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Date: 28 November 2017

Dear Sir/Madam

You are invited to the following meeting:

**Development Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 4 December 2017 at 2pm**

Apologies for absence should be notified to Louise Adamson at the above number.

Yours faithfully

Executive Manager – Governance and Law

Chair: Mr A Cooper  
Vice-Chair: Mr S Leask

## **AGENDA**

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of interest - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
- (d) Confirm the minutes of the meeting held on 3 October 2017 (enclosed).

## **Items**

1. Development Services Directorate Performance Report  
6 Month/2<sup>nd</sup> Quarter 2017/18  
*DV-53-17*
2. Management Accounts for Development Committee  
2017/18 – Projected Outturn at Quarter 2  
*F-81-17*
3. Onshore Wind Energy Supplementary Guidance  
*DV-59-17*
4. Strategic Housing Investment Plan (SHIP) 2018-2023  
*DV-55-17*
5. Future Ownership and Care of MV Brenda  
*DV-57-17*
6. Toft Pier – Outline Business Case  
*PH-19-17*

### ***The following Items contain Exempt Information***

7. Faroese Telecom  
*DV-58-17*
8. Shetland Investment Fund – Investment Activity 2016/17  
*DV-56-17*



# Shetland Islands Council

Agenda Item

# 1

<b>Meeting(s):</b>	<b>Development Committee Environment and Transport Committee Shetland College Board</b>	<b>4 December 2017 5 December 2017 5 December 2017</b>
<b>Report Title:</b>	<b>Development Services Directorate Performance Report – 6 Month/2nd Quarter 2017/18</b>	
<b>Reference Number:</b>	<b>DV-53-17-F</b>	
<b>Author / Job Title:</b>	<b>Neil Grant - Director of Development Services</b>	

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

- 1.1 The Committee/Board should discuss the contents of this report as appropriate to their remit and make any relevant comments on progress against priorities to inform further activity within the remainder of this year, and the planning process for next and future years.

## **2.0 High Level Summary:**

- 2.1 Highlights of progress against Council priorities from the Council's Corporate Plan by the Development Services Directorate are set out in Appendix 1. The Annual Investment report is being presented to the Development Committee this cycle. Further detail on Actions, Indicators and Risks are contained in appendices to this report.
- 2.2 The Committee/Board is invited to comment on any issues which they see as significant to sustaining and improving service delivery.

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

- 3.1 The Council's Corporate Priorities are set out in "Our Plan". This report reviews progress against these.

## **4.0 Key Issues:**

- 4.1 The three priority outcomes identified in Our Plan, which the Development Directorate leads on are:

- Increasing Supply of Housing of all Tenures in Shetland
- Improve High Speed Broadband and Mobile Coverage
- Improve Transport Connections Internally and Externally

Progress in achieving outcomes in these areas are noted in the attached appendices.

4.2	The Governance arrangements for the Shetland Partnership and the Local Outcome Improvement Plan priority outcomes are being reviewed in the context of the Community Empowerment Act with a target completion of March 2018
4.3	We are progressing a plan along with other community partners to increase the number of young people in Shetland, attracting young people to study is a key part of that being the “10 Year Plan to Attract People to Live, Study, Work and Invest in Shetland”. This also forms the key strand of the developing Islands Deal.
4.4	Engagement with the Scottish Government and Transport Scotland on Specification and Fair Funding of Inter-Island Transport continues to be a priority and dialogue is continuing with the Scottish Government at a political level regarding funding for 2018/19.
4.5	The University of Highlands and Islands (UHI) is now leading on the project to merge the local tertiary organisations and a business case report is expected to be presented in February 2018.
<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>	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. The Development Directorate has been leading a public engagement process using the Place Standard tool to gather the views of communities on aspects of the place they live in, which will be used as an evidence base for strategic planning, and will also feed into the Locality Profiles.
<b>6.2 Human Resources and Organisational Development:</b>	Recruitment of professional staff particularly in Planning Services remains challenging.  Workforce development, attracting people to live work and study in Shetland and skills development plans are noted in the appendices to this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	The Development Service, through Community Planning and Development, has a role in supporting all Council services and partner organisations to promote Equalities, Diversity and Human Rights, as well as ensuring the Government’s drive to reduce inequalities is forefront in service planning and delivery. All projects within the Development Service are monitored and assessed to understand and ensure negative impacts are mitigated and positive impacts are optimised.

<b>6.4 Legal:</b>	There are a number of projects and key actions within the Performance Report that have legal implications. Legal advice will be sought as matters progress to ensure that Shetland Islands Council complies with all statutory requirements.	
<b>6.5 Finance:</b>	There are no direct financial implications arising from this report. The actions, measures and risk management described in this report are projected to be delivered within existing approved budgets, further details of the projected outturn position are detailed in the Quarter 2 Management Accounts reports for Development Committee, Environment & Transport Committee and Shetland College Board, also presented this cycle."	
<b>6.6 Assets and Property:</b>	The Business Case for the Council investing further in broadband infrastructure is noted in this report.	
<b>6.7 ICT and new technologies:</b>	None.	
<b>6.8 Environmental:</b>	None.	
<b>6.9 Risk Management:</b>	Embedding a culture of continuous improvement and customer focus are key aspects of the Council's improvement activity. Effective performance management is an important component of that which requires the production and consideration of these reports. Failure to deliver and embed this increases the risk of the Council working inefficiently, failing to focus on customer needs and being subject to further negative external scrutiny.	
<b>6.10 Policy and Delegated Authority:</b>	<p>The Council's Constitution – Part C - Scheme of Administration and Delegations provides in its terms of reference for Functional Committees (2.3.1 (2)) that they;</p> <p>"Monitor and review achievement of key outcomes in the Service Plans within their functional area by ensuring –</p> <ul style="list-style-type: none"> <li>(a) Appropriate performance measures are in place, and to monitor the relevant Planning and Performance Management Framework.</li> <li>(b) Best value in the use of resources to achieve these key outcomes is met within a performance culture of continuous improvement and customer focus." </li></ul>	
<b>6.11 Previously considered by:</b>	N/A	

**Contact Details:**

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28 November 2017

**Appendices:**

- Appendix A - Progress on the Directorate Projects and Actions (Development Committee, Environment and Transport Committee, Shetland College Board)
- Appendix B - Key Directorate Indicators and Council Wide Indicators (Development Committee, Environment and Transport Committee, Shetland College Board)
- Appendix C - Complaints Summary (Development Committee Only)
- Appendix D - Risk Register (Development Committee Only)

**Background Documents:**

[Our Plan 2016-20](#)

[Development Directorate Plan 2017-20](#)

# DV-53-17 Appendix A - Projects and Actions - Development ->Development Committee



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## OUR PLAN 2016-2020

### C) ECONOMY & HOUSING


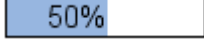

#### 1) Promote enterprise

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.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP203 Support for local businesses and entrepreneurs	Development of a skilled workforce to match industry requirements, and other direct and indirect support to businesses. Sustainable integrated delivery model for Tertiary Education and Research is in place for August 2018.	Sustainable economy with access to skilled workforce	Planned Start	01-Apr-2017		The Islands Deal project is being progressed along with Orkney and Western Isles. The deal will have a key focus on increasing Shetland's economically active population.	Development Services Directorate
			Actual Start	17-Aug-2017	<div><div>25%</div></div>		
			Original Due Date	01-Apr-2020	Expected success		
			Due Date	01-Apr-2020			
			Completed Date		Experiencing issues, risk of failure to meet target	Effective and efficient tertiary education provision: UHI are now leading the project to develop the business case for merger of NAFC, Shetland College and Train Shetland with a target date for implementation of August 2018, subject to business case being presented to Council and Trust board in February 2018. The Council is currently assessing the associated pension and property implications	

#### 7) Housing supply

We will have increased the number of houses in Shetland, with a range of options that are affordable and achievable for all.



Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP200 Increase supply of housing across all tenures	Deliver refreshed Local Housing Strategy and Local Development Plan Main Issues Report in 2017, and increase confidence and engagement of developers to build in Shetland	Housing supply is facilitating an increased population	Planned Start	01-Apr-2017		Housing Needs and Demand Assessment (HNDA), and other evidence bases e.g. Place Standard are close to being finalised. Local Housing Strategy refresh will commence once HNDA evidence base has been confirmed, and will address housing stock across all tenures, looking at capacity in the local building industry, and take account of the additional Government commitment of £14.3m. Five year Strategic Housing Investment Plan, for 250 housing units in next 5 years being delivered. Local Development Plan, Vision and Spatial strategy are being worked on and Call for sites is being prepared and will be informed by HNDA evidence. Scottish Government Rural and Island Housing Fund has been accessed for pilots in Northmavine and Sandness & Walls areas. Knab Site and Staney Hill Master Plans are progressing and undergoing public engagement processes.	Development Services Directorate
			Actual Start	17-Aug-2017			
			Original Due Date	01-Apr-2020	Expected success		
			Due Date	01-Apr-2020			
			Completed Date		Likely to meet or exceed target		

## D) COMMUNITY STRENGTH

### 1) Community support

Communities will be supported to find local solutions to issues they face.





Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP201 Support communities to reach their full potential	Work with the Shetland Partnership to develop policy and support implementation of the Community Empowerment Act, and embed new ways of working.	Communities feel engaged in local decision making	Planned Start	01-Apr-2017		The LOIP is currently being reviewed and proposals for Outcomes and measurement of these Outcomes are currently being developed for further consultation	Development Services Directorate
			Actual Start	17-Aug-2017	<div><div>40%</div></div>		
			Original Due Date	01-Apr-2020	Expected success		
			Due Date	01-Apr-2020		Community Planning Partnership Governance model proposals have also been developed and again will be consulted upon.  Timescales for getting to final approval of these by community partners is March 2018	
			Completed Date		Likely to meet or exceed target		

## E) CONNECTION & ACCESS

### 2) Broadband

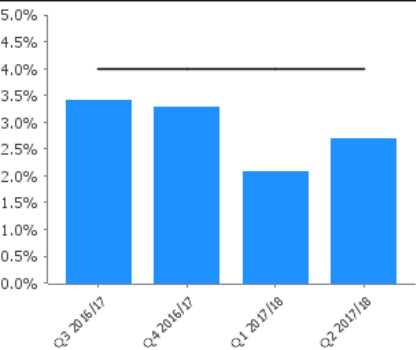
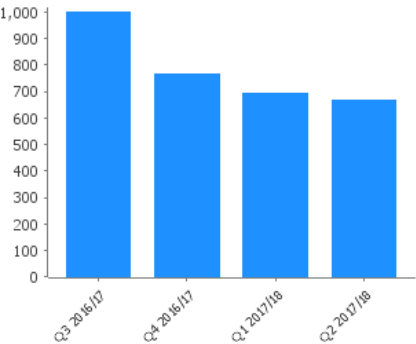
More people will have access to high-speed broadband and reliable mobile connections, helping to connect people, communities and businesses throughout Shetland.

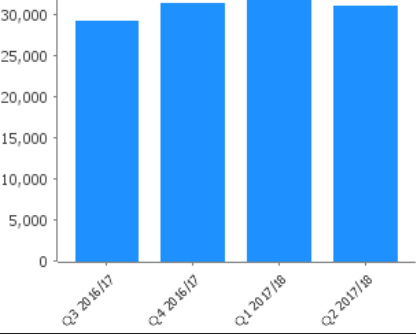
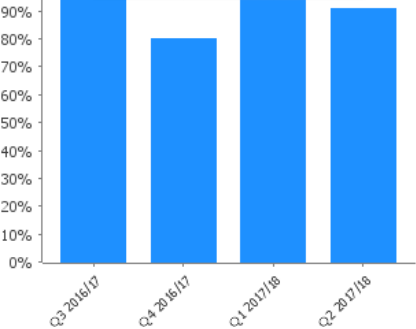
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP204 Digital and mobile connectivity	Work with Scottish Government to influence rollout of broadband and mobile services in Shetland under the Government R100 plan, and identify where there are business cases for council engagement in provision of services and infrastructure.	Achieve 100% high speed broadband and mobile coverage throughout Shetland	Planned Start	01-Apr-2017		Work on Shetland Islands Council Digital Strategy has commenced with Care and Education services. Broadband and Mobile Coverage: Scottish Government R100 (Reach 100% by 2021)	Development Services Directorate
			Actual Start	17-Aug-2017	<div><div>50%</div></div>		
			Original Due Date	01-Apr-2021	Expected success		
			Due Date	01-Apr-2021		Experiencing issues, risk of failure to meet target	
			Completed Date				

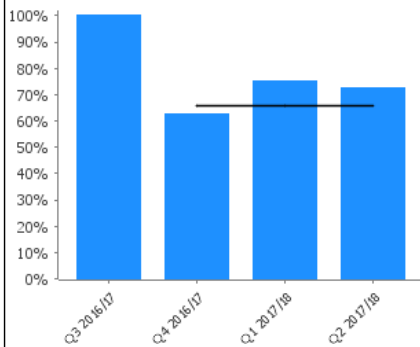


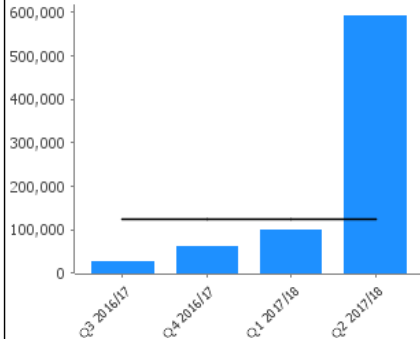
# DV-53-17 Appendix B Performance Indicators (Quarterly)- Development Directorate -> Development Committee

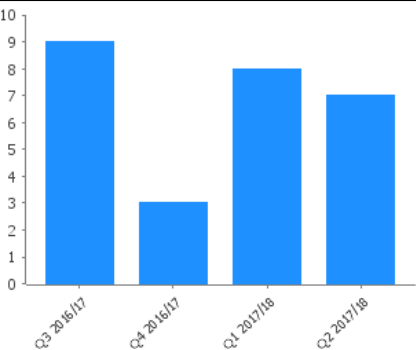
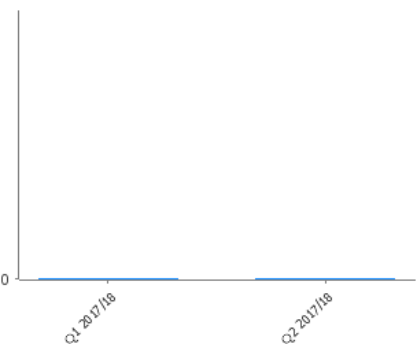
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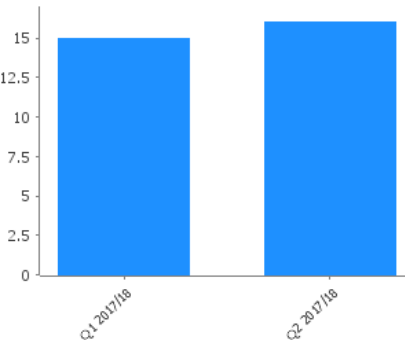
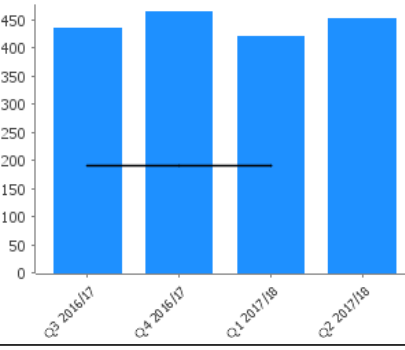
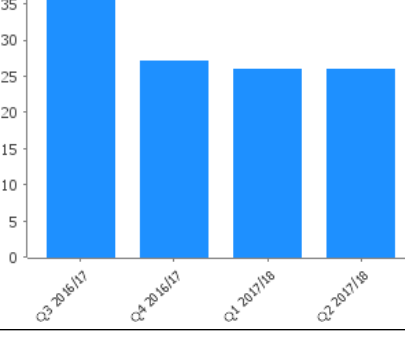
Code & Short Name	Previous Years		Quarters				Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value			
OPI-4C-G Sick %age - Development Directorate	3.5%	3.0%	3.4%	3.3%	2.1%	2.7%	4.0%		<b>Performance</b> The % of sickness across the Development Directorate has increased slightly but well below the target of 4.0%. <b>Improvement</b> Continued focus on Council's Maximising Attendance Policy.
OPI-4E-G Overtime Hours - Development Directorate	3,886	3,366	1,001	767	693	666			<b>Performance</b> The number of overtime hours has reduced. <b>Improvement</b> Overtime continues to be managed on a pre-authorisation basis.

Code & Short Name	Previous Years		Quarters				Q2 2017/18 Target	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value			
OPI-4G-G Employee Miles Claimed - Development Directorate	111,952	112,437	29,182	31,313	32,390	31,017			<b>Performance</b> Miles claimed has remained quite steady. <b>Improvement</b> Managed within budget.
G01 FOISA responded to within 20 day limit - Development Services	94%	92%	95%	80%	94%	91%	95%		<b>Performance</b> The Development Department has continued to complete a Very Good standard for FOISAs dealt with. Of the 33 FOISAs dealt with during Q2, 30 were completed in line with the 20 working day timescale allowed. <b>Improvement</b> FOISAs are monitored regularly by staff and is a regular agenda item at the Development Management Team meetings.

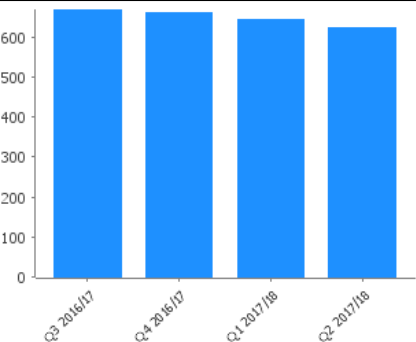
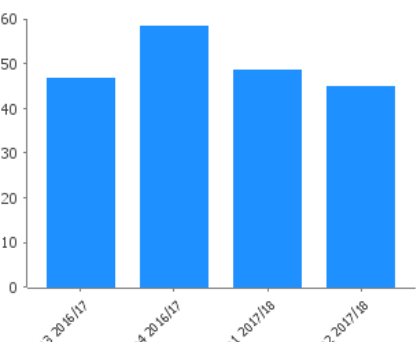
Code & Short Name	Previous Years		Quarters				Target	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value			
GD-02 Success rate - external funding applied for by community groups (%)	54%	65.63%	100%	62.5%	75%	72.73%	66%	 <p>The bar chart displays the success rate for external funding applications across four quarters. The Y-axis is scaled from 0% to 100% in 10% increments. The X-axis labels are Q3 2016/17, Q4 2016/17, Q1 2017/18, and Q2 2017/18. The success rates are 100% for Q3, 62.5% for Q4, 75% for Q1, and 72.73% for Q2. A horizontal line at the 66% mark represents the target success rate.</p>	<p><b>Performance</b> At as Q2 CP&amp;D has supported 13 external funding applications. 8 applications have been successful, 3 were unsuccessful and the other 2 funding bids await a decision. This results in an overall success rate of 72.73%, which is above the annual target.</p> <p>The external funding landscape continues to be very competitive but these results demonstrate a good level of success to date.</p> <p><b>Improvement</b> CP&amp;D staff continue to support community groups and volunteers with funding bids. CP&amp;D offers guidance and support to apply for external funding and deliver training to community groups and volunteers on request.</p> <p>The Grants Unit delivered funding training at the Sports Conference in September.</p>

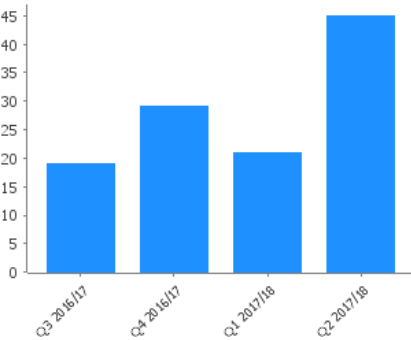
Code & Short Name	Previous Years		Quarters				Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value	Target		
GD-03 External funding secured by Community Groups	812,502	280,486	25,582	60,858	100,001	590,201	125,000	 <p><b>Performance</b> 8 external funding applications have been successful in the financial year to date, securing a total of £590,201 for local groups and projects. This has exceeded the annual target of £500,000. Successful funding bids include a Big Lottery Fund award of £138,000 to Disability Shetland and a Robertson Trust grant of £15,000 to Tingwall Public Hall.</p> <p><b>Improvement</b> The External Funding Officer (EFO) continues to circulate regular funding information and opportunities to interested community groups and officers. Almost 60 external funding updates have been circulated in 2017/18. This information helps raise awareness of new and existing external funding sources. In September, the EFO arranged for The Robertson Trust to visit Shetland and deliver funding workshops. Over 30 people attended the funding workshops held in Lerwick and Voe. 10 groups had 1:1 appointments to discuss their projects. A number of community groups are now working on funding applications to The Robertson Trust in 2018. The Robertson Trust visit also provided an opportunity for the EFO to increase his knowledge of their grant programmes and build relationships with The Robertson Trust rep. This arrangement is mutually beneficial and there has been regular contact between the EFO and The Robertson Trust since this visit.</p>	

Code & Short Name	Previous Years		Quarters				Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value	Target		
GD-04 Number of people moving into employment through Employability Pathway		25	9	3	8	7			<p><b>Performance</b> Separate to the 7 people who have moved into employment through the Employability Pathway, 12 new participants were supported within Quarter 2.</p> <p><b>Improvement</b> The Pathway has now been in place for two and a half years; work is beginning on reviewing the scale and scope of need, in preparation for a potential new round of ESF funding.</p>
GD-05 Number of Asset Transfer Requests					0	0			<p><b>Performance:</b> Information on this indicator only started to be gathered in 2017/2018. CP&amp;D staff are supporting 4 pre-application projects in line with the Asset Transfer Procedure. This includes facilitating dialogue between community groups and colleagues in other Council services and partner agencies. One of these projects is anticipated to proceed to a formal application in Q3/4.</p> <p><b>Improvement:</b> CP&amp;D staff continue to build their own and community groups' capacity in relation to Asset Transfer and other aspects of Community Empowerment. Awareness raising activity is planned with the Association of Community Councils and individual Community Councils thereafter in Q3/4 and on into 2018/19</p>

	Previous Years		Quarters						
Code & Short Name	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
GE-05 Numbers accessing Business Gateway Start Up Services		69			15	16			<b>Performance</b> Business Gateway is a Scottish Government resource that offers advice and guidance to startup companies and established companies across Scotland, and in Shetland is administered through SIC Economic Development Service. This indicator shows how many individuals accessing Business Gateway services have registered as new business starts or have accessed events and training for new start ups. <b>Improvement</b> This is monitored regularly.
GH-05 Average length of time in temporary or emergency accommodation (Days)	412	491	435	464	420	452			<b>Performance</b> The average length of time in temporary accommodation for homeless cases closed remains high which demonstrates the pressure on housing stock and demand. <b>Improvement</b> There will be continued regular monitoring in this area.
GH-08 Number of Homeless Applications Made	122	114	36	27	26	26			<b>Performance</b> The number of homeless applications remains steady. A lot of prevention work is carried out with people who are at risk of homelessness and this approach is making a difference. <b>Improvement</b> This will be monitored regularly.



Code & Short Name	Previous Years		Quarters				Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value			
GH-09 The number of housing applications on housing register	739	661	666	661	643	623			<p><b>Performance</b> The number of housing applications has reduced but there is still a high demand for social housing.</p> <p><b>Improvement</b> Continue to monitor</p>
GP-01 Average days taken to obtain a building warrant	63.48	63.16	46.67	58.35	48.4	44.74			<p><b>Performance</b> In Q2, 58 building warrants were granted. The average time taken was 44.74 days, which is an improvement from Q1, giving a year to date figure of 46.6 days. Please note that this includes time taken by verifier and by customer (applicant or agent). It was hoped to split these times but the Scottish Government are still to implement.</p> <p>From April 118 building warrants have been granted, 88 domestic and 30 non-domestic. Of particular note is that for non-domestic projects the average time has decreased from 67 days to 42 days in spite of an increase in such applications.</p> <p>Further details on the Planning Performance framework are available here:  <a href="http://www.gov.scot/Resource/0051/00516415.pdf">http://www.gov.scot/Resource/0051/00516415.pdf</a> </p> <p><b>Improvement</b> We will continue to monitor this regularly.</p>

	Previous Years		Quarters						
Code & Short Name	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
GP-10t Housing completions (Private & Affordable)	61	80	19	29	21	45		 <p><b>Performance</b> The Local Housing Strategy which covers all housing tenures has a target of Affordable Housing being between 53 and 72 per year.</p> <p><b>Improvement</b> Building continues across Shetland.</p>	

## DV-53-17 Appendix B (cont) - Sickness Absences - All Directorates (for comparison)

**NOTE:** Sickness absences are very seasonal, therefore this quarter is compared to the same quarter last year (rather than compared to the previous quarter).

