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Date: 29 November 2017

Dear Sir/Madam

You are invited to the following meeting:

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Wednesday 6 December 2017 at 2.30pm

Please note the change of time for this meeting

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

Yours faithfully

Executive Manager – Governance and Law

Chair: Cecil Smith
Vice-Chair: Steven Coutts

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 minutes of the meeting held on 23 October 2017 (enclosed)

Item

1. Executive and Corporate Services Department
Performance Overview Report 2nd Quarter 2017/18
CRP-17-17
2. Management Accounts for Community Health and Social Care 2017/18
Projected Outturn at Quarter 2
F-086
3. Management Accounts for Policy and Resources Committee 2017/18
Projected Outturn at Quarter 2
F-088-17
4. SIC Overall Management Accounts 2017/18 Projected Outturn at Quarter 2
F-083
5. Council Investments – 2017/18 Mid Year Performance Review Report
F-096
6. Business Transformation Programme Update – Quarters 1 and 2 2017/18
CRP-12-17
7. Regulation of Investigatory Powers (Scotland) Act 2000
GL-50-17
8. Asset Investment Plan – Progress Report
CPS-07-17
9. Environmental Health Service Enforcement Policy
ES-04-F
10. Corporate Risk Register Update
CRP-15-17

The following items contain Exempt Information

11. Remote School Allowance – Ending of Conservation
CS-23-17
12. Travel at Work – Introduction of HMRC Mileage Rates
HR-20-17
13. Faroese Telecom
DV-58-17
14. Confidential Corporate Risk Register Update
CRP-16-17
15. Chief Executive Recruitment
HR-21-17



Meeting(s):	Policy & Resources Committee	6 December 2017
Report Title:	Executive and Corporate Services Department Performance Overview Report 2nd Quarter 2017/18	
Reference Number:	CRP-17-17-F	
Author / Job Title:	Christine Ferguson Director of Corporate Services	

1.0 Decisions / Action required:

That the Policy & Resources Committee:

- 1.1 REVIEW the information presented in this report; and
- 1.2 COMMENT on progress made with regard to Corporate Plan and Service development priorities, performance in service delivery and the targets currently being measured.
- 1.3 REVIEW the current suite of Performance Indicators advising of any changes required.

2.0 High Level Summary:

- 2.1 This report summarises the activity and performance of the Executive and Corporate Services Department for the 2nd Quarter of 2017/18.
- 2.2 Appendix A shows Corporate Plan headings and commitments and a summary of progress against some of the projects and work programmes in Corporate & Executive Services which support those commitments.
- 2.3 Appendix B shows Council-wide and Directorate Specific Performance Indicators. Appendix C shows a summary of complaints received and currently being addressed. There are no complaints to report this quarter. Appendix D contains the Departmental risk register.

3.0 Corporate Priorities and Joint Working:

- 3.1 Effective planning and performance management are key features of Our Plan 2016-20.

4.0 Key Issues:

4.1 Significant work commitments in Q2 include:

Audit Risk & Improvement

- Joint working between Risk Management and Internal Audit to deliver corporate risk review
- Internal Audit 17/18 annual plan on target to deliver 90% of planned audits
- 25 of 27 Service Plans published on-line

Capital Programme

- New AHS project management aiming for completion on target in October 2017
- Ongoing work to resolve the issues at 8NN
- Completion of Market Street Lab and Archives project
- Knab Masterplanning underway
- King Harald St site cleared and handed over to Hjalmland Housing Association for redevelopment
- Procurement exercises have been concluded for:
 - VTS Radar Replacement for Sullom Voe Harbour
 - Communication support for Recycling and Waste Services changes
 - Relocation of AHS and Halls of Residence

Executive Services

- Bringing Lerwick Town Hall back into full use
- Leading Customer First project
- Islands Bill – evidence to Parliamentary Committee
- Islands Deal – project work

Finance

- 2016/17 Annual Accounts audit completed and clean audit certificate received from external auditor
- 2018/19 Budget setting preparatory work
- 2017 Annual benefits statement issued to pension fund members

Governance & Law

- Ongoing work to deliver the Insurance Project
- Agreement reached with BP regarding the transfer of management at SVT
- Council House Sales – now only 8 left to conclude
- Information Management Improvement Project progressing

Human Resources

- Joint (NHS & SIC) Organisational and Workforce Development Protocols approved
- Silver Healthy Working Lives Award achieved
- Electronic Childcare Voucher system introduced
- Cycle To work Scheme launched (11 employees now signed up)
- Electronic contractual change letters replacing paper/mail delivered approx. £500 pa savings in postage excluding savings in paper costs and staff time.
- Participated in Digital First project team Firm Step training in preparation of streamlining HR systems and processes
- Successful Change Fund application to deliver follow up Viewpoint Staff Survey
- IR35 Managers Guidance developed

Information & Communication Technology

- Planned move of ICT for the new AHS, including procuring all necessary equipment
- Upgraded the email system, including implementing measures to improve email security
- Managed the development of a bespoke system for training, in conjunction with Workforce Development team

4.2 Appendix A gives further detail on the following topics:

- Work to improve broadband
- Workforce strategy
- Constitutional reform and “Our Islands, Our Future”
- New HR ICT system
- Information management & improvement
- Internal Audit plan
- Long-term financial planning
- Commissioning and procurement framework
- Digital first
- Paperless council
- Customer first
- Communications
- Future use of AHS site
- Long-term asset plan

4.3 The Director of Corporate Services is the Programme Sponsor for the Business Transformation Programme (BTP) and there is a separate update report on the BTP on today’s agenda. Managers in Corporate & Executive Services are leading on 7 of the 8 supporting work streams:

- Customer First
- Commissioning/Procurement Framework
- Workforce Strategy
- Asset Strategy
- Information Management & Improvement
- Digital First
- Paperless Council

and these are included in service plans and the performance report at Appendix A. The eighth work stream in the BTP is Broadband and Connectivity, which is led by Development Services. A number of aspects of this work stream are a major feature in the ICT service plans and performance reports.

4.4 The following reports were issued by Audit Scotland, the responsible officers for both reports have considered them and there are no specific action points for this Council. The reports are hyperlinked at the end of this report.

- Equal pay in Scottish Councils
- Principles for a digital future

5.0 Exempt and/or confidential information:		
5.1 <i>None.</i>		
6.0 Implications		
6.1 Service Users, Patients and Communities:	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public.	
6.2 Human Resources and Organisational Development:	There are no issues arising directly from this report. The commentary on overtime figures in Appendix B shows the reasons for peaks in overtime and the current situation.	
6.3 Equality, Diversity and Human Rights:	The Council is required to make sure our systems are monitored and assessed for any implications in this regard. An Equal Pay Audit was completed in 2014/15. This contributes towards the work on equalities, which is a priority in Our Plan 2016-2020.	
6.4 Legal:	None arising directly from this report.	
6.5 Finance:	The actions, measures and performance management described in this report have been delivered within existing approved budgets. Budget monitoring is the subject of a separate report.	
6.6 Assets and Property:	None arising directly from this report.	
6.7 ICT and new technologies	Future work programmes for Corporate and Executive services will include projects to support on line services and access to services and the use of ICT to streamline back office functions.	
6.8 Environmental:	None arising directly from this report.	
6.9 Risk Management:	The Council has a comprehensive Risk Management Framework in place. Separate reports on today's agenda present the current Risk Registers.	
6.10 Policy and Delegated Authority:	<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> <p>(a) Appropriate performance measures are in place and to monitor the relevant Planning and Performance Management Framework.</p> <p>(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.”</p>	
6.11 Previously considered by:	<i>None</i>	

Contact Details:

Christine Ferguson, Director of Corporate Services

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27 November 2017

Appendices:

Appendix A - Projects and Actions

Appendix B - Performance Indicators

Appendix C - Complaints

Appendix D - Corporate Services Risk Register

Linked Items:**Principles for a digital future**

([http://www.audit-](http://www.audit-scotland.gov.uk/uploads/docs/report/2017/briefing_170511_digital_future.pdf)

[scotland.gov.uk/uploads/docs/report/2017/briefing_170511_digital_future.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2017/briefing_170511_digital_future.pdf))

Equal pay in Scottish councils

(http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_170907_equal_pay.pdf)

Appendix A - Projects and Actions - Chief Executive and Corporate Services Directorate



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OUR PLAN 2016-2020

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
DP075 Work to improve broadband availability and bandwidth to SIC sites	By liaising and coordinating the activities of the ICT Service, Economic Development's "Shetland Telecom" Project, HIE BDUK Next Generation Broadband Project and Community Broadband Scotland through the ICT Network Strategy Programme Board	More people will have access to high-speed broadband and reliable mobile connections	Planned Start	01-Apr-2014		We (along with Development) are producing a strategy for lobbying Scottish and National Governments, and a digital strategy. 3G/4G mobile phone provision is becoming more widely available, both through the EE "Blue Light" Contract and the upgrades done by Vodafone and O2. BT will continue making some additional cabinets live, the majority of this contract is now complete. Schools Aith, Whalsay and Whiteness are now using Fibre Broadband. The Reaching 100% (R100) initiative from the SG is being tendered with the results expected summer 2018, however at a meeting held with SG R100 team members in September the indications were that this round of funding would still not reach the remote areas, and there is an acceptance from SG that further work and funding will be required.	Corporate Services Directorate
			Actual Start	01-Apr-2014	<div><div>40%</div></div>		
			Original Due Date	31-Mar-2015	Expected success		
			Due Date	31-Mar-2020			
			Completed Date		Experiencing issues, risk of failure to meet target		

F) OUR "20 BY '20"


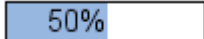

01) Leadership & Management

Our staff will have the highest possible standards of leadership and management, helping to create a culture that makes sure we achieve the things set out in this plan.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP153 Implement Workforce Strategy	Implement the strategy across the council and to carry out a review of the workforce requirements in corporate and executive services.	Long-term profile and plans for workforce taking into account increased financial pressures and changes to service demand.	Planned Start	01-Apr-2017		Action from the current HR service plan (16/17) will deliver improvements in a number of activities set out in this strategy. The HR work programme for 17/18 and onwards will set out further priorities & deliverables.	Human Resources
			Actual Start	25-Oct-2016			
			Original Due Date	31-Mar-2020	Expected success		
			Due Date	31-Mar-2020			
			Completed Date		Likely to meet or exceed target		



03) Shetland's "voice"

We will have made Shetland's voice heard, with regular and meaningful lobbying of Scottish and UK governments and EU bodies on important issues affecting the islands.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP037 Council's Constitutional Reform project and OIOF campaign	Take a lead role in managing the support to the Council's Constitutional Reform project and OIOF campaign.	We will have made Shetland's voice heard, with regular and meaningful lobbying of Scottish and UK governments and EU bodies on important issues affecting the islands.	Planned Start	01-Apr-2013		Involved in Islands Bill preparation, research and evidence-giving session. Participating in Islands Strategic Group. Developing potential Islands Deal with engagement with civil servants and Ministers to be explored and progressed.	Executive Services
			Actual Start	01-Apr-2013			
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		




04) IT equipment & systems


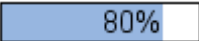

Modern IT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively.




Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP078 New HR ICT system	Implement new HR CHRIS 8 system	Ensuring our Council-wide workforce information system can fully support our business	Planned Start	01-Apr-2015		Ongoing problems with the latest versions of the CHRIS system have meant that the supplier, Frontier Software, has agreed that Scottish local authorities can delay upgrade until the autumn (2017) and will release a year end version of the current system at no cost to SIC. There will be no further testing until a more robust system is confirmed by Scottish local authorities.	Corporate Services Directorate
			Actual Start	10-Apr-2015	<div><div>30%</div></div>		
			Original Due Date	30-Apr-2017	Expected success		
			Due Date	31-Oct-2017	 Likely to meet or exceed target		
			Completed Date				

05) Standards of governance

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



Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP080 Corporate Records Management Improvement Plan	Assessment and Review Framework to be drafted and agreed with CMT with agreed work streams for improvement actions.	By 31 August 2016 - Information Strategy and Improvement Programme agreed; by 31 October 2016 - Records Management Plan submitted to the Keeper.	Planned Start	01-Jan-2015		Information Management Strategy approved by CMT 18 October 2016. This included the establishment of an Information Governance Board to lead on the information management agenda. An Information Management Improvement Programme also approved by CMT on 18 October, as an initial set of projects and work streams to develop and improve records and information management throughout the Council, and will be included in relevant operational plans for 2017/18. Records Management Plan submitted to NRS on 25 October 2016. NRS interim report, acceptance and publication of the final RMP will be reported to the Information Governance Board.	Governance & Law
			Actual Start	21-Jul-2015			
			Original Due Date	31-Mar-2016	Expected success		
			Due Date	31-Oct-2016	 Likely to meet or exceed target		
			Completed Date	25-Oct-2016			

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP156 Information Management & Improvement	Information Management Improvement Programme	A cohesive approach to the management of records and information.	Planned Start	01-Apr-2017		The Council's Records Management Plan was approved by the Keeper of the Records of Scotland on 2 June 2017. This approval confirms the Council's compliance with the Public Records (Scotland) Act 2011, but recognising there are improvements which the Information and Records Management Improvement Programme has identified for action over the next 5 years. Year 1 target is to have a fully operational Action Plan and regular meetings of the Information Management Board. The Action Plan will be developed and approved by the Information Governance Board by the end of the second quarter in September, having taken account of other projects within the wider Business Transformation Programme.	Governance & Law
			Actual Start	20-Mar-2017			
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
SP334 2016/17 Internal Audit Plan	Deliver 90% of the agreed 2016/17 Internal Audit Plan following consultation with Directors, CMT and Audit Committee	A professional, independent and objective Internal Audit Service. Achievement of planned activity derived from newly created risk based audit universe.	Planned Start	01-Apr-2016		92% of the internal audit plan was delivered in 2016/17	Audit, Risk & Improvement
			Actual Start	01-Apr-2016			
			Original Due Date	31-Mar-2017	Expected success		
			Due Date	31-Mar-2017			
			Completed Date	10-Apr-2017	Likely to meet or exceed target		

06) Financial management

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

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP072 Develop a Long Term Financial Plan	To build on initial long term planning and present financial picture over 20 year period.	Raising awareness and understanding of the current and future financial context and the decisions in relation to choices and priorities	Planned Start	01-Apr-2014		The latest information on the financial settlement for local government, in conjunction with current assumptions around pay and price inflation and the condition of assets and investment returns produced an understanding of the financial challenges that lie ahead. This was presented to Council on 8 March 2017.	Finance
			Actual Start	01-Mar-2015	<div><div></div></div> 100%		
			Original Due Date	31-Mar-2016	Expected success		
			Due Date	08-Mar-2017			
			Completed Date	08-Jun-2017			



07) Procurement



Our arrangements for buying goods and services will be considered to be efficient and provide ongoing savings.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP152 Commissioning & Procurement Framework	Establish new procedures to maximise efficient procurement	Embed a culture of robust, effective and efficient procurement and commissioning that delivers best value in relation to the goods and services the council needs	Planned Start	01-Apr-2017		2 business cases currently being progressed with Capital programme support.	Capital Programme
			Actual Start	04-Aug-2017	<div><div></div>20%</div>		
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		

08) Efficient



We will be working in a more effective way, allowing us to cope with reduced resources. Processes that add no obvious value will have been replaced with more proportionate approaches based on effectively managing risks.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead	
DP155 Digital First	Investigate enablers for Digital Service Delivery and implement	We will be working in a more effective way, allowing us to cope with reduced resources. We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working.	Planned Start	01-Apr-2017		Firmstep Customer Experience platform has been procured, user and technical training delivered, payment integration with the Council's financial system has been completed,	Information & Communication Technology	
			Actual Start	11-Apr-2017	<div><div></div></div> 40%			
			Original Due Date	31-Mar-2018	Expected success			
			Due Date	31-Mar-2018				
			Completed Date		Likely to meet or exceed target			

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP157 Paperless Council	Identify processes that can be automated or made paperless and implement solutions.	Maximum use of technology to minimise overheads, eliminating "no-value" processes where possible.	Planned Start	01-Apr-2017		Further progress in this work stream is closely allied with the implementation of Firm Step, in the Digital First stream. As processes are identified which can be done on-line rather than on paper (both internally and publicly), we should start to see a decrease in the need for paper copies of information.	Information & Communication Technology
			Actual Start	11-Apr-2017	<div><div>40%</div></div>		
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		



09) Customer care



People who use our services will experience excellent standards of customer care.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP151 Customer First	Agree and implement strategy to ensure that the Council is a customer focused organisation	People who use our services will experience excellent standards of care.	Planned Start	01-Apr-2017		Draft strategy and charter in draft. Customer survey developed. Public performance reporting actions in progress. Project on track to deliver required outcomes.	Executive Services
			Actual Start	01-Apr-2017	<div><div>50%</div></div>		
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		

10) Communication



Our staff and the public will feel more informed about the council's activities, through excellent communications systems.



Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP041 Communications	Deliver the Communications Team Action Plan 2017-18	Our staff and the public will feel more informed about the Council's activities, through excellent communications systems.	Planned Start	01-Apr-2017		Business Bulletin produced every second month and Member Bulletin monthly. Staff magazine produced twice a year.	Executive Services
			Actual Start	01-Apr-2017	<div><div>0%</div></div>		
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP206 Communications	Deliver the Communications Team Action Plan 2017-18	Our staff and the public will feel more informed about the Council's activities, through excellent communications systems.	Planned Start	01-Apr-2017		Business Bulletin produced every second month and Member Bulletin monthly. Staff magazine produced twice a year - next issue December 2017.	Executive Services
			Actual Start	01-Apr-2017	<div><div>50%</div></div>		
			Original Due Date	31-Mar-2018	Expected success		
			Due Date	31-Mar-2018			
			Completed Date		Likely to meet or exceed target		

15) Assets

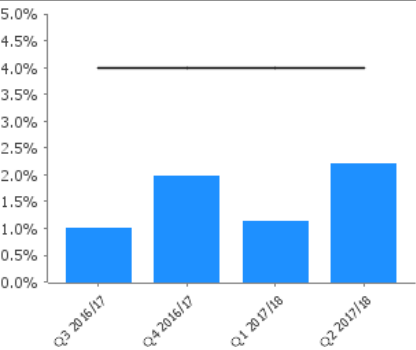
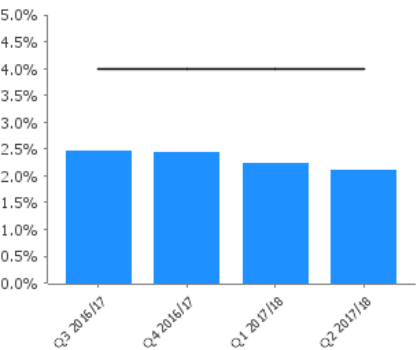
We will have a better understanding of the number of assets we can afford with the resources we have available, and will have reduced the number of buildings we have staff in.

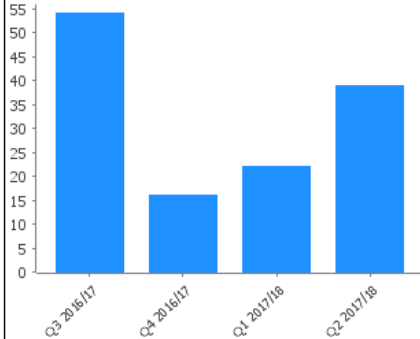
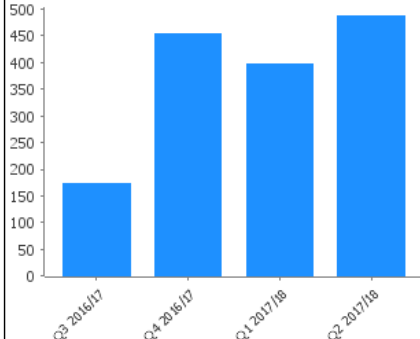
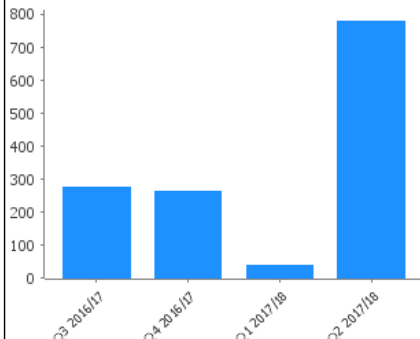
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP035 Future use of existing AHS site at Knab	Investigate options for future use of existing AHS site at Knab	Continuity of use of site and retained buildings	Planned Start	01-Apr-2014		Legal issues clarified. Masterplanning consultant appointed and work underway.	Capital Programme
			Actual Start	10-Apr-2015	<div><div>50%</div></div>		
			Original Due Date	31-Mar-2016	Expected success		
			Due Date	31-May-2018			
			Completed Date		Likely to meet or exceed target		

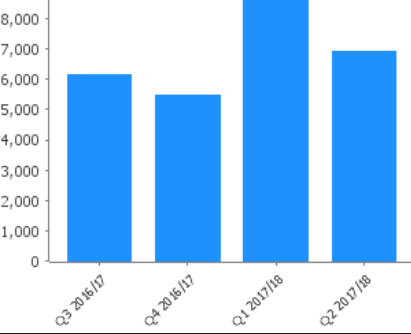
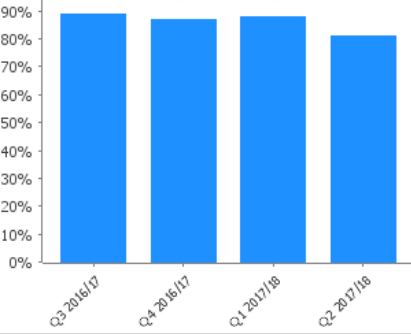
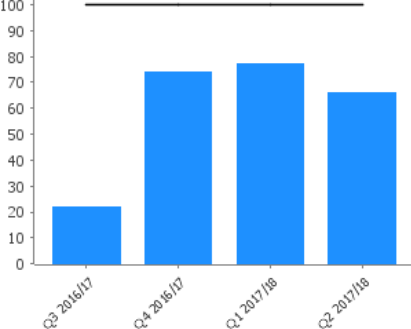
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP158 Develop a Long Term Asset Investment Plan	Develop scenarios for 20 years and 50 years hence	Raise awareness of built assets and financial implications linked to Long Term Financial Plan. Reduced carbon footprint	Planned Start	30-Jan-2015		No further action proposed until Council has clarity on fair funding for ferries.	Capital Programme
			Actual Start	30-Jan-2015	<div><div>100%</div></div>		
			Original Due Date	08-Mar-2017	Expected success		
			Due Date	08-Mar-2017			
			Completed Date	04-Aug-2017	Likely to meet or exceed target		

