordable to the people who live and make a living on the island.
- 4.9 A proposed tariff of 16 pence / kWh for domestic customers and 28pence / kWh for commercial users has been recommended by the technical and financial consultants. This can maintain a profit level for Fair Isle Electricity Company that starts to build up a reserve for repair & maintenance and potential future replacement.
- 4.10 It should be noted that once funding is secured and the planning consents are in place the project will go out to tender. If the application for £250k is approved today by the Development Committee, delegated authority is requested for the Executive Manager Development, or his nominee, to manage these funds in regard to the grant to Fair Isle Electricity Company.

<b>5.0 Exempt and/or Confidential Information:</b>	
5.1 None.	
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	<p>The project will provide significant improvements to the electricity supply on Fair Isle. This will benefit service providers on the island and all customers of the Fair Isle Electricity Scheme; including the NHS, the Council's Education Service, the Council's Ferry Operations, Fire Service, Social Care, Scottish Water and island residents. The benefits of a guaranteed 24 hour electricity supply will particularly benefit the elderly and vulnerable; simply being able to switch on a light in the middle of the night. The quality of supply will extend the life of white goods and sensitive electronic equipment on the island. The extension of the grid to the north of the island will allow the Council's Ferry Operations to have power at the pier as well as other service providers. Grid power available at the airstrip, fire station and water works. The new water treatment works requires a 24 hour supply and operates sensitive monitoring equipment. Scottish Water would otherwise have to supply their own power on site; operate and maintain the plant.</p>
<b>6.2 Human Resources and Organisational Development:</b>	<p>The lowering of the existing wind turbines for maintenance is a labour intensive job requiring a large squad of able bodied islanders. This is not without risk and a very manual task, cranes are not available on the island. This has health and safety implications for operations. It is intended that the new turbines have a more manageable system for access, improving safety and reducing the risks associated with maintenance operations.</p> <p>The new system will require Fair Isle Electricity Company workers to learn new skills in the operation and maintenance of the scheme. This will also require consumers to adapt to the operation of the new power management system to maximise the benefits from the lower cost renewable energy.</p>
<b>6.3 Equality, Diversity and Human Rights:</b>	<p>Fair Isle does not have a guaranteed 24 hour electricity supply, with limited hours of 7am-11pm when running on diesel generation.</p> <p>This project would for the first time be able to provide Fair Isle with a 24 hour electricity supply; as is expected on Mainland Shetland and the rest of the UK. This will help improve equality of services available on Fair Isle in relation to the rest of Shetland.</p>
<b>6.4 Legal:</b>	<p>The Fair Isle Electricity Company has taken legal advice to consider their current company structure. They are satisfied that the company has a suitable structure to take forward such a project.</p>

<b>6.5 Finance:</b>	<p>Provision is made annually within the Development Directorate budgets, to provide grant funding for appropriate projects, and approval of this project will commit £250k of future budgets for this purpose across 2017/18 and 2018/19. These budgets are subject to approval by the Council. This is a significant economic development project for the Fair Isle community and is considered a key project in the Fair Isle Development Plan. The project has the potential to draw in significant external funding to Shetland and also an opportunity to access EU funding through the LCITP scheme; this funding stream is unlikely to be available in future years.</p>
<b>6.6 Assets and Property:</b>	<p>The project will extend the high voltage power grid to the north of the island and be able to connect major assets on the island, including the Fair Isle Bird Observatory and pier. The pier will be capable of providing shore power to visiting vessels, the ferry and power the winch and lighting. The airstrip, fire station and water treatment works will also benefit. The improved quality of power will prolong the working life of equipment that is sensitive to power fluctuations and frequency.</p>
<b>6.7 ICT and new technologies:</b>	<p>The scheme will provide a high quality of power supply suited to sensitive equipment such as electronics and systems relating to the proposed new fibre broadband network. Electricity will also be available 24 hours a day instead of the power going off at 11pm as it does currently when on diesel supply.</p>
<b>6.8 Environmental:</b>	<p>The project will use renewable energy to supply the majority of the island electricity. The aim is to maximise the use of renewable wind and solar power combined with the use of battery storage. This is a significant improvement on the existing scheme where excess renewable energy has to be dumped in heat resistors, rather than being stored for later use when the wind drops.</p> <p>The project is working on the planning and consents stage. The site selection for the generating equipment and routing of cables has been scoped and islanders and stakeholders consulted on what are considered the best locations.</p> <p>An environmental impact assessment is to be undertaken for the wind turbine sites. This will include bird surveys and collection of bird flight path data. It is proposed a bird survey will be conducted during the 2017 bird season, commencing around the end of March. This data is assessed and correlated with the extensive historic bird data available on Fair Isle. Invitations to tender are programmed to go out in Autumn 2017 following planning consent being granted.</p> <p>In terms of reducing CO2 emissions, it is estimated that the</p>