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Short Name	Previous Years				Last year	This year
	2013/14	2014/15	2015/16	2016/17	Q2 2016/17	Q2 2017/18
	Value	Value	Value	Value	Value	Value
Sickness Percentage - Whole Council	3.6%	4.2%	3.7%	3.1%	2.6%	3.2%
Sick %age - Chief Executive's "Directorate"	1.4%	2.4%	3.6%	1.2%	1.5%	2.2%
Sick %age - Children's Services Directorate	2.8%	3.7%	2.9%	2.5%	1.8%	2.2%
Sick %age - Community Health & Social Care Directorate	6.0%	6.0%	5.6%	5.2%	4.1%	5.4%
Sick %age - Corporate Services Directorate	1.6%	2.4%	1.8%	1.9%	1.8%	2.1%
Sick %age - Development Directorate	2.7%	4.2%	3.5%	3.0%	3.0%	2.7%
Sick %age - Infrastructure Directorate	3.4%	4.0%	3.8%	2.4%	2.2%	2.8%

## DV-53-17 Appendix C - Complaints - Development Directorate

This shows all complaints that were open during the Quarter.  
Frontline complaints should be closed within 5 working days  
Investigations should be closed within 20 working days

Generated on: 28 November 2017

### Standard of service received

ID	Stage Title	Received Date	Status	Closed Date	Service/Directorate	Days Elapsed	Complaint Upheld?
COM-17/18-648	Frontline	14-Jul-2017	Closed	14-Jul-2017	Economic Development	0	Not Upheld

### Dissatisfaction with Council policy

ID	Stage Title	Received Date	Status	Closed Date	Service/Directorate	Days Elapsed	Complaint Upheld?
COM-17/18-653	Investigation	18-Jul-2017	Closed	04-Aug-2017	Housing	13	Not Upheld

## Risk Register - Development Services

Risk & Details	Likelihood	Current Impact	Risk Profile	Current and Planned Control Measures	Probability	Target Impact	Risk Profile	Responsible Officer
Category	Directorate							
Corporate Plan	C1. Economy and Housing - Promote Enterprise							
Service reviews completed, Planning suffers from acute national shortage of qualified staff, general climate (v low unemployment) continues to impact to some extent. Key posts in some areas are difficult to recruit to, and exacerbated by national and local competition and limited local housing options. Trigger : Resignation, retirement, Consequences : Impact on service delivery, workload on staff and consequent impact. Risk type : Key staff - loss of Reference - C0017	Almost Certain	Significant	High	• Corporate wide Staff Survey (Viewpoint) - progressing Action Plan to address staff views raised in Corporate wide staff survey (Viewpoint); *A corporate workforce development plan is progressing - HR workforce strategy has been approved. *Management to ensure that exit interviews are always completed, and to track exit interview statistics; *Ten year plan to attract people to live, work and study in Shetland has been adopted by the Shetland Partnership *Management to look to extending the 'grow your own'/ trainee posts; *Careful monitoring of the impact of policy interventions such as market forces; *Consideration to be given to wider use of adjusted posts to 'fill gaps' on a temporary basis, and for temporary '2-way probation' or 'secondments' so that staff can try out an advertised post before committing.	Possible	Significant	Medium	Neil Grant Development Services
Development Service operates within a complex legislative environment and is expected to be an exemplar. Current controls include, e.g. ICT security policy, ICT automatic encryption of all laptops and USBs are auto-encrypted before any data can be downloaded. Trigger : Lack of training or understanding could lead to a breach of, for example, HSE/ Data protection/ human Rights/ employment practice, etc. Consequences : Investigation, censure/ prohibition notice/criminal prosecution/ fine, impact on workload, impact on staff, stress, bad publicity Risk type : Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc Reference - C0018	Likely	Significant	High	• Ensure projects are a priority activity in achieving the Outcomes identified in the Corporate plan 2016-20, "Our Plan 2016-2020" and ensure proper process for identifying and allocating project resource; Train staff and adhere to standing orders, on-going staff training on employment practices, H & S, ensure risk assessments are current, communicated and complied with; All staff to make themselves aware of the ICT security policy - http://intranet2/Policy/Shared%20Documents/ICT%20SecurityPolicy%20v2_10.pdf (Exec summary on page 5).	Unlikely	Minor	Low	Neil Grant Development Services
Corporate Plan	E1. Connection and Access - Community transport solutions							

C0027 - Central Govt Funding Issues - Central Govt Funding Issues - Provision of Air and Ferry Services, Revenue and Capital Funding - subject to Inter-island Transport review, and work ongoing with Scottish Government and Transport Scotland. Trigger : Scottish Government decision not to support Revenue and Capital cost of service. Delay in Scottish Government's decision beyond next year. Islands deal I, brexit also can affect this risk. Consequences : Council cannot afford current service levels or replacement of aging infrastructure, financial risk sits with Infrastructure Risk type : Central Govt Funding Issues Reference - C0027	Possible	Minor	Medium	<ul style="list-style-type: none"> <li>*The Council has worked with the Scottish Government using Transport Methodology and Business Case planning to identify specification for inter island transport.</li> <li>*A joint statement on Fair Funding has been prepared by Shetland and Orkney Islands Councils to clarify funding amounts and timescales with Scottish Government Ministers.</li> </ul>	Possible	Extreme	High	Neil Grant Development Services
<b>Corporate Plan</b> <b>F1. Our "20 by '20" - Leadership &amp; Management</b>								
Council commitment to partnership working. This is soon to become a statutory requirement. Trigger : There is a risk that the Council as lead for Shetland's Community Planning Partnership fails to engage effectively with all partners to develop a coherent Community Plan Consequences : Censure/ action against the council for failing to comply with legislation, Failure to achieve the best outcomes for the community. Risk type : Partnership working failure Reference - C0030	Possible	Major	High	<ul style="list-style-type: none"> <li>• Community Planning is supported by the Community Planning and Development Team in the Development Department. Seminars and wider engagement activities were delivered, including collaboration regarding locality working which informs strategic planning for Health &amp; Social Care Services</li> <li>*A project board has been set up to progress Community Empowerment (Part 2) workstreams of Governance, Locality Planning and Engagement.</li> </ul>	Unlikely	Major	Medium	Neil Grant Development Services
<b>Corporate Plan</b> <b>F5. Our "20 by '20" - Standards of Governance</b>								
Development Directorate is managing a number of significant projects of strategic importance, including Community Empowerment Act, Part 2, Colleges Review; Internal and External Ferries; Outer Isle's Transport; Economic Development Service, Commercial Lending; Participatory Budgeting; Strengthening Community Involvement; High Speed Broadband; Local Housing Strategy; Local Development Plan; Transport Strategy; Economic Development Strategy; Energy Strategy; LOIP (Local Outcome Improvement Plan) 2016-2020 Trigger : Focus or priority could be wrong Consequences : Wasted resources, negative impact on wider community, Financial cost, bad publicity Risk type : Strategic priorities wrong Reference - C0019	Possible	Major	High	<ul style="list-style-type: none"> <li>• Ensure projects are a priority activity in achieving the Outcomes identified in the new Corporate Plan</li> <li>Ensure projects are a priority activity in achieving the Outcomes identified in the new Corporate plan 2016-20, and ensure proper process for identifying and allocating project resource.</li> </ul>	Unlikely	Significant	Medium	Neil Grant Development Services

<p>Development Service delivers a service with reducing resources and constraints including the MTFP. Service reviews moving towards completion.</p> <p>Trigger : Reduced and reducing budget, fewer staff - requirement to accomodateand work within 20% / (£20 million reduction across the organisation) in resources over 4 years</p> <p>Consequences : Impact on service, workload has to be managed by fewer staff, stress, impact on service users &amp; communities</p> <p>Risk type : Economic / Financial - Other</p> <p>Reference - C0021</p>	Likely	Significant	High	<ul style="list-style-type: none"> <li>• Restructure implemented, strategic planning continuing, awareness of issues</li> </ul>	Possible	Significant	Medium	Neil Grant Development Services
<p>Development Service / the Council works in a number of areas and necesssarily publishes information on its activities</p> <p>Trigger : Failure to share information, poor management of communications/ poor communication with service users/ members of the public/ media, or mis-perception by media.</p> <p>Consequences : Bad publicity, communities miss opportunities, finite resources spent on rectifying misunderstandings, staff morale impact, service users/ partners lose trust in services.</p> <p>Risk type : Communications poor</p> <p>Reference - C0022</p>	Unlikely	Major	Medium	<ul style="list-style-type: none"> <li>• Link to risk around corporate priorities</li> <li>▫Adhere to corporate communications policy, Management team are aware ofthe issues and risks that fall to Dev MT and CMT.</li> </ul>	Rare	Significant	Low	Neil Grant Development Services
<p>One or more communities fail to be sustainable</p> <p>Trigger : Demographic and socio-economic problems on remote communities</p> <p>Consequences : Depopulation of remote areas, sudden impact on development services</p> <p>Risk type : Economic climate</p> <p>Reference - C0026</p>	Possible	Significant	Medium	<ul style="list-style-type: none"> <li>• Impact of connectivity from broadband and transport links, working with communities to develop sustainable plansProgressing 'Islands with small populations' project</li> </ul>	Unlikely	Significant	Medium	Neil Grant Development Services







<b>Meeting(s):</b>	Development Committee	4 December 2017
<b>Report Title:</b>	Management Accounts for Development Committee: 2017/18 – Projected Outturn at Quarter 2	
<b>Reference Number:</b>	F-81-F	
<b>Author / Job Title:</b>	Jonathan Belford, Executive Manager - Finance	

### 1.0 Decisions / Action required:

- 1.1 The Development Committee RESOLVES to review the Management Accounts showing the projected outturn position at Quarter 2.

### 2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Development Committee to monitor the financial performance of services within its remit to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This report shows the projected financial consequence of the service performance detailed in the Development Directorate performance report and allows the Committee the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by year-end.
- 2.2 On 15 February 2017 (SIC Min Ref: 7/17) the Council approved the 2017/18 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £12.252m. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves and would be evidence that the Council is living beyond its means.
- 2.3 This report forms part of the financial governance and stewardship framework, which ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Committee that resources are being managed effectively and allows corrective action to be taken where necessary.
- 2.4 Since the approval of the 2017/18 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme. Therefore, this report refers to the revised budget that is now in place for each of the services.

### 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. In addition, 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.

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

- 4.1 This report presents the projected outturn position for 2017/18 as at the end of the Second quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers.
- 4.2 The projected revenue outturn position for the Development Committee is an underspend of £438k (5%), which means the services in this Committee area are collectively projected to spend less than their approved budget. There are no recurring savings identified at this time.
- 4.3 The projected capital outturn position for Development Committee is an overspend of £30k (19%) on the General Fund. This overspend is to be funded from the Second Homes Council Tax Reserve.
- 4.4 The contribution from the Housing Repairs and Renewals Fund is £919k less than budgeted. We now anticipate to make a contribution to the Housing Repairs and Renewals Fund of £435k.
- 4.5 See appendices 1, 2 and 3 – attached, for detailed information on the Revenue, Capital and Housing Revenue Account outturn positions respectively.
- 4.6 Provision was made in the Council's 2017/18 Budget for cost pressures and contingencies. It is held centrally by the Executive Manager - Finance.
- 4.7 Cost pressures are recurring in nature and increase the base cost of the service being delivered, e.g. pay awards, whereas contingency items are deemed non-recurring and likely to vary year on year, e.g. ferry breakdown costs.
- 4.8 This approach assists the Council to mitigate any spending risks. However, it is expected that services will endeavour, in the first instance, to meet any additional costs from within existing resources.
- 4.9 The following allocations have been applied from the cost pressure/contingency budget to services within this Committee's remit:
  - £114k - 1% Pay inflation
  - £6k - 1% increase in Pension cost
- 4.10 No other cost pressure or contingency budget has been applied to date as the Development Directorate's overall budgets are projecting to meet the additional costs from within existing underspends and increased income. This position will be reviewed quarterly.

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

- 5.1 None.

#### **6.0 Implications :**

<b>6.1 Service Users, Patients and Communities:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<b>6.2 Human Resources and Organisational Development:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<b>6.3 Equality, Diversity and Human Rights:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<b>6.4 Legal:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<b>6.5 Finance:</b>	<p>The 2017/18 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means. To achieve this, a one-off underspend from the 2016/17 budget has been used to balance the General Fund. This is a one-off solution for 2017/18.</p> <p>For every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.</p> <p>It is therefore vital that the Council delivers its 2017/18 budget. This report demonstrates that the services under the remit of the Development Committee are collectively projecting to spend less than their Council approved budget.</p>
<b>6.6 Assets and Property:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<b>6.7 ICT and new technologies:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<b>6.8 Environmental:</b>	Any implications in relation to the actions and service provision in this report will be included in the Director of Development Performance Management report also presented at this meeting.
<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 planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and</p>

	<p>external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>There are no significant risks identified for this committee</p> <p>This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>The Council makes provision within its budget for cost pressures and contingencies that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.</p> <p>Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.</p>	
<b>6.10 Policy and Delegated Authority:</b>	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2017/18 financial year. This report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
<b>6.11 Previously considered by:</b>	<i>n/a</i>	<i>n/a</i>

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*Ex. 4676*

*28/11/2017*

**Appendices:**

Appendix 1 - Development Committee Projected Revenue Outturn Position for 2017/18

Appendix 2 - Development Committee Projected Capital Outturn Position for 2017/18

### Appendix 3 – Housing Revenue Account Projected Outturn Position for 2017/18

**Background Documents:**

SIC Budget Book 2017/18, SIC 15 February 2017

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=20520>



## Development Committee

## 1. Projected Revenue Outturn Position 2017/18

Budget v Projected Outturn Variance at Quarter 1 (Adv)/ Pos £000	Service	2017/18 Revised Annual Budget £000	Projected Outturn at Quarter 2 £000	Budget v Projected Outturn Variance at Quarter 2 (Adv)/ Pos £000
2	Director of Development	2,994	2,992	2
15	Community Planning & Development	882	853	29
26	Economic Development	1,665	1,349	316
16	Housing	1,591	1,497	94
(1)	Planning	1,064	1,067	(3)
<b>58</b>	<b>Total Controllable Costs</b>	<b>8,196</b>	<b>7,758</b>	<b>438</b>

Included in the above table are the projected variances presented as at Quarter 1. The main differences are explained as follows:

- Economic Development – £290k difference: As the halfway point in the year has passed, it has become clear that a portion of the grants available to stimulate economic growth will not be taken up in this financial period.
- Housing - £78k difference: Housing currently have vacancies that are not now expected to be filled until Q4.

Explanations for the main draft outturn variances by service at Quarter 2 are set out below:

### 1.1 Directorate – Projected underspend £2k (<1%)

There is no significant variance in this service area.

No recurring savings have been identified.

### 1.2 Community Planning & Development - Projected outturn underspend £29k (3%)

There is no significant variance in this service area.

No recurring savings have been identified.

The position for Community Planning and Development's budget overall is an underspend of £27k. Services provided in relation to this Committee include Community Grants; Community Council Grants; Employability and Access Support; Community Planning, Community Justice; and Community Safety.

### **1.3 Economic Development - Projected outturn underspend £316k (19%)**

The main reasons for the projected variance are

- Grants designed to stimulate economic growth in the islands not anticipated to being taken up within this economic year or being delayed into future years (i.e. the Fair Isle electricity project) - £224k;
- saving anticipated from the renegotiated contract for Promote Shetland - £41k; and
- Instances of Maternity and a vacant post that has not yet been recruited to contributing to salary cost savings of £54k.

No recurring savings have been identified.

### **1.4 Housing - Projected outturn underspend 94k (6%)**

The main reason for the projected variance is

- Staff vacancies including a Team Leader and two Quantity Surveyor posts, which are not expected to be filled until Q4, contribute to a projected salary saving of £86k.

No recurring savings have been identified.

### **1.5 Planning - Projected outturn overspend (£3k) (<1%)**

There is no significant variance in this service area.

No recurring savings have been identified.



## Development Committee

## 1. Projected Capital Outturn Position 2017/18

Budget v Projected Outturn Variance at Quarter 1 (Adv)/ Pos £000	Service	2017/18 Revised Annual Budget £000	Projected Outturn at Quarter 2 £000	Budget v Projected Outturn Variance at Quarter 2 (Adv)/ Pos £000	Slippage required into 2018/19 £000	Overall Budget v Projected Variance at Quarter 2 (Adv)/ Pos £000
0	Housing	161	191	-30	0	-30
0	<b>Total Controllable Costs</b>	<b>161</b>	<b>191</b>	<b>(30)</b>	<b>0</b>	<b>(30)</b>

An explanation of the main variances by service is set out below:

## 1.1 Housing – projected outturn overspend £30k (19%)

The projected overspend relates to the 24/25 Leaside project. Additional soundproofing was required to meet building standards.



## Housing Revenue Account

## 1.0 - Projected Revenue Outturn Position 2017/18

Budget v Projected Outturn Variance at Quarter 1 (Adv)/ Pos £000	Description	2017/18 Revised Annual Budget £000	Projected Outturn at Quarter 2 £000	Budget v Projected Outturn Variance at Quarter 2 (Adv)/ Pos £000
	<b>Expenditure:</b>			
790	Supervision & Management	818	778	39
1,829	Repair & Maintenance	1,884	2,012	(128)
165	Void Rents & Charges	165	143	22
31	Garages	31	25	5
2,652	Capital Funded from Current Revenue	2,692	1,742	949
1,711	Capital Charges - Dwellings	1,711	1,711	0
<b>7,177</b>	<b>Total: Expenditure</b>	<b>7,299</b>	<b>6,413</b>	<b>888</b>
	<b>Income:</b>			
(2)	Interest on Revenue Balances	(2)	(2)	0
(6,623)	Rents - Dwellings	(6,623)	(6,623)	0
(191)	Rents - Other ie garages/sites etc	(191)	(222)	31
(361)	Contribution to/(from) Housing R & R Fund	(484)	435	(919)
<b>(7,177)</b>	<b>Total: Income</b>	<b>(7,299)</b>	<b>(6,411)</b>	<b>(888)</b>
<b>0</b>	<b>Overall Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Included in the above table are the projected variances presented as at Quarter 1. The main differences are explained as follows:

- Repairs and Maintenance - £183k difference: a projected decrease in Internal Income in the Repairs and Maintenance.
- Capital Funded from Current Revenue - £910k difference: additional Capital Receipts is being used to fund the Capital Programme instead of CFCR.
- Contribution to/(from) the Housing R&R Fund - £796k difference: we budgeted that there would be a requirement of funding from the Housing R&R fund but we are now projecting a contribution to the Housing R&R fund, due the reduced requirement of CFCR as a result of Council House sales.

Explanations for the main variances in the HRA at quarter 1 are set out below.

### 1.1 Supervision & Management – projected outturn underspend £39k (5%)

There is no significant variance in this service area.

## **1.2 Repairs & Maintenance- projected outturn overspend (£128k) (7%)**

The main reasons for the projected variance are

- an underachievement of Internal Income in the Repairs Service due to the use of subcontractors at the beginning of the year while there were vacancies in the service and also more planned maintenance being carried out which has reduced reactive repairs (£150k); offset by
- Underspending projected in employee costs due to vacancies, which are to be reviewed by the new Asset Management Team Leader, £51k.

## **1.3 Void Rents and Charges – projected outturn underspend £22k (13%)**

There is no significant variance in this service area.

## **1.4 Garages – projected outturn underspend £5 (16%)**

There is no significant variance in this service area.

## **1.5 Capital Funded from Current Revenue – projected outturn underspend £949k (35%)**

The main reason for the projected variance is

- Funding the Capital Programme from additional Capital Receipts income instead of CFCR.

## **1.6 Capital Charges – Dwellings – projected outturn breakeven**

There is no significant variance in this service area.

## **1.7 Interest on Revenue Balances – projected outturn breakeven**

There is no significant variance in this service area

## **1.8 Rents – Dwellings – projected outturn breakeven**

There is no significant variance in this service area.

## **1.9 Rents – Other i.e garages/sites etc – projected outturn underspend £31k (16%)**

There is no significant variance in this service area.

#### **1.10 Contribution to/(from) Housing R&R Fund – projected outturn underspend £919k (190%)**

The projected reduction in contribution from the R&R Fund is due to the reduction in requirement of CFCR. We are now projecting to make a contribution to the R&R Fund.

## Projected Capital Outturn Position 2017/18

Budget v Projected Outturn Variance at Quarter 1 (Adv)/ Pos £000	Service	2017/18 Revised Annual Budget £000	Projected Outturn at Quarter 2 £000	Budget v Projected Outturn Variance at Quarter 2 (Adv)/ Pos £000
0	Heating Replacement Program	660	660	0
0	Housing Quality Standard	2,153	2,153	0
0	Vehicle Replacement Programme	100	61	39
0	<b>Total Controllable Costs</b>	<b>2,913</b>	<b>2,874</b>	<b>39</b>

An explanation for the significant variances by service is set out below.

### 2.1 Heating Replacement Program - projected outturn breakeven

- There are no significant variances in this service area

### 2.2 Housing Quality Standard – projected outturn breakeven

- There are no significant variances in this service area

### 2.3 Vehicle Replacement Programme – projected outturn underspend £39k (39%)

- The projected underspend is due to less new vans being required in year than budgeted.



<b>Meeting(s):</b>	<b>Development Committee Shetland Islands Council</b>	<b>4 December 2017 13 December 2017</b>
<b>Report Title:</b>	<b>Onshore Wind Energy Supplementary Guidance</b>	
<b>Reference Number:</b>	<b>DV-59-17-F</b>	
<b>Author / Job Title:</b>	<b>Austin Taylor/ Natural Heritage Officer</b>	

## 1.0 Decisions / Action Required:

- 1.1 That the Development Committee RECOMMEND to the Council that it resolve to adopt the supplementary guidance (SG) Onshore Wind Energy (Appendix 1).

## 2.0 High Level Summary:

- 2.1 This report summarises the work done to enable the SG on Onshore Wind Energy developments to be adopted since the Council approved it on 30 June 2015. This document, if adopted by the Council, will provide policy context and guidance to developers proposing Onshore Wind Energy Developments. The document will form part of the Local Development Plan (LDP) and the wider planning application decision making process and therefore should be read in conjunction with the LDP and other relevant Supplementary Guidance documents.

## 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 proposed SG Onshore Wind Energy, including our recommended updates and changes is attached as Appendix 1 to this report.

- 4.3 The draft SG for Onshore Wind was first subject to a 12-week consultation in summer 2013 and a number of issues were raised and accounted for. However, before the SG could be presented again for adoption, in June 2014, Scottish Government issued revised Scottish Planning Policy (SPP) that had significant implications for the SG resulting in there requiring significant amendments, notably in terms of the Spatial Framework, which is a core component of the SG.
- 4.4 The second draft SG for Onshore Wind was subsequently subject to a 6-week consultation in autumn 2014 and a number of issues were raised and accounted for.
- 4.5 On 30 June 2015 the Council considered the SG and our analysis and proposed responses to that consultation comments received and resolved to adopt the document (Min Ref: 41/15).
- 4.6 The Council made a screening determination that a Strategic Environmental Assessment was not required for the Onshore Wind Energy SG because one had already been completed for the Shetland Islands Council Interim Planning Policy: Wind Energy Development in 2010. Two of the Consultation Authorities (CAs - SEPA and SNH) agreed with the Council's determination but Historic Environment Scotland (then Historic Scotland) did not. It pointed out that the SEA process for that document had not been completed because it had not been adopted and a post adoption report published. However, in discussion all the CAs agreed with the Council's assertion that the Environmental Report (ER) could be completed by updating the existing environmental report and publishing this alongside the current draft guidance in order to allow understanding (for the public, consultees and decision-makers alike) of the environmental effects prior to finalisation/ adoption.
- 4.7 Due to the passage of time since the ER had been prepared the Council required to undertake a substantial rewrite, updating many of the baseline data, relevant legislative and policy provisions and undertaking the SEA assessment itself afresh. That work was completed earlier this year and the Council received formal notifications from the CAs in July 2017 that they were all broadly in agreement with the assessment. However, they pointed out that the baseline data was still out of date or in error in a handful of specific areas that should (and can simply) be updated. SEPA also suggested that part of the final assessment matrix was missing; this was due to oversight but does not affect the overall assessment conclusions. All these corrections and omissions will be identified and inserted in the SEA post adoption report that the Council requires to publish within 3 months of the adoption of the SG itself.
- 4.8 Because of the changes that have taken place in the external environment within which onshore wind operates since the SG was approved in 2015 and the fact that an entirely revised ER had been prepared and published, the Head of Planning decided, in consultation with the Chair and Vice-Chair of this Committee, to undertake a further 6-week period of consultation on the SG. The consultation was completed on 22 September 2017.
- 4.9 A range of consultation responses were received from 11 representees. Appendix 2 summarises those representations, the modifications sought, a summary of our recommended responses (including reasons) by the Planning Authority and the conclusions and / or actions in respect of changes to the SG that the Planning Service recommends.



- 4.10 The Planning Service has not recommended any further changes to policy at this time because to do so would further delay the adoption of this SG while any such changes were drawn up, checked for compliance with legislative and policy provisions, re-consulted upon and reviewed for any implications on the SEA once again. The Planning Service has recommended a number of subjects and policy areas for review during the preparation of subsequent Onshore Wind Energy policy development as part of the next LDP and accompanying updates for possible inclusion in future guidance.
- 4.11 There are a number of corrections and updates that have no policy implications and it is a straightforward matter to incorporate those changes.
- 4.12 The Planning Service has replaced all the maps; the data upon which they are based has been updated and they have been re-titled to make it clearer how they show the spatial framework. Additionally, the Planning Service has moved all the safeguarding data that is not part of the spatial framework to a separate map.
- 4.13 Attached at Appendix 3 and 4 are the revised SEA Environmental Report and the CAs' responses to it.
- 4.14 If the Council approve the SG, it will be sent to Scottish Government, together with the Table of Representations Responses, the SEA ER and CAs' responses.
- 4.15 The SG complies with the latest statement of SPP and as such contains the Spatial Framework for Onshore Wind Energy developments over 20MW in Shetland and a number of detailed policies relating to onshore wind energy development in accordance with paragraph 169 of SPP. These Policies will form the basis for development management decisions in relation to onshore wind energy proposals alongside the policies contained within the LDP and other relevant SG. The document also contains a section directing developers to useful guidance and best practice.

## **5.0 Exempt and/or Confidential Information:**

5.1 None.

## **6.0 Implications:**

<b>6.1 Service Users, Patients and Communities:</b>	Versions of the document now presented have been subject to 3 rounds of public consultation. Further 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>	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>	Supports sustainable development of the onshore wind energy sector such that environmental effects are managed and/ or mitigated including those associated with climate change and carbon management. Strategic Environmental Impact Assessment was required and has been completed.	
<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>	Development Committee Development Committee Development Committee Shetland Islands Council	29 May 2013 6 October 2014 15 June 2015 30 June 2015

#### **Contact Details:**

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Date written: 20 November 2017

#### **Appendices:**

- Appendix 1 Supplementary guidance (SG) Onshore Wind Energy
- Appendix 2 Table of responses to consultation on Supplementary Guidance Onshore Wind Energy (available electronically)
- Appendix 3 Strategic Environmental Assessment (SEA): Environmental Report (available electronically)
- Appendix 4 Consultation Authorities' Responses to SEA Environmental Report (available electronically)

#### **Background Documents:** List relevant background documents and web links

Shetland Local Development Plan -

<http://www.shetland.gov.uk/planning/LocalDevelopmentPlan.asp>

Scottish Planning Policy (SPP) - <https://beta.gov.scot/publications/scottish-planning-policy/pages/2/>

**Shetland Local Development Plan**

**Supplementary Guidance – Onshore Wind Energy**

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## 1. Context

### Purpose of This Guidance

The purpose of this Supplementary Guidance (SG) is to:

- Provide developers with information and guidance on where, in principle, large-scale onshore wind energy developments and all associated infrastructure, are likely to be acceptable;
- Provide the criteria in which developments over 50KW will be assessed.
- Provide a policy framework for Shetland Islands Council to use as a basis for consultation responses as part of any Section 36 applications for wind energy developments.
- Provide guidance for micro-turbine schemes.

**Potential developers are asked to refer to this guidance as well as the Local Development Plan and other Supplementary Guidance Documents from the outset. See <http://www.shetland.gov.uk/planning/LocalDevelopmentPlan.asp>. The Council encourages developers to contact the Planning Service at an early stage to discuss their proposals.**

### How to use this Guidance

The Shetland Local Development Plan (LDP), together with any associated Supplementary Guidance, sets out the policies and criteria against which planning applications submitted in Shetland will be considered. All proposals must conform to the relevant Local Development Plan policies and the policies contained within other relevant Supplementary Guidance documents.

This Supplementary Guidance sets out detailed policy advice to help you meet the requirements of the Plan. It is therefore recommended that it be read in conjunction with the policies in the Plan and any other Supplementary Guidance relevant to the type of development proposed. Section 1 provides the spatial framework for wind energy developments and Section 2 provides the detailed policy criteria for assessing development proposals.

### Renewable Energy Resource

Shetland is well placed to make a positive contribution to the national targets through the development of the outstanding renewable resource available such as wind, wave and tidal. The Council is committed to harnessing the benefits from renewable energy for the good of the community at large.

Shetland demonstrates a number of strengths that support the development of renewable technologies, in particular wind. Shetland Islands Council seeks to support these opportunities ensuring that Shetland's renewable energy potential is optimised.

### Renewable Energy Targets

In response to the Climate Change (Scotland) Act 2009 the Scottish Government has set targets of generating 30% of all Scottish energy needs including 11% of heat demand to be met by renewable sources by 2020. The Scottish Government also aims to reduce emissions by 42% by 2020 and by 80% by 2050. Development Plans

have a duty to contribute to sustainable development and encourage zero and low carbon developments.

Renewable energy developments are a key component for delivering the ongoing efforts for climate change mitigation and the move towards a low carbon society.

## **2. Assessing Development Proposals**

### **National Policy**

SPP contains a requirement for Planning Authorities to provide a spatial framework for onshore wind farms.

Within the spatial framework the planning authority should classify land in to one of the following groups:

Group 1: Areas where wind farms will not be acceptable, these areas are defined as land that is designated as either a National Park or a National Scenic Area.