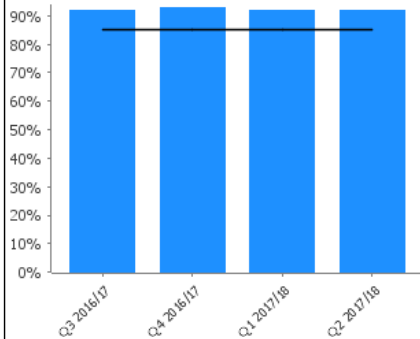
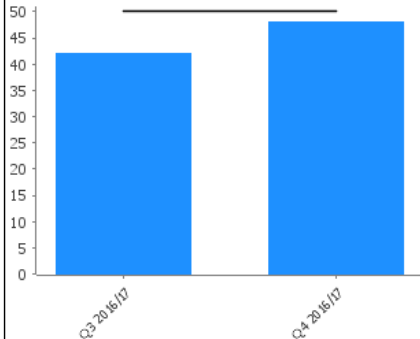
Appendix B Performance Indicators (Quarterly)- Chief Executive and Corporate Services Directorate

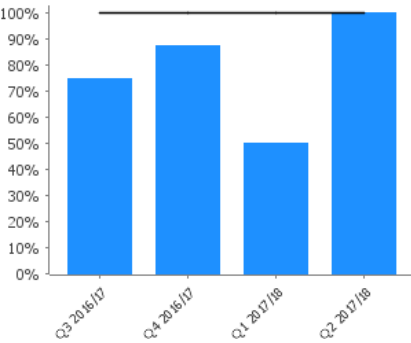
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Code & Short Name	Previous Years		Quarters				Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value	Target		
OPI-4C-A Sick %age - Chief Executive's "Directorate"	3.6%	1.2%	1.0%	2.0%	1.1%	2.2%	4.0%		<p>Performance can be impacted upon by a single longer-term absence. However, these figures are at a positive level and well below the Council target that we expect to maintain.</p> <p>Improvement: We will continue to monitor closely and hope to maintain these good results.</p>
OPI-4C-F Sick %age - Corporate Services Directorate	1.8%	1.9%	2.5%	2.4%	2.2%	2.1%	4.0%		<p>Performance: There has been a increase in sickness levels for 17/18 Q1 (to 2.1%), compared with the exceptionally low level of 0.8% for 16/17 Q1. This is mainly due to a small number of serious long-term absences in the Directorate.</p> <p>Improvement: We continue to apply the Council's "maximising attendance" policies and procedures and we predict that the levels in the Directorate will remain below target and well below the average for the Council for 17/18.</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		
OPI-4E-A Overtime Hours - Chief Executive's "Directorate"	642	187	54	16	22	39			<p>Performance The change in this year is due to the Town Hall being closed as a venue while work on the windows is undertaken.</p> <p>Improvement These hours relate to overtime that is necessary to provide staff for evening hires at the Town Hall. The cost of these hours is covered through income.</p>
OPI-4E-F Overtime Hours - Corporate Services Directorate	1,541	1,262	173	453	398	488			<p>Performance: Q4 & Q1 overtime is needed to ensure final accounts are delivered on time and the extra work of the new Anderson High project.</p> <p>Improvement: Current action is cost effective and no improvement action is planned.</p>
OPI-4G-A Employee Miles Claimed - Chief Executive's "Directorate"	1,667	1,732	275	261	38	776			

	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		
OPI-4G-F Employee Miles Claimed - Corporate Services Directorate	30,804	24,414	6,144	5,470	8,669	6,928			Performance Extra mileage due to the move from 8 North Ness, the situation is being monitored. Improvement The increased mileage due to the North Ness move is being monitored. Mileage claimed is within budget and only used when necessary to deliver the service. Managers continue to follow the council's policy on employee mileage.
F01 FOISA responded to within 20 day limit - Corporate & Executive Services	89.75%	88.75%	89%	87%	88%	81%	95%		Performance: The complexity and level of FOISAs, and the number of staff involved remains steady. Improvement: There are no specific plans to add any further resources to this process, but we remain committed to keeping our rating as high as possible.
FA10 Performance System Usage - Number of individual users actively using the Council's Performance System	88.5	76	22	74	77	66	100		Performance: Recent increases in Covalent usage due to increased awareness of Complaints monitoring and individual Services developing specific suites of Performance Indicators (e.g. Ferries) Improvement: Current capacity in the Service is reduced due to maternity leave. Further development and promotion of the performance system will continue once staffing levels return to full compliment.

	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		
FI02 Percentage % of ICT projects which are on time and within budget	92%	93.5%	92%	93%	92%	92%	85%		<p>Performance: 85% of projects to be completed within project tolerance with regard to both budget and timescale.</p> <p>Improvement: To improve the planning of projects to enable accurate planning with regard to budget and timescale and document aspects outwith our control</p>
FI05 Average number of open ICT support work orders		45.25	42	48					<p>Performance: the support teams are now fully staffed, with all staff having at least 18 months experience in the role, which is helping to maintain the number of open jobs below the target.</p> <p>Improvement: The aim is to have as few open support orders as possible, so that staff who have something 'broken' are seen in a timely manner, and at a time convenient to them. The low level of outstanding jobs also means that, if there is an incident which requires greater resource the knock on effect on waiting times is not so noticeable. To achieve this, support work will be prioritised work over new equipment, project work, and other routine tasks, if necessary by diverting staff from other teams in ICT. We will make the most of remote support, trying to fix problems without a visit. We also utilise flexible working, meaning that support staff don't come to the Computer Centre first thing or between jobs. Software updates will be distributed automatically from a central control system, to give a secure, stable baseline for all equipment.</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		
FL01 Data Subject Requests - % responded to within 40 days	81%	81.38%	75%	87.5%	50%	100%	100%	 <p>Performance: 2 out of 4. Two cases were complex and requestors were kept advised of progress.</p> <p>Improvement: The number and increasing complexity of some requests in addition to the existing workload of staff in Committee Services impacts on the ability to respond within the timescales required. Staff in other areas are gaining more experience in these areas with a view to the workload being shared in future.</p>	

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).

Generated on: 27 November 2017

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%

Appendix C - Complaints - Chief Executive & Corporate

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: 27 November 2017

Risk Register - Corporate Services

Risk & Details	Likelihood	Current Impact	Risk Profile	Current and Planned Control Measures	Probability	Target Impact	Risk Profile	Responsible Officer
Category	Directorate							
Corporate Plan	Not Set							
The bulk of Corporate Services' staff are based at 8 North Ness along with Planning and Building Control Service. On 20th September, and at short-notice, the building required to be vacated because of concerns re the structural integrity of the building- staff are currently at various locations through Lerwick in temporary accommodation. Trigger : North Ness building was vacated on 20th Sept 2016 at short notice Consequences : Impact on efficient operations - it is challenging to maintain communications when staff previously took advantage of sharing a building and where discussions, both formal and informal, were straight-forward. There is therefore an opportunity cost. There will be further work required to plan the return to North Ness. The move has also impacted upon Planning and Building Control who are now based at Gremista and are less accessible for members of the public. Risk type : Communications poor Reference - B0010	Possible	Significant	Medium	• Plans will be prepared in advance of the return to North Ness, staff are kept informed, and discussions ongoing in order to resolve any issues. Plans will be reviewed and implemented as appropriate.	Unlikely	Minor	Low	Robert Sinclair Corporate Services
Corporate Plan	F1. Our "20 by '20" - Leadership & Management							
It is recognised that there is a risk across the Council that work will not be scheduled or completed timeously as there is an anticipated increase in workload across all departments in the coming months. This is due to additional work needed on service redesign projects and the activities associated with budget setting for 2017/18 and future years. The outcome of the EU Referendum is likely to have a significant impact in the months and years to come. There may be an opportunity cost should other planned work be displaced. Trigger : Additional work needed on service redesign projects and the activities associated with budget setting for 2017/18 and future years. The outcome of the EU Referendum is likely to have a significant impact in the months and years to come. Work will also be required to identify potential implications for the Council following the sale of part of BP 's stake in Sullom Voe. Consequences : There may be an opportunity cost should other planned work be displaced. Risk type : Deadlines - failure to meet Reference - B0009	Likely	Significant	High	• Corporate Services management team will keep work programmes under review and report issues to CMT and P&R Committee as appropriate. Redesign work e.g. work to implement the Commissioning and Procurement Framework, the actions from the Third Sector Review and the implementation of the Community Empowerment Act will be supported by additional project resources funded by the Funding for Change budget.	Possible	Significant	Medium	Christine Ferguson Corporate Services
Corporate Plan	F8. Our "20 by '20" - Efficient							

Potential for a reduction in financial resilience due to the failure to deliver the current year budget. Trigger : Overspending. Making inappropriate spending / resource decisions. Income from customers lower than anticipated. Consequences : Draw from Council reserves, ultimately if not addressed, reserves run out. No flexibility to address unexpected or unplanned situations that might arise. Risk type : Economic / Financial - Other Reference - B0006	Unlikely	Extreme	High	<ul style="list-style-type: none">• A robust process of budget setting, performance monitoring and engagement between Finance and Service is in place.This will ensure that Council finances are under constant scrutiny and regularly reported through management and to Committees. It provides opportunity for the Council to take corrective action as soon as possible and to minimise any impact. The Council has in place financial regulations and procedures to provide controls for finance within which officers must operate. Engagement with Councillors through seminars and individual meetings as required is a feature of the process.	Unlikely	Major	Medium	Jonathan Belford Corporate Services
Historic cash investment in Shetland's infrastructure, pressure now on capital funding for future investment - The Council invested heavily in Shetland's infrastructure in the 1980s, and funded those investments from income generated from the oil industry. That infrastructure is now aging and will progressively need to be replaced. However, the financial situation is now tighter which means funding is not readily available. Trigger : Failure to approve an affordable capital investment programme. Expenditure overruns on capital projects. Inappropriate decision making and failure to prioritise use of scarce funding. Consequences : Challenging to finance the replacement of various assets. A return to budget deficits and crisis management of assets/properties. Budgets reduced in other areas due to having to maintain too many operational assets/properties. Risk type : Economic - Other Reference - B0007	Unlikely	Extreme	High	<ul style="list-style-type: none">• Council adopted gateway process and building better business cases approach to capital investment project approval.▫MTFP, budget monitoring and scrutiny, clear and robust roles and responsibilities for managers and financial procedures & regs. A report on Long Term Asset Investment planning has been prepared and presented to the Council. It identifies the extent of future programmes, which will inform funding options. LTAI planning highlights the significant challenges - for example fair funding for ferries is a challenge that is larger than is manageable by the SIC and requires national input and support. Lobbying of Scottish Govt to be undertaken.	Unlikely	Major	Medium	Jonathan Belford Corporate Services



Meeting(s):	Policy and Resources Committee	6 December 2017
Report Title:	Management Accounts for Community Health and Social Care 2017/18 – Projected Outturn at Quarter 2	
Reference Number:	F-086-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 The Policy and Resources Committee RESOLVES to review the Management Accounts for the Community Health and Social Care Directorate showing the projected outturn position at Quarter 2.