	project would have a saving of between 330-404 tonnes per year, when compared to a diesel only option.
<b>6.9 Risk Management:</b>	<p>The project is being project managed by Great Glen Consulting and the project manager maintains a risk register that is available and continually updated.</p> <p>It is important to secure match funding for the Scottish Government LCITP scheme within the required timescale. The funding commitment from Scottish Water of £208k and if approved, the Council's grant of £250k will help reduce this risk. The lottery funding of £600k is the next large source of funding the project has to secure. If the Fair Isle Electricity Company can demonstrate commitment from Scottish Water and the Council this will strengthen their Lottery application.</p> <p>HIE Shetland are very supportive of this project and has indicated willingness to commit up to £250k to fund the remaining project shortfall, subject to due diligence. Funders such as the NTS, Fair Isle Bird Observatory and private sponsors are being approached. The project has a strong case.</p> <p>The other significant risk that can cause delay is the planning consent for the project. The time line at the moment is for an EIA and bird survey to be conducted over the 2017 bird season, with the aim of consents being granted in January 2018. It is programmed to invite project tenders in autumn 2017. Most aspects of the project don't appear to flag up high risks in terms of potential planning issues but the bird survey work and assessment of the wind turbine site will take time. This has moved the original project timeline for gaining full planning consent from June 2017 to January 2018. The planning applications have been separated into 3: solar and building, cable route and wind turbines.</p> <p>It is proposed that invitations to tender will go out in October 2017 and work to commence spring 2018.</p> <p>Without doing a full tender exercise the costs used in this proposal are based on the technical consultants design and bill of quantities. A contingency has been built into the cost of £346k. This aims to account for potential bad weather conditions in the build period, increases in material costs and other unforeseen circumstances. In the forecast for income and running costs the most prudent level of demand, income and costs of diesel have been used.</p> <p>Other issues of risk being managed include land leases and consents from crofters and land owners. Harper McLeod Solicitors are currently in negotiation with land owners and crofters to come to an agreement which satisfies all parties.</p>
<b>6.10 Policy and Delegated</b>	This report has been prepared under policy 3.1 of the Economic

<b>Authority:</b>	<p>Development Policy Statement 2013-17 (Development Committee Min Ref 37/13), which states:</p> <p>Objective 2 - Develop the economic health of local communities and a more diverse business base, through encouraging innovation and sustainable growth.</p> <p>Objective 3. Encourage research and adoption of enabling technologies and infrastructure.</p> <p>Objective 4. Develop local control and management of resources.</p> <p>The project fits under the following policies:</p> <p>2.2 Support communities and individuals to engage in economic activity and/or reduce the effect of peripherality and disadvantage - Support economic activity in local communities through the improvement of services and providing assistance for local development projects.</p> <p>4.1 Support research and development projects in renewable energy across the isles in homes, business and community organisations – support 6 community-scale renewable energy projects through commercial investment and grant assistance.</p> <p>4.5 Support community and commercial projects through local delivery of regional, national and EU funding programmes.</p> <p>The Development Committee has delegated authority to implement decisions within its remit, in accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations.</p> <p>As the subject of this report is covered by existing policy the Development Committee has delegated authority to make a decision.</p>	
<b>6.11 Previously considered by:</b>	<p>The Fair Isle Electricity Company has a steering group set up for overseeing the management of the project and this includes representatives from the main stakeholder organisations: the Council's Economic Development Service, Scottish Water, National Trust Scotland, Fair Isle Electricity Company, HIE Shetland, Scottish Government, Fair Isle Development worker. The project manager has also consulted with wider stakeholders where necessary and this has included the Council's Energy Unit regarding the School and Council's Ferry Operations about the pier.</p>	<p>Fair Isle Electricity Steering Group Meeting Dates</p> <p>27 July 2016 1 November 2016 1 December 2016 25 January 2017</p>