Group2: Areas of significant protection. Wind farm development may be appropriate in some circumstances in these areas. However, further consideration will be required to demonstrate that any significant effects on the qualities of these areas can be substantially overcome by siting, design or other mitigation.

Group 3: Areas with Potential for wind farm development. Areas beyond groups 1 and 2 where wind farms are likely to be acceptable, subject to detailed consideration against identified policy criteria.

### **Local Development Plan Policy**

The Local Development Plan is the main policy reference for all development within Shetland; the Planning Authority will use the land use planning policies contained in the Plan to determine applications submitted under the Planning (Scotland) Acts. Any potential developer should consult the Local Development Plan to ensure compliance with the relevant policies.

The Shetland Local Development supports and encourages development of a diverse range of renewable energy technologies in order to maximise the associated social and economic opportunities whilst protecting the environment. Appropriately targeted renewable energy development has the potential to reduce Shetland's reliance on fossil fuels, thus offering protection against rising oil and gas prices. The Local Development Plan identifies areas for residential and mixed use development known as Areas of Best Fit and Sites with development potential. Any potential sterilisation of these areas will be a material consideration in the determination of wind energy applications.

## **LDP RE1 Renewable Energy**

The Council is committed to delivering renewable energy developments that contribute to the sustainable development of Shetland. Proposals for renewable energy developments will be supported where it can be demonstrated that there are no unacceptable impacts on people (benefits and disbenefits for communities and tourism and recreation interests) the natural and water environment, landscape, historic environment and the built environment and cultural heritage of Shetland.

All proposals for renewable energy developments will be assessed with consideration of their cumulative impacts.

Further detailed guidance on renewable developments is provided in Supplementary Guidance – Onshore Wind Energy which will contain the spatial framework for large scale wind energy developments of 20MW and above generating capacity.

### **Justification**

Renewable energy comes from natural sources that are constantly and sustainably replenished such as sunlight, wind, rain, tides, wave and biomass; it also includes energy from waste.

This policy and related guidance supports and facilitates the alternative generation of energy whilst safeguarding Shetland's unique natural and historic environment.

Renewable energy developments can provide a sustainable opportunity for diversification within the Shetland economy.

There is potential for communities and small businesses to invest in ownership of renewable energy projects or develop their own projects for the benefit of local communities.

The Scottish Government's targets are to reduce emissions by 42% by 2020 and by 80% by 2050 through the Climate Change (Scotland) Act 2009. Development Plans have a duty to contribute to sustainable development and encourage zero and low carbon developments.

Shetland demonstrates a number of strengths that support the development of renewable technologies and the Plan seeks to support these opportunities ensuring that Shetland's renewable energy potential is optimised.

Supplementary Guidance identifies broad areas of search illustrating areas where there are no known significant constraints to large scale windfarm developments. It will also give detailed guidance on renewable energy.

## **Classifying Wind Energy Developments**

Wind energy developments have been categorised in the table below. Although capacity is a primary determinant, other factors such as the number of turbines or size affect the information required and how the Council will consider applications for consent.

Table 1. Wind Energy development categories

<b>Category</b>	<b>Definition</b>	<b>Relevant Policies</b>
<b>VERY LARGE</b>	<ul style="list-style-type: none"> <li>• Total Capacity of 50MW or more (includes extensions to such generating stations and those that would take the combined capacity over 50MW)</li> </ul>	These applications are dealt with through the Scottish Government's Energy Consents Unit in accordance with Section 36 of the Electricity Act 1989. The Policies contained within the Shetland Local Development Plan and this supplementary guidance document will be used to form the basis of any response made by Shetland Islands Council, as a consultee, on any such application.
<b>LARGE</b>	<ul style="list-style-type: none"> <li>• 8 or more turbines and/or</li> <li>• turbines larger than 50 meters to hub and/or 80 metres to tip and/or</li> <li>• Total capacity between 20MW and 50MW</li> </ul>	<p>All developments will be assessed against the appropriate LDP policies.</p> <p>For turbines over 50m height (to hub), the developer will be required to submit a Zone of Theoretical Visibility (ZTV) map to a radius of a minimum of 20km with visualisations and photomontages and will be advised of other requirements through the EIA Screening process.</p>
<b>MEDIUM</b>	<ul style="list-style-type: none"> <li>• 4 to 7 turbines with a hub height of 50 metres or less and/or</li> <li>• Total capacity over 5MW and up to 20 MW</li> </ul>	<p>All developments will be assessed against the appropriate LDP and SG policies.</p> <p>For turbines in the hub height range 15m to 50m, developers will be required to submit a Zone of Theoretical Visibility (ZTV) map to a radius of 15km with photomontages.</p>
<b>SMALL</b>	<ul style="list-style-type: none"> <li>• Up to three turbines with hub height 15 to 50 metres or less and/or</li> <li>• Total capacity greater than 50kw and up to 5 MW</li> </ul>	<p>All developments will be assessed against the appropriate LDP and SG policies.</p> <p>Depending on the landscape sensitivity and the capability of the location to support wind turbine development and number of turbines developers may be required to submit a Zone of Theoretical Visibility (ZTV) map with photomontages</p>
<b>MICRO GENERATION</b>	<ul style="list-style-type: none"> <li>• Up to three turbines with hub height 15 metres or less, rotor diameter 10.5 metres or less and total capacity of 50kW or less.</li> </ul>	Depending on the landscape sensitivity and the capability of the location to support wind turbine development and number of turbines developers may be required to submit a Zone of Theoretical Visibility (ZTV) map with photomontages.



### **3. Supplementary Guidance Policy Section**

#### **Section 1 - Spatial Framework**

The Spatial policies have been developed following the guidance set out in Scottish Planning Policy by the Scottish Government. With reference to Group 2 areas as defined in SPP the Planning Authority has included data as available at the time of publication. In relation to carbon rich soils, deep peat and priority peatland habitat developers should consult the map produced by Scottish Natural Heritage as the most up to date information available on the location of carbon rich soils, deep peat and priority peatland. This information should be supported by site specific survey. The map can be accessed at: <https://www.snh.scot/professional-advice/planning-and-development/general-advice-planners-and-developers/planning-and-development-soils>

The Local Development Plan does not contain defined settlement boundaries due to the nature of the settlement pattern in Shetland. Therefore, the community separation for consideration of visual impact has not been included in group 2. The spatial framework for wind energy applies to large scale and very large scale developments as set out in Table 1.

Maps 1, 2 and 3 are indicative in order to highlight the key designations and safeguarding areas. Developers should use this information as a starting point to identify the designations relevant to their proposals.

#### **Justification**

This spatial framework has been developed following Scottish Government guidance on preparing spatial frameworks for onshore wind farm developments, incorporating Land Use Consultants Landscape Sensitivity Study 2009. It also takes account of the work done to establish Local Nature Conservation Sites (LNCS), Local Landscape Areas (LLA), safeguarding and archaeology. The framework applies to wind energy proposals of 20MW and above thus, large and very large scale developments.

Table 2. - Spatial Framework

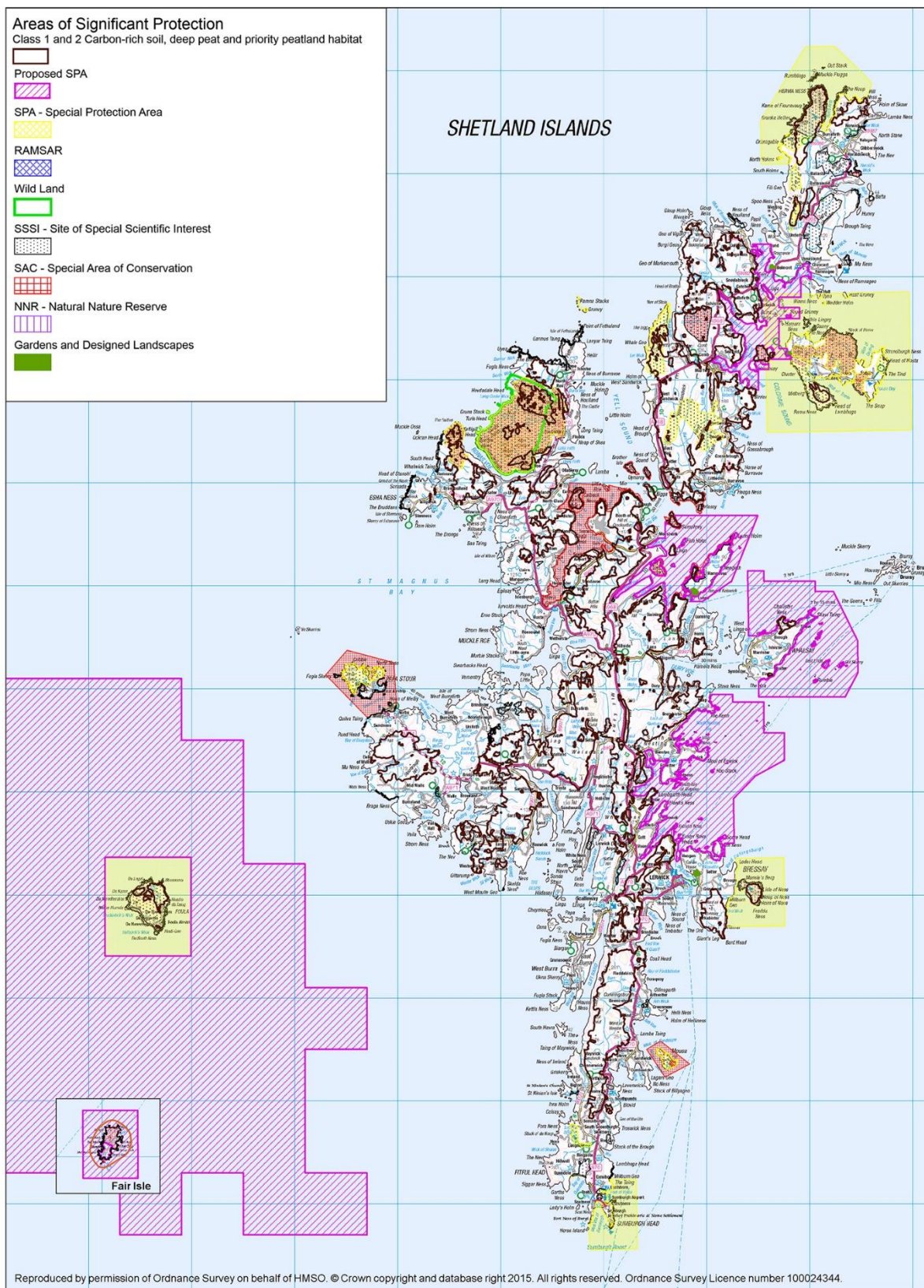
Reference	Policy	
<b>Spatial Policy 1</b>  <b>Group 1: Areas where wind farms will not be acceptable</b>	<p>Scottish Planning Policy states that wind farms are unacceptable within National Parks and National Scenic Areas. Map 1 identifies the National Scenic Area designation for Shetland.</p>	<b>Map 1</b>
<b>Spatial Policy 2</b>  <b>Group 2: Areas of significant protection.</b>	<p>The areas identified on Map 2 have a recognised sensitivity to large scale wind energy developments and as such are afforded significant protection due to their national or international natural heritage value.</p> <p>In line with Scottish Planning Policy Large Scale Wind energy developments may be permitted within these areas where it can be demonstrated that any significant effects on the qualities of these areas can be substantially overcome by siting, design or other mitigation. Any potential development must demonstrate that the development criteria (<b><i>contained in section 2 of this guidance</i></b>) can be satisfactorily achieved.</p> <p>Any application for wind energy developments will be required to meet all applicable Shetland Local Development Plan policies and relevant National and International guidance.</p>	<b>Map 2</b>
<b>Spatial Policy 3</b>  <b>Group 3: Areas outwith groups 1 and 2. These areas are considered to be capable, in principle, but must satisfy the development criteria set out in Section 2 of this guidance</b>	<p>Areas out with groups 1 and 2. These areas are considered to be capable, in principle, of supporting large scale wind energy developments within Shetland.</p> <p>Proposals for wind energy developments within these areas must satisfy the development criteria set out in Section 2 of this guidance.</p> <p>Any application for wind energy developments will be required to meet all applicable Local Development Plan policies and relevant National and International guidance.</p>	<b>Map 3</b>

## Map 1 – Areas where wind farms will not be acceptable

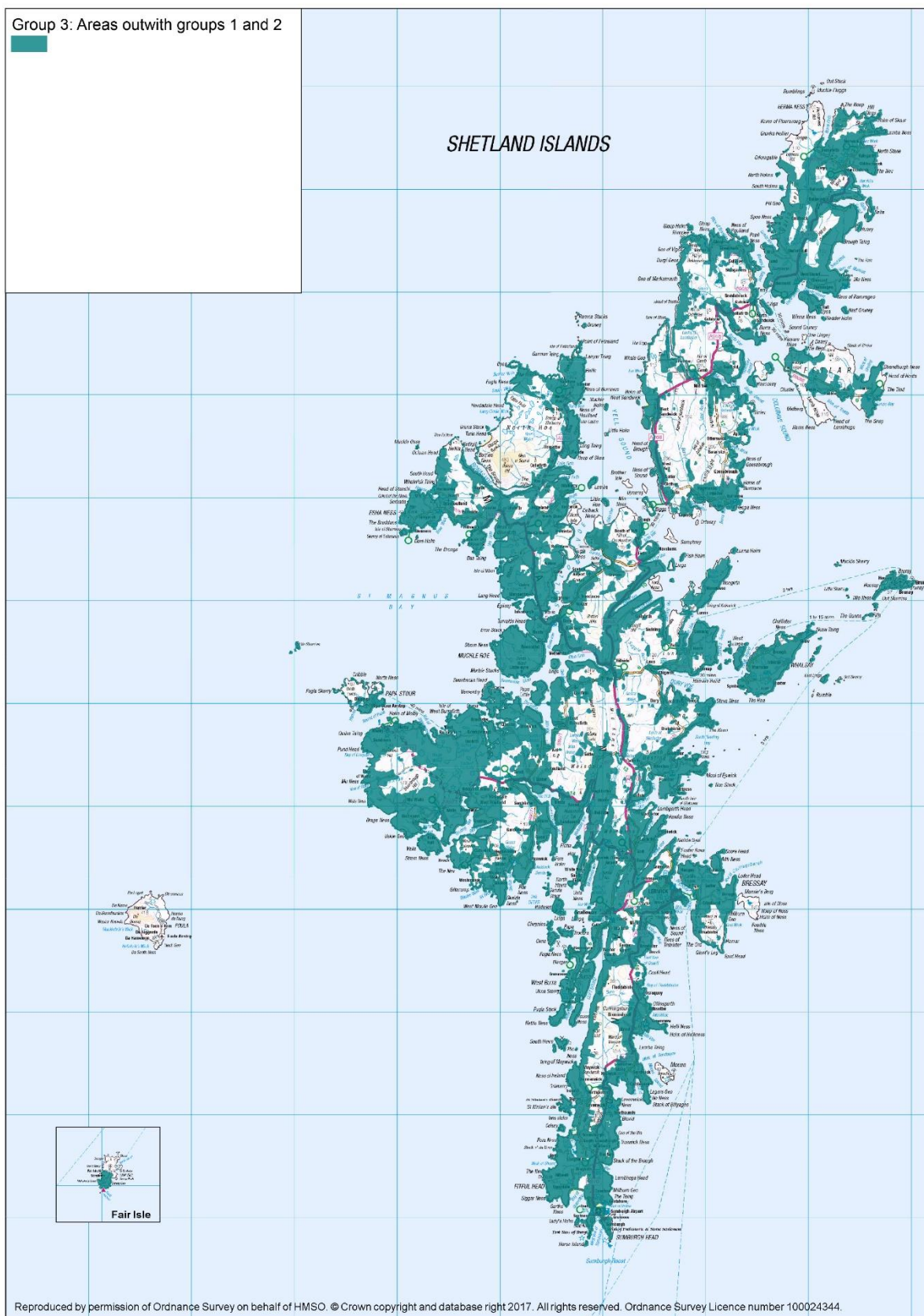




## Map 2 – Areas of Significant Protection



**Map 3 - Group 3 Areas considered to be capable, in principle of supporting large scale wind energy developments**





## Section 2 - Development Criteria

This section provides detailed local policies that will form the basis of the decision making process for proposed onshore wind energy developments. Scottish Planning Policy (SPP) 2014 paragraph 169

(<http://www.gov.scot/Resource/0045/00453827.pdf>) lists the key considerations in the development management process for onshore wind energy developments. The policies within this section provide a local context to these considerations. These policies, alongside all other relevant Local Development Plan and Supplementary Guidance policies will be used to determine Planning Applications for onshore wind energy proposals.

### Policies

- DC1 Landscape and Visual Impact
- DC2 Cumulative Impact
- DC3 Natural Heritage
- DC4 Impacts on communities
- DC5 Water Resources
- DC6 Decommissioning
- DC7 Historic Environment

#### DC1 Landscape and Visual Impact

All applications must be accompanied by an assessment of the likely impact of the proposed development on landscape character and visual amenity. This assessment must meet the requirements of published guidance in Scottish Planning Policy and from national statutory consultees and accepted good practice.

Developers of very large, large and medium scale proposals will be required to show that their proposal conforms to the guidance provided in the Landscape Sensitivity and Capacity Study for Wind Farm Development on The Shetland Islands (Land Use Consultants for SIC, 2009) for each affected visual compartment. Proposals shall take account of the described landscape sensitivities of each landscape character area, site specific landscape and visual assessment and other guidance produced by statutory bodies. Zone of Theoretical Visibility (ZTV) maps must be included as recommended in relevant guidance for:

For turbines over 50m height (to blade tip), the developer will be required to submit a Zone of Theoretical Visibility (ZTV) map to a minimum radius of 20km with visualisations and photomontages and will be advised of other requirements through the EIA Screening process.

For turbines in the hub height range of over 15m and up to 50m, developers will be required to submit a ZTV map to a radius of 15km with photomontages

Depending on the landscape sensitivity of the proposed location and its capability to support wind farm development and potential cumulative impact of the development, any applicant may be required to submit a ZTV. This includes Small and Micro Generation turbines. In determining the sensitivity of the landscape developers should reference the 'Landscape Sensitivity and Capacity Study for Wind Farm Development on the Shetland Islands' 2009 -

<http://www.shetland.gov.uk/developmentplans/documents/ShetlandIslandsCouncilLandscapeSensitivityStudyFinalReport.pdf>

When assessing these impacts, the associated infrastructure, including tracks, power lines and ancillary development should be considered as well as the scale and pattern of the turbines.

The developer will submit a Landscape and Visual Impact Assessment that includes an assessment of cumulative landscape and visual effects, enabling SIC to fully understand the nature and significance of potential effects upon the landscape and views. This should be undertaken and presented in line with guidance issued by Scottish Natural Heritage, the Landscape Institute and The Institute of Environmental Management & Assessment and include all elements of the development, including all ancillary infrastructure (such as access tracks, borrow pits, any necessary road widening/ straightening, turbine foundations, crane hard standings, substations, control rooms or offices and car parks ). Links to the relevant guidance can be found within the further guidance section of this document.

#### Justification

Any on-shore and offshore wind energy development and its associated infrastructure will have an impact on the landscape character and visual amenity of Shetland). The aim of this policy is to direct development to where it will be least damaging to the landscape and visual amenity. Scottish Planning Policy, paragraph 169, sets out a range of factors to be considered in determining onshore wind energy developments - see <http://www.scotland.gov.uk/Resource/0045/00453827.pdf>. However, this list is not exhaustive and each application must be determined on its own merits taking in to account local circumstances.

#### DC2 Cumulative Impacts

Developers will be expected to demonstrate that proposals will not result in unacceptable cumulative impacts. In addition to DC1 Landscape and Visual Impact Assessment, developers will be asked to take into account a wide range of cumulative factors including the natural, historic and built environment, the visual amenity of residents and wider socio-economic impacts. All applications will be assessed on a case-by-case basis and should be accompanied by an assessment of the likely cumulative impacts on natural heritage, particularly in relation to bird species and peatland. When assessing cumulative impacts on natural heritage, all associated infrastructure, including tracks, power lines and ancillary development should be considered. Cumulative impacts on natural heritage can include, but are not limited to:

- Collision risk;
- Displacement;
- Disturbance;
- The creation of barriers to species movements
- Habitat loss

#### Justification

Scottish Planning Policy identifies a number of factors to be taken into consideration when determining planning applications for on-shore wind energy developments. Any such development will have a range of environmental, social and economic effects on the surrounding area therefore due cognisance must be given to these

impacts in combination with other development within the area. The nature of onshore wind energy developments and the associated impacts means that, when taken cumulatively, existing and consented energy developments could limit the capacity for further wind energy development.

### DC3 Natural Heritage

#### **Conservation of Species and Habitats**

Proposals for onshore wind development should show that, individually or cumulatively, they will not adversely affect the conservation status of a species or habitat, or stop a species or habitat from reaching favourable conservation status, at international, national or regional level. Proposals should address the following:

#### **Ornithology**

All applications for onshore wind energy development must be accompanied by an assessment of the risks to bird populations.

Shetland supports important populations of birds in addition to those that form part of the qualifying interest of designated sites. Ornithological studies and surveys should include an assessment of the following risks:

- Collision with turbines and associated infrastructure;
- Displacement of birds due to loss of suitable feeding and/or breeding/wintering habitat;
- Disturbance within and around the turbine envelope; and
- Creating a barrier to dispersal, regular movements or migration.

The risk of disturbance to Schedule 1 of the Wildlife and Countryside Act, or Annex 1 of the EC Birds Directive bird species during construction and operation of an onshore wind development is also an important consideration. For some species this is of greater potential significance than collision mortality. A Bird Protection Plan should be included within the Draft Habitat Management Plan as part of an onshore wind development proposal and should include consideration of the potential for activities to disturb bird species, particularly during the bird breeding season and other seasonal bird activity, such as migration. Bird Protection Plans should also include information on the monitoring of the development's effects on bird populations.

#### **European Protected Species**

Wind farm development proposals should also consider the potential impact of wind developments on otters, and identify the potential need for surveys and mitigation measures, all as set out in SG Natural Heritage.

#### **UKBAP Priority Species**

Wind farm development proposals should consider the potential impact of wind developments on UKBAP Priority Species, and identify the potential need for surveys and mitigation measures.

#### **Habitat Management Plans**

A Draft Habitat Management Plan (HMP) should accompany applications for onshore wind developments where it is necessary to mitigate or compensate for impacts on important habitats or species



Habitat Management Plans are usually implemented within the area of the development, but may include areas outwith the development areas, subject to relevant agreements. A Habitat Management Plan should include:

- The reason for the HMP;
- The aims and measurable objectives of the HMP;
- An appropriate methodology, including details of timescales, locations and responsibilities;
- A monitoring schedule;
- Monitoring, reporting and revision proposals.

## **Peat**

Where very large scale and large scale wind energy development is proposed to be on peat it is expected that a carbon calculation will be used during the preparation of the proposal. It should be demonstrated that the whole life carbon balance of the proposals has been considered. For windfarms that are below the generation/ size threshold for application of the carbon calculator, evidence should still be submitted as part of the planning application to provide evidence that the carbon impact of the development has been minimised.

It should also be demonstrated how the layout and design of the proposal, including all infrastructure, has been devised to avoid impacts on peat. Guidance on peat depth surveys, construction methods on peat and suitable methods of re-use of excavated peat can be found in the links in further advice and guidance. Where avoidance is impossible details of how impacts are minimised and mitigated should be provided, including a detailed map of peat depth and characteristics. Geotechnical and hydrological information should be included identifying the presence of peat at each site, including the risk of landslide connected to any development work. Potential impacts on peat that should be considered include, but are not limited to:

- Waste management;
- Drainage;
- Dewatering
- Excavation;
- Pollution;
- The potential for landslides and bog bursts;
- The effects on peatland habitat and associated species;
- Other ecological functions of peat

Any Habitat Management Plan developed, as part of the proposal should include consideration of peatland habitats.

## **Justification**

Certain natural heritage features, whether habitats, species, landscape geological or geomorphological in nature, are protected under European and/ or UK law. Their presence on or near a development site will require consideration to ensure compliance with the relevant legislation and more generally that no adverse effect on the population or feature arises, including cumulatively.

#### DC4 Impacts on Communities

Development proposals must, in combination with existing and consented wind energy developments, assess the likely impact on communities and the long term impacts on amenity including outdoor access, recreation and tourism opportunities.

#### Justification

Planning applications must be accompanied by an assessment of the effects on these locations covering a range of factors including; visual amenity, noise, shadow flicker, electromagnetic interference, designated sites, road safety and construction/decommissioning logistics, impacts on access routes and recreation interests, phasing and any other identifiable significant effects.

#### DC5 Water Resources

Onshore wind energy development and/ or associated infrastructure proposals should demonstrate that there will be no significant adverse effects on the water environment, including Ground Water Dependant Terrestrial Ecosystems (GWDTE's), which are types of wetland protected by the Water Framework Directive.

Scottish Water operates local telemetry links between several assets in Shetland. To ensure that there is no interference in their operation Scottish Water adopts Ofcom's advisory recommendation on the separation distance between wind energy systems and telemetry equipment; the tips of the turbine's propellers should be a minimum distance of 500m away from the transmitter. The tips of proposed turbine propellers should be at least 300m clear of the line of sight between the transmitters. These areas are displayed on Map 3 as local safeguarding.

#### Justification

The Council has a duty to protect and, where possible improve, Shetland's water environment in its role as a responsible authority under the Water Framework Directive. It is a key objective of the Scottish River Basin Management Plan and the Shetland Area Management Plan that water bodies and watercourses achieve good ecological status and that there is no deterioration in the current ecological status. The water environment includes burns, rivers, ponds, lochs, wetlands, standing, tidal or coastal waters as well as ground water.

Foundations, borrow pits and linear infrastructure such as roads, tracks, and trenches can disrupt groundwater flow and impact upon these sensitive receptors. Mapping and subsequent avoidance of GWTDE in development proposals will avoid delay and expense to the developer both during the project and after construction. Detailed advice on the survey requirements is available from SEPA's website. The water environment has a finite capacity to receive pollutants. The provision of sustainable drainage infrastructure is essential in protecting, maintaining and improving the water environment.

#### DC6 Decommissioning

Proposals for onshore wind energy developments and associated infrastructure should be accompanied by a decommissioning statement detailing the method of reinstatement of the site to its original condition. The decommissioning statement should include details of the removal of all turbines and ancillary buildings and related plant as well as the reinstatement of land altered by any ancillary

infrastructure. Decommissioning statements should take into account best practice guidance from the Scottish Government, Scottish Natural Heritage and the Scottish Environment Protection Agency.

#### Justification

The lifespan of most commercial wind turbines is typically suggested to be 25 years and therefore Planning Permission will usually be granted for this period.

Due to the limited lifespan of the equipment associated with wind energy developments it is essential that the removal of redundant equipment and associated ground disturbance be considered from the outset of the project development so as to ensure that full site restoration is achieved. Such consideration should include opportunities for repowering that, though it can take several forms, is simply an application for a new onshore wind development on a site where onshore wind represents the established land use or forms part of the planning history of the site.

#### DC7 Historic Environment

Shetland's historic environment encompasses Scheduled Monuments, listed buildings, conservation areas, archaeological sites and landscapes, historic gardens and designed landscapes. Onshore wind energy development and/ or associated infrastructure proposals should not adversely affect the historic environment or its key features, including its setting and intervisibility between assets.