2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Policy and Resources Committee to monitor the financial performance of services within the Community Health and Social Care Directorate 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 consequences of the service performance detailed in the Community Health and Social Care Directorate performance report (reported to the Integration Joint Board (IJB)) 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.
- 2.5 The Council delegated the functions of the Community Health and Social Care Directorate to the IJB. The Council and NHS Shetland approve a contribution to the IJB, and then receive a distribution of those resources from the IJB to carry out

services as directed by it. Management accounts showing the financial position for all delegated functions of the IJB are prepared and presented by the Chief Financial Officer (CFO) to the IJB on a quarterly basis to ensure adequate financial monitoring can be performed by the IJB.

3.0 Corporate Priorities and Joint Working:

- 3.1 There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
- 3.2 The IJB's vision, aims and strategic objectives are set out in the Integration Scheme and the Strategic Plan 2017-20. The IJB is provided with quarterly Financial Monitoring Reports to enable the IJB to manage in year financial performance of the integrated budget and to monitor performance against the Strategic Commissioning Plan.

4.0 Key Issues:

- 4.1 This report presents the projected outturn position for 2017/18 against the revenue budgets distributed by the IJB as at the end of the second quarter. The report also presents the projected capital outturn position for the Community Health and Social Care Directorate as at the end of the second quarter. The capital budgets are not delegated to the IJB. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers.
- 4.2 The Council approved a contribution to the IJB of £19.216m and is forecasting that it will receive £20.494m in order to deliver the range of services, as defined by the IJB's Strategic Plan. The projected revenue outturn position against the budgets delegated to the IJB is a breakeven, after anticipated cost pressure and contingency budget is applied, if required. Provision has been made within the central cost pressure and contingency budget for holiday pay, pay inflation and additional employer pension costs, which were not budgeted for in the Community Health and Social Care Directorate.
- 4.3 The projected capital outturn position for the Community Health and Social Care Directorate is an underspend of £69k for 2017/18 with a requirement for slippage of £81k to 2018/19 resulting in an overall projected overspend position of £12k, which will be funded as part of the Edward Thomason and Taing House Extension Spend to Save Project.
- 4.4 See appendices 1 and 2 attached for detailed information on the revenue and capital outturn positions.
- 4.5 Provision was made in the Council's 2017/18 Budget for cost pressures and contingencies. It is held centrally by the Executive Manager - Finance.
- 4.6 Cost pressures are recurring in nature and increase the base cost of the service being delivered, eg pay awards, whereas contingency items are deemed non-recurring and likely to vary year on year, eg sleepover payments.

- 4.7 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.
- 4.8 No cost pressure or contingency budget has been applied to date to Community Health and Social Care Directorate's overall budgets. The projected additional costs of pay inflation, holiday pay and increase in the pension contribution rate for the Directorate will be applied at the end of the year if required.
- 4.9 The strategic planning and distribution of funding for the services of the Community Health and Social Care Directorate for 2017/18 has been delegated to the IJB. The focus of this report is to allow Members to understand the Council's performance in managing the financial aspects of service delivery. This is different from the overall financial position of the IJB. The overall position of the IJB is relevant however in terms of the impact that the financial position might have on the Council. An example of this is where overspending has occurred by one, or both of the partners, then with reference to the Integration Scheme there is a process that requires to be followed. This is of relevance to the Council, as a partner and a funder.
- 4.10 The projected outturn position for Q2 for the IJB overall is attached at Appendix 3 for reference.
- 4.11 Members will note there is a projected overspend in the NHS Shetland (NHSS) arm of the IJB budget (£3.246m) and a projected breakeven in the Council arm of the IJB budgets.
- 4.12 The Integration Scheme sets out how over/under spends affecting the budgets allocated for the delegated functions will be addressed.
- 4.13 The IJB has a Recovery Plan in place (see Appendix 4) to address the efficiency savings required within NHSS delegated budget in 2017/18. It should be noted that, despite the overspend forecast in the NHSS arm of the IJB budget at the end of quarter two, NHSS still expects to breakeven overall and has agreed to provide the IJB with an additional one-off payment to balance their arm of the budget.

5.0 Exempt and/or confidential information:

5.1 None.

6.0 Implications :

6.1 Service Users, Patients and Communities:	Any implications in relation to the actions and service provision in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.
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6.2 Human Resources and Organisational Development:	Any implications in relation to the actions and service provision in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.
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6.3	Any implications in relation to the actions and service provision
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Equality, Diversity and Human Rights:	in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.
6.4 Legal:	<p>Any implications in relation to the actions and service provision in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.</p> <p>There are legal implications with regard to the delegation of statutory functions of the Council and NHSS to the IJB by each Party in order to deliver the delegated functions for that Party. These are set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the associated Regulations and Guidance. The Council, NHSS and the IJB must adhere to the terms of the Integration Scheme approved by the Scottish Government under the terms of the Public Bodies Act. This includes a section on Finance with details regarding the treatment of under/overspends.</p>
6.5 Finance:	<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 within the Community Health and Social Care Directorate are collectively projecting a breakeven position against their Council approved budget, after anticipated cost pressure and contingency budget is applied, if required.</p>
6.6 Assets and Property:	Any implications in relation to the actions and service provision in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.
6.7 ICT and new technologies:	Any implications in relation to the actions and service provision in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.
6.8 Environmental:	Any implications in relation to the actions and service provision in this report will be included in the Director of Community Health and Social Care Performance Management report also presented at this meeting.
6.9	There are numerous risks involved in the delivery of services

Risk Management:	<p>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 external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main financial risks for services within the Community Health and Social Care Directorate will often relate to unexpected demand for services, which may be costly depending on the circumstances.</p> <p>There are other risks, which arise from the integrated approach that is now required, particularly where it may impact on the Council financially.</p> <p>The recovery plan, put in place due to the overspends that are inherent in NHSS delegated functions, poses a risk to the Council as a partner, because the level of savings required has not been achieved in successive years, with reliance required on non-recurring savings in-year in order for NHSS to breakeven. This risk was mitigated in 2016/17 as NHSS have agreed to make an additional contribution to cover this overspend, however NHSS have indicated that they may not be able to do so in future years.</p> <p>There is also a risk to the Council that the redistribution of resources from service redesign projects, transferring care from acute hospital services within NHSS to community care, will not happen.</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> <p>The Community Health and Social Care Directorate maintains</p>
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	<p>its own Risk Register and includes consideration of the actions which may be used to mitigate the risk not achieving full use of the Integrated Care Fund.</p> <p>The Integration Scheme includes a dispute resolution mechanism which should be followed where either of the Parties fails to agree with the other on any issue related to the Integration Scheme, including financial issues.</p>	
6.10 Policy and Delegated Authority:	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 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>	
6.11 Previously considered by:	<i>n/a</i>	<i>n/a</i>

Contact Details:

Sheila Duncan, Management Accountant, sheila.duncan@shetland.gov.uk, 24 November 2017

Appendices:

Appendix 1 - Community Health and Social Care Directorate Projected Revenue Outturn Position for 2017/18

Appendix 2 - Community Health and Social Care Directorate Projected Capital Outturn Position for 2017/18

Appendix 3 - Overall Draft Outturn Position for the Integration Joint Board for 2017/18

Appendix 4 - Projected Outturn Position for the IJB Recovery Plan

Background Documents:

SIC Budget Book 2017/18, SIC 15 February 2017

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

Community Health and Social Care

1. Projected Revenue Outturn Position 2017/18

Underlying Projected Outturn Variance Qtr 1 £000	2017/18 Approved Delegated Budget £000	IJB Service Heading	2017/18 Revised Delegated Budget £000	2017/18 Projected Outturn Qtr 2 £000	Outturn Variance Prior to Applying Cost Pressure & Contingency Budget Qtr 2 £000	Anticipated Cost Pressure & Contingency Budget To Be Applied Qtr 2 £000	Underlying Projected Outturn Variance Qtr 2 £000
(37)	619	Mental Health	485	543	(58)	27	(31)
0	180	Substance Misuse	223	223	0	0	0
80	441	Directorate	1,053	864	189	3	192
0	78	Pensioners	78	78	0	0	0
(43)	4,944	Adult Services	4,865	5,059	(194)	190	(4)
54	2,386	Adult Social Work	2,445	2,418	27	24	51
(85)	10,032	Community Care Resources	10,108	10,768	(660)	471	(189)
7	18	Criminal Justice	18	15	3	8	11
6	1,370	Occupational Therapy	1,428	1,469	(41)	11	(30)
18	426	Scottish Government Additionality Funding	426	426	0	0	0
0	20,494	Total Controllable Costs	21,129	21,863	(734)	734	0

The above table shows the underlying projected outturn variance as at Quarter 2 for the Community Health and Social Care (CH&SC) Directorate, after anticipated cost pressure and contingency budget has been applied. During the 2017/18 budget setting process there were a number of costs which were provided for centrally under the cost pressure and contingency budget, including holiday pay, a 1% increase in pension contributions and pay inflation. No cost pressure and contingency budget has been applied to date to CH&SC Directorate, but budget will be applied at the end of the year, if required. The table details how the cost pressure and contingency budget would be applied per service area.

The underlying projected outturn variances at Quarter 1 has been included for reference. The main reasons for changes from the Quarter 1 projected outturn variance to the Quarter 2 position are:

- the projected spend against the 2016/17 carry-forward funding has decreased, £77k;
- the projected expenditure on employee costs in Community Care Resources has increased (£161k);
- we are now projecting an underachievement of Board and Accommodation Income in Community Care Resources as explained below (£66k).

An explanation for the main underlying projected outturn variances by service at Quarter 2 are set out below.

1.1 Mental Health - projected outturn overspend of (31k) (6%)

There are no significant variances in this service area.

1.2 Substance Misuse - projected outturn breakeven

There are no significant variances in this service area.

1.3 Directorate – projected outturn underspend of £192k (18%)

The projected underspend mainly relates to:

- the inability to use the full 2016/17 carry-forward funding due to delays in getting projects and recruitment underway, £197k.

All savings are deemed one-off.

1.4 Pensioners - projected outturn breakeven

There are no significant variances in this service area.

1.5 Adult Services – projected outturn overspend of (£4k) (0%)

There are no significant variances in this service area.

1.6 Adult Social Work – projected outturn underspend of £51k (2%)

The projected overspend mainly relates to:

- a projected underspend on employee costs due to maternities not back-filled, a vacant post within the Admin Team and the impact of staff who are new to posts starting on a lower grade than budgeted, £59k.

All savings are deemed one-off.

1.7 Community Care Resources – projected outturn overspend of (£189k) (2%)

The projected overspend is mainly due to:

- agency staff being employed in areas where we are having difficulty recruiting and have experienced significant sickness levels, (£100k);
- a projected underachievement of Board and Accommodation income which can vary significantly from budget as it is dependent on the financial circumstances of those receiving care, (£66k)

1.8 Criminal Justice – projected outturn underspend of £11k (61%)

There are no significant variances in this service area.

1.9 Occupational Therapy - projected outturn overspend of (£30k) (2%)

There are no significant variances in this service area.