**Contact Details:**

Maurice Henderson, Project Manager, [maurice.henderson@sic.shetland.gov.uk](mailto:maurice.henderson@sic.shetland.gov.uk) 30/01/17



**Appendices:** None

**Background Documents:** None





<b>Meeting(s):</b>	Development Committee	8 February 2017
<b>Report Title:</b>	Aquaculture and Fisheries Research Funding Provision for the Financial Year 2017/18	
<b>Reference Number:</b>	DV-04-17-F	
<b>Author / Job Title:</b>	Jon Dunn, Project Manager	

## 1.0 Decisions / Action required:

- 1.1 That the Development Committee RESOLVE to:
  - 1.1.1 Approve grant funding for ongoing maintenance and development of the Shetland Marine Spatial Plan by NAFC Marine Centre in 2017/18, at a total cost of £39,107, subject to the approval of the 2017/18 Council Budget Book.
  - 1.1.2 Approve a budget of £150,000 for the financial year 2017/18, subject to the approval of the 2017/18 Council Budget Book, to be used as match-funding for research projects in aquaculture and fisheries, to be considered by the Council's Economic Development Service on a case by case basis. It is expected that these projects will demonstrate their ability to deliver economic development outcomes as well as leveraging in external funding where possible.

## 2.0 High Level Summary:

- 2.1 This report proposes that funding of £39,107 be approved for use by the NAFC Marine Centre to provide ongoing development and maintenance of the Shetland Marine Spatial Plan in the financial year 2017/18.
- 2.2 It is also proposed that a budget of £150,000 for the coming financial year be set aside for the Council's Economic Development Service to provide match funding on a case-by-case basis for aquaculture and fisheries research projects that can demonstrate their economic development impact.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 Delivery on Corporate Priorities - Provision of support for aquaculture and fisheries research in Shetland helps meet the following goals stated in the Council Plan 2016-20:
 

"We will have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas";

"We will have a culture of helping new businesses to start up and businesses to grow...";

"Will be investing development funds wisely to produce the maximum benefit for Shetland's economy".

<b>4.0 Key Issues:</b>	
4.1	NAFC Marine Centre's Marine Spatial Planning team carries out the development and maintenance of the Shetland Marine Spatial Plan. The Shetland Marine Spatial Plan is widely acknowledged as an international exemplar for the future of marine management. In addition to writing policy documents and producing the local marine atlas the Marine Spatial Planning team fulfil Shetland's legal requirements under the National Marine Plan by jointly forming with the Council one of the partners in the Marine Planning Partnership; and they fulfil the ongoing legislative requirements of the local plan itself.
4.2	Furthermore, the Marine Spatial Planning team also lever in external funding to NAFC Marine Centre in order to produce specific project outputs – examples being Shetland's Regional Locational Guidelines for Marine Renewables, and our Biosecurity Plan.
4.3	The knowledge and expertise built up in the course of operating the Marine Spatial Plan means that this service is not readily obtainable from more than one supplier, service provider or contractor – hence satisfying the Council's Contract Standing Orders (where the value of goods is between £10,000 and £50,000) insofar as competitive tendering is not required in this instance.
4.4	A budget of £150,000 was reserved within the Economic Development service for the financial year 2016/17 to enable the provision of match-funding on a case-by-case basis for aquaculture and fisheries research projects. It was expected that these projects could demonstrate their potential economic development impact, and would lever in external funding to augment the Council's contribution.
4.5	There has been a good uptake of this budget in 2016/17 with five diverse research projects approved, to a total value of £142,010. These have been supported with external contributions from industry, industry groups and academic institutions to a total value of £81,316. Research subjects have included fish surveys and data reviews, effects and implications of the discard ban, and pelagic lifecycle assessments.
<b>5.0 Exempt and/or Confidential Information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Aquaculture and fisheries research directly supports the local seafood sector, which is the largest individual economic sector in Shetland with an annual value in excess of £350m. Ancillary sectors (engineering, etc) also rely on the seafood sector and would be adversely affected if the seafood sector were to experience problems.
<b>6.2 Human Resources and Organisational Development:</b>	None.