Applications for wind energy developments should include an assessment of the surrounding historic environment and potential impacts on the structures and their setting. Historic Environment Scotland has guidance on the setting of historic environment assets "Managing Change in the Historic Environment: Setting" at <https://www.historicenvironment.scot/archives-and-research/publications/publication/?publicationId=80b7c0a0-584b-4625-b1fd-a60b009c2549>. Additionally, historic environment designations can be identified by using the following link to Historic Environment Scotland Designations Map found at <http://historicscotland.maps.arcgis.com/apps/Viewer/index.html?appid=18d2608ac1284066ba3927312710d16d>.

All other significant archaeological features beyond those detailed above should be preserved in situ wherever feasible. Where preservation in situ is not possible the planning authority should ensure that developers undertake appropriate archaeological excavation, recording, analysis, publication and archiving in advance of and/ or during development. In the case that archaeological remains become apparent after development has commenced the Shetland Islands Archaeologist should be informed and a course of appropriate action agreed and implemented prior to work continuing.

#### Justification

The setting of archaeological and historical features is important to our understanding of the historic environment, and thus can be sensitive to new developments. Many areas within Shetland include a number of assets where intervisibility between them is regarded as a key feature of their historic importance, which increases their sensitivity to new developments.

There are areas in Shetland where historic features are more prevalent, for example, the close network of archaeological sites in south Dunrossness, including: Jarlshof, Old Scatness, Ness of Burgi, Sumburgh Head and including Eastshore and Clevigarth Brochs. This is an example where intervisibility between assets is a key feature of the area.

Historic Gardens and Designed Landscapes within Shetland are also sensitive to new developments. As views both in and out of these are important characteristics their settings should be safeguarded from adverse impacts.

### **Micro Generation Proposals**

Micro generation is defined as the production of heat (less than 45 kilowatt capacity) and/or electricity (less than 50kw capacity) from zero or low carbon source technologies. Wind energy generated through micro-generation technologies is increasingly seen as part of a wider strategy to address climate change and fuel poverty.

The Scottish Government and Shetland Islands Council support the principle of wind energy development. Some micro generation developments may be deemed permitted development, however, this is a very complex area where prior approval is often required. Developers should seek advice from SIC Development Management prior to progressing any development proposals.

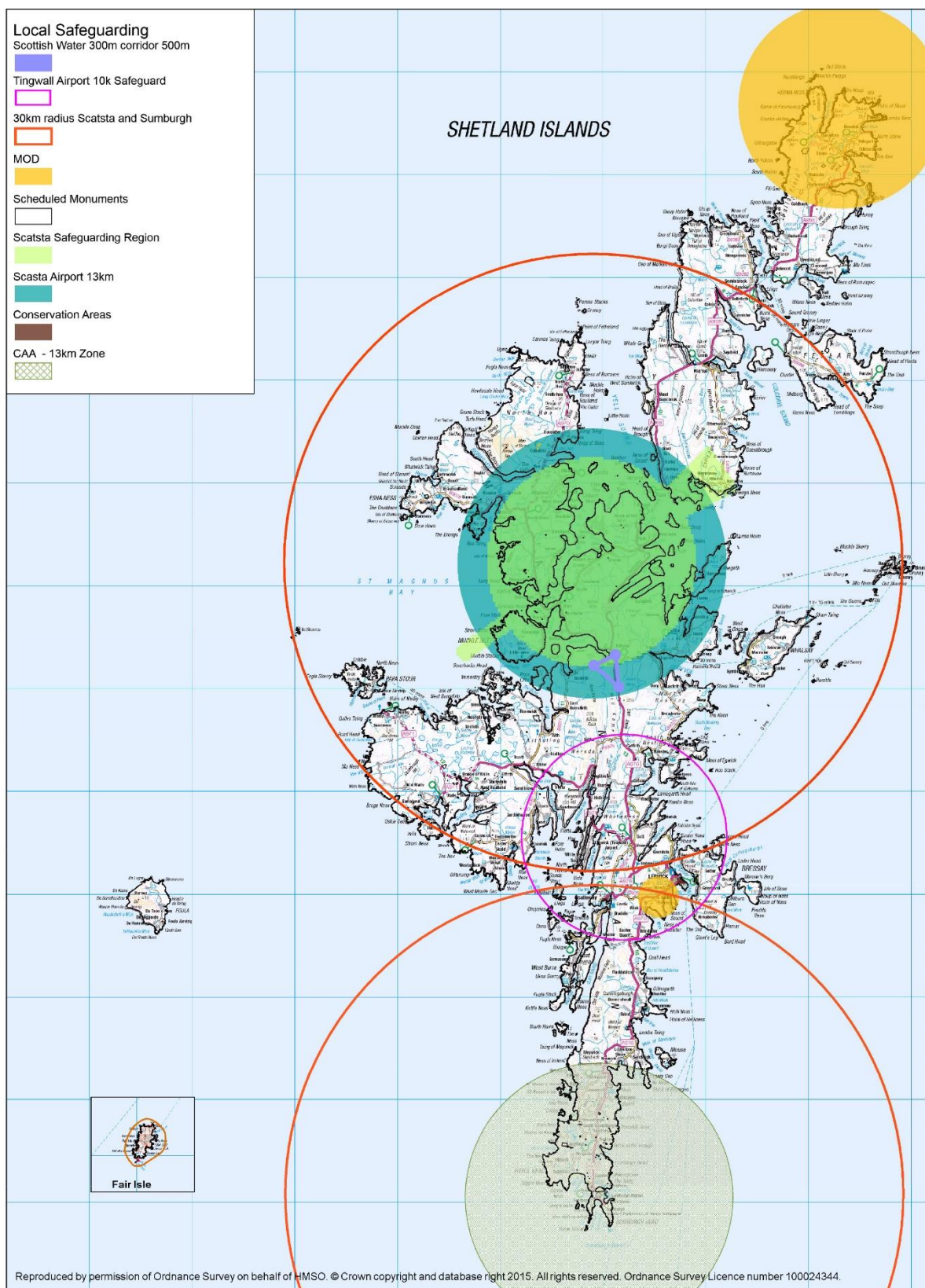
Further guidance on micro-renewables can be found at

<http://www.snh.gov.uk/planning-and-development/renewable-energy/micro-renewables/>

The Scottish Government has produced a series of planning advice documents online relating to renewable energy developments. These are regularly updated to reflect best practice. The fact sheet on Microgeneration can be found at:

<http://www.scotland.gov.uk/Resource/0041/00415738.pdf>

## Map 4 – Local Safeguarding



## 4. Further Advice and Guidance for developers

### General

All applications for proposed wind energy applications must contain the following:

- A completed full planning application
- A site and location plan of the proposed turbine(s) (showing the nearest noise receptor if applicable)
- Noise impact assessment
- Specification of the proposed turbine(s)

The list above outlines the minimum level of information required in order to validate an application. However, depending on the individual circumstances of each application the applicant may be asked to provide further information. For example in line with table 1 contained within this document, applicants may also need to provide:

- A zone of theoretical visibility map
- An EIA could be required depending on height of turbine(s) and sensitivity of area

### Planning guidance

The following documents provide planning guidance on windfarm developments:

**SEPA - Land Use Planning System Guidance Note 4 on on-shore windfarm developments**, available at:

<http://www.sepa.org.uk/media/136117/planning-guidance-on-on-shore-windfarms-developments.pdf>

**SNH - 'Good practice during wind farm construction'**, available at

<http://www.snh.org.uk/pdfs/strategy/renewables/Good%20practice%20during%20windfarm%20construction.pdf>

**Scottish Renewables - 'Wind Farms and Peatlands Good Practice Principles**, available at

[https://www.rspb.org.uk/Images/wind\\_farms\\_and\\_peatland\\_good\\_practice\\_tcm9-340834.pdf](https://www.rspb.org.uk/Images/wind_farms_and_peatland_good_practice_tcm9-340834.pdf)

The following sections provide links and guidance relating to the development criteria outlined in Section 2 of this document. Applicants are encouraged to enter into pre-application discussions with the Council and other relevant organisations such as SEPA and SNH to discuss the potential development and any issues that may arise at an early stage.

### Landscape and visual impacts

Further advice on **landscape and visual impacts** can be found at

<http://www.snh.gov.uk/planning-and-development/renewable-energy/onshore-wind/landscape-impacts-guidance>

**Landscape Sensitivity and Capacity Study for Wind Farm Development on the Shetland Islands 2009.**

<http://www.shetland.gov.uk/developmentplans/documents/ShetlandIslandsCouncilLandscapeSensitivityStudyFinalReport.pdf>



## Cumulative impacts

Developers should refer to SNH's guidance 'Assessing the Cumulative Impact of Onshore Wind Energy Developments 2012' <http://www.snh.gov.uk/planning-and-development/renewable-energy/onshore-wind/general-advice-and-information/>

## Natural Heritage

SNH Guidance on assessing windfarm impacts on birds can be found at <http://www.snh.gov.uk/planning-and-development/renewable-energy/onshore-wind/windfarm-impacts-on-birds-guidance/>

Further guidance on otters can be found at <http://www.snh.gov.uk/protecting-scotlands-nature/protected-species/which-and-how/mammals/otter-protection/>

Assessing Significance of Impacts from Onshore Windfarms Outwith Designated Areas - [www.snh.gov.uk/docs/C206958.pdf](http://www.snh.gov.uk/docs/C206958.pdf).

Further information can be found in SNH's Planning for development: what to consider and include in Habitat Management Plans - <http://www.snh.gov.uk/docs/B1159444.pdf>

Further information on carbon calculation can be found on the Scottish Government website at: <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185/17852-1/CSavings>

Further information on Peat can be found at:

- SNH, SEPA, Scottish Government and The James Hutton Institute (2011) Developments on Peatland: Site Surveys and Best Practice [www.scotland.gov.uk/Resource/Doc/917/0120462.pdf](http://www.scotland.gov.uk/Resource/Doc/917/0120462.pdf) SEPA guidance on Surplus Peat Management: [www.sepa.org.uk/planning/sustainable\\_waste\\_management/surplus\\_peat\\_management.aspx](http://www.sepa.org.uk/planning/sustainable_waste_management/surplus_peat_management.aspx) including links to [Guidance on the Assessment of Peat Volumes, Reuse of Excavated Peat and Minimisation of Waste](#) and [Regulatory Position Statement – Developments on Peat.](#)"
- FCS and SNH (2010) *Floating Roads on Peat* [www.roadex.org/uploads/publications/Seminars/Scotland/FCE:SNH%20Floating%20Roads%20on%20Peat%20report.pdf](http://www.roadex.org/uploads/publications/Seminars/Scotland/FCE:SNH%20Floating%20Roads%20on%20Peat%20report.pdf)

## Carbon Calculator

<http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185/17852-1/CSavings>.

## Access

All proposals for windfarm development must comply with the access requirements as set out in the Shetland Islands Council Roads Department guidance document - <http://www.shetland.gov.uk/roads/drainage.asp>.

## **Noise Impacts**

### Small Wind Turbine Noise Procedure for Shetland

Shetland Islands Council Environmental Health Service is the statutory regulator of noise nuisance and its advice can be found here:

[http://www.shetland.gov.uk/environmental\\_health/NoiseNuisance.asp](http://www.shetland.gov.uk/environmental_health/NoiseNuisance.asp)

## **Water Resources**

For drainage issues associated with public roads and roads drainage issues please refer to Shetland Islands Councils Roads Access Design Guide.

SEPA and SNH hold some information on wetlands (including GWDTE) within the Scottish Wetland Inventory Wetlands and GWDTEs will also be present outwith designated sites. A site specific survey is required for all developments where wetland habitats are present. These can be identified using the procedure in SEPA's planning Guidance on windfarm developments (paragraph 3.2)

<https://www.sepa.org.uk/media/136117/planning-guidance-on-on-shore-windfarms-developments.pdf>.

Please refer to SEPA Planning Guidance (LUPS-GU31) on assessing the impacts of development proposals on Groundwater Abstractions and Groundwater Dependent Terrestrial Ecosystems

[http://www.sepa.org.uk/media/143868/lupsgu31\\_planning\\_guidance\\_on\\_groundwater\\_r\\_abstractions.pdf](http://www.sepa.org.uk/media/143868/lupsgu31_planning_guidance_on_groundwater_r_abstractions.pdf). Appendix 3 of this guidance note provides advice on the minimum mapping information that should be submitted in support of a planning submission, Appendix 4 contains a list of NVC communities that may be dependent on groundwater. This guidance note also contains further information on carrying out a detailed risk assessment

## **Decommissioning**

Siting and Designing windfarms in the landscape

<http://www.snh.gov.uk/docs/A337202.pdf>

LUPS GU4 Planning guidance on on-shore windfarm developments, available at:

<http://www.sepa.org.uk/media/136117/planning-guidance-on-on-shore-windfarms-developments.pdf>

Further information on decommissioning can be found at the Pollution prevention and environmental management section of SEPA's website:

[http://www.sepa.org.uk/planning/construction\\_and\\_pollution.aspx](http://www.sepa.org.uk/planning/construction_and_pollution.aspx)

SEPA has produced the following useful guidance documents, which should be considered in relation to wind energy developments. The following documents can be accessed at <http://www.sepa.org.uk/planning.aspx>

- SEPA Position statement on Waste
- SEPA planning Guidance on windfarm developments
- SEPA's (interim) Position Statement on Planning, Energy and Climate Change



- SEPA, SNH, FCS and Scottish Renewables: Good Practice During Windfarm Construction

## **Historic Environment**

Should there be known archaeology or a risk of archaeology in the area of your proposed site contact the Shetland Archaeologist at the Shetland Amenity Trust for further information.

Managing Change in the Historic Environment: Micro-renewables at

<https://www.historicenvironment.scot/archives-and-research/publications/publication/?publicationId=80b7c0a0-584b-4625-b1fd-a60b009c2549>

Micro-renewables in the Historic Environment: Short Guide at

<https://www.historicenvironment.scot/archives-and-research/publications/publication/?publicationId=3b8ace10-5147-4002-8ed3-a591010222de>





<b>Meeting(s):</b>	Development Committee	4 December 2017
<b>Report Title:</b>	Strategic Housing Investment Plan (SHIP) 2018-2023	
<b>Reference Number:</b>	DV-55-17-F	
<b>Author / Job Title:</b>	Anita Jamieson - Executive Manager Housing	

## 1.0 Decisions / Action Required:

- 1.1 That the Development Committee:
- Approve the Strategic Housing Investment Programme (SHIP) 2018/19–2022/23 as set out in Appendix 1 for submission to Scottish Government.
  - Grant delegated authority to the Director of Development Services (or his nominee) to assign approved projects from the SHIP to meet programme variations eg to pull forward an approved project from later years if additional funding becomes available.

## 2.0 High Level Summary:

- 2.1 The Strategic Housing Investment Plan 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 reviewed and reported annually.

## 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 Hjaltland 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. New funding streams to support the delivery of new housing have been introduced and are being accessed locally. Delivery of this SHIP programme will be subject to decisions on the relevant masterplans which are currently in progress.

<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 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 3 year resource planning assumptions have been issued.	
<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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21 November 2017

**Appendices:**

Appendix 1 – Strategic Housing Investment Plan – 2018/19 – 2022/23 (Text and Tables)





## **Shetland Islands Council**

### **Strategic Housing Investment Plan**

**2018/19 – 2022/23**

## **Shetland Islands Council – Strategic Housing Investment Plan (SHIP) – 2018/19-2022/23**

### **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 three year period covering the lifetime of the current Parliament. The SHIP will be updated and reported annually and is seen as the key document in identifying strategic housing projects to assist in the achievement of the Government's target of delivering 50,000 affordable homes.

### **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, Hjaltsland Housing Association and Health & Care.
- 2.2 The Local Housing Strategy (LHS) 2011-2016 was approved by Council in August 2011 and was submitted to the Scottish Government. The Local Housing Strategy is in the process of being updated and refreshed and the intention is to submit a revised LHS in the early part of 2018/19.
- 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
- 2.5 The Local Development Plan works in conjunction with the Local Housing Strategy in terms of identifying land supply to meet housing needs. Both documents draw on the robust and credible evidence contained in the Housing Needs and Demand Assessment (HNDA). The recent update and production of the Housing Land Audit is of great



value to ensuring that useable land supply is available in the areas where housing need is greatest.

### **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. This link is explicit through the Development Partnership and the approved 10-year plan to encourage people to live, work, study and invest in Shetland. This is essential to ensure that the projected demographic imbalance in Shetland is addressed and that sufficient working-age population is attracted and retained to maintain sustainable communities throughout Shetland. The Corporate Plan has a key aim of increasing housing supply in Shetland across all tenures.
- 3.2 The Council used the Place Standard methodology in 2016 to carry out a Shetland-wide survey into community views on the places they live and the priorities for their 'place'. Housing ranked highly in the overall responses, being one of the top three priorities for all communities.

### **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 housing need and housing demand pressure in Shetland is in the central mainland area and is particularly concentrated in Lerwick, Scalloway and the immediate surrounding areas. This is reflected in the current programme.
- 4.2 Through the establishment of an approved Housing Revenue Account business plan, the Council has sought to ensure that the financial balance of the account is sustainable in to the future. The immediate priority is to invest in our existing stock to ensure that quality standards are met. The Council is keeping its financial position under review and would be keen to develop its own new build programme as resources allow. The business planning framework will enable this to be kept under regular review and it is anticipated that the opportunities to complement the existing programme and to address some of the key market gaps will become available through the development of the Knab Site in particular.
- 4.3 The Council and Hjaltland 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 However, recent discussion between Hjaltland Housing Association and the Scottish Housing Regulator has highlighted the risk associated with the scale of their proposed development programme on the organisation. We will work closely with Hjaltland to ensure that we can continue to have a programme of works that can deliver the much - needed units of accommodation in the most efficient way and to the advantage of both partners.
- 4.5 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. This provides the Council with a real opportunity to shape a programme for housing in Shetland that will meet identified needs.
- 4.6 It is important to recognise that not all affordable housing needs to be 'social rented.' 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. Evidence suggests that a number of alternative tenure options could provide appropriate solutions where social rented housing may not be available or where demand for social rented housing is limited and other tenures better meet the identified housing needs. New funding streams have been implemented which are specifically aimed at stimulating and enabling new housing supply.

Two examples of these being used locally are:

- The Infrastructure Fund – offers a five-year fund of grants and loans to allow priority sites to be unlocked. This 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. HHA have bid to the fund for grant funding to enable the infrastructure for the Staneyhill site to be carried out for all phases. This is reflected in the detail of the SHIP. Loan funding may be available to developers subject to eligibility criteria.
- The Rural and Islands Fund – the Government has identified a £25M Rural Housing fund and a ring-fenced £5M Islands fund to support housing solutions in rural and islands areas. There is a feasibility study fund and a main fund offering grants and loans for direct provision of housing solutions which are additional to the Affordable Housing Supply Programme. Locally two community groups (in Walls and Northmavine) have been supported by the Council to access grant for a feasibility study into housing need at local area level. The study will identify how any identified needs can be best addressed. Two sites have been identified for possible housing solutions and, subject to the

outcome of the feasibility study, a further bid will be made to the fund for projects to deliver housing in those areas. The results of the feasibility study will also provide useful evidence in considering how this might be used in other areas of Shetland.

- 4.7 Opportunities to do 'rental off the shelf'(ROTS) or open-market repurchase within agreed parameters is also a potentially successful means of achieving incremental increases in stock to meet particular needs. Any proposals for ROTS are subject to a number of locally agreed financial and strategic criteria.
- 4.8 The 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. Key worker housing is also a current and significant gap. The Knab site provides an exciting opportunity to look at meeting some of these alternative tenures.
- 4.9 One area of housing supply 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.
- 4.10 The Resource Planning Assumption (RPA's) for the coming three years have been advised as follows by the Scottish Government. These are minimum levels and give a total of £14.3M funding. Guidance suggests that a slippage factor should be built in to the programme to allow flexibility :

2018/19 - £4.291M

2019/20 - £4.855M

2020/21 - £5.179M

- 4.11 The programme put forward is in excess of the RPA levels at £19.5M, although RPA's are stated as a minimum level. There is a level of challenge in delivering the increased number of units set out in the national target. Lead-in time for projects can be up to 2 years. We are fortunate in having two large projects (Staneyhill and Knab) in the programme as they will provide a degree of flexibility in managing the programme. These projects have the ability to be re-phased to fit with

funding availability. This can also allow accommodation of windfall sites in other areas of priority.

- 4.12 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 proposed SHIP shows that we currently have plans for 316 units including projects currently on site and not completed. This gives an average of 63 units per annum which is within the annual target level.
- 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 10 of 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 within the 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 Priorities for housing in Shetland are clearly articulated in the Local Housing Strategy. The main themes in the LHS will not change in the

refreshed version, but the detail of how to address the themes for the coming five years will be reviewed taking account of the evidence of changing needs and opportunities .

- 6.2 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.

It is important that we recognise the organisational challenges that each other faces in delivering new housing and find ways of ensuring that our programme can be delivered efficiently and sustainably.

- 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.
- 6.5 Community partnership is also important in ensuring that sources of funding can be fully explored and used to meet additional local needs. The use of masterplanning on the larger sites provides structured opportunities for the community to be involved. The work being done on the Rural and Islands fund project will provide an important baseline for taking forward community based housing solutions.
- 6.6 One of the key challenges for delivery is the contractor/developer availability and it is planned to engage directly with contractors during the refresh of the LHS.

## **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 and the refreshed LHS will continue to keep equalities on the agenda.
- 7.4 In line with Scottish Government guidance, an Equality Impact Assessment was 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. There is a need to maximise the application of new funding to address gaps in the housing market and to find locally appropriate solutions.
- 8.3 The programme put forward is an ambitious programme designed to meet the housing needs of our community and to maximise the opportunities that we currently have in terms of available funding.

AMJ/SHIP1819  
24<sup>th</sup> October 2017

MORE HOMES DIVISION

STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-5 2018/19-2022/23

**LOCAL AUTHORITY:**

PROJECT	SUB-AREA	PRIORITY  Low / Medium / High	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	2018/19	2019/20	UNITS SITE STARTS					UNITS - COMPLETIONS					SG AHSP FUNDING REQUIREMENT (£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	Enter Y or N	Financial Year (Estimated or Actual)	2020/21	2021/22	2022/23	TOTAL SITE STARTS OVER PERIOD	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL COMPLE TIONS OVER SHIP PERIOD	2018/19
Gaeit-e-Gott Phase 2				2		16						16			16	16	16	n	Feb 17 (act)						0	16									0.000		
King Harald Street				2		27						27			27	17	10		n	Nov 17 (est)						0		27						1.710			
Gaeit-e Gott Phase 3				2		18			6			24			24	24		n	Dec 17 (est)						0		24						1.903				
Staneyhill Phase 1				2		33						33			33	33		n	Aug 19 (est)			33			33				33					2.834			
Upper Scafloway				2		32						32			32	32		n	Sep 18 (est)	32					32			32						3.165			
Houlland, Sandwick				2		12						12			12	12		n	Oct 19 (est)			12			12			12						1.577			
Hill Grind Phase 3				2		12						12			12	12		n	Sep 20 (est)				12		12			12						0.684			
Staneyhill Phase 2				2		36						36			36	36		n	Nov 20 (est)						36			36						3.658			
Hillgrind Phase 4				2		20						20			20	20		n	Apr 21 (est)					20	20		20							0.600			
Pitt/Park Lane Ph 1				2					8			8			8	8		n	Jun 20 (est)				8		8			8						0.200			
Krab Site Ph 1				2		10			10			30			30	30		n	Nov 19 (est)			30			30			30						0.700			
Staneyhill, Phase 3				2		36						36			36	36		n	Jan 23 (est)					36	36			0						1.200			
Krab Site Ph 2				2		10			10			30			30	30		n	Jun 21 (est)				30		30			0						0.700			
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Drop Down Table Values	
Numerical Value	Geographic Code
1	West Highland/Island Authorities/Remote/Rural Argyll - RSL - SR - Greener
2	West Highland/Island Authorities/Remote/Rural Argyll
3	Other Rural
4	Other Rural
5	City and Urban
6	City and Urban
7	All
8	All
9	All
10	All

MORE HOMES DIVISION

STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

Table 2 - HOUSING INFRASTRUCTURE FUND (HIF) PROJECTS

Note: Projects should be entered as either Grant or Loan - Any which state a mixed category e.g. Grant/Loan or Grant or Loan will not be considered

TABLE 2.1 - GRANT PROJECTS

PROJECT	PRIORITY	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	APPLICANT	PLANNING STATUS (OUTLINE/ MASTERPLAN/ FULL CONSENT IN PLACE) (Y/N)	DOES APPLICANT OWN OR HAVE POTENTIAL TO OWN THE SITE? (Y/N)	CURRENT SITE OWNER	BRIEF DESCRIPTION OF WORKS FOR WHICH INFRASTRUCTURE FUNDING IS SOUGHT (PROVIDE WORK HEADINGS - DO NOT INSERT "INFRASTRUCTURE WORKS")	IS PROJECT LINKED TO DIRECT PROVISION OF AFFORDABLE HOUSING? (Y/N)	AFFORDABLE HOUSING UNITS DIRECTLY PROVIDED BY INFRASTRUCTURE FUNDING - BY ESTIMATED COMPLETION DATE															HIF GRANT FUNDING REQUIRED					POTENTIAL ADDITIONAL CAPACITY - UNITS NOT DIRECTLY FUNDED BUT UNLOCKED BY INFRASTRUCTURE FUNDING	
									AFFORDABLE					MARKET					PRIVATE RENT					TOTAL HIF GRANT FUNDING REQUIRED	UNITS - POTENTIAL ADDITIONAL CAPACITY IN EITHER LATER PHASES OR OTHER SITES	TENURE - AFFORDABLE / MARKET /PRIVATE RENTED				
									2018/19	2019/20	2020/21	POST 2020/21	AFFORDABLE TOTAL OVER PLAN OVER SHIP PERIOD	2018/19	2019/20	2020/21	POST 2020/21	MARKET TOTAL OVER PLAN OVER SHIP PERIOD	2018/19	2019/20	2020/21	POST 2020/21	PRIVATE RENT TOTAL OVER PLAN OVER SHIP PERIOD							
Staneyhill	Low / Medium / High		Hjattland Housing Association	Masterplan	Y	HHA	All capital works - utility connections and supply, prelims and fees	Y				285	285					0					0	1.770	4.679	1.207		7.656	subject to detail following completion of masterplan	subject to detail following completion of masterplan
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Total												0	0	0	285	285	0	0	0	0	0	0	0	1.770	4.679	1.207	0.000	7.656	14	

TABLE 2.2 - LOAN PROJECTS

PROJECT	PRIORITY	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	APPLICANT	PLANNING STATUS (OUTLINE/ MASTERPLAN/ FULL CONSENT IN PLACE) (Y/N)	DOES APPLICANT OWN OR HAVE POTENTIAL TO OWN THE SITE? (Y/N)	CURRENT SITE OWNER	BRIEF DESCRIPTION OF WORKS FOR WHICH INFRASTRUCTURE FUNDING IS SOUGHT (PROVIDE WORK HEADINGS - PLEASE "INFRASTRUCTURE WORKS")	IS PROJECT LINKED TO DIRECT PROVISION OF AFFORDABLE HOUSING? (Y/N)	AFFORDABLE HOUSING UNITS DIRECTLY PROVIDED BY INFRASTRUCTURE FUNDING - BY ESTIMATED COMPLETION DATE															HIF LOAN FUNDING REQUIRED					POTENTIAL ADDITIONAL CAPACITY - UNITS NOT DIRECTLY FUNDED BUT UNLOCKED BY INFRASTRUCTURE FUNDING	
									AFFORDABLE					MARKET					PRIVATE RENT					TOTAL HIF LOAN FUNDING REQUIRED	UNITS - POTENTIAL ADDITIONAL CAPACITY IN EITHER LATER PHASES OR OTHER SITES	TENURE - AFFORDABLE / MARKET /PRIVATE RENTED				
									2018/19	2019/20	2020/21	POST 2020/21	AFFORDABLE TOTAL OVER PLAN OVER SHIP PERIOD	2018/19	2019/20	2020/21	POST 2020/21	MARKET TOTAL OVER PLAN OVER SHIP PERIOD	2018/19	2019/20	2020/21	POST 2020/21	PRIVATE RENT TOTAL OVER PLAN OVER SHIP PERIOD							
	Low / Medium / High																													