1.10 Scottish Government Additionality Funding – projected outturn breakeven

The IJB was allocated £1.474m 'Additionality Funding' from the Scottish Government (SG) for 2017/18. As per SG guidance, £852k of the overall funding will be used to help meet a range of continuing cost pressures faced by local authorities in the delivery of effective and high quality health and social care services. This allocation represents a reduction to the proposed payment to the IJB from the SIC for 2017/18. The remaining £622k is provided to support additional spend on expanding social care to support the objective of integration. To date, £426k of the remaining funding has been allocated to the Council.

It was agreed that £348k of this funding would be used to support the increased demand for Self-Directed Support packages. Based on the current packages in place, this is expected to be fully spent. This is however difficult to predict as packages can vary greatly in value, so the addition of further packages, or changes to existing packages can have a significant financial impact.

A further £78k allocation of this funding has been allocated to cover the cost of one full-time social worker and one full-time administration worker who specifically focus on expediting timely hospital discharges. It is anticipated that this funding will be fully spent.

Community Health and Social Care

2. Projected Capital Outturn Position 2017/18

Overall Projected Outturn Variance Qtr 1 £000	Service	2017/18 Revised Budget Qtr 2 £000	2017/18 Projected Outturn Qtr 2 £000	2017/18 Projected Variance Qtr 2 £000	Slippage Required in 2018/19 £000	Overall Projected Outturn Variance Qtr 2 £000
0	Director of Community Care	8	8	0	0	0
0	Adult Services	2,757	2,676	81	81	0
(9)	Community Care Resources	0	12	(12)	0	(12)
(9)	Total Controllable Cost	2,766	2,697	69	81	(12)

An explanation for the main draft outturn variances by service are set out below.

2.1 Director of Community Care - projected outturn breakeven

There are no significant variances in this service area.

2.2 Adult Services – projected outturn underspend £81k (3%)

The projected underspend relates to an amendment required to the original phasing of the project. Slippage to next year is required.

2.3 Community Care Resources – projected outturn overspend of (£12k) (100%)

The projected overspend relates to Capital Projects time allocated to the Edward Thomason and Taing House Extension project for snagging and preparation of the final account. The overspend is to be funded as part of the spend to save project.

Community Health and Social Care

3. Projected Overall Outturn Position for the Integration Joint Board

Service Headings	2017/18 Approved Delegated Annual Budget £000	2017/18 Revised Delegated Annual Budget £000	Underlying Projected Outturn at Quarter 2 £000	Budget v Proj. Outturn Variance (Adv)/ Pos £000
Mental Health	1,972	1,883	2,149	(266)
Substance Misuse	676	625	625	0
Oral Health	3,123	3,317	3,317	0
Pharmacy & Prescribing	6,698	6,277	6,277	0
Primary Care	4,571	4,476	5,286	(810)
Community Nursing	2,330	2,595	2,595	0
Directorate	535	1,145	953	192
Pensioners	78	78	78	0
Sexual Health	38	40	40	0
Adult Services	5,010	4,919	4,924	(5)
Adult Social Work	2,386	2,445	2,394	51
Community Care Resources	10,032	10,108	10,297	(189)
Criminal Justice	18	18	7	11
Speech & Language Therapy	83	85	85	0
Dietetics	112	104	104	0
Podiatry	225	223	223	0
Orthotics	143	140	140	0
Physiotherapy	603	562	562	0
Occupational Therapy	1,555	1,614	1,644	(30)
Health Improvement	310	232	232	0
Unscheduled Care	3,190	2,938	3,453	(515)
Renal	145	188	188	0
Scottish Government Additionality 16/17	512	512	512	0
Scottish Government Additionality 17/18	110	110	110	0
Integrated Care Funding	410	529	529	0
Recovery Plan	(2,529)	(2,529)	(844)	(1,685)
Total Controllable Costs	42,336	42,634	45,880	(3,246)

3.1 Projected outturn overspend at 30 September 2017 (£3.246m) (8%)

The current projected outturn to the end of March 2018 for the IJB is an overall adverse variance of £3.246m which represents projected breakeven in the Council arm of the budget, after anticipated Cost Pressure and

Contingency budget is applied, if required, and an overspend in NHS Shetland arm of (£3.246m).

Community Health and Social Care

4. Projected Outturn Position for the IJB Recovery Plan at Quarter 2

	Directly Managed Services £000	Set-Aside Services £000	TOTAL £000
Full savings required by Recovery Plan	2,079	450	2,529
Projected savings	(394)	(450)	(844)
Unachieved savings	1,685	0	1,685

- 4.1 Of the £844k savings identified above, £758k represents recurring savings and £87k are non-recurrent.
- 4.2 The IJB has a Recovery Plan in place to address the efficiency savings required within NHSS delegated budgets in 2017/18. Despite the projected overspend forecast in the NHSS arm of the IJB budget at the end of quarter two, NHSS still expects to breakeven overall and has agreed to provide the IJB with an additional one-off payment to balance their arm of the budget.



Meeting(s):	Policy & Resources Committee	6 December 2017
Report Title:	Management Accounts for Policy & Resources Committee: 2017/18 – Projected Outturn at Quarter 2	
Reference Number:	F-088-17	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 The Policy & Resources 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 Policy & Resources Committee to monitor the financial performance of services within its remit to ensure that Members are aware of the forecasted 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 Executive and Corporate Services 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; and that the

Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.

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 Policy & Resources Committee is an underspend of £25k (0.2%) in controllable revenue, 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. Fund Manager Fees are non controllable and are projected to be £39k (4%) under spent.
- 4.3 The projected capital outturn position for Policy & Resources Committee is an underspend of £582k (30%), with slippage of £582k into 2018/19.
- 4.4 The projected revenue outturn position of the collective Council budgets for insurance, training and office recharges are included in this report for review by the Policy & Resources Committee. Although these budgets are dispersed throughout all service areas of the Council, including Harbour Account and HRA, they are budgeted, monitored, and the outturn projected by Corporate Services.
- 4.5 See appendices 1 and 2 attached for detailed information on the revenue and capital outturn positions.
- 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, eg pay awards, whereas contingency items are deemed non-recurring and likely to vary year on year, eg 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 made from the cost pressures budget:
- £10k property acquisition costs
 - £12k 1% increase in Pension costs
 - £45k SIC local election costs
 - £153k 1% pay inflation
- The following allocations have been made from the contingency budget:
- £17k Trainee Accountant
 - £5k Island Games 2017 funding
- 4.10 No other cost pressure or contingency budget has been applied to date as the Executive and Corporate Services 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 :	
6.1 Service Users, Patients and Communities:	Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.
6.2 Human Resources and Organisational Development:	Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.
6.3 Equality, Diversity and Human Rights:	Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.
6.4 Legal:	Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.
6.5 Finance:	<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 Policy and Resources Committee are collectively projecting to spend less than their Council approved budget.</p>
6.6 Assets and Property:	Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.
6.7 ICT and new technologies:	Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.

6.8 Environmental:	<p>Any implications in relation to the actions and service provision in this report will be included in the Executive and Corporate Services Performance Management report also presented at this meeting.</p>
6.9 Risk Management:	<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 external factors, such as supply and demand, which may have a detrimental financial impact.</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>
6.10 Policy and Delegated Authority:	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 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>
6.11	<div>n/a</div> <div>n/a</div>

Previously considered by:		
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Contact Details:

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15 November 2017

Appendices:

Appendix 1 – Policy & Resources Committee Projected Revenue Outturn Position for 2017/18

Appendix 2 – Policy & Resources Committee Projected Capital 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>

END

Policy & Resources Committee

1. Projected Revenue Outturn Position 2017/18

Budget v Proj. Outturn Variance Q1 £000	Service	Revised Annual Budget 2017/18 £000	Projected Outturn at Quarter 2 (Adv)/Pos £000	Budget v Proj. Outturn Variance at Quarter 2 (Adv)/ Pos £000
15	Executive Services	1,096	1,100	(4)
1	Council Members	624	622	2
(1)	Director of Corporate Services	216	216	0
2	Capital Programmes	(207)	(204)	(3)
26	Finance	2,724	2,721	3
(4)	Joint Valuation Board	313	315	(2)
(3)	Governance & Law	890	885	5
8	Human Resources	1,400	1,394	6
3	ICT	1,474	1,465	9
1	Audit, Risk & Improvement	385	376	9
	Collective Council Budgets:			
0	Insurance	1,378	1,378	0
0	Training	634	624	10
0	Office Recharges	2,025	2,025	0
	Less: Collective Council			
	Budgets recharged to Harbour			
	Account, Pension Fund, HRA &			
(20)	VJB	(503)	(493)	(10)
28	Total Controllable Costs	12,449	12,424	25
39	Fund Manager Fees	895	856	39
39	Total Non-Controllable Costs	895	856	39

An explanation of the significant projected outturn variances by service at quarter 2 are set out below:

1.1 Executive Services – projected outturn overspend (£4k) (0.4%)

There are no significant variances in this service area.

1.2 Council Members – projected outturn underspend £2k (0.3%)

There are no significant variances in this service area.

1.3 Director of Corporate Services – projected outturn breakeven

1.4 Capital Programmes - projected outturn overspend (£3k) (1%)

There are no significant variances in this service area.

1.5 Finance - projected outturn underspend £3k (0.1%)

There are no significant variances in this service area.

1.6 Joint Valuation Board – projected outturn overspend (£2k) (0.6%)

There are no significant variances in this service area.

1.7 Governance and Law - projected outturn underspend £5k (0.6%)

There are no significant variances in this service area.

1.8 Human Resources - projected outturn underspend £6k (0.4%)

There are no significant variances in the services area.

1.9 ICT - projected outturn underspend £9k (0.6%)

There are no significant variances in this service area.

1.10 Audit, Risk and Improvement – projected outturn underspend £9k (2%)

There are no significant variances in this service area.

1.11 Insurance – projected outturn breakeven

1.12 Training - projected outturn underspend £10k (2%)

The projected underspend is due to a lower level of required training in the Harbour Account than budgeted. The General Fund is projected to breakeven.

1.13 Office Recharges – projected outturn breakeven

1.14 Fund Manager Fees - projected outturn underspend £39k (4%)

Fund Manager Fees are based on the value of the full range of managed investments the Council has for the year, and reflect market valuations and fund manager performance. For financial management purposes they are defined as non-controllable.

Policy & Resources Committee

1. Projected Capital Outturn Position 2017/18

Budget v Proj. Outturn Variance at Quarter 1 £000	Service	Revised Annual Budget 2017/18 £000	Projected Outturn at Quarter 2 £000	Budget v Proj. Outturn Variance at Quarter 2 (Adv)/ Pos £000
0	Capital Programme	1,954	1,372	582
0	ICT	541	541	0
0	Total Controllable Costs	2,495	1,913	582

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

1.1 Capital Programme – projected outturn underspend £582k (30%)

The projected underspend relates to the Lerwick Library redevelopment which will slip into next year once current office accommodation issues are resolved.

1.2 ICT – projected outturn breakeven

This project is expected to be on budget.



Meeting(s):	Policy & Resources Committee Shetland Islands Council	6 December 2017 13 December 2017
Report Title:	SIC Overall Management Accounts 2017/18 Projected Outturn at Quarter 2	
Reference Number:	F-083-F	
Author / Job Title:	Jonathan Belford Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 The Policy & Resources Committee RECOMMENDS that the Council RESOLVE to review the Management Accounts showing the overall projected outturn position at quarter 2.
- 1.2 To note to the actions proposed set out in the report.
- 1.3 Approve the revised prudential indicators set out in Appendix 5.