<b>6.3 Equality, Diversity and Human Rights:</b>	None.
<b>6.4 Legal:</b>	None.
<b>6.5 Finance:</b>	<p>The proposal to fund aquaculture and fisheries research to the value of £189,107 will be met from within approved budgets. Any financial support to NAFC Marine Centre may need to be adjusted to meet the terms of the overall support package to the Colleges.</p> <p>Provision has been made within the proposed budgets for the Development Directorate to fund this proposal, however all 2017/18 budgets are subject to the approval of the Council Budget Book on 15 February 2017.</p>
<b>6.6 Assets and Property:</b>	None.
<b>6.7 ICT and new technologies:</b>	None.
<b>6.8 Environmental:</b>	Some research projects will have a beneficial impact on the marine environment such as the Marine Spatial Planning element, any improvement to fishing techniques that preserves stocks and, promoting the use of cleaner fish for removing sea lice in aquaculture systems.
<b>6.9 Risk Management:</b>	There are no significant issues for the Council. The research projects are being specified and performance will be assessed. There may be a financial risk for NAFC Marine Centre if fisheries and aquaculture research projects do not materialise to the expected level.
<b>6.10 Policy and Delegated Authority:</b>	<p><u>Policy and/or Delegated Authority</u> – This report has been prepared with regard to the aim of the Council’s Economic Development Policy Statement 2013-17:</p> <p>“To improve the economic well-being of Shetland by promoting an environment in which newer industries develop alongside thriving traditional industries”.</p> <p>The Economic Development Policy Statement 2013-17 was approved by the Development Committee on 14 August 2013 [Min Ref: 37/13] and by the Council on 28 August 2013 [Min Ref: 65/13].</p> <p>There is a particular fit with:</p> <p>Objective 1.3: “Support a high quality marine research and training facility”. The specific measure in this regard, to “Ensure</p>

	<p>financial support to the NAFC Marine Centre is appropriately targeted to meet industry needs” is particularly relevant to this report, as is the following annual target relating to Objective 1.3: “9 research and development projects with commercial applications undertaken”.</p> <p>Objective 1.4: “Improve and develop engagement of the service with local industry”. The specific measure in this regard, “Support research and knowledge gathering to inform growth in the local industry” is particularly relevant to this report, as is the following annual target relating to Objective 1.4: “Identify two research projects with commercial potential”.</p> <p>Objective 3.2: “Support research and development projects which encourage innovations and growth in the private sector”. The following annual target relating to Objective 3.2 is relevant to this report: “Two research and development projects supported”.</p> <p>The Development Committee has delegated authority to implement decisions within its remit, in accordance with Section 2.3.1 of the Council’s Scheme of Administration and Delegations.</p> <p>As the subject of this report is covered by existing policy the Development Committee has delegated authority to make a decision.</p>	
<b>6.11 Previously considered by:</b>	Development Committee	11 April 2016

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**Appendices:** None

**Background Documents:** None