## MORE HOMES DIVISION

STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

Table 3 - POTENTIAL HIF AFFORDABLE HOUSING PROJECTS WHICH MAY BE DEVELOPED FOLLOWING HIF INVESTMENT

LOCAL AUTHORITY:

PROJECT	SUB-AREA	PRIORITY  Low / Medium / High	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	UNIT SITE STARTS				UNITS - COMPLETIONS				SG AHSP FUNDING REQUIREMENT (€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	Enter Y or N	Financial Year (Estimated or Actual)	2018/19	2019/20	2020/21	POST 2020/21	TOTAL COMPLE STARTS OVER PERIOD	2018/19	2019/20	2020/21	POST 2020/21	TOTAL COMPLE TIONS OVER PERIOD
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Down Down Table Values		Geographic Code	
Numerical Value			
1	West Highland/Island Authorities/Remote/Rural Any(= RSL - SR - Greener)	RSL - SR - Greener	
2	West Highland/Island Authorities/Remote/Rural Any(= RSL - SR - Other)	RSL - SR - Other	
3	Other Rural	RSL - SR - Greener	
4	Other Rural	RSL - SR - Other	
5	City and Urban	RSL - SR - Greener	
6	City and Urban	RSL - SR - Other	
		RSL - Mid-	
		Market	
		Rent -	
7	All	Greener	
		RSL - Mid-	
		Market	
		Rent -	
8	All	Other	
		Council -	
		SR -	
9	All	Greener	
		Greener	
10	All	Council - SR - Other	

MORE HOMES DIVISION	
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STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

LOCAL AUTHORITY:

TABLE 4 - AFFORDABLE HOUSING PROJECTS FUNDED OR SUPPORTED BY SOURCES OTHER THAN THE RPA/TMDF BUDGET

PROJECT ADDRESS	SUB-AREA	PRIORITY	GEOGRAPHIC COORDINATES (X:EASTING Y:NORTHING)	DEVELOPER	FUNDING SUPPORT SOURCE	APPROVAL DATE								TOTAL	UNIT COMPLETIONS						TOTAL UNIT COMPLETIONS	NON SG FUNDING TOTAL £0.000M	OTHER NON-AHSP SG FUNDING (IF APPLICABLE) £0.000M	TOTAL FUNDING £0.000M
						Financial Year (Actual or Estimated)	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL SITE STARTS	2018/19		2019/20	2020/21	2021/22	2022/23						
Walls & Sandness	Walls	Low / Medium / High		tbc	Rural & Islands Fund								0								0			0.000
Northmavine	Hillswick			tbc	Rural & Islands Fund								0								0			0.000
ROTS/Re-purchases	Pressured areas			tbc									0	2	2	2	2	2			10			0.000
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## MORE HOMES DIVISION

### STRATEGIC HOUSING INVESTMENT PLAN 2018/19-2022/23

LOCAL AUTHORITY:

**TABLE 5.1: COUNCIL TAX ON SECOND AND EMPTY HOMES(£0.000M)**

	TAX RAISED OR IN HAND	TAX USED TO SUPPORT AFFORDABLE HOUSING	TAX CARRIED FORWARD TO SUBSEQUENT YEARS
PRE - 2015/16	0.844		
2015/16	0.165		1.009
2016/17	0.184	0.029	1.164

**TABLE 5.2: DEVELOPER CONTRIBUTIONS (£0.000M)**

	SUMS			UNITS		
	RAISED OR IN HAND	USED TO ASSIST HOUSING	SUM CARRIED FORWARD TO SUBSEQUENT YEARS	AFFORDABLE UNITS FULLY FUNDED FROM CONTRIBUTIONS	UNITS PARTIALLY ASSISTED FROM CONTRIBUTIONS	UNITS TOTAL
PRE - 2015/16						
2015/16			0.000			0
2016/17			0.000			0

**Note:** These tables are used to capture financial information. Details of how this has been used to fund/assist housing should be contained in the text of the SHIP as described in the guidance.





<b>Meeting(s):</b>	<b>Development Committee</b>	<b>4 December 2017</b>
<b>Report Title:</b>	<b>Future Ownership and Care of MV Brenda</b>	
<b>Reference Number:</b>	<b>DV-57-17-F</b>	
<b>Author / Job Title:</b>	<b>Jon Dunn, Economic Development Project Manager</b>	

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

- 1.1 That the Development Committee RESOLVES to approve the transfer of the Council's one-half share in ownership of MV Brenda to Bressay History Group, at the same time as Shetland Amenity Trust (SAT) transfer their one-half share in ownership.

## **2.0 High Level Summary:**

- 2.1 The former Bressay ferry, MV Brenda, was donated jointly to the Council and SAT by Malakoff & Moore Ltd in May 1999. The vessel is jointly owned by both organisations.
- 2.2 MV Brenda has been stored outside in the yard of the SAT store at Staneyhill and her condition has incrementally deteriorated. Neither joint owner has the resources available to store or maintain the vessel, or to safeguard her future as a Shetland cultural asset.
- 2.3 The Bressay History Group approached SAT in 2017 requesting that ownership of MV Brenda be transferred to them, on the proviso that Bressay History Group arrange a building suitable to store, preserve and display the vessel to the public in.
- 2.4 This request was put before the Trustees of SAT in June 2017, and agreed in principle. As the vessel is jointly owned by SAT and the Council, the Council needs to make a decision in respect of its one-half share in ownership being transferred to Bressay History Group.
- 2.5 It is recommended that the Council and SAT both transfer their respective ownership of the vessel to the Bressay History Group.

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

- 3.1 The Council's Economic Development Policy Statement 2013-17 contains the following priority action:
- "Ensure stewardship of local heritage and culture is delivered to a high standard."

This Measure is supported by the following Outcome:

- “Manage and monitor contract delivery for Shetland Museum & Archives in line with contract specifications.”

3.2 Following consultation between Bressay History Group, the Museum & Archives Curator, and the Director of Development, an outcome to secure the future of MV Brenda at no cost to either the Council or SAT has been identified.

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

4.1 The high cost of maintaining historically significant boats is an ongoing local issue— it is an unusual burden for a local Museum to have to shoulder, but this is broadly the situation SAT faces with the boats in the Shetland collection.

4.2 MV Brenda is a vessel with a particularly colourful and resonant history having, prior to her long public and private sector service in Shetland, originally operated as a motor launch from the First World War German battlecruiser SMS Hindenberg.

4.3 Her ownership is anomalous by comparison with the rest of the boats held by the Museum, as she is jointly owned by SAT and the Council, and has not been registered as an artefact asset. Her disposal, by either SAT or the Council, therefore requires the cooperation and agreement of both joint owners.

4.4 Kept outside since her donation in 1999, her condition has deteriorated and would, in the current financial strictures faced by both owners, continue to degrade. The Bressay History Group are prepared to take ownership of the vessel (covering all costs, including her transport to Bressay), store and conserve her, and make her available for viewing by the general public.

#### **5.0 Exempt and/or Confidential Information:**

5.1 None.

#### **6.0 Implications :**

<b>6.1 Service Users, Patients and Communities:</b>	MV Brenda is currently not on public display, and her condition is deteriorating. Transferring ownership and duty of care to Bressay History Group will result in the vessel being conserved, put on public display, and interpretative material being generated.
<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>	The Council's Legal Department have been consulted, and will assist in the transfer of title to Bressay History Group.
<b>6.5 Finance:</b>	There are no financial implications arising from the recommendations of this report. The vessel is in a very dilapidated state and is of no value as a sea going boat. There is no capital receipt to be forgone in these circumstances.
<b>6.6 Assets and Property:</b>	Removal of an asset from the Council's portfolio that currently represents a liability. As the MV Brenda is joint owned by the Council and SAT, it has never been registered as an artefact asset by SAT and hence does not fall under the terms of the 2003 Service Level Agreement that exists between the Council and SAT for provision of a Museum & Archives service.
<b>6.7 ICT and New Technologies:</b>	None.
<b>6.8 Environmental:</b>	None.
<b>6.9 Risk Management:</b>	Doing nothing, the only alternative to this report's recommendations, will see a Shetland cultural asset lost to us in the near future as its condition will continue to deteriorate.
<b>6.10 Policy and Delegated Authority:</b>	<p>This report has been prepared with regard to the following objective of the Council's Economic Development Policy Statement 2013-2017:</p> <p>"Develop local control and management of resources."  "Improve the reputation of Shetland as an attractive place to live, work, study, visit and invest."</p> <p>The proposal addresses Action 5.3 from the Policy Statement:</p> <p>"Increase the economic impact of the local creative sector through improved coordination between relevant agencies."</p> <p>This Action is supported by the following Outcome:</p> <p>"Ensure stewardship of local heritage and culture is delivered to a high standard."</p> <p>The Policy Statement 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>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. As the subject of this report is covered by existing policy, the Development Committee does have delegated authority to make a decision.</p>

<b>6.11 Previously Considered by:</b>	None.	n/a
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**Contact Details:**

Jon Dunn  
Economic Development Project Manager  
[Jon.dunn@shetland.gov.uk](mailto:Jon.dunn@shetland.gov.uk)  
Date written: 22 November 2017

**Appendices:**

None.

**Background Documents:**

None.

END





<b>Meeting(s):</b>	<b>Development Committee</b>	<b>4 December 2017</b>
<b>Report Title:</b>	<b>Toft Pier – Outline Business Case</b>	
<b>Reference Number:</b>	<b>PH-19-17F</b>	
<b>Author / Job Title:</b>	<b>John Smith, Acting Executive Manager – Ports &amp; Harbours</b>	

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

### **1.1 That the Development Committee;**

- a) **CONSIDERS** the attached Outline Business Case which appraises the options for the future of Toft Pier and the preferred option, rebuild and extend Toft Pier, and provide their view and comment on the strategic fit of this development for infrastructure support to a range of marine industries that contributes to the sustainability of the Shetland economy;
- b) **RECOMMENDS** that the Asset Investment Group considers this proposal with a view to presenting it to Policy and Resources Committee, which in turn makes recommendations to the Council as to the proposals to be included in the Council's Asset Investment Plan, and;
- c) **RECOMMENDS** that the production of any Full Business Case includes a full and detailed consideration of likely long term usage, utilising specialist economic advisors if necessary.

## **2.0 High Level Summary:**

- 2.1 This report presents a draft Outline Business Case for the future of Toft Pier.
- 2.2 Resolving the future for Toft Pier has been a matter under consideration since 2014 and the subject of considerable activity and a number of reports to Committees.
- 2.3 This report now seeks discussion and comment from the Development Committee on a draft Outline Business Case so that the Asset Investment Group and the Policy and Resources Committee can be fully informed of their views as part of the decision-making process.

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

- 3.1 The Ports & Harbours Strategic Overview recently considered by Council committees describes the overall Council priorities for economic development and transport as they relate to marine activities.

3.2	This report recognises the importance of the Development Committee in determining the whether the re development is a strategic fit within the overall Shetland wide strategy for infrastructure support to a range of marine users. The Harbour Board will be considering whether the development is a strategic fit within its strategy for the management of ports infrastructure.
<b>4.0</b>	<b>Key Issues:</b>
4.1	Work has been ongoing for a considerable time to determine the best way forward for Toft Pier. When operational it had 66m of berthing face and a berthing depth of up to 5m. It was built in 1951 for the Yell Ferry Service, and rebuilt in 1971 with the current sheet pile structure. When the new ferry terminal was built alongside in 2000, the Council's Ferry Service stopped using the old pier. Since then it has continued to be used regularly by a number of shellfish boats and occasional other ad-hoc users.
4.2	While it has had safety and basic repair works from time to time, there has been no major maintenance in the last 30 years. Access to the pier was restricted to pedestrians in 2014 and closed to all users in December 2016 as there are now holes in the pier deck and infill is washing out of the steel piling.
4.3	A pontoon was deployed at Toft as a temporary measure following the 2016 closure. The pontoon is rented and allows some berthing and access for small fishing craft alongside the inner face of the pier. However this pontoon arrangement does not provide very straightforward loading or unloading to or from vehicles and is at best a stop-gap.
4.4	This arrangement cannot be a viable long term option as it is inevitable that further emergency works would be required on an ad-hoc basis when the pier structure collapses further. Eventually the pontoon will have to be removed on safety grounds and the pier closed completely.
4.5	The fundamental "Case for Change" regarding Toft Pier lies in the unavoidable need to take action because of its deteriorated structure, beyond that which can be rectified by maintenance repairs. The Council has statutory obligations under the Port Marine Safety Code as responsible Harbour Authority for the Sullom Voe Harbour Area, within which Toft Pier is located. In the near future, the pier will inevitably have to be either demolished and removed, or rebuilt, to be able to comply with those obligations.
4.6	The Councils Harbour Board resolved to "replace the Toft Pier with a similar structure and prepare the necessary documentation for the Council's Gateway processes" at its meeting on the 18 <sup>th</sup> November 2014.
4.7	At the Harbour Board meeting on 18 <sup>th</sup> August 2015 a further report on Toft Pier, accompanied by a socio-economic study was considered. The Board resolved to "note the content of the report and the options contained and agreed that the option to replace the pier with a new structure of a similar size be progressed to a fully costed business case for consideration under the Council's Gateway Process for capital project prioritisation."
4.8	Options to demolish and remove the pier, or to rebuild it, were re-examined in work undertaken during 2016 and into 2017, using standards and format for Business

4.9	<p>Cases, as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016.”</p> <p>The results of that work are now being presented in the attached Outline Business Case.</p>
4.10	<p>This Outline Business Case has been informed by discussions with a range of Council colleagues, current and potential users, industry representatives and other stakeholders. Costs and benefits were investigated and analysed, both quantitative and qualitative; relating to Council only considerations, and for the wider community and economy.</p>
4.11	<p>Following this option appraisal the rebuild and extension of Toft Pier is recommended as the preferred option for the development of a Full Business Case, see the attached Outline Business Case for details. This option offered the potential for a range of commercial uses which could generate sufficient income to justify the cost of investment for the Council when wider economic benefits were taken into consideration.</p>
4.12	<p>The most challenging aspect of the option appraisal lay in estimating realistic and likely future usage across a range of sectors and across a long time frame. Sustained commercial usage is ultimately the key determinant of the viability of any development of this kind and therefore needs to be understood as completely as possible. There are unavoidably uncertainties concerning the uptake of any service that has not been previously available, but these must be qualified as well as they can.</p>
4.13	<p>It is recommended that realistic and likely long-term usage of the proposed facility be re-examined thoroughly during the development of the Full Business Case. Further detailed discussions should be held with potential users and industry representatives and the services of specialist economic advisors considered.</p>
<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 proposals described in this report are intended to sustain and enhance marine services. They have been developed in partnership with the full range of industry partners and port users.
<b>6.2 Human Resources and Organisational Development:</b>	No implications arising directly from this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	No implications arising directly from this report.
<b>6.4 Legal:</b>	No implications arising directly from this report.
<b>6.5 Finance:</b>	The proposed capital build cost of the project is £2.4m. An application will be submitted for EMFF funding support.

	<p>However, Marine Scotland will make no funding decision until tenders for proposed works have been received.</p> <p>Should 50% funding be approved the capital cost to the Council would be £1.2m. If the funding bid is wholly unsuccessful the capital cost to the Council would be £2.4m.</p> <p>In line with the Council's Medium Term Financial Plan and Borrowing Policy, the capital cost to be met by the Council would be funded by borrowing and would add to the Council's external debt.</p> <p>The borrowing costs would be funded through the fees and charging structure within the Harbour Account.</p>
<b>6.6 Assets and Property:</b>	The proposals described in this report are intended to enhance the quality of the Council's existing asset base and improve the efficiency and cost of operation at Toft Pier.
<b>6.7 ICT and new technologies:</b>	No implications arising directly from this report.
<b>6.8 Environmental:</b>	No implications arising directly from this report, however protection of the Shetland marine environment is one of the key priorities in all work planning within Ports and Harbour's operations.
<b>6.9 Risk Management:</b>	<p>The deteriorating fabric of the current Toft Pier creates potential risks for the Council under their responsibilities as Harbour Authority under the Port Marine Safety Code and other health and safety legislation.</p> <p>Replacing the existing Toft Pier with a modern facility would mitigate the current risks of infrastructure failure.</p> <p>Any potential EMFF funding will not be confirmed until tenders are returned for a project and it is possible that any funding finally secured will not be at the 50% level requested. That may require a re-evaluation of the project at that stage in light of funding actually granted, any other potential funding sources and updated estimates of cost and projected income.</p> <p>Uncertainties relating to realistic and likely long-term usage of the proposed facility should re-examined thoroughly during the development of the Full Business Case. Further detailed discussions should be held with potential users and industry representatives and the services of specialist economic advisors considered. This will also better inform any EMFF application.</p> <p>General risk management arrangements will be in line with the Better Business Cases methodology and Prince 2 project management.</p>
<b>6.10 Policy and Delegated Authority:</b>	The Development Committee's relevant functional areas relate to strategic regeneration, development, economy and business, energy, fisheries, arts, culture, and tourism and community regeneration / community development.

	The Committee should therefore consider the draft Outline Business case in relation to economic and business strategies for a Sustainable Economy in Shetland, and in particular the role of a rebuilt and extended Toft Pier in providing infrastructure and services to support fisheries and aquaculture.	
<b>6.11 Previously considered by:</b>		

**Contact Details:**

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jrsmith@shetland.gov.uk  
31 October 2017

**Appendices:** Toft Pier Outline Business Case

**Background Documents:** Listed in Appendices

END





Shetland Islands Council

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## **Toft Pier**

## **Outline Business Case (OBC)**

<b>Version</b>	<b>Date Issued</b>	<b>Brief Summary of Change</b>	<b>Owner's Name</b>
1	16/09/2016	Toft Pier Business justification Documentation	John Smith
2	23/12/2016	Toft Pier Business Justification Case	John Smith
3	08/01/2017	Yell Sound & Toft Outline Business Case	John Smith
4	10/02/2017	Yell Sound & Toft Pier Strategic Outline Case	John Smith
5	25/07/2017	Toft Pier Outline Business Case – User Consultation Draft	John Smith
6	20/10/2017	Toft Pier – Outline Business Case – Finance & Development Draft	John Smith
7	25/10/2017	Toft Pier – Outline Business Case – with NPV update	John Smith
8	31/10/2017	Toft Pier – Outline Business case – with covering reports	John Smith



## 1 Introduction and Background

This Outline Business Case has been prepared to review options and help determine a way forward for Toft Pier.

This report recognises the deteriorated physical state of the current Toft Pier as an issue that requires resolution, and seeks to inform the decision making process about what should be done.

It has been developed using the agreed standards and format for Business Cases, as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016”. This will mean best value has been demonstrated between options, and that decisions can be taken on a well-informed basis.

Best value is not simply about financial factors. In order to achieve the outcomes to which the Council aspires, there is a need to consider other direct and indirect benefits. The Five Case Model understands and supports that.

The key areas which must be evaluated in the Five Case Model are;

- the **strategic case**. This sets out background, and explains the reasons why it is appropriate to consider change at this time. Part of that is understanding and documenting the investment objectives for the area under consideration.
- the **economic case**. This demonstrates that the Council has properly evaluated and selected the most economically advantageous option, the one which optimises value for money. This evaluation has to take into account both the Council's direct costs and benefits; and wider community costs and benefits.
- the **commercial case**. This sets out the content of the service required; and whether we can find a supplier or partner who can deliver the option the Council wants.
- the **financial case**. This describes the funding arrangements for the preferred way forward and confirms the affordability of that for the Council.
- the **management case**. This examines what the Council will have to do to deliver the preferred option and confirms how that will managed.

## **2 The Strategic Case**

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

#### **2.1 Organisational overview**

The Port of Sullom Voe, Scalloway Harbour and a network of small piers and terminals stretching around Shetland are owned by Shetland Islands Council, and operated by the Council's Ports and Harbours service.

#### **2.2 Business strategies**

See Ports & Harbours Strategic Overview.

#### **2.3. Other organisational strategies**

See Ports & Harbours Strategic Overview.

### **Part B: The case for change**

The fundamental "Case for Change" regarding Toft Pier lies in the unavoidable need to take action because of its deteriorated structure, beyond that which can be rectified by maintenance repairs. The Council has statutory obligations under the Port Marine Safety Code as responsible Harbour Authority for the Sullom Voe Harbour Area, within which Toft Pier is located. In the near future, the pier will inevitably have to be either demolished and removed, or rebuilt, to be able to comply with those obligations.

#### **2.4 Investment objectives**

The objectives listed below are those agreed by the Council at the initiation of the PwC strategic review of the Port of Sullom Voe.

They were also set out in the recent Ports and Harbours Strategic Overview reported to Committees and recommended as the key objectives when considering any Ports related business cases.

Environmental & Legislative:

- Protection of Shetland marine environment
- Maintaining biodiversity, geo-diversity, and protecting the built environment
- Compliance with health & safety and other statutory obligations

### Economic & Social:

- Maximise existing revenue and identify new sources of revenue from Council ports and associated economic activity.
- Creating employment opportunities and benefitting the local economy
- Supporting social cohesion and maximising community benefits

### Financial:

- Maximise long-term value of assets by maximising opportunity and exploring new sectors
- Optimise exposure to financial risk, including:
  - Minimise downside risk of major incidents, such as decline in business activity and any associated decommissioning/legacy costs
  - Retain potential upside from any growth in port operations
- Optimisation of fixed asset base and reduction in recurring maintenance costs

This outline business case is the first of a number of reviews, which will consider the harbours and piers around the main geographical areas of marine activity in Shetland, as set out in the recent Ports & Harbours Strategic Overview.

Toft Pier and the Sullom Voe Harbour Area is being considered now, as there are well-publicised and immediate issues with Toft Pier, which culminated in its recent deck closure.

The Port of Sullom Voe and the Council's Ferry Terminals continue to be the subjects of other significant review activity. Both are included within this review as far as required for the overall understanding of the availability of services within the Sullom Voe Harbour Area.

Toft Ferry Terminal, Ulsta Ferry Terminal and the Port of Sullom Voe have relevance to overall pier and harbour provision in the Sullom Voe Harbour Area / Yell Sound but this review will not seek to make any recommendations relating to their core crude oil export and internal transport functions.

It is well established that small ports, harbours and piers make a significant economic and social contribution right around Shetland, primarily in the fisheries, aquaculture and transport sectors, but also in their social and cultural significance. The whole aquaculture industry depends on a network of small harbours and piers, not all Council owned, and the inshore shellfish fleet operates mainly from small harbours and piers. Together those sectors have a significant value to the Shetland economy, and have particular significance in a number of remote and rural areas.

However the costs of providing and maintaining the Councils portfolio of piers is considerable and each location needs to be considered critically and evaluated realistically on its individual merits to determine that it continues to serve a valuable purpose, particularly when significant new investment decisions must to be made.

A substantive repair and maintenance programme approved in 2014 for the majority of Council piers and harbours is currently being implemented. It is designed to protect the Councils investment in existing piers and harbours, and enable them to continue to provide their important services. This maintenance programme is described in the Business Justification Case for ports capital maintenance and renewal, and is updated in supporting annual reports.

Toft Pier is not part of that maintenance and renewal programme as its structure has deteriorated to an extent where cathodic protection, fender replacement etc. are not sufficient. Decisions now need to be taken regarding the specific situation at Toft Pier with some urgency given its condition, this Outline Business Case focuses on that issue.

The justification for any spending by the Council on any service, including the provision of a pier or a small port, must demonstrate how that spending provides value for that cost. For Toft Pier, that means sustaining and maximising benefits to the Council and Shetland from activities in the marine sector, balanced against the cost of how that is done.

As the Council is the responsible Harbour Authority for its harbour areas, it also has statutory responsibilities to ensure its assets and services comply with the requirements of the Port Marine Safety Code, Health and Safety legislation and other relevant statutes. Toft Pier is within the Sullom Voe Harbour Area, the Council is the formal Harbour Authority for that area, and therefore the Council must discharge its statutory responsibilities in that respect.

Projects going beyond maintenance, i.e. those considering significant expansions of service, involving significant redevelopment costs, demolitions, removal of infrastructure or other more radical options, are typically subjected to a high level of scrutiny. The business case process is intended to provide that rigour.

These decision points about significant change need the assembly of a strong evidence base. They need to demonstrate that they either deliver significant benefits, for any costly service development; or have well understood and acceptable adverse impacts, for substantial reductions or removals of service. Only after that is as clear as possible, can significant changes be decided on by the Council and implemented.

This Outline Business Case seeks to assemble and present that evidence so that a well informed decision on the best way forward can be made.

## 2.4 Overview of main potential benefits from this investment

To demonstrate that investment to sustain, enhance or remove any service, Toft Pier included, is best value; then the benefits of that investment need to be identified and quantified, both for the Council and for the overall Shetland economy and communities.

Non quantifiable benefits and key risks also need to be identified so they can be considered when comparing options.

The table below sets out the main potential benefits against the investment objectives.

Investment objectives	Main benefits criteria by stakeholder group
Ensuring environmental protection and compliance with legislative obligations  (effective)	<p>Clean and safe operations across the network.</p> <p>Quantifiable</p> <p>Reduced operating costs and maintenance</p> <p>Reduced need for reactive investment</p> <p>Reduced Carbon and other environmental impact</p> <p>Qualitative</p> <p>Improved public and community image</p> <p>Able to comply with legislative and quality accreditation criteria including the requirements of the Port Marine Safety Code and Health and Safety legislation.</p>

<p>Maximising Economic &amp; Social benefits to the Council and Community</p> <p>(economic)</p>	<p>Contributions to maximising activity and profitability at individual piers, sustaining their operating life and their contribution to the Shetland economy.</p> <p>Quantifiable</p> <p>Additional income to primary producers from maintained / increased catches or other activity</p> <p>Resultant multiplier in Shetland economy for that increased economic activity</p> <p>Reduced or avoided producer costs in shorter steaming times etc.</p> <p>Qualitative</p> <p>Continued potential for additional commercial or social activity.</p>
<p>Supporting the Financial objectives of the Councils long and medium term financial plans by maximising income surpluses within available investment resources.</p> <p>(efficient)</p>	<p>Best value for the Council</p> <p>Quantifiable</p> <p>Best use of Council resources for the community overall</p> <p>Maximising income surpluses / minimising deficits from the piers within available investment resources.</p> <p>Qualitative</p> <p>Maintain and/or enhance valued community infrastructure.</p>

## **2.5 Current arrangements and main marine activities in the Sullom Voe Harbour Area / Yell Sound**

Yell Sound is a significant navigation channel used by vessels crossing from east to west of Shetland and vice versa. It is also the navigation channel for oil tankers visiting the Sullom Voe Oil Terminal. The Council's northern isles ferries operate across Yell Sound, from Toft Ferry Terminal to Ulsta Ferry Terminal.