2.0 High Level Summary:

- 2.1 The report sets out the overall Council projected financial position as at quarter 2.
- 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, this amounts to £5.193m for both revenue and capital. Therefore this report refers to the revised budget that is now in place for each of the services. The carry forward is funded from the previous year's budgeted underspend.
- 2.5 On 8 March 2017 (SIC Ref: 18/17) the Council approved the Investment and Treasury Strategy. As part of this strategy the Council approved a set of Prudential Indicators which provides a framework for the internal control and self-management of capital finance, and in turn the key items of expenditure that will normally govern the bulk of an authority's potential need to borrow. Due to the

opening of Anderson High School and in year decisions there is a need to update the Prudential Indicators.

3.0 Corporate Priorities and Joint Working:

- 3.1 There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
- 3.2 The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

4.0 Key Issues:

- 4.1 At quarter 2 the revenue projections suggest that for the Council the revenue outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £2.384m (Appendix 1).
- 4.2 The capital outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £4.034m, however £4.082m has been identified as being required in future years to complete projects (Appendix 2).
- 4.3 From the cost pressures and contingency items budget, £1.486m has been applied to meet cost pressures and contingency items in directorates, this has been mainly on pay pressures (Appendix 3).
- 4.4 The projected draw from reserves for both revenue and capital expenditure is under the revised budgeted draw by £3.651, at £13.794m. This is higher than the original budget of £12.252m but is still sustainable for this year as it uses budget underspends from previous years to meet the additional carry forward expenditure. (Appendix 4).
- 4.5 Appendices 1-4 set out this information in detail. Analysis of the variances have been included in Service Committee reports.
- 4.6 However, circumstances may change between now and the year end which may adversely or favourably alter the outturn position. The risks are set out in Section 6.9 below.
- 4.7 As the year has progressed there have been a number of capital business justification cases which has adjusted the need for borrowing in the current and the next 2 financial years. Along with this there is a need to recognise the capital financing requirement of the new Anderson High School in relation to the long term financing lease that the Council has entered into (this is mainly funded by the Scottish Government).

4.8	Reviewing and revising the prudential indicators to take account of additional borrowing requirements allows the Council to be assured that the decisions they have made or are about to take are affordable.
5.0	Exempt and/or confidential information:
5.1	None.
6.0	Implications :
6.1 Service Users, Patients and Communities:	There are no implications arising from this report.
6.2 Human Resources and Organisational Development:	There are no implications arising from this report.
6.3 Equality, Diversity and Human Rights:	There are no implications arising from this report.
6.4 Legal:	There are no implications arising from this report.
6.5 Finance:	<p>Overall the Council is projected to be under the 2017/18 revised budget, on revenue by £2.384m and capital by £4.034m, a total of £6.418m. Included in this underspend is capital slippage of £4.082m which will be required in 2018/19.</p> <p>The General Fund overspends in service areas are being offset by reducing the projected spend from the cost pressure and contingency budget.</p> <p>The overall draw on reserves at quarter 2 is projected to be sustainable with a draw of £13.794m. This is £3.651m less than the revised budgeted draw of £17.445m. The projected draw equates to a daily draw on reserves of £38k.</p> <p>The Director of Children's Services and Health and Social Care are to continue to monitor their budget positions with their Executive Managers. The Director of Infrastructure will take remedial action for any losses on the harbour operations into future years' budgets.</p> <p>The updating of the Prudential Indicators itself does not have an immediate financial impact on the Council however it provides the framework for complying with proper practices in managing capital expenditure and treasury management. The Executive Manager - Finance is able to respond to the financial circumstances that the Council faces and can take decisions based on this.</p>

6.6 Assets and Property:	There are no implications arising from this report.
6.7 ICT and new technologies:	There are no implications arising from this report.
6.8 Environmental:	There are no implications arising from this report.
6.9 Risk Management:	<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 external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main variable assumptions are around anticipated income levels, returns on investments and cost pressures and demands.</p> <p>This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.</p>
6.10 Policy and Delegated Authority:	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2016/17 financial year.</p> <p>The Policy & Resources Committee has delegated authority for securing the co-ordination, control and proper management of the financial affairs of the Council, and has referred authority to make recommendations to the Council as to the level of any expenditure not provided for in the annual budgets.</p> <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</p>

	<p>monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p> <p>The Annual Investment and Treasury Strategy is a specific plan contained with the Council's constitution (Part A – 3(2)) to be prepared and performance managed by the Policy and Resources Committee. Approving, adapting or amending any plan within the policy framework is reserved to the Council (Part A – 3(1)), taking advice from the Policy and Resources Committee, in accordance with Section 2.2.1 of the Council's Scheme of Administration and Delegations.</p>	
6.11 Previously considered by:	n/a	n/a

Contact Details:

Hazel Tait, Team Leader Accountancy, Hazel.Tait@Shetland.gov.uk, 23 November 2017

Appendices:

Appendix 1 - Overall SIC Projected Revenue Outturn Position for 2017/18

Appendix 2 - Overall SIC Projected Capital Outturn Position for 2017/18

Appendix 3 - Contingency and Cost Pressure Budget 2017/18

Appendix 4 - Use of Reserves 2017/18

Appendix 5 - Prudential Indicators 2017/18 to 2019/20

Background Documents:

SIC Budget Book 2017/18, SIC 15 February 2017

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

1. Revenue - Projected Outturn Position for 2017/18

2017/18 Projected Variance Qtr 1 £000	General/Support/Recharged	2017/18 Revised Budget Qtr 2 £000	2017/18 Projected Outturn Qtr 2 £000	2017/18 Projected Variance Qtr 2 £000
16	Chief Executive	1,721	1,723	(2)
(367)	Children's Services	39,412	39,868	(456)
(121)	Community Care	18,482	19,204	(723)
33	Corporate Services	7,195	7,167	28
80	Development	14,466	13,960	505
36	Infrastructure	18,635	18,547	88
39	Fund Managers Fees	895	856	39
(2)	Energy	2,463	2,468	(5)
0	Water	322	321	1
10	Building Maintenance	2,217	2,155	62
0	Grass Cutting	146	146	0
0	Fleet Management Unit	725	688	37
0	Insurance	946	946	0
(20)	Training	564	564	0
0	Office Building Charge	2,013	2,013	0
296	Contingencies & Cost Pressures	5,280	4,138	1,142
0	Economic Development Investment Income	(900)	(1,054)	154
0	Interest on Revenue Balances	(27)	(27)	0
0	Spend to Save (Unallocated)	210	210	0
0	Net Recharges to Other Fund	(1,991)	(2,000)	9
	Total Net Expenditure/(Income)	112,774	111,893	881
	<i>Funded by:</i>			
0	Government Grants	(79,854)	(79,854)	0
0	Council Tax	(9,003)	(9,003)	0
0	Spend to Save	(250)	(250)	0
0	Contribution from General Fund Reserve	(23,667)	(22,786)	(881)
	Total Funding/Contribution	(112,774)	(111,893)	(881)
0	Balanced Budget	0	0	0

1. Revenue - Projected Outturn Position for 2017/18

2017/18 Projected Variance Qtr 1 £000	Harbour Account	2017/18 Revised Budget Qtr 2 £000	2017/18 Projected Outturn Qtr 2 £000	2017/18 Projected Variance Qtr 2 £000
(1,053)	Sullom Voe	(7,801)	(7,611)	(190)
9	Scalloway	272	(61)	332
(49)	Other Piers	118	(37)	155
(456)	Terminals	(1,547)	(1,807)	260
(1,549)	Total Ports & Harbours Net Expenditure/(Income)	(8,959)	(9,515)	556
0	Shetland Gas Plant	(550)	(578)	28
	Other Income	(550)	(578)	28
1,549	Contribution to Reserve Fund	9,509	10,094	(585)
1,549	Total Contribution	9,509	10,094	(585)
0	Balanced Budget	0	0	0

2017/18 Projected Variance Qtr 1 £000	Housing Revenue Account	2017/18 Revised Budget Qtr 2 £000	2017/18 Projected Outturn Qtr 2 £000	2017/18 Projected Variance Qtr 2 £000
123	Expenditure	7,299	6,411	888
0	Income	(6,815)	(6,846)	31
123	Total Net Expenditure/(Income)	484	(435)	919
(123)	Contribution from HRA Reserve	(484)	435	(919)
(123)	Total Contribution	(484)	435	(919)
0	Balanced Budget	0	0	0

GF/HARBOUR/HRA REVENUE COMBINED TOTAL

103,749	101,365	(2,384)
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2. Capital - Projected Outturn Position for 2017/18

Overall Projected Outturn Variance Qtr 1 £000	Service Area	2017/18 Revised Budget Qtr2 £000	2017/18 Projected Outturn Qtr2 £000	2017/18 Projected Variance Qtr2 £000	Slippage Required in 2018/19 £000	Overall Projected Outturn Variance Qtr2 £000
0	Children's Services	6,947	6,947	0	0	0
(9)	Community Care	2,765	2,696	69	81	(12)
0	Corporate Services	2,495	1,913	581	581	0
0	Development (GF)	161	191	(30)	0	(30)
0	Infrastructure (including Harbour Account)	18,737	15,363	3,375	3,420	(45)
0	Development (HRA)	2,913	2,874	39	0	39
(9)	Total Costs	34,018	29,984	4,034	4,082	(48)
	Funded by:					
0	General Capital Grant	(7,177)	(7,177)	0	0	0
0	Capital Grants Unapplied (General Fund)	(46)	(46)	0	0	0
0	External Grants	(773)	(783)	10	0	10
0	External Borrowing	(7,322)	(7,322)	0	0	0
9	Spend to Save Reserve	(196)	(267)	72	0	72
0	Council Tax Second Homes Reserve	(161)	(191)	30	0	30
0	Capital Fund Reserve	(2,126)	(790)	(1,336)	(4,082)	2,746
0	Capital Receipts Reserve (General Fund)	(379)	(379)	0	0	0
0	CFCR (General Fund)	(64)	(30)	(34)	0	(34)
40	Capital Receipts (HRA)	(221)	(1,131)	910	0	910
(40)	CFCR (HRA)	(2,692)	(1,742)	(949)	0	(949)
0	CFCR (Harbour Account)	(3,296)	(1,953)	(1,343)	0	(1,343)
0	Harbour Account Other Govt Grants	(985)	(271)	(714)	0	(714)
0	Harbour Account External Borrowing	(8,580)	(7,900)	(680)	0	(680)
9	Total Funding & Financing	(34,018)	(29,984)	(4,034)	(4,082)	48
0	Balanced Budget	0	0	0	0	0

3. Cost Pressure and Contingency Budget for 2017/18

Service Area	2017/18 Budget inc Cfwd 2017/18 £000	2017/18 Budget Allocated 2017/18 Qtr 2 £000	2017/18 Revised Budget 2017/18 Qtr 2 £000
Cost Pressures:			
Pay Award	1,000	607	393
Holiday Pay/Sleepovers/Living Wage	739	138	601
Superannuation Increase	478	321	157
Pension Auto Enrolment	800	0	800
Apprenticeship Levy	474	0	474
AHS Maintenance/Lifecycle Costs	350	0	350
Capital Financing Charge	1427	0	1,427
Funding for Change	1048	0	1,048
TOTAL COST PRESSURES:	6,316	1066	5,250
Contingency:			
General Contingency	1,379	420	959
Reduction based on risk of events occurring (67%)	(929)	0	(929)
TOTAL CONTINGENCIES:	450	420	30
OVERALL TOTAL	6,766	1,486	5,280