Most of Yell Sound is designated as the "Sullom Voe Harbour Area" including the Port of Sullom Voe, Collafirth Pier, Toft and Ulsta Ferry Terminals and Toft Pier. Conservancy, navigation and pier provision within the Sullom Voe Harbour Area is the responsibility of the Council's Ports and Harbours Service as the Sullom Voe Harbour Authority.

Contractual and legislative arrangements exist through the ZCC Act and agreements with the owners and users of Sullom Voe Oil Terminal to provide safe and suitable berthing and navigation within that area. That legislation and contractual arrangements provide for the costs of harbour facilities to be recovered from Harbour users rather than being a burden on general Council funds and funders.

There are crab and lobster fisheries in the northern areas of the Sound and significant scallop beds in a number of areas in the inner Sound, both north and east.

Those fisheries are prosecuted by a number of small (less than 15m) vessels who fish and land on a day-to-day basis from one of the local small harbours and piers with seasonal variation in the areas fished.

Aquaculture activity within the Sullom Voe Harbour Area, which covers most of Yell Sound, has been excluded since 1976.

*"Fish farming will not as a matter of policy be permitted anywhere within the Sullom Voe Harbour Area (as amended 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;"*

This exclusion is currently under review by Ports and Harbours to determine whether it continues to be appropriate for current and anticipated circumstances and oil export volumes.

## **2.6 Overview of piers and harbours within the Sullom Voe Harbour Area and around Yell Sound**

**Collafirth Pier** – Convenient for north end of Yell Sound – Lay-by berth for Altair pelagic trawler. Facilities at Collafirth are congested with little additional space there for more boats to berth. Satisfactory state of repair, cathodic protection and re-fendering planned as part of core maintenance programme. Potential location for user operated crane.

**Ulsta** - Ferry Terminal and Marina/Small boat facility – Mid Yell Sound – Some berthing space but no landing facilities. Satisfactory state of repair with no significant development planned in general port facilities. Also being considered as part of internal transport review.

**Burravoe** (Community Owned Pier) – Mid Yell Sound - Limited draught and entry/exit weather restrictions. No known developments planned.

**Port of Sullom Voe / Sella Ness** – Mid Yell Sound – Tanker Jetties, Tug Pier, Pollution Pier and Construction Jetty – Fully occupied by Sullom Voe tugs, pilot launches, mooring boats, work boats and pollution response craft and accommodation barge. Satisfactory state of repair, cathodic protection planned as part of core maintenance programme although some uncertainty about medium / long-term maintenance options for the Tug Jetty. Also under review through the Port of Sullom Voe strategic review process.

**Toft Fishing Pier** – East Yell Sound - when operational had 66m of berthage and a berthing depth of up to 5m. It was originally built in 1951 for the Yell Ferry Service and was rebuilt in 1971 with the current sheet pile structure. Ferry Service use stopped when the new ferry terminal was built alongside c2005. Since then it has continued to be used regularly by a number of shellfish boats and occasional other ad-hoc users. While it has had occasional safety and repair works it has had no major maintenance. Access to the pier was restricted to pedestrians in 2014 and closed to all users in December 2016 as there are now holes in the pier deck and infill is washing out of the steel piling.

**Toft Ferry Terminal** - East Yell Sound – Linkspan and breakwater serving the mainland end of the Yell Ferry Service. No general port facilities, also part of the Internal Transport review.

**Setters Ness, Lunnaness** – East Yell Sound - Greigs Seafood Aquaculture Shore Station – Fully occupied by Salmon farm vessels. No known developments planned.



**Ollaberry Pier** – Mid Yell Sound – (Private) Old stone pier with little berthage and little to no maintenance. No known developments planned.

**North Roe Pier** – North Yell Sound – (Private) Small pier very occasionally used by small fishing vessels/pleasure boats but with most preferring to use Collafirth. No lift capacity. No known developments planned.

**Gaza Pier** – Mid Yell Sound/Sullom Voe – (Private) – Built for the potential export of rock from the Sullom Quarry. Now in poor state of repair and access closed.

**Whale Firth (Head)** – West Yell – (Private) Large pontoon approximately 60m long and pier approximately 30m long primarily used by small fishing vessels. No heavy lift capacity. No known developments planned. 5m depth in the centre of the channel allows for good access to the berth.

**Mid Whale Firth, Grimister** - West Yell (Private) - Aquaculture shore station fully occupied with aquaculture vessels. No known developments planned.

**Southlaide Voe** – North Yell Sound – (Private) Small pier with limited access from land. No known developments planned.

Mossbank Pier – East Yell Sound (private) - Small pier with limited access from land. No known developments planned.

## 2.7 Recent usage of Toft Pier

Income and expenditure relating to Toft Pier over the last few years has been as follows:-

	2013/14	2014/15	2015/16	2016/17	2017/18 Apr to Oct Only
	£	£	£	£	£
Annual Dues	(372)	(881)	(964)	(772)	(830)
Shellfish/ Salmon Landing Dues	0	(475)	0	(2,864)	(1,896)
Wharfage/ Storage Charges	(2445)	(5,351)	(3,001)	(4,536)	(3,062)
Pleasure Craft/ Commercial Shipping Dues/ Others	0	(1,659)	0	(71)	(12)
<b>Sub-total Income</b>	<b>(2,817)</b>	<b>(8,366)</b>	<b>(3,965)</b>	<b>(8,243)</b>	<b>(5,800)</b>

Employee Costs	0	621	575	665	337
Repair & Maintenance	2636	7491	9213	131,673	16,946
Management Costs	4966	4866	71	0	0
<b>Sub-total Expenditure</b>	<b>7,602</b>	<b>12,978</b>	<b>9,859</b>	<b>132,338</b>	<b>17,283</b>
<b>Net Total</b>	<b>(4,785)</b>	<b>(4,612)</b>	<b>(5,894)</b>	<b>124,095</b>	<b>11,483</b>

Over a number of years, there has been very limited expenditure and modest income at Toft Pier. Costs rose considerably with the installation of a hired in temporary pontoon structure as a reaction to the requirement to close the pier deck in November 2016 due to its state of deterioration.

### 2.7.1 Caught Shellfish Landings and Income

Over recent years, some five or so inshore shellfish boats have used Toft Pier regularly to land their catches; in addition, there are other less frequent users.

From figures published by the Marine Management Organisation, the value of caught shellfish landed at Toft over the last few years was:-

	<b>Crabs £</b>	<b>Lobsters £</b>	<b>Scallops £</b>	<b>Squid £</b>	<b>Whelks £</b>	<b>Total £</b>
<b>2014</b>	11,000	2,000	305,000	3,000		320,000
<b>2015</b>	43,000	3,000	458,000		3,000	507,000
<b>2016</b>	1,000	3,000	470,000	4,000	14,000	491,000

There is evidence to suggest that the Council's income from landings could have been higher had landing charges been levied on a different basis and recovery activity had been more effective.

The main reason for the low level of income was a combination of the Councils charging mechanism and some issues around declarations and follow up on landings.

Under the Councils 2014/15 Harbour Dues all vessels under 15 gt were charged between £180 and £200 per annum for compound annual dues and all landings at Council owned piers, if they purchased an "Annual Fishing Disc".

That meant that the five boats that regularly used Toft Pier legitimately paid less than £1,000 between them for their whole year's berthings and landings, regardless of the volume and value of catches.

The "Annual Fishing Disc" arrangement was restricted to 5gt in 2016/17 dues, however it is not clear that the larger vessels fully declared their catch values for that year to the Council.

Those historic arrangements for low cost "Fishing Discs" without any declaration of activity, capped income at a low level. They also meant there was no mechanism for the Council to confirm directly the volume of activity at any pier, and no way of tracking the value generated for the wider Shetland economy.

From this year (2017/18) harbour charges have been revised to 2% ad valorem for all shellfish landings from small inshore boats (under 15m) and formal arrangements have been agreed and signed off with those small boats to fully declare landings through their agents or directly. Monitoring of compliance with these arrangements continues, but early returns show encouraging progress.

The MMO figures give an annual "Benchmark" potential income from shellfish landings at Toft of approximately £10,000 per annum (2% of £500,000) if landings continued at recent levels and dues on all landings were fully paid.

### **2.7.2 Salmon Aquaculture**

There has also been historical use of Toft by both mussel and salmon farmers, particularly by those located in the area at the east end of Yell Sound. However, that has ceased in recent years due to the deteriorating state of the pier. Vehicular access to the pier deck was restricted in 2014 due to a partial collapse and all main deck access removed in 2016.

Salmon are harvested either by "live haul" of living fish by wellboats direct to the processing facilities, or "dead haul" of fish killed on site and then transported to the nearest suitable pier, where the fish are taken to a processing facility by trucks.

Since Toft Pier deck closure, attempts have been made to use the back of the Ferry Pier at Toft to land "dead haul" harvested salmon, however this has proved somewhat awkward due to the quayside height and the fendering arrangements. A reinstated Toft Pier would be capable of supporting "dead haul" operations better and would be very convenient for east Yell Sound production, with 15 minutes vessel steaming time as opposed to 2 hours plus to Lerwick.

There has been a significant shift in harvesting strategy in the past year by some producers from “live” to “dead” haul for a number of reasons. In the first six months of this financial year an additional 2,500 tonnes of Salmon / estimated value over £10m, which in previous years would have been “live hauled” by wellboat, have been “dead haul” harvested over Shetland Islands Council piers. This additional activity has generally been on the West side of Shetland so far and has resulted in an additional £35,000 landing dues.

It is uncertain at this time whether this change in harvesting strategy will extend further, however this possibility is examined within the economic case for the evaluation of Toft Pier options.

Salmon farming also depend on small boats to provide site support services. Feed provision through larger vessels and periodic fish management activities such as lice management typically utilises larger vessels. Small salmon farm vessels tend to work from private shore stations, the larger vessels need deeper berthing facilities.

### **2.7.3 Mussel Aquaculture**

Mussel farming also depend on small boats providing site support services and larger vessels for harvesting operations. Again, the smaller vessels typically operate from private shore stations but the bigger boats require deeper berthing facilities.

There had also been historical use of Toft by mussel producers, the original pier deck failure in 2014 involved a forklift truck involved in mussel operations. However, their usage has also largely stopped since vehicular access to the pier deck was restricted.

### **2.7.4 Review of Sullom Voe Harbour Area Zoning**

The Shetland Salmon Farmers Association and the Shetland Shellfish Association asked the Council to reconsider the exclusion of aquaculture from the Sullom Voe Harbour Area during the recent Local Plan consultation exercise.

The Sullom Voe Harbour Area covers most of Yell Sound and both bodies feel the current restrictions should be re-evaluated in light of reducing tanker movements, as there is potential for the expansion of aquaculture in this area.

Ports and Harbours currently reviewing the Harbour Area from a marine navigation perspective. Initial results of this review would indicate that there are areas of sea

where other activity could now be possible without adversely affecting tanker navigation.

The next step would be consultation with a key stakeholders to determine how further stages of the review should be progressed which could include the evaluation of potential demand for shore infrastructure should additional activity be allowed.

It is uncertain at this time whether this change will occur, however this possibility is examined within the economic case for the evaluation of the Toft Pier options.

### **2.7.5 White Fish**

The opportunity to use Toft Pier by white fish vessels has also been very limited since vehicular access stopped in 2014. Before that, landings for consignment did occur from time to time, as did engineering and other ad hoc services and works.

There was a £10,000 landing value of cod between Collafirth and Toft indicated from the MMO 2016 figures, which might reflect an emerging inshore fishery, which is now becoming of some significance in other areas around Shetland. MMO figures show that a total of c£400,000 of white fish has been landed in Shetland by boats under 10m in the first 8 months of 2017, a breakdown of that by pier is not currently available.

### **2.7.6 Port of Sullom Voe contingency use**

The Sullom Voe tugs use the Sellaness Tug Jetty for berthing and operations. This jetty is currently being investigated to determine what works will be required to ensure its operational life extend to 2050 and beyond. It is possible that significant structural works, which could take it out of service for an extended period, will be required at some point in the next few years.

If that were the case, then alternative berthing arrangements at a pier with sufficient depth would be required, 6m+. The Sullom Voe Construction Jetty has some capability but a redeveloped Toft Pier would provide a further contingency to secure the continuity of oil exports from SVT.

### **2.7.7 – Marine renewables**

There continues to be potential for marine renewable development in Yell Sound as it is a high tide flow resource. Discussions are ongoing between Ports & Harbours,

Development Services and other stakeholders to determine how that potential can be quantified better.

### **2.7.8 Other Users / Potential Users**

Other business users of the port include Shetland Crab at Ronas Voe, and QA Fish to collect shellfish, with some occasional use by engineering service firms, haulage, and fuel suppliers on a very ad-hoc basis as pier access is very constrained.

Interest has been indicated recently in the establishment of a possible net services facility located at Toft, which would provide services to the salmon industry including possible expansion into cage construction. Both service areas would generate activity across a suitable pier and benefit from its presence.

Potential also exists for the consideration of ice and fuel services if the number and nature of users expanded. Salmon harvesting and white fish landing both require significant ice supplies and all marine vessels require fuel-bunkering services.

Marine survey work is required from time to time on the pipelines coming in and out of SVT and a redeveloped Toft Pier would be a convenient working location for vessels involved in that activity.

Recreational use does not generate much in the way of harbour charges at Toft Pier however there is clearly some activity in the neighbouring area as indicated by the small boats at moorings and the private pontoon. A sea angling / tourist charter business has recently been established in the area with the intention of operating from Toft if possible.

A number of these areas have development potential, but will require further work to clarify their likelihood and possible impact, including any impact or requirements at Toft Pier. That work would be progressed in parallel with the development of any full business case.

## **2.8 Main Risks**

All the technical options identified are relatively straightforward marine construction activities. Capital cost estimates, timescales and long-term revenue cost implications can be projected from a wide range of previous projects of a similar nature. Detailed technical or operational risks associated with any specific option will be identified and managed during later stages of any implementation project.

The Council continues to monitor carefully the risk of operating the current Toft pier interim arrangements for the requirements of the Port Marine Safety Code and other legislative compliance. This monitoring regime is expensive in itself and has already determined that these interim arrangements have a very limited lifespan before they will also have to be withdrawn.

Risks of uncertainty about the nature of likely future usage and business volumes seem to have prevented decisions being taken by the Council relating to Toft Pier in recent years. The options considered in this Business Case are essentially the same as those reported to Council in relation to Toft Pier since 2014.

The evidence assembled in this Outline Business Case and the “Better Businesses Cases” process in general should now help deliberations reach a conclusion on the way forward.

Risk	Risk Management Actions
A perception that the Council's overall investment objectives for small piers / ports / harbours lack some clarity which could complicate or tend to delay decision making.	<p>Clear proposals regarding investment objectives have been set out in the Ports &amp; Harbours Strategic Overview recently considered by Committees.</p> <p>These have been built into this Outline Business Case to help present a clear explanation of why various options could be pursued and what the consequences are likely to be.</p>
Evidence and anecdotal opinion about the historic, current and projected usage of Toft Pier (and other small piers) are conflicting, this could complicate objective decision making.	<p>The most realistic estimates available have been used in this Outline Business Case with appropriate caveats and sensitivity ranges applied.</p> <p>Further action is being taken to enhance the robustness of these estimates in the work Ports and Harbours is doing on 2018/19 Harbour Charges.</p>
Without a decision on the preferred way forward safety, technical, commercial and planning uncertainties remain unresolved.	The balance of risks between active decision-making and further information gathering needs to be recognised and managed appropriately.

Risk	Risk Management Actions
Without active decision-making the lose / lose scenario of makeshift arrangements of the sort presently in place which result in economic loss to the businesses and financial loss to the Council continues.	The assembly of the best evidence available in this Outline Business Case will assist in decision-making.

## 2.9 Constraints and Dependencies

### 2.9.1 Usage data and Income recovery

The lack of detailed and dependable data on usage of this, and other small piers, over a number of years has hampered decision making regarding significant investment.

Even if the Council decided that it wanted to provide services at small piers free of charge, then it would still have to understand usage and value before it could demonstrate best value in any investment.

Usage and income from the Council's bigger ports, i.e. The Port of Sullom Voe, Scalloway and Cullivoe is very well understood and fully recovered. There is no fundamental reason why that cannot be the same at small ports.

Actions to improve this situation have been implemented as part of the 2017/18 revision of Harbour Dues and communication and consultation with harbour users will continue over the coming months as these are bedded in.

All Council services are required to undertake a comprehensive review of their charges and charging policies through the "Charging Framework Report" approved by Council in October 2016. Ports and Harbours have undertaken that process and have reported further proposals as part of Harbour Charges for 2018/19.

There is widespread understanding and acceptance across harbour users that fair and transparent charges for the use of valuable services for their provision, maintenance and investment in, by commercial operators is right and proper. It is a matter of designing and implementing those usage monitoring and charging regimes effectively to resolve this issue. Ports and Harbours are committed to working to achieve that.

### 2.9.2 European Maritime and Fisheries Funding



Pier development works to support fishing and aquaculture can apply to receive grant funding up to 50% from the European Maritime and Fisheries Fund (EMFF). Initial enquiries have confirmed that the sort of works proposed to rebuild Toft Pier would be within scope for that funding, although a robust business case and tender returns would have to be presented before any grant could finally be determined. A demolition and removal project would not be eligible.

EMFF funding is pot limited and time bound, last round for bids will be early 2018 and all eligible works will have to be completed by the end of 2020. Therefore any application and project would have to progress as promptly as possible once a decision has been made on a preferred option.

If redevelopment of Toft Pier is endorsed as the preferred option then delegated authority to submit an EMFF application will be sought at the same time.

### **2.9.3 Other External Public Funding**

It not clear at this time whether there are any other sources of external public funding which could be accessed for investment at Toft. That matter will be pursued further with colleagues within the Council and elsewhere. It will be easier to target that research when a preferred way forward has been identified for further business case development.

### **2.9.4 Commercial or Community Partnerships**

It is also uncertain at this stage whether a commercial or community partner could become engaged in a future development or operation of the Toft Pier or associated facilities. There are a number of successfully operated small commercial piers, mainly associated with aquaculture. There are also a number of successful community piers, e.g. Voe or Skeld.

Those enquiries and any subsequent discussions would also continue during the further full business case development process.

### **3 The Economic Case**

This section documents and evidences that the most economically advantageous alternatives for the Council and wider economy as a whole have been considered and evaluated with appropriate consideration of risk.

#### **3.1.1 Critical success factors**

The critical success factors (CSFs) in this Outline Business Case have been aligned with the investment objectives previously described.

- 1 - All services and facilities the Council provides to the community must be of good quality and resilience. i.e. safe and fit for purpose, meet reasonable customer expectations and reasonable community aspirations and be able to cope with changes to legislation, technology and expectations etc. (effectiveness).
- 2 – Support businesses (existing and/or new) to be more competitive by helping improve quality, reduce costs, improve access to new product lines or markets, take opportunity of increased volumes etc. (economy).
- 3 - Any investment of public money on behalf of the community must be done as efficiently as possible in value for money terms; whole life costs and impacts etc. so that best value is obtained in all areas. (efficiency).

#### **3.1.2 Alternative ways forward and short list of options**

There have been a number of reviews and reports on the issues and options around Toft Pier over the years, notably in 2014 when a socio-economic impact assessment of small piers was undertaken by local independent consultants and reported to Council.

While no action resulted from these reviews and reports, together they formed a body of strategic option appraisal information which this Outline Business Case has drawn on.

From that information and subsequent research and analysis, the following main ways forward have been considered:

- Alternative 1 – do nothing at any of the existing small piers and harbours in the Port of Sullom Voe Harbour Area / Yell Sound other than the maintenance actions already planned.

- Alternative 2 – dispose of or demolish the Toft Pier and seek ways to accommodate the activity there by reorganising and/or enhancing facilities elsewhere.
- Alternative 3 - reinstate some, all or extended pier facilities at Toft.

These alternatives essentially frame the “long list” for options and the analysis below established six “short list” options which this Outline Business case assesses.

### ***Alternative 1 – do nothing beyond existing maintenance plans***

*(This is in effect being implemented as a stopgap in respect of Toft Pier until some other medium / long-term decision is made.)*

**Option 1** - Due to the state of deterioration all public access to the main deck of Toft pier has now been restricted completely. Relatively soon mooring equipment, fenders and ladders will have to be removed, and permanent signage and barriers erected unless an alternative way forward is adopted.

An interim pontoon arrangement has been rented to allow some berthing and access for small fishing craft alongside the inside face of the pier. That however does not provide very straightforward loading or unloading to or from vehicles.

Ultimately, this arrangement cannot be a viable long term option as it is inevitable that further emergency works would be required on an ad-hoc basis when the pier structure collapses further. Eventually that will also require the current interim berthing facility to be removed on safety grounds and the pier closed completely.

### ***Alternative 2 – remove Toft Pier and seek alternative provision at existing piers***

**Option 2** – If the Toft Pier can no longer fulfil a useful purpose that justifies its cost then it should be considered for removal. Practically this would have to be done through demolition. There is no identifiable interest from any other party in acquiring the existing Toft Pier given its deteriorated state. It would seem unacceptable for the Council to allow it to decay slowly over a long period of time as a hulk, given the Council’s environmental management and other safety obligations.

Apart from Toft Pier, the Council owned small harbour and pier facilities within the Sullom Voe Harbour Area / Yell Sound (Ulsta, Toft Ferry Pier, Collafirth and the Port of Sullom Voe) are generally in a satisfactory condition. There are also provisions in

the Council's core pier maintenance programme for cathodic protection, periodic refendering and other works to ensure that continues.

Both Collafirth and the small boat facilities at the Port of Sullom Voe are already congested and do not have obvious space for the permanent relocation of any further vessels for berthing, and in particular access to small boat landing facilities. Neither Toft Ferry Pier or Ulsta Ferry Terminal have provision for landing of catches or product.

There are no development plans under current consideration and no obvious opportunities for low cost expansion at neighbouring Council owned ports. The likely cost of adding significant additional berthing or landing space at Collafirth or the Port of Sullom Voe would be of a similar order or higher than the estimated costs of Toft Pier reinstatement.

These other Council piers are also less favourably located for access to the east Yell Sound scallop beds, the main fishing grounds of the Toft based boats, and for any east Yell Sound aquaculture activity. Boats would face extra costs to steam to either, in terms of additional fuel, and increased dead time, 1-1 1/2 hours extra each way.

The highest value fishery landing at Toft is currently scallops, this is regulated by the Shetland Shellfish Management Order (SSMO). Those management arrangements only allow fishing between 6.00 am and 9.00 pm therefore additional steaming time to and from the grounds either reduces fishing time or extends the working day.

There are also potential negative safety impacts travelling to and from other more distant piers both in terms of weather conditions when crossing strong tide conditions and crossing the tanker and other traffic navigation channels.

The other community or private piers and harbours on Yell Sound would not appear to offer many straightforward development options either. The active locations at Ulsta Marina, Burravoe and Settersness are either operating at capacity or have significant draught and landing restrictions. The other locations are now very infrequently used and have very limited or very old infrastructure.

Again the likely cost of adding significant additional berthing or landing space at any of these would be of a similar order or higher than the estimated costs of Toft Pier reinstatement, notwithstanding the complications of ownership and operation.

Full demolition and removal would also remove the breakwater action of the existing pier for the private pontoon and small boats anchored further inside Toft Voe. It is difficult to be precise about the ultimate impact of that as the effectiveness of the pier as a breakwater is only partial in any case, however it would clearly be negative.

**Option 3** – As an alternative to demolition and complete physical removal, it could be possible to convert the remaining structure to a permanent breakwater by collapsing the existing structure and covering it on both sides with rock armouring.

This would have the same effect on fishing effort as removal, but would retain the sheltering action of the basic structure.

***Alternative 3 – Reinstate some or all of the facilities at Toft pier***

A number of options for the reinstatement of Toft Pier have been developed over time, there have been a number of discussions with users and ideas. Most of these options have been previously reported to the Council in various forums without conclusions being reached.

**Options for partial / full reinstatement of Toft Pier**

**Option 4)** Repair the inner quay face and rock armour the outer face

**Option 5)** Encapsulate the old pier with a new structure of similar size and shape

**Option 6)** Encapsulate the old pier with a new structure of extended size and shape

## Further Analysis of the Short List

### 3.2 Economic appraisal

This section provides an overview of the main costs and benefits associated with each of the short list options. It includes an analysis of;

- quantifiable costs and benefits (both Council only and wider Shetland economy);
- qualitative costs and benefits, and;
- risks.

#### 3.2.1 Quantifiable Costs

##### Costing assumptions

- One off costs for construction – Estimated costs of one off works – demolition/ construction from Ports & Harbours and Capital Projects marine engineering specialist staff and discussions with relevant contractors involved in similar recent construction / demolition works.
- Annual running costs – Estimated costs of operation and maintenance – analysed from component costs and benchmarked from costs of similar piers in Shetland.
- Calculation period– 50 years, the expected lifespan of a modern pier built to good quality standards and well maintained.
- Costs at other locations – No practical development or rationalisation opportunities have been identified at the other small piers within the Sullom Voe Harbours Area (Collafirth & Sellaness), at the Ferry Terminals (Ulsta & Toft) or at the private piers and jetties in the vicinity, Burravoe, Setters Ness, Ollaberry, North Roe, Gaza, Whale Firth or Southlaide Voe. Therefore no costs of development in these locations have been included in estimates. Should removal of all service at Toft Pier be the ultimate decision it is likely that some additional cost at Collafirth and/or Sellaness would have to be re-visited.

#### Option 1 – Close Toft Pier and Install a Temporary Pontoon

*This is the de-facto option being implemented at the moment, it cannot however continue indefinitely as further deterioration in the pier is inevitable.*

Berthing Length	: 30m (pontoon)
Berth Depth	: 3m
Deck Area	: 30m x 5m on pontoon
Lift Capability	: None

Council costs - There would be an ongoing requirement to monitor and manage the structure from an environmental and health and safety point of view. Survey work, fencing off the pier and installing the pontoon cost £50k for initial works. Annual cost of pontoon rental is £30k per annum.

- Pontoon costs are £30k per annum
- Regular survey and further emergency actions - £15k per annum
- Insurance premiums, rates and Crown estate charges would continue to be payable in some form, albeit at a possibly reduced rate if non-operational, c£5k per annum.
- Total £2.5 m over a 50 year lifespan (£50k per annum ) although this option could not possibly be sustained for the medium / long term.

Some Council income and wider commercial income associated with wild shellfish catching will continue although the level of usage at Toft is uncertain given the limited berthing and landing facilities.

Council income and wider commercial benefits from other activity will not happen under this arrangement as the interim pontoon facilities only provides a service for small fishing boats.

As previously stated this arrangement cannot be a long-term solution as it is inevitable that further emergency works would be required on an ad-hoc basis as the pier structure collapses further. Eventually that will also require the interim berthing facility to be removed on safety grounds.

## **Option 2 – Demolish and Remove Toft Pier**

To demolish the Toft Pier structure would entail removing the deck and infill from inside the sheet piled box, which would then be cut at seabed level and removed in sections.

Berthing Length : 0m  
Berth Depth : 0m  
Deck Area : 0m  
Lift Capability : None

Council costs - The estimate for this option is in the region of £600k for the demolition works and no ongoing cost once that is complete. Income from harbour dues would become zero.

This is derived from discussions with the local contractor involved in demolition of the Shell pier in Lerwick recently, so has good currency.

Wider costs – An increase of time and fuel costs for affected vessels has been estimated as longer steaming times would be required to and from some fishing grounds.

Council income and wider commercial income associated with wild shellfish catching would be expected to reduce. Some activity would be expected to displace to other Council piers where they are the only option for continued fishing.

There is limited relocation space available and all relocation alternatives involve significant additional steaming time to and from the grounds normally fished from Toft.

Council income and wider commercial benefits from other activity could not happen under this arrangement as there would be no facilities.

### **Option 3 – Fully Convert Pier to a Breakwater**

Convert the remaining pier to a permanent breakwater by collapsing the existing structure and covering it on both sides with rock armouring.

Berthing Length : 0m  
Berth Depth : 0m  
Deck Area : 0m  
Lift Capability : None

Council costs - The estimate for this option is in the region of £500k for the collapsing and armouring works and an estimate cost of £2.5k ongoing cost as a breakwater may need to be lit, and some maintenance would be required.



Wider costs – An increase of time and fuel costs for affected vessels has been estimated as longer steaming times would be required to and from some fishing grounds.

Council income and wider commercial income associated with wild shellfish catching would be expected to reduce. Some activity would be expected to displace to other Council piers where they are the only option for continued fishing.

There is limited relocation space available and all relocation alternatives involve significant additional steaming time to and from the grounds normally fished from Toft.

Council income and wider commercial benefits from other activity could not happen under this arrangement, as there would be no facilities.

#### **Option 4 - Rock armour outer face and repair inner quay face.**

The inner quay face might be able to be repaired, utilising a combination of welded steel face panels, with a concrete infill behind although as time goes on the inner face may have deteriorated beyond the stage where this is feasible. This is similar to repair options used in Lerwick and Scalloway Harbours in recent years, albeit with piers in better condition.

The outer face of the structure has clearly deteriorated too far, and this repair option could not be completed there. A rock armour embankment could be installed, providing support to this side of the structure, however this would preclude berthing on the outside face.

Berthing Length	: 30m
Berth Depth	: 3m
Deck Area	: 40m x 10m
Lift Capability	: 5 tonne per sq metre

This option is estimated to have a capital build cost of £1.2m.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50 year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £8k per annum
- Revenue - Repairs & maintenance - Annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £8k per annum.
- Capital - Full refender and larger items – £40k every 10 years
- Capital - Cathodic protection - £80k every 25 years
- Total £1m over 50 year lifespan (£16k per annum revenue costs plus £240k capital maintenance costs).

Council income and wider commercial income associated with wild shellfish catching would be expected to be close to the MS/SSMO benchmark as berthing and landing facilities would be adequate for the current shellfish boats.

Council income and wider commercial benefits from other activity would be very limited under this arrangement as the berthing and landing facilities are restricted to 3m and would often be fully occupied by shellfish boats.

### **Option 5 - Replace with new pier of similar size and shape.**

To replace the existing structure with similar in the same position would entail removing part or all of the existing structure, and creating a new structure around the original footprint.

Berthing Length	: 80m
Berth Depth	: 3m inside – 5m outside
Deck Area	: 50m x 12m
Lift Capability	: 5 tonne per sq metre + heavy lifting pad

This option is estimated to have a capital cost of £1.6 million pounds.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50 year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £10k per annum
- Revenue - Repairs & maintenance - Annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £10k per annum.
- Capital - Full refender and larger items – £50k every 10 years
- Capital - Cathodic protection - £100k every 25 years

- Total £1.3m over 50 year lifespan (£20k per annum revenue costs and £300k capital maintenance costs).

Council income and wider commercial income associated with wild shellfish catching would be expected to be at least at the MS/SSMO benchmark as berthing and landing facilities would be adequate for the current shellfish boats and additional space would be available.

Council income and wider commercial benefits from other activity could potentially increase somewhat under this arrangement, as there would be berthing and landing facilities beyond those occupied by shellfish boats for vessels up to 5m draught.

### **Option 6 - Replace with new pier of extended size.**

Deeper and longer berthing facilities would be provided by adding a dog-leg at the end of the pier. This would also create better shelter from north-east wind and swell conditions on the inside faces of the pier.

Berthing Length	: 120m
Berth Depth	: 3m inside – 5m outside – 6m dog leg
Deck Area	: 70m x 12m
Lift Capability	: 5 tonne per sq metre + heavy lifting pad

This option is estimated to have a Capital cost of £2.4 million pounds.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50-year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £12k per annum
- Revenue - Repairs & maintenance - Annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £12k per annum.
- Capital - Full refender and larger items – £60k every 10 years
- Capital - Cathodic protection - £120k every 25 years
- Total £1.5m over 50 year lifespan (£24k per annum revenue costs and £360k capital maintenance costs ).

Council income and wider commercial income associated with wild shellfish catching would be expected to be at least at the MS/SSMO benchmark as berthing and

landing facilities would be adequate for the current shellfish boats and additional space would be available.

Council income and wider commercial benefits from other activity could potentially increase significantly under this arrangement as there would be berthing and landing facilities beyond those occupied by shellfish boats and berth depths would be increased to the point where they could accommodate the larger aquaculture support vessels, up to 6m draught.

### 3.2.2 Summary of Quantifiable Costs for each option

The following is a summary of the total costs to the Council for each of the options:

	1 - Current	2 - Demolish & Remove	3 - Breakwater	4 - Repair & Armour	5 - Rebuild	6 - Rebuild & Extend
Estimated Capital Cost	£0	£600k	£500k	£1.4m	£1.9m	£2.8m
Estimated Annual Revenue Cost	£50k	£0	£2.5k	£16k	£20k	£24k

### 3.3 Estimating benefits

The benefits include the direct benefit to the Council in terms of income and the wider economic benefit to Shetland and beyond.

It is recognised that there are both quantitative and qualitative benefits from the options being considered, as separated below:

The wider benefits associated with each option were identified during discussions with the stakeholders in order to ascertain a full picture of the future options for the facility, consultation was undertaken with a number of stakeholders and interested parties.

The benefits identified fell into the following main categories.

Benefit type	Direct to Council	Indirect to Wider Community / Organisation(s)
Quantitative (or quantifiable)	<p>Low capital cost</p> <p>Reduced revenue expenditure</p> <p>Increased income from harbour charges</p>	<p>Reduced or avoided producer costs and time in shorter steaming times etc.</p> <p>Additional income to primary producers from maintained / increased catches</p> <p>Resultant multiplier in Shetland economy for that increased economic activity</p>
Qualitative (or non-quantifiable)	<p>Resolution of obligations and liabilities around a degrading item of Council infrastructure.</p>	<p>More secure and suitable berthing and landing facilities at a convenient location.</p> <p>Maintain or enhance community infrastructure.</p> <p>Continued potential for additional commercial or social activity.</p>

### 3.3.1 Quantifiable Benefits

These are benefits which can be measured and take account of all wider benefits to the UK, not just benefits to Shetland or the Council. It is recognised that not all benefits can be expressed in monetary values but as far as possible a monetary value has been given to benefits in order to enable a comparison between options to be achieved.

The main quantifiable monetary benefits that have been identified in discussion with Council staff, current and potential users and industry bodies are as follows:

- Income to the Council from harbour charges on usage and landings which would not otherwise have been obtained.
- Income to fishing vessels from landings they would not have made otherwise.
- Reduction in time and fuel costs of users steaming to and from other harbours.
- Income to companies engaged in aquaculture or other industries they would not otherwise have made, and/or costs saved.

### **Council Income**

Harbour dues for shellfish landed at Council ports by vessels under 15m complying with the Council's landing declaration requirements is 2% of gross value. For wild shellfish landings the remaining 98% is shared between the boat and any other direct service providers.

Shellfish landing figures are based on MMO "benchmark" shellfish volumes at Toft over recent years and values and estimated reductions / increases in catch.

The estimates for other potential commercial activity and associated income are a combination of;

- Historical activity from the White Fish / Salmon and Mussel farming sectors which used Toft Pier prior to the restriction of vehicular access in 2014 and all deck access in 2016, and;
- Potential activity from expanded and extended inshore fisheries; increased salmon and mussel farming in Yell Sound and changes to Salmon management activities such as live fish washing and harvesting methods.

It is difficult to estimate precisely what level of activity would arise from reinstated pier facilities at Toft. Recent income levels at other similar sized of piers around Shetland such as Cullivoe, Walls, Uyeasound, Baltasound, Mid Yell and West Burrafirth are listed below, the ranges are the levels achieved at individual piers;

- White Fish Dues – c£1,000 to £50,000 per annum
- Farmed Salmon Dues – c£10,000 to £90,000 per annum
- Farmed Shellfish Dues – c£500 to £1,000 per annum

- Storage Dues – c£2,000 to £25,000 per annum
- Wharfage Charges – c£1,000 to £2,000 per annum

Clearly there is a wide range of income levels achieved depending on the detailed usage of facilities.

Toft is conveniently located for main east Yell Sound shellfish and aquaculture areas. Boats would need to steam an additional 1 to 1.5 hours to Collafirth, Sullom Voe or Symbister with consequent loss of fishing time and increased fuel usage.

While there is some opportunity for displacement it is quite difficult to model that in detail as the actual effect is complex and unpredictable. For the purposes of this aspect of the calculations below displacement has not been included.

### 3.3.2 Overview of potential Council income (£ per annum).

	1 - Current	2 - Demolish & Remove	3 - Breakwater	4 - Repair & Armour	5 - Rebuild	6 - Rebuild & Extend
<b>Council Income – Shellfish Landings</b>	<b>£5,000</b>	<b>£0</b>	<b>£0</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>
<b>Council Income – Other Activity</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£2,000</b>	<b>£20,000</b>	<b>£68,000</b>

Council income from shellfish would be expected to at least match the MMO benchmark with a repaired or rebuilt pier.

Council income from other areas (white fish / aquaculture / other commercial activity) could rise significantly if the services offered meet customer needs. Evidence from other piers such as Cullivoe and Walls have indicated that £50,000+ per annum Harbour Charge income is achievable.

Other commercial activity has been estimated at c£20,000 per annum for a rebuilt pier through a combination of salmon, shellfish aquaculture, white fish and other marine support services ad-hoc usage. Those activities would require at least a rebuilt pier to allow the 5m berthing depths required.

To achieve this income level there would need to be an average of a visit per week by a larger aquaculture or whitefish vessel, loading, landing or otherwise utilising the Pier and contributing c£400 per visit. (50 x £400 = £20,000).

As examples;

- A white fish vessel landing a catch of 200 boxes would pay around £500 at 2.5% ad valorem landing dues assuming an average value of £100 per box.
- The landing of 20 tonnes of salmon would generate a charge of around £400 at landing dues of 20 per tonne.
- Landing 10 tonnes of mussels would generate a charge of around £100 at a landing charge of £10 per tonne
- Transfer of 12 salmon nets to or from a vessel would incur charges of around £300 at £26.09 per net.

The most significant potential income at Toft would be if it became a commercially attractive landing point for “dead haul” salmon harvesting. It is estimated that there are some 5,000 tonnes of salmon annually harvested on average from sites in the immediate Toft Pier area. This is based on a bi-annual production of c10 - 12,000 tonnes from those sites. If all of that harvest was landed across the Toft Pier that could generate up to an additional £100,000 per annum based on a 20 per tonne charge.

Should aquaculture be permitted within the Sullom Voe Harbour Area it is possible that significant new production could be established there. If it was possible to replicate the scale of other local sites then industry estimates indicate a further 10,000 tonnes bi-annual production could be possible.

For the purposes of this appraisal an assumption has been made that around 2,350 tonnes, some 45% of estimated existing annual production, could be attracted to Toft if suitable facilities were available; i.e. a rebuilt and extended pier of sufficient berthing depth, up to 6m, and length of berthing face capable of accommodating large salmon support vessels. That 2,350 tonnes of landings would generate c£47,000 per annum at £20 per tonne landing dues. If additional Sullom Voe Harbour Area production is realised then these volumes and values could be significantly higher.

## Wider Costs/Savings and Benefits

### 3.3.3 Overview of wider costs/savings and benefits shellfish fleet (£ per annum).

	1 -	2 -	3 -	4 - Repair	5 -	6 -
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	<b>Current</b>	<b>Demolish &amp; Remove</b>	<b>Break water</b>	<b>&amp; Armour</b>	<b>Rebuild</b>	<b>Rebuild &amp; Extend</b>
Cost / Saving to Shellfish Boats	£0	Extra fuel & lubes for 225 trips @ £15 each way = -£6,750	Extra fuel & lubes for 225 trips @ £15 each way = -£6,750	Saving of fuel & lubes for 150 trips @ £15 each way = £4,500	Saving of fuel & lubes for 150 trips @ £15 each way = £4,500	Saving of fuel & lubes for 150 trips @ £15 each way = £4,500
Value of Additional Shellfish Landings to wider economy	£0	Reduction of 10% of landing value = -£50,000	Reduction of 10% of landing value = -£50,000	Increase of 10% landing value = £50,000	Increase of 10% landing value = £50,000	Increase of 10% landing value = £50,000

With the current pontoon arrangements some of the regular shellfish boats still use Toft Pier some of the time.

Without any Toft Pier these shellfish boats will have to incur additional costs for fuel to make the longer trip to and from another port when accessing East Yell sound fishing grounds, (assumption of three boats, three times a week for six months of the year).

With a rebuilt Toft Pier the boats which have been displaced to other ports would be expected to return to Toft (assumption of two boats, three times a week for six months of the year).

Without Toft Pier shellfish boats will need additional time to make the longer trip to and from another port when accessing East Yell sound fishing grounds thereby losing fishing time and reducing overall catch.

With a rebuilt Toft Pier shellfish boats will not need to make the longer trip to and from another port when accessing East Yell sound fishing grounds thereby gaining fishing time and increasing overall catch.

### 3.3.4 Overview of wider costs and benefits for other sectors (£ per annum).

	<b>1 - Current</b>	<b>2 - Demolish &amp; Remove</b>	<b>3 – Break water</b>	<b>4 - Repair &amp; Armour</b>	<b>5 – Rebuild</b>	<b>6 - Rebuild &amp; Extend</b>
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Costs / Saving to other sectors	£0	£0	£0	£0	Saving of fuel & lubes cost on 50 trips @ £30 each way = £3,000	Saving of fuel & lubes cost for 250 trips @ £30 each way = £15,000
Value of time savings to other sectors	£0	£0	£0	£0	Saving of 1.5 hours time for 50 trips each way @ £200 each = £20,000	Saving of 1.5 hours time for 250 trips each way @ £200 each = £100,000

Other sectors cannot really use the current pontoon arrangements at all, and would not have much usage of a pier with only a 3m internal berthing face which was often occupied by other users.

With a rebuilt Toft Pier offering 5m berthing other users (Aquaculture and other commercial) will have the opportunity to save additional time and costs for the fuel required to make the longer trip to and from another port. (Assumption of one visit per week across 50 weeks of the year).

With a rebuilt and extended Toft Pier offering berthing up to 6m activities like salmon harvesting will be possible and users would save the time and costs required to make the longer trip to and from another port. (Assumption of one visit per weekday on average across the year).

### 3.3.5 Summary of wider costs and benefits (£ per annum).

	1 - Current	2 - Demolish & Remove	3 - Breakwater	4 - Repair & Armour	5 - Rebuild	6 - Rebuild & Extend
Cost / Saving	£0	-£6,750	£-6,750	£4,500	£7,500	£19,500
Value of decrease / increase in activity	£0	-£50,000	-£50,000	£50,000	£70,000	£150,000
<b>Total</b>	<b>£0</b>	<b>-£56,750</b>	<b>-£56,750</b>	<b>£54,500</b>	<b>£77,500</b>	<b>£169,500</b>

<b>wider costs / benefits</b>						
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The table above draws together the estimated costs / benefits to the shellfish sector, and other sectors.

### 3.4 Net Present Value (NPV) Analysis

The detailed economic appraisals for each option are attached as Appendices.

#### 3.4.1 – NPV Assumptions

- A calculation period of 50 years has been used based on the expected lifespan of a well-constructed and well-maintained modern pier.
- Capital costs for each option are taken from the cost estimates described in section 3.2.1 and summarised in section 3.2.2.
- Revenue annual operating costs for each option are taken from the cost estimates described in section 3.2.1 and summarised in section 3.2.2
- Council estimated income for each option is taken from the income analysis described in 3.3.1 and summarised in 3.3.2.
- Estimated Wider Income / benefits for each option is taken from the potential usage analysis described in 3.3.3 and 3.3.4 and summarised in 3.3.5.
- Breakeven and 50 year NPVs for all options including Council and wider benefits are evaluated.
- 50% grant and/or other external funding is included for relevant options.
- A 3.5% discount rate is used across NPV calculations.
- NPV calculations have also been done with a +20%, optimistic scenario and a -20% pessimistic scenario as offsets from the realistic baseline for sensitivity analysis. (to be added).

**3.4.2 - NPV Calculations over 50 Years (Baseline Realistic Cost / Income / Benefit Assumptions)**

**(positive) /  
negative  
£000**

	Realistic
	£000
<b>Option 1 - Current</b>	
No Grant - Council Only	1,056
No Grant - Community Costs/Benefits Included	1,056
<b>Option 2 - Demolish</b>	
No Grant - Council Only	580
No Grant - Community Costs/Benefits Included	1,911
<b>Option 3 - Breakwater</b>	
No Grant - Council Only	542
No Grant - Community Costs/Benefits Included	1,873
<b>Option 4 - Repair &amp; Armour</b>	
No Grant - Council Only	1,804
No Grant - Community Costs/Benefits Included	526
50% Grant - Council Only	1,002
50% Grant - Community Costs/Benefits Included	(276)
<b>Option 5 - Rebuild</b>	
No Grant - Council Only	2,037
No Grant - Community Costs/Benefits Included	219
50% Grant - Council Only	968
50% Grant - Community Costs/Benefits Included	(849)
<b>Option 6 - Rebuild &amp; Extend</b>	
No Grant - Council Only	2,101
No Grant - Community Costs/Benefits Included	(1,875)
50% Grant - Council Only	497
50% Grant - Community Costs/Benefits Included	(3,479)

### 3.4.3 “Council Only” analysis of NPV results

All options have a negative NPV when only Council costs and income are considered, with or without grant.

Without any external funding, Option 3 - Collapse to Breakwater, closely followed by Option 2 - Demolish, have the least negative value over the 50 year period.

If 50% external funding was obtained for the capital build costs then the Option 6 - Rebuild & Extend becomes the least negative ahead of Option 3 - Collapse to Breakwater, from a Council only perspective.

### 3.4.4 “Wider Shetland Including Council” analysis of NPV results.

All rebuild options (Options 4, 5 and 6) have positive NPV outcomes when wider Shetland, community and economic costs and benefits are included and grant funding is obtained.

Option 6 – Rebuild and Extend has a positive NPV with or without grant funding, Options 4 – Repair & Armour and Option 5 – Rebuild require grant funding to become positive.

Attempting to sustain the Current Arrangements, Option 1, Demolition - Option 2 and Collapse to Breakwater – Option 3 all result in very negative NPV calculations when wider costs and benefits are included.

### 3.4.5 Overall NPV appraisal ranking:

Without Grant	Council Only NPV Ranking	Including Wider Costs / Benefits NPV Ranking
1 - Current	3	4
2 - Demolish	2	6
3 - Breakwater	1	5
4 - Repair & Armour without grant	4	3
5 - Rebuild without grant	5	2
6 - Rebuild & Extend without grant	6	1
With Grant (where available)	Council Only NPV Ranking	Including Wider Costs / Benefits NPV Ranking

1 - Current	6	4
2 - Demolish	3	6
3 - Breakwater	2	5
4 - Repair & Armour with Grant	5	3
5 - Rebuild with Grant	4	2
6 - Rebuild & Extend with Grant	1	1

### **3.5 Qualitative Benefits**

The potential benefits associated with each option are wider than those quantified by income generation; economic growth; job creation; leverage or exports.

The additional benefits associated with each option were considered during discussions with internal and external stakeholders including individual meetings and a questionnaire circulated around current and potential users.

The main qualitative benefits identified were;

- Resolution of obligations and liabilities around a degrading item of Council infrastructure.
- More secure and suitable berthing and landing facilities at a convenient location.
- Maintain or enhance community infrastructure and continued potential for additional commercial or social activity.

#### **3.5.1 Qualitative Benefits Appraisal**

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

- Identifying the qualitative benefits relating to each of the investment objectives and allocating a weight to each benefit with reference to the relative importance attached to it by stakeholders;
- Scoring each of the short-listed options against the benefit criteria on a scale of 0 to 10, 0 not delivering any benefits to 10 delivering the greatest value of benefits. This was informed by the analysis by stakeholders of how that option would deliver against that benefit.
- Benefits scores were allocated and agreed by discussion to confirm that the scores were fair and reasonable.

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

<b>Factor</b>	Resolution of obligations and liabilities around a degrading item of Council infrastructure.	More secure and suitable berthing and accessible landing facilities at a convenient location for local marine activity.	Continued existing, with potential for additional, community / social activity.
<b>Weight</b>	2	3	1

	Score	Total	Score	Total	Score	Total	Overall
Current	0	0	5	15	2	2	17
Demolish	10	20	0	0	0	0	20
Breakwater	10	20	0	0	2	2	22
Repair & Armour	10	20	8	24	8	8	52
Rebuilt Pier	10	20	9	27	10	10	57
Rebuilt & Extended Pier	10	20	10	30	10	10	60

### 3.5.2 Qualitative benefits appraisal conclusions:

	Qualitative Benefits Ranking
1 - Current	6
2 - Demolish	5
3 - Breakwater	4
4 - Repair & Armour	3
5 - Rebuild	2
6 - Rebuild & Extend	1



### 3.6 Risk appraisal

As discussed earlier it would seem that there are a number of the overarching risks relating to this project; about perceived uncertainty about objectives, uncertainty about impact, usage and value and concerns about decision drift. The result of that has been a failure to determine a way forward in recent years. Those overarching risks are recognised and addressed by using an approach like the “Better Business Case” methodology.

#### 3.6.1 Risk Appraisal Results

A workshop attended by members of the project team was held to identify the main practical risks and assess these for each option.

The following table shows those risks and their scores as assessed against their likelihood and potential impact as allocated from the participants’ judgment and assessment of previous projects.

<b>Risk</b>	Safety of operation and compliance issues		Technical feasibility		Underprovision below level of economic activity		Overprovision above level of economic activity		
	How would each option address PMSC and H&S issues?		How technically feasible is each option?		Risk that an option is insufficient to meet future demand?		Risk that an option is underutilised and persistently operates at a loss?		
	<b>P x I</b>	<b>Tot.</b>	<b>P x I</b>	<b>Tot.</b>	<b>P x I</b>	<b>Tot.</b>	<b>P x I</b>	<b>Tot.</b>	<b>Total</b>
1 - Current	5x3	15	5x4	20	5x2	10	1x1	1	46
2 - Demolish	1x1	1	3x3	9	5x4	20	1x1	1	31
3 – Break water	1x2	2	4x3	12	5x4	20	1x1	1	35
4 - Repair & Armour	1x3	3	5x3	15	4x3	12	2x2	4	34
5 - Rebuild	1x4	4	3x3	9	2x2	8	3x2	6	27
6 - Rebuild & Extend	1x4	4	3x3	9	1x1	1	4x2	8	24

P = Probability - 1 very Low to 5 Very High and I = Impact using the same scale.

### 3.6.2 Risk appraisal conclusions:

	Qualitative Benefits Ranking
1 - Current	6
2 - Demolish	3
3 - Breakwater	5
4 - Repair & Armour	4
5 - Rebuild	2
6 - Rebuild and Extend	1

On the basis of the assessment of these risk factors the rebuild options (5 & 6) score highest, they are technically feasible, resolve the safety and compliance issues and on balance the risk of some over-provision against need compared to under-provision is prudent when considering a one off project with a long working life.

Continuation of current arrangements (Option 1) is the most risky from a combination of safety, compliance, technical factors and it is a poor match to user needs.

### 3.7 Summary of Economic Appraisal Results

Evaluation Results	Council Only Cost / Income Ranking (without grant)	Council Only Cost / Income Ranking (with grant)	Wider Cost / Benefit Ranking (without grant)	Wider Cost / Benefit Ranking (with grant)	Qualitative Benefit Ranking	Risk Appraisal Ranking	Aggregate Points	Overall Rank
1 – Current	3	6	4	4	6	6	29	6
2 – Demolish	2	3	6	6	5	3	25	5
3 – Breakwater	1	2	5	5	4	5	22	3=
4 – Repair & Armour	4	5	3	3	3	4	22	3=
5 – Rebuild	5	4	2	2	2	2	17	2
6 – Rebuild & Extend	6	1	1	1	1	1	11	1

The preferred option overall for this project when taking into account Council costs and benefits, wider community and economic costs and benefits, qualitative benefits and risks is therefore Option 6, Rebuild and Extend.

Option 6 scores highest across all appraisal criteria apart from NPV calculations of Council Only Cost / Income without grant.

Option 4 - Repair & Armour and Option 5 - Rebuild both score lower on Council only income and cost calculations than the removal options, (2 & 3) but score higher on wider cost benefit and qualitative benefits. Repair and armour was also judged a more risky technical exercise than a Rebuild due to uncertainty about how much further the existing structure will have deteriorated by the time any works commence.

Option 2 - Demolition and Option 1 - Continuation of the current arrangements ultimately end up with a similar overall score. The limited benefits of the current facilities are exacerbated by their ongoing high cost and risk. The lower capital and revenue costs of removal are more than offset by the loss of both quantifiable and qualitative benefits.

### **3.8 Sensitivity Analysis**

#### **3.8.1 Sensitivity Overview**

It is likely that there is much greater scope for variation in income levels, especially around the rebuild options, than there is in costs estimates. It will also be more straightforward to qualify costs further, i.e. additional engineering investigations, than it is to qualify future income projections.

Predicting future usage of a facility that has not been previously available over a 50 year future is very challenging. 50 years ago, in 1967, there was no oil and gas industry, no aquaculture, no roll-on roll-off ferries. Extrapolating existing data and trends is of course necessary and valuable for the short and medium term, but becomes a less and less dependable tool as time horizons extend.

Changes in the environment, technology, customer demands and general economic conditions can all affect demand and usage radically.

The table below lists some of the potential future developments and indicates whether they might create positive or negative effects around any Toft Pier usage. It does not seek to translate these into specific financial consequences but may help consideration of whether an “optimistic” or “pessimistic” scenario is likely.

<b>Item</b>	<b>Possible future developments</b>	<b>Possible consequences for any Toft Pier project</b>
Long term viability of main sectors	Aquaculture and fish catching should be sustainable through the long term.	Generally positive. This would mean core economic activity, which continues to require services, and continues to have sufficiently profitable business models to afford 0.5% – 2.5% charges for those services.
Emergence of new sectors	Tidal power generation remains a potential development sector.	Generally positive. Yell Sound is a strong tidal resource and any business development of scale will require service support.
Fundamental changes in technology, business methods or competition.	Aquaculture may tend to move “offshore” with larger units and support vessel requirements. Harvesting methods may change further between “live haul” and “dead haul” and preferred landing / packing destinations. Fish catching might move to “floating factory” processing or direct landing to mainland markets.	Uncertain. Technical development can require specific support requirements, which could outclass or bypass a small harbour. However moving beyond 6m berthing requires very specialised and expensive infrastructure, which would tend to restrict moves beyond that scale. It would also seem unlikely that the market premiums currently achieved for freshness via local landing will be replaced quickly by offshore processing.
Changes in legislation or political factors	Yell sound aquaculture exclusion may change in future. Developments around Brexit may create new quota and access arrangements for local fishing fleets.	Generally positive. The aquaculture opportunity of increased access to Yell Sound could be positive and in line with overall production increase national policy. Fish catching developments are thought on balance to be mostly upside. Increased access and quotas in surrounding waters generally, perhaps inshore in particular.
Environmental changes	Conditions for aquaculture production may change and location of fish stocks might move.	Uncertain. Although technical development of production and catching technologies may be expected to cope with any gradual environmental change.