4. Use of Reserves for 2017/18
(included General Fund/Harbour Account/Housing Revenue Account/Spend to Save reserves)

Draw on Reserves	2017/18 Original Budgeted £000	2017/18 Carry Forwards from 2016/17 £000	2017/18 Revised Budgeted Qtr 2 £000	2017/18 Projected Outturn Qtr 2 £000	2017/18 Projected Variance Qtr 2 £000
Revenue Draw on Reserves	12,222	2,630	14,852	12,468	2,384
Capital Draw on Reserves	30	2,563	2,593	1,326	1,267
Total Budgeted Draw on Reserves	12,252	5,193	17,445	13,794	3,651

Prudential Indicators 2017/18 to 2019/20

Prudential Framework

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

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

- 1.5 The Council’s capital expenditure plans are the key driver of treasury management activity. The outputs from the capital expenditure plans are reflected in Prudential Indicators, which are designed to assist Members overview and confirm capital expenditure plans.
- 1.6 In setting their prudential limits, Members must have regard to:
- Affordability e.g. implications of capital plans for council tax and council housing rents.
 - Prudence and sustainability, e.g. implications of external borrowing and an assessment of borrowing costs and interest rate forecasts/expectations.
 - Value for money, e.g. options appraisal.
 - Stewardship of assets, e.g. asset management planning.
 - Service objectives, e.g. strategic planning for the authority.
 - Practicality, e.g. achievability of the forward plan.

Prudential Indicators

- 1.7 It is proposed that the Prudential Indicators for Shetland Islands Council for 2017-18 to 2019-20 should be revised as follows:

1. Ratio of Financing Costs to Net Revenue Stream

Definition

General Fund – The proportion of the General Fund income from the Council’s General Revenue Grant (including NNDR) and Council Tax income and sustainable contribution from Reserves and Harbour Account to fund the debt financing costs (interest and principal repayments) of the planned capital programme.

Housing Revenue Account – The proportion of income to the HRA (substantially housing rents) to fund the debt financing costs (interest and principal repayments) of the planned capital programme.

Harbour Account – The proportion of Harbour Account income (mainly fees & charges) reduced by the planned sustainable contribution to underpin General Fund services, to fund the debt financing costs (interest and principal repayments) of the planned capital expenditure programme.

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	3%	4.8%	4.9%
HRA	20%	21.4%	21.1%
Harbour Account	2.8%	5.0%	5.0%

2. Capital Expenditure

Definition

Estimated capital expenditure for the next 3 years' capital programme, as set out in the Council's Asset Investment Plan plus business justification cases proceeding through the Council.

	2017/18 £'000 Estimate	2018/19 £'000 Estimate	2019/20 £'000 Estimate
General Fund	18,729	10,215	16,804
HRA	2,913	2,883	2,869
Harbour Account	13,147	11,240	2,359
Total	34,789	24,337	22,031

3. Gross Borrowing and the Capital Financing Requirement

Definition

The CFR represents the underlying need to borrow for a capital purpose. As the Council should only borrow for a capital purpose, net external borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	2017/18 £'000 Estimate	2018/19 £'000 Estimate	2019/20 £'000 Estimate
General Fund	64,744	64,685	64,083
HRA	11,656	10,570	9,484
Harbour Account	9,650	18,702	19,667
Total	86,050	93,957	93,234

4. Authorised Limit for External Debt

Definition

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

	2017/18	2018/19	2019/20
	£'000	£'000	£'000
Operational Boundary	81,981	89,939	89,266
25% Margin	20,495	22,485	22,316
Total	102,476	112,424	111,582

5. Operational Boundary for External Debt

Definition

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

	2017/18	2018/19	2019/20
	£'000	£'000	£'000
Borrowing	41,536	50,421	50,735
Other Long Term Liabilities	40,445	39,518	38,531
Total	81,981	89,939	89,266

6. Actual External Debt at 31 March 2016

Definition

The actual external debt taken from the unaudited Balance Sheet as at 31st March 2017.

Actual External Debt	
	2016/17
	£'000
Borrowing	31,075
Other Long Term Liabilities	5,831
Total	36,906

7. Upper limit on Interest Rate Exposures

Definition

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

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

	2017/18 Indicative £'000	2018/19 Indicative £'000	2019/20 Indicative £'000
Fixed interest rate exposures	100%	100%	100%
Variable interest rate exposures	40%	40%	40%

8. Maturity Structure of Borrowing

Definition

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

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



Meeting(s):	Policy and Resources Committee	6 December 2017
Report Title:	Council Investments - 2017/18 Mid Year Performance Review Report	
Reference Number:	F-096-F	
Author / Job Title:	Report Presented by Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 This report is a review of the Council's external investments over the first six months of the 2017/18 financial year, and as such the Policy and Resources Committee RESOLVE to consider the outcome of this mid year review.

2.0 High Level Summary:

- 2.1 This report will allow the Policy and Resources Committee to review the mid year investment position and performance of the Council's long term external investments, managed on its behalf by fund managers.
- 2.2 The Council's investments increased in value by £10 million over the first six months of the 2017/18 financial year and now have an overall value at the end of September of £344 million.
- 2.3 Over the first six months of 2017/18 BlackRock were close to their benchmark aim, while the active fund managers Baillie Gifford and Insight outperformed their respective benchmarks. The combined investment return over the six month period was 4.5%, which was 2.2% above the benchmark return. See additional information in Appendix 1.
- 2.4 The conclusion of the mid year review is that Fund Manager performance has been positive overall, achieving a performance in line or better than the target set for them and there is no immediate action recommended to be taken. A review of the overall investment strategy is in progress and the findings and recommendations from that will be reported during 2017/18.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Council's overall investment strategy is important to the Council's Reserves, which play a key role in helping the Council deliver its corporate objectives, as described in the Community Plan, the Corporate Plan and other strategic documents.

4.0 Key Issues:

- 4.1 This report is only a six month snapshot of how the markets and fund managers

have performed. Over the remainder of the financial year the performance of the Council's investments could easily increase or decrease depending on economic and investment circumstances.	
5.0	Exempt and/or confidential information:
5.1	<i>None</i>

6.0 Implications :	
6.1 Service Users, Patients and Communities:	The performance of the Council investments has a direct impact on the level and volume of services that it can afford to provide to the people and communities of Shetland. Therefore monitoring of performance provides assurance that the additional funding that is created through the investments is sustainable.
6.2 Human Resources and Organisational Development:	<i>None</i>
6.3 Equality, Diversity and Human Rights:	<i>None</i>
6.4 Legal:	This report complies with the consent issued by the Scottish Ministers under the Local Government Investments (Scotland) Regulations 2010, to give a Mid Year Report on the investment position to the Council.
6.5 Finance:	<p>It is recognised that the actual investment performance each year will be different to what is expected or required however over the long term this will be monitored and reviewed to ensure that the Council is working towards meeting its long term investment objectives.</p> <p>It is not likely that the Council can expect a positive investment return from its investments every year but having robust governance and monitoring in place, alongside a diversified investment strategy, mitigates the financial risks and enables the Council to take action at appropriate times to address poor performance by the fund managers. This report is part of that governance and monitoring framework, and compliments the reporting requirements of the CIPFA Code of Treasury Management that requires a Mid Year Review report and an Annual Year End Performance Review Report.</p>
6.6 Assets and Property:	Long term investments are assets of the Council and represent money given to fund managers to manage on its behalf for sustainable long term benefits. The Council relies upon each fund manager's fiduciary duty and to buy and sell appropriate

	assets in accordance with the mandate awarded to them and to report regularly on the value and performance of the fund in which Council money is invested. The value of long term investments under these mandates can go down as well as up.
6.7 ICT and new technologies:	<i>None</i>
6.8 Environmental:	<p>Whilst the fund managers have delegated powers for the acquisition and realisation of investments, fund managers will be expected as part of their investment process to consider all factors, including the social, environmental and ethical policies of companies in which they may invest, to the extent that these may materially affect the long term prospects of such companies. The fund managers will also be expected to enter into dialogue with companies in which they invest, in relation to the pursuance of socially responsible business practices, and report on these activities.</p> <p>Corporate Governance is a key responsibility for institutional shareholders and as a matter of principle the Council will seek to exercise all of its voting rights in respect of its shareholdings. It is recognised however that in practical terms this may not always be possible for overseas holdings. However for UK stocks all voting rights will be exercised in a positive fashion, i.e. no abstentions.</p> <p>The fund managers, who will act in accordance with this policy, will exercise voting.</p> <p>All of the Council fund managers have signed up to the United Nations Principles on Responsible Investment. The principles reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios, and therefore must be given appropriate consideration by investors, if they are to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices, and so better align their objectives with those of society at large.</p>
6.9 Risk Management:	All investments carry risk. Risks, such as market risk are mitigated and actively managed through diversification of fund managers, asset classes, markets, size of holdings and through performance monitoring against benchmarks.
6.10 Policy and Delegated Authority:	In accordance with Section 2.2.1(7) of the Council's Scheme of Administration and Delegations, the Policy and Resources Committee has delegated authority to secure the coordination, control and proper management of the financial affairs of the Council.

6.11 Previously considered by:	<i>None</i>	

Contact Details:

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Telephone 01595 744616

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Appendices:

Appendix 1 - 2017/18 Mid Year Performance Review Report

Background Documents:

None

2017/18 Mid Year Performance Review Report

1.0 Investment Position and Market Performance

- 1.1 This report complies with the consent issued by the Scottish Ministers under the Local Government Investments (Scotland) Regulations 2010, and with the requirements of the CIPFA Code of Practice for Treasury Management in Public Services 2011, in respect of the requirement to report the mid year investment position to the Council.
- 1.2 This report concentrates on the six-month period from April to September 2017. The report looks at the performance of the Council's fund managers, the overall investment performance relative to the markets, the physical movement of funds, any changes from the investment strategy, and any other relevant issues relating to the investments over the period.
- 1.3 The Council has three fund managers with total investments under management at the end of September 2017 of £344 million. The funds, type of mandate and market values at the end of September 2017 are as follows:

Manager	Mandate	% of Reserves	Market Value (£m)
Baillie Gifford	Equity and Diversified Growth	51%	176
BlackRock	Equity	37%	128
Insight	Bonds and Cash	12%	40

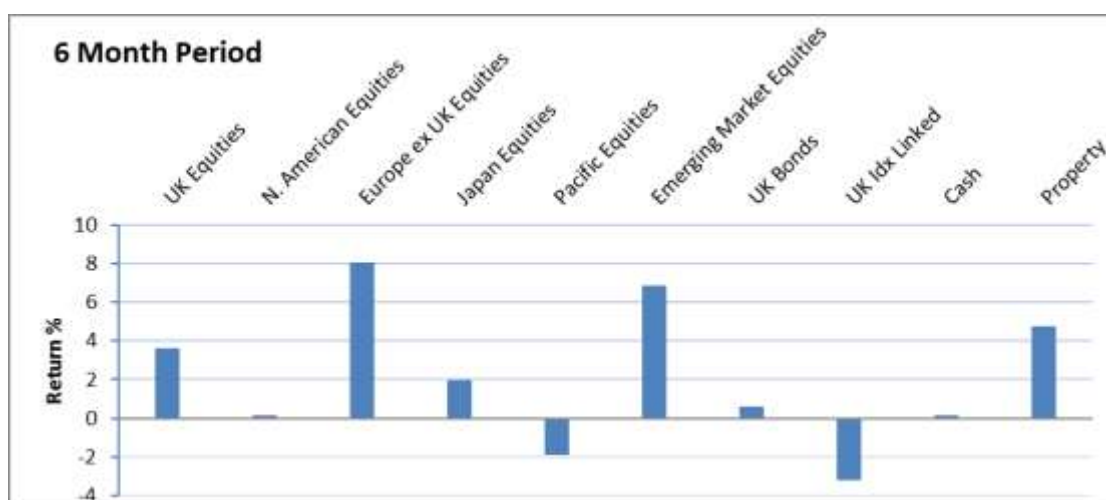
- 1.4 Individual fund manager performance is detailed later but there is the need to consider the effect of the markets themselves and of any cash withdrawals or injections into the funds. The following table shows the effect on the overall investments of these factors during the six-month period.