### **3.8.2 NPV Sensitivity analysis**

Formal NPV sensitivity analysis of options has been conducted using optimistic (costs are 20% lower, income 20% higher) and pessimistic (costs are 20% higher, income 20% lower).

### **3.8.3 “Council Only” sensitivity analysis of NPV results**

Most options still have a negative NPV when only Council costs and income are considered, with or without grant under all scenarios.

Without any external funding, Option 3 - Collapse to Breakwater, closely followed by Option 2 - Demolish, continue have the least negative value over the 50 year period across all scenarios.

If 50% external funding was obtained for the capital build costs then the Option 6 - Rebuild & Extend becomes positive under the optimistic scenario, the only positive NPV from a “Council Only” perspective.

### **3.8.4 “Wider Shetland Including Council” sensitivity analysis of NPV results.**

Rebuild options 5 and 6 continue to have positive NPV outcomes when wider Shetland, community and economic costs and benefits are included and grant funding is obtained. Option 4, Repair and Armour becomes negative under the pessimistic scenario.

Option 6 – Rebuild and Extend has a positive NPV with or without grant funding under all scenarios, Options 4 – Repair & Armour and Option 5 – Rebuild require grant funding to remain positive, and only does so under the optimistic scenario.

Attempting to sustain the Current Arrangements, Option 1, Demolition - Option 2 and Collapse to Breakwater – Option 3 all produce very negative NPV calculations under all scenarios.

## **3.9 Economic Appraisal Recommendation**

Following cost benefit analysis, qualitative benefits analysis and risk assessment it is recommended that Option 6 - Rebuild and Extend is selected as the preferred option for Toft Pier.

Therefore, the Rebuild and Extend project for Toft Pier should be evaluated further by developing a Full Business Case.

That Full Business Case will allow costs and technical designs to be further analysed, potential usage and income to be investigated in more detail with key users and the opportunities for external funding to be better qualified.

That Full Business Case should include appropriate project plans, technical information and statutory consents sufficient to undertake relevant procurement and manage construction. It is also recommended that an application for funding support from the European Maritime and Fisheries Fund for the project is submitted.

The complete Full Business Case should then be reported through the Asset Investment Group for quality assurance and relevant Council Committees for final decisions on implementation.

## **4. The Commercial Case**

### **4.1 Introduction**

The purpose of this section is to describe how a deal for the preferred option could be procured and comment on the likely commercial appetite for such a deal and any associated issues.

### **4.2 Services required to deliver the preferred option**

It is anticipated that the detailed design of a rebuilt and extended Toft Pier can be done by the Councils Capital Projects Service, in consultation with Ports and Harbours Engineering staff.

It is anticipated that the construction project would be capable of being undertaken by one of a number of local construction companies.

It is anticipated that project management services for procurement and construction can either be provided by Capital Projects or Ports & Harbours.

External assistance may be required to complete an EMFF application.

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

At this stage it would appear that the design, contracting and supervision of the works required to deliver this option would be most appropriately undertaken by Council officers. Construction works would be tendered for private sector competition.

The current assumption is that any remaining facility would continue to be owned and operated by the Council; however, there may be opportunities to investigate commercial and/or community participation during the full business case development process.

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

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

### **4.5 Procurement strategy and implementation timescales**

The procurement strategy for any construction or demolition activity would be through contracts placed following open tender with appropriately experienced companies.

It is likely that given the estimated budget that a fully EU compliant tender process will be undertaken under the relevant utilities regulations.

The preferred method of procurement will be finalised following advice from Capital Programme Service but is likely to be a Traditional Bill of Quantities / Lump Sum arrangement.

Assuming a Bill of Quantities / Lump Sum approach continues to be the preferred approach the construction project would be project led within the Council although consideration will be given to support from external architectural design and engineering advisors also appointed via tender if that is deemed necessary.

#### 4.6 Accountancy treatment

Any construction project would result in the completed asset being held on the Council's balance sheet as a non-current asset under International Accounting Standard (IAS) 16 - Property Plant & Equipment and International Public Sector Accounting Standards Board (IPSAS) 17 - Property Plant & Equipment.

### 5.0 The Financial Case

#### 5.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option, shown by the four scenarios outlined above.

#### 5.2 Annual Income & Expenditure Implications:

The anticipated payment stream for the four scenarios over the 50 year life of the preferred option, Option 6 - Rebuild & Extend is set out in the following table:

	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Scenario 4</b>
	No Grant, Council benefits only	No grant, wider community benefits included	50% capital grant, Council benefits only	50% capital grant, wider community benefits included
	£000	£000	£000	£000
Expenditure	161	161	92	92
Income	(78)	(78)	(78)	(78)
<b>Net Total</b>	<b>83</b>	<b>83</b>	<b>14</b>	<b>14</b>



These are indicative costs and income and are described in the economic case section. These costs will be factored into the fees and charging structure within the Harbour Account.

### **5.3 Balance Sheet Implications**

There will be an increase in the value of Long Term Assets of £2.4m and an increase in Long Term Liabilities for borrowing of £1.2m to £2.4m dependent on the achievement of grant funding.

### **5.4 Overall affordability**

The proposed capital cost of the project is £2.4m with the possibility that up to £1.2m of this cost will be funded externally from EMFF. In line with the Council's Medium Term Financial Plan and Borrowing Policy, these costs would be funded by borrowing and would add to the Council's external debt.

Under the Local Government in Scotland Act 2003 there is a requirement that local authorities should adhere to The CIPFA Prudential Code for Capital Finance in Local Authorities. The Prudential Code seeks to concentrate primarily on ensuring that local authorities' capital spending plans are affordable.

The Council's approved Prudential Indicator for its authorised limit for external debt is to be updated in a mid year review to Council for authorisation in December 2017. If the review is approved, the authorised limit for external debt which should not be breached will be £98m, with the Council's existing external debt at £87m, , therefore this proposal would not breach the Council's authorised limit and is within affordable limits.

## 6. The Management Case

*This section addresses the ‘achievability’ of the scheme by setting out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.*

### 6.1 Project Management Arrangements

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

Further details of project management arrangements will be developed through a Project Initiation Document prepared as part of the Full Business Case.

### 6.2 Outline Project Timetable

Milestone Activity	
Consideration of Outline Business Case by AIG and Council Committees	November & December 2017
EMFF application submitted (subject to choice of preferred option).	January 2018
Preferred option confirmed on Asset Investment Plan as part of budget setting processes	February 2018
Consideration of Full Business Case by AIG and Council Committees	March & April 2018
Works tendered and any EMFF grant award determined (subject to choice of preferred option).	May to December 2018
Works carried out	Spring / Summer / Autumn 2019
Works completed and any new structure in service (subject to choice of preferred option)	Spring 2020

### 6.3 Use of special advisers

Special Advisers

Specialist Area	Adviser
Financial	Finance Services
Technical	Capital Programme + External if required

Specialist Area	Adviser
Procurement and Legal	Capital Programme Service and Governance & Law Service
Business assurance	Ports & Harbours Operations
Other	Small Pier Users and other Key Stakeholders

#### 6.4 Outline arrangements for change and contract management

The strategy, framework and plan for dealing with change and associated contract management will follow normal Council contract standards.

#### 6.5 Outline arrangements for benefits realisation

Completion of the project will be managed by the Project Team reporting progress periodically to the Project Board who will update the relevant Council Services and Committees at least quarterly.

The main benefits that this project will deliver are set out in the table below along with targets and dates.

Following completion and commissioning, initial performance of the new arrangements will be monitored by Ports & Harbours through consultation and joint activity with operational management staff and key pier users.

The results of this monitoring will be reported to relevant stakeholders quarterly as part of performance reporting activity.

Description	Measurement	Target	Date	Cost
Commercial usage of the pier / Changes at other Yell Sound piers	Volumes and value of fish landed + other activity	Reach SM / SSMO benchmark + Additional activity	2020	£0
Council Income levels (Toft & other Yell Sound piers)	Income received	Reach SM / SSMO benchmark + Additional activity	2020	£0

Reduction in maintenance costs	Maintenance costs paid	Return to budget	2020	£0
--------------------------------	------------------------	------------------	------	----

## 6.6 Outline arrangements for risk management

Further details of risk management arrangements will be developed during full business case evaluation.

## 6.7 Outline arrangements for post implementation review and post project evaluation

The outline arrangements for post implementation review (PIR) and project evaluation review (PER) will be established in accordance with standard Prince 2 practice.

## 6.8 Gateway review arrangements

All gateway reviews will be conducted using the agreed standards and format as set out in Shetland Islands Council - Gateway Process for the Management of Capital Projects - June 2016

## 6.9 Contingency plans

In the event that this project fails, the following arrangements will have to be put in place for continued delivery of the required services and outputs

While the detailed nature of contingency arrangements would depend on the particulars of why the project had stalled / failed, options include;

- Ongoing rolling repairs and ad-hoc actions to continue some operation at the Toft location, although that can only be for a limited time.
- Full withdrawal of services at Toft with further examination of any other local ad-hoc alternatives.

**Signed:** *John R Smith*

**Date:** *31<sup>st</sup> October 2017*

**Acting Executive Manager Ports & Harbours**

## **Stakeholder Consultation:**

### **SIC Stakeholders;**

- Ports & Harbours Service
- Finance Service
- Capital Programme Service
- Economic Development Service
- Estates Management Service
- Roads Service
- Planning Service
- Internal Transport Service
- Ferry Service

### **Other Public Sector Organisations**

- Marine Scotland
- NAFC Marine Centre
- Shetland Seafood Quality Control
- Highlands & Islands Enterprise

### **User & Potential Users**

- Shetland Shellfish Management Organisation
- Local Shellfish Boats
- Shetland Aquaculture
- Scottish Seafarms
- Cooke Aquaculture
- Grieg Seafoods
- Shetland Mussels
- Blueshell Mussels
- Delta Marine
- Swan Nets
- Ocean Kinetics
- LHD
- Shetland Fishermens Association
- BP SVT

- Total E&P

### **Community Organisations & Representatives**

- Shetland North Ward Members
- Northmavine Community Council
- Delting Community Council
- Local Residents

# APPENDIX ONE

30m x 3m PONTOON WITH WALKWAY ACCESS

PILES TO INNER FACE AND END PLATED AND CATHODICALLY PROTECTED. TYRE MAT FENDERS ADDED TO INNER FACE.

BITMAC SURFACING REMOVED AND VOIDS IN THE PIER BACKFILLED. NEW BITMAC SURFACING TO PIER DECK


NEW PRECAST WALL TO PREVENT ARMOUR ENCROACHING IN TO BERTHING LINE

OUTER FACE ARMOUR PROTECTED

RAMP RECESS FILLED AND SURFACED WITH BITMAC

OLD CONTROL BUILDING REMOVED

ALL LEVELS TO LOCAL CHART DATUM. MHS +2.6m C.D., MLWS +0.5m C.D.

Rev.	Date	By	Recklen	CHK'd	
Scheme Toft Old Ferry Terminal					
<div>Shetland Islands Council</div> <div><div>Capital Programme Service Corporate Services Department 8 North Ness Business Park Lerwick, Shetland, ZE1 0LZ Tel: 01595 744140</div></div>					
Title	OPTION THREE			Scale	1:500
				Drawn	CHK'd
				Rev.	
File No.	Toft 4				
File No.	Toft updates.dwg				
File Size	A4				

OPTION THREE



# APPENDIX TWO

30m x 3m PONTOON WITH  
WALKWAY ACCESS

PILES TO INNER FACE AND  
END PLATED AND  
CATHODICALLY PROTECTED.  
TYRE MAT FENDERS ADDED  
TO INNER FACE.

BITMAC SURFACING REMOVED AND VOIDS  
IN THE PIER BACKFILLED.  
NEW BITMAC SURFACING TO PIER DECK

NEW PRECAST WALL TO PREVENT ARMOUR  
ENCROACHING IN TO BERTHING LINE

OUTER FACE ARMOUR PROTECTED

RAMP RECESS  
FILLED AND  
SURFACED WITH  
BITMAC

OLD CONTROL BUILDING REMOVED

ALL LEVELS TO LOCAL CHART DATUM. MHS +2.6m C.D., MLWS +0.5m C.D.

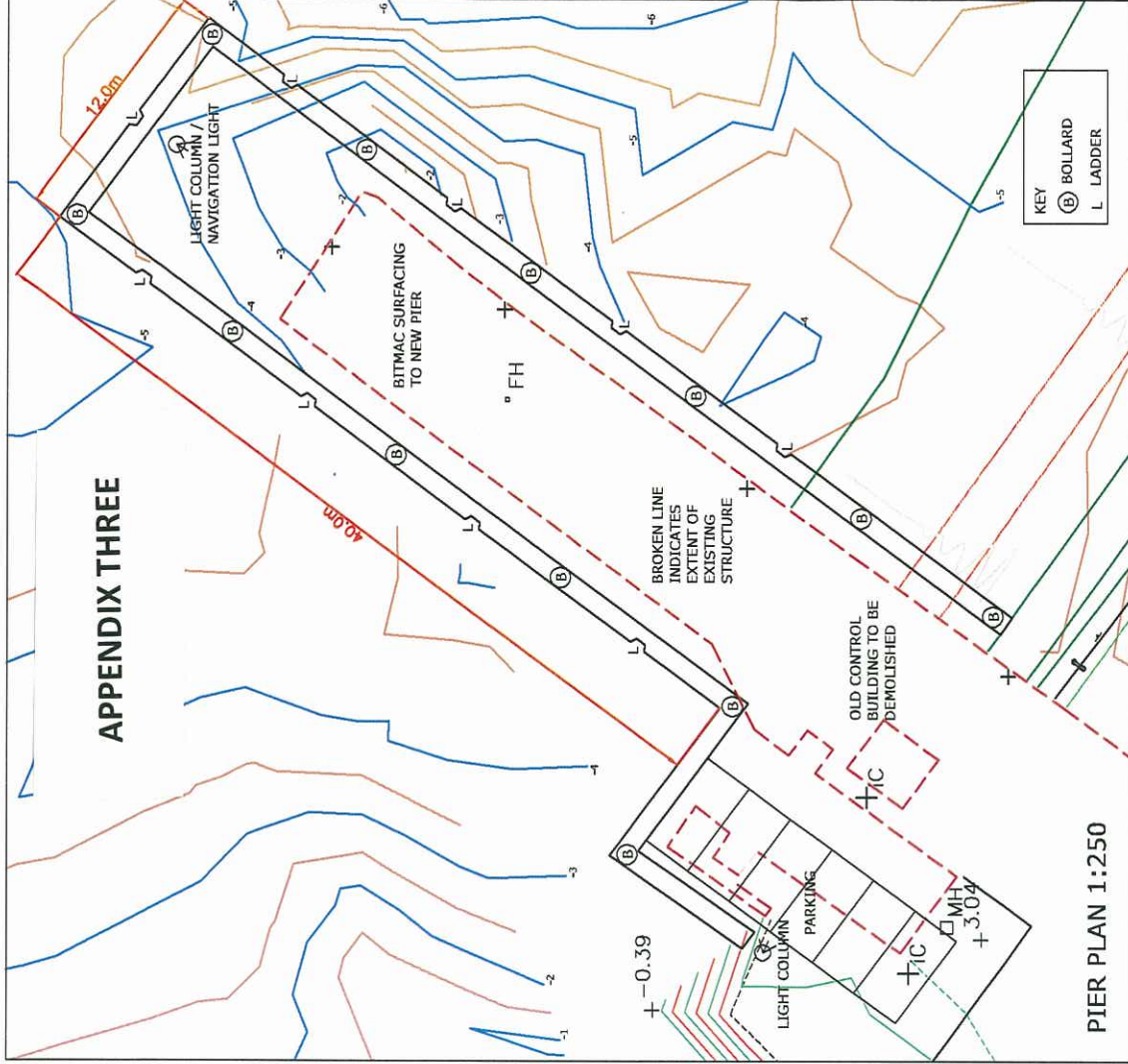
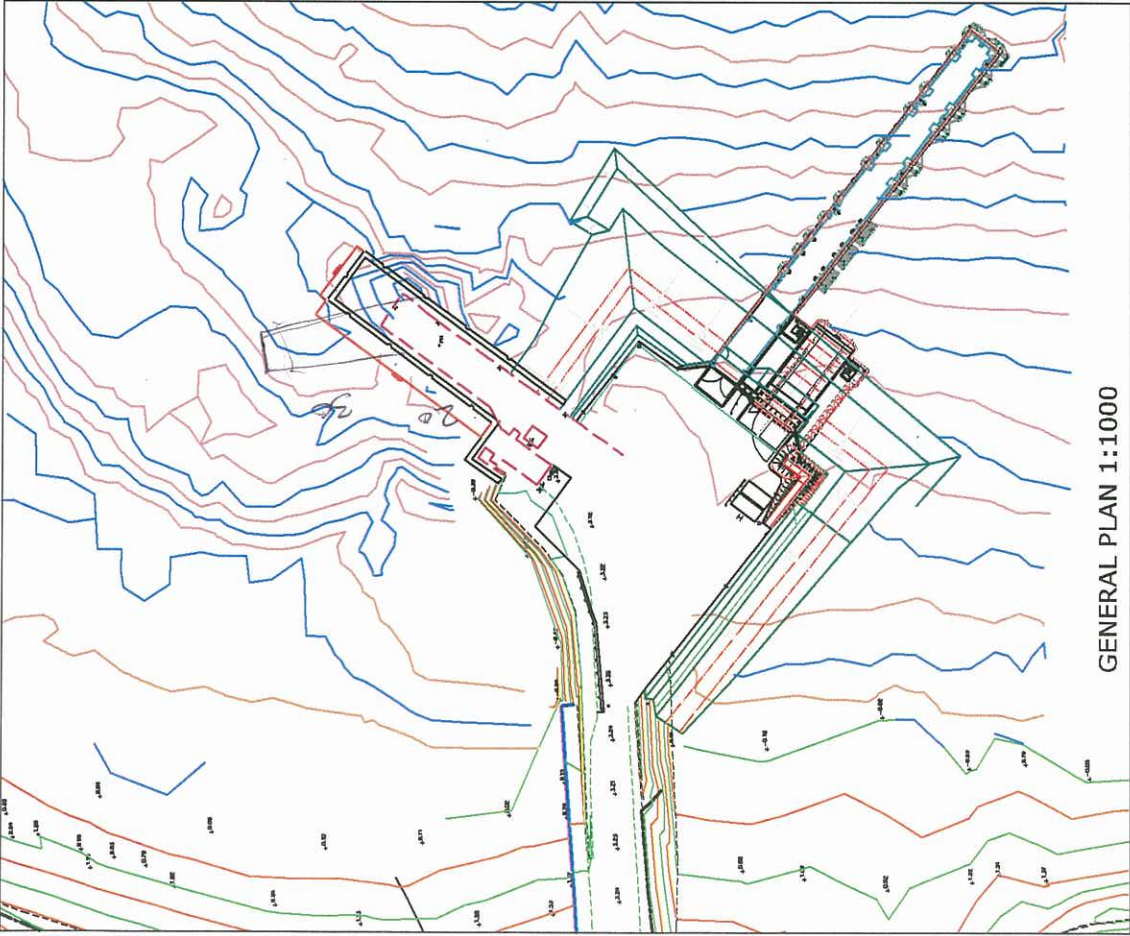
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Toft Old Ferry Terminal				
Title				
OPTION FOUR				
Sheet No.				
Toft 3				
File No.				
TOFT updates.dwg				
Scale				
1:500				
Rev.				
A4				

Sheffield Islands Council

Capital Programme Service  
Corporate Services Department  
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### APPENDIX THREE

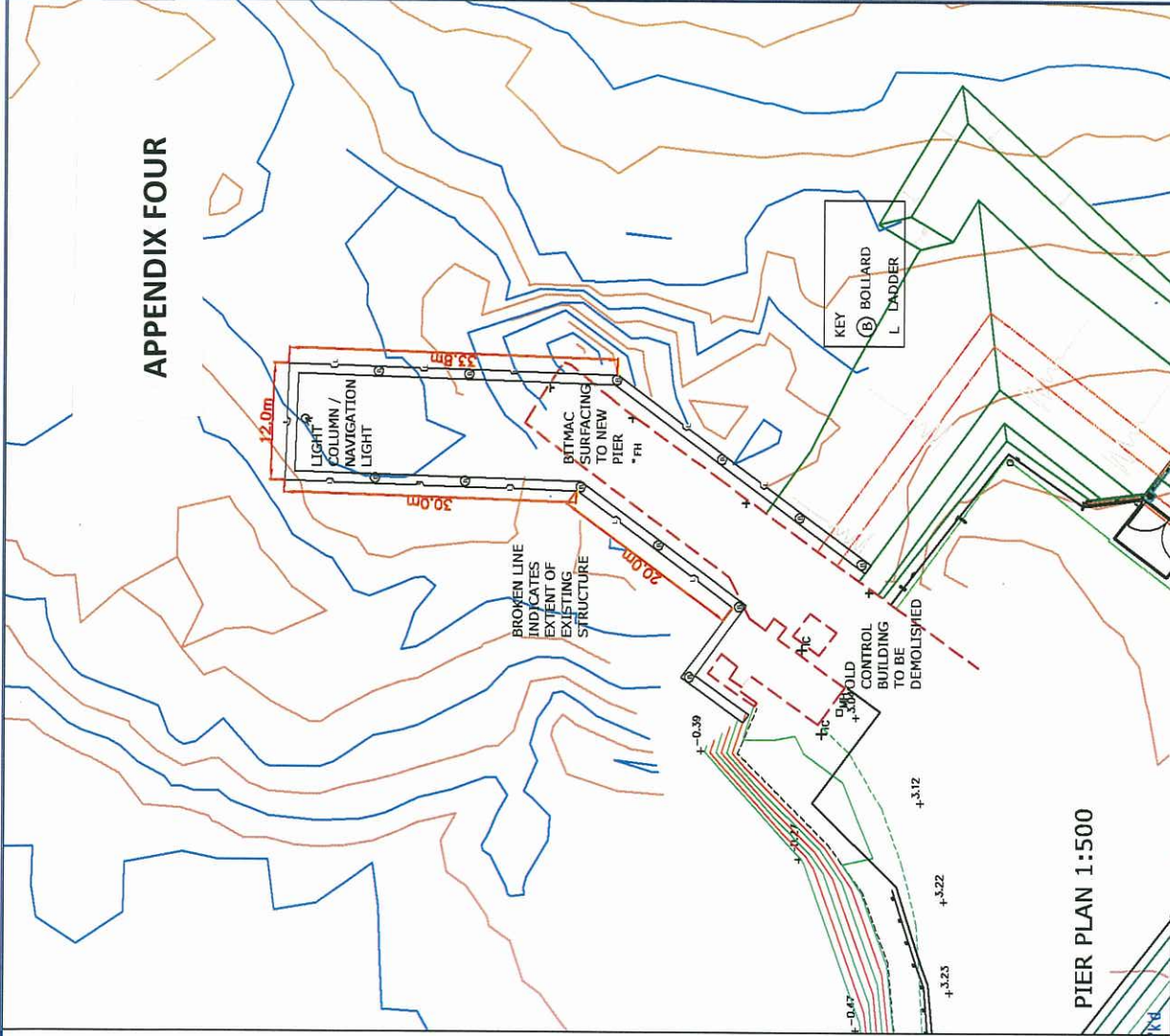
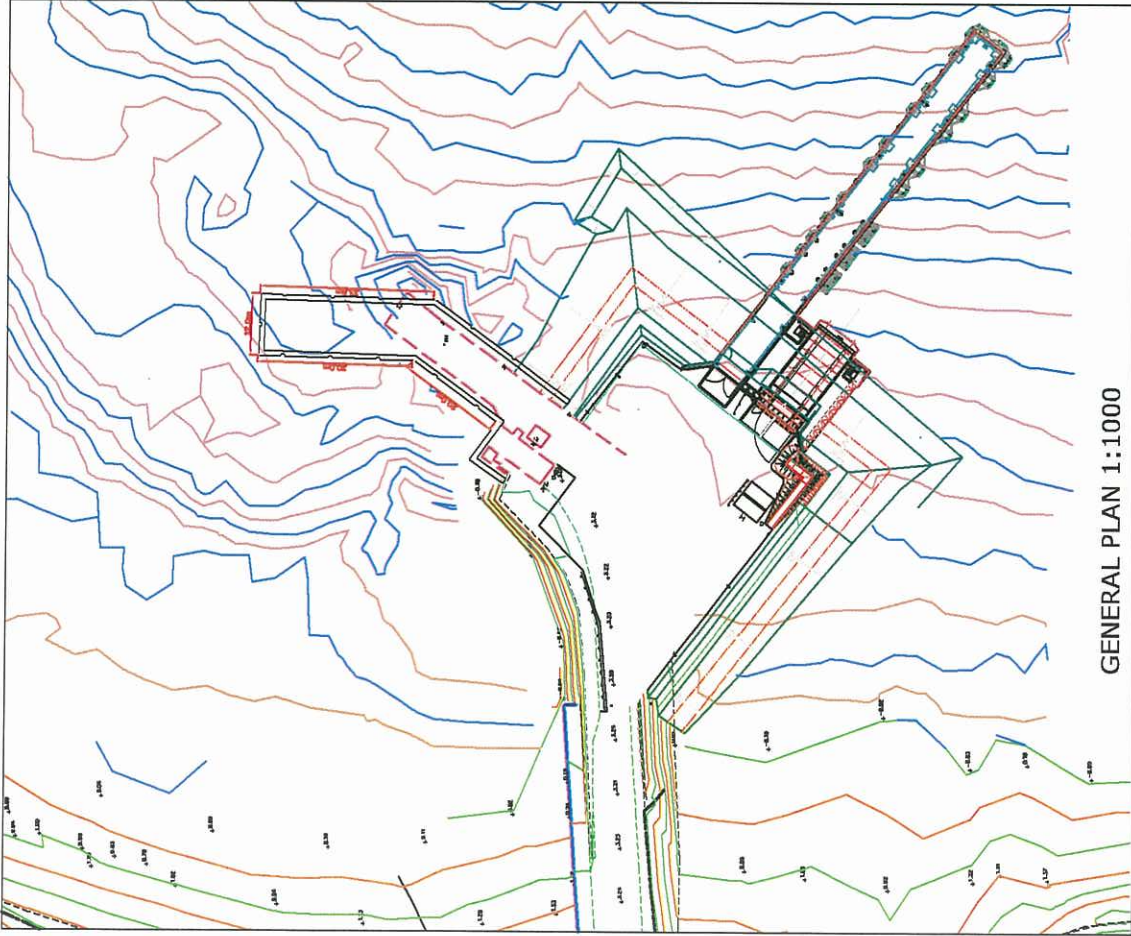
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Scheme				TOFT PIER	
				OPTION FIVE	

Date	Drawn	Ch'k'd	Scale
01/04/2016	JW		1:1000; 1:250
Dr'g. No.	TOFT PRELIMINARY - 001	Rev.	
File No.	TOFT.dwg	Paper Size	A3





APPENDIX FOUR



Rev.	Date	By	Revision	Title	
Scheme				PRELIMINARY PROPOSALS GENERAL ARRANGEMENT	
TOFT PIER				TOFT PRELIMINARY - 002	
OPTION SIX				File No.	TOFT.dwg
				Drawn	JW
				CHK'd	
				Date	01/04/2016
				Scale	1:1000; 1:250
				Rev.	
				Paper Size	A3

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