SIC Funds

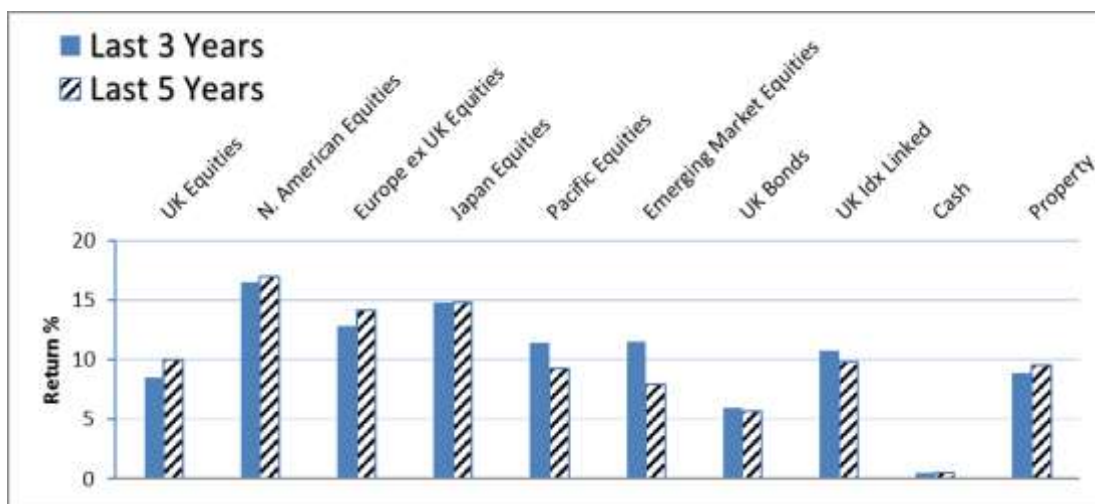
	£ Million
Market value as at 31/03/17	334
(Withdrawals) / Additions	(5)
Investment Return	<u>15</u>
Market value as at 30/09/17	<u>344</u>

- 1.5 The figures show a £15 million positive investment return over the six month period. The increase in investment returns is due to investment returns from various asset classes, with equities being the best returning asset class over the period.

- 1.6 Over the six month period £5 million was withdrawn from the Council's investments. This withdrawal was required to support the Council's bank account, and cover the capital works programme.
- 1.7 The Council's Reserves have therefore increased in overall value by £10 million over the first six months of this financial year.
- 1.8 The six month period to September 2017 saw major hurricanes hit North America, while tensions increased between North America and North Korea as their war of words intensified, but over the period North America increased their interest rates and the equity market posted record highs. Japan saw improving economic data while the Prime Minister's popularity increased with his handling of the North Korean situation, which benefitted their equity markets. In Europe the UK, France and Germany all had elections, while the uncertainty over the Brexit negotiations continued. Improved economic data helped European markets, and the UK gained over the quarter boosted by good retail sales and steady low unemployment figures.
- 1.9 The investment markets performance, over the main asset classes the Council invests into, over the six month period looked like this:



- 1.10 This is only a six month snapshot of how the various investment classes and sectors have performed and it shows how, in the short term you can have volatility that produces both positive and negative returns. History shows that investments in these asset classes over the long term are usually positive, which is the reason the investment strategy is based on a long term investment horizon. As an example of the differences in market returns over a slightly longer time period the following graph shows the same asset classes returns per annum over the last three and five years.



- 1.11 The fund manager has negligible influence over the market return but they may be required by the mandate agreement to invest into these markets. The main constituent of a fund's performance is the market return, where the fund is invested. A fund manager with an active mandate is asked to outperform the market return by a certain percentage, whereas a fund manager with a passive mandate is aiming to match the market return.

2.0 Fund Manger Performance

- 2.1 The Council invests in various asset classes for the long term, generally five years or more. This report looks at just the performance of the fund managers and the investment return over a six month period.
- 2.2 The Council's fund managers have, over the six month period to the end of September 2017, performed as follows:

Manager	Fund Return	Benchmark Return	% Return Against Benchmark
Baillie Gifford	6.8	2.6	4.2
BlackRock	3.1	3.0	0.1
Insight	-0.6	-0.8	0.2

- 2.3 Baillie Gifford's fund is split between an active equity fund (60%) and a Diversified Growth Fund (40%). Over the six month period to the end of September the UK equity fund, the global equity fund and the diversified growth fund were all above their respective benchmarks. UK equities were the best performing sector with overseas equities close behind. The diversified growth fund has as expected produced a lower less volatile return, and outperformed its cash plus benchmark over the six month period. The

overall combined fund has returned 6.8% over the six month period and outperformed the benchmark by 4.2%.

- 2.4 The fund with BlackRock is invested passively in equities, split between a global equity fund (75%) and an emerging market equity fund (25%). The overall fund is aiming to equal the benchmark return. BlackRock were very close to this aim over the six month period, while producing a return of 3.1%, which is a reflection of the mixture of returns from the various equity markets the fund invests into.
- 2.5 The bond fund with Insight is invested equally in three sub funds, which are corporate bonds, index linked bonds and a bonds fund with a cash plus benchmark. Insight outperformed the benchmark but this was in a falling investment market, with a negative return of 0.6%. The only investment area that produced a positive return over the six month period was corporate bonds.
- 2.6 The overall Council investment return for the six-month period to end September 2017 was 4.5%, which was 2.2% above the benchmark return.

3.0 After the end of September 2017

- 3.1 Since the end of September 2017 the financial markets have remained positive, and at the end of October 2017 the Council's investments had a value of £354 million (unaudited).



Meeting(s):	Policy & Resources Committee	6 December 2017
Report Title:	Business Transformation Programme Update – Quarters 1 & 2 2017/18	
Reference Number:	CRP-12-17-F	
Author / Job Title:	Christine Ferguson, Director of Corporate Services	

1.0 Decisions / Action required:

- 1.1 That the Policy & Resources Committee NOTE the information presented in this report and ADVISE the Director of Corporate Services of their views regarding:
- 1.1.1 The content of the Business Transformation Programme
- 1.1.2 The progress reported against each work stream.

2.0 High Level Summary:

- 2.1 The Business Transformation Programme aims to implement a range of measures that will revolutionise how we work with and for our community, responding to and anticipating a digital cultural paradigm.
- 2.2 The purpose of this report is to present an update on progress for the first two Quarters of 2017/18.
- 2.3 The Business Transformation Programme comprises eight strands which are interlinked, with a view to streamlining processes using digital advances and strategic thinking. Whilst a proportion of the savings required will be realised as a result of the Business Transformation Programme, the majority of savings over the next five years will be the focus of the Service Redesign Programme.

3.0 Corporate Priorities and Joint Working:

- 3.1 Shetland Islands Council's "Our Plan 2016 – 2020" aspires for services to work together in a smarter way to achieve the highest possible standards. The Business Transformation Programme contributes towards the following objectives in the Plan:
- "Modern IT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively."
 - "We will be working in a more effective way, allowing us to cope with reduced resources. Processes that add no obvious value will have been replaced with more proportionate approaches based on effectively managing risks."
 - "People who use our services will experience excellent standards of customer care."

4.0 Key Issues:

Customer First

- 4.1 The Customer First strand has made significant progress in Quarters 1 and 2 of 2017. Highlights include:
- Project Governance documentation developed and agreed by Programme Sponsor and Project Board.
 - Research has been carried out to tap into existing best practice from other Scottish local authorities.
 - Operational work to review the current complaints procedures has been progressed by a separate project team, chaired by the Executive Manager – Housing. The aim is to align this work with Customer First outcomes, to ensure that the values and attitudes that secure excellent customer service are being demonstrated during all customer contact – which includes complaints handling.
 - Public Performance Reporting (PPR) brand logo established, to properly identify all PPR material across Services, adding a sense of co-ordination and planning to PPR.
 - Infographics developed and used in performance monitoring reports to committees.
 - Early drafts of the Customer Engagement Strategy, Customer Charter and Customer Survey have been circulated for feedback.

Commissioning/Procurement Framework

- 4.2 Highlights from the Commissioning/Procurement Framework strand include:
- The Procurement Strategy was completed and approved on 14 December 2016 (min. ref. SIC 82/16).
 - Templates and accompanying guidance have been drafted for all stages of the Building Better Business Case methodology;
 - A number of business cases have been prepared using the templates and presented to the Council's committees;
 - A small number of commissioning officers are working to produce best practice documents to help support those new to the process;
 - There are no plans to appoint a replacement Project Manager as work has reached a significant stage to enable progress to be made within existing resources.

Workforce Strategy

- 4.3 Highlights from the Workforce Strategy strand include:
- Project Team meeting in June agreed that the project will focus on three key outcomes for HR End to End service and how they will be mapped across the four years of the programme.
 - HR Project Workshop was held in August to inform project brief and implementation plan.
 - Agreement reached on Joint Organisation and Workforce Development Protocol to support H&SC integrated working

Asset Strategy

- 4.4 Highlights from the Asset Strategy strand include:
- Members received a session on the Asset Investment Plan and the Long Term Asset Investment Plan during induction in May.
 - Architects 7N have been appointed to carry out masterplanning on Knab site.
 - Revised testing proposals for 8 North Ness have been developed and

approved (min ref: 57/17)

- A Steering Group has been established to facilitate a return to 8 North Ness, when the building has been deemed safe.

Broadband and Connectivity

4.5 Highlights from the Broadband and Connectivity strand include:

- Government R100 meeting took place in Shetland in August regarding tendering of the next phase – 100% broadband coverage for all households in Scotland.
- A letter is being prepared for the Chair of Development Committee to express concerns regarding the R100 project and whether progress to date meets the “outside in” approach supported by the Scottish Government.
- Remote teaching and online learning opportunities have been explored with the Schools Service.
- A scoping exercise is required for the Digital Strategy.

Information Management and Improvement

4.6 Highlights from the Information Management and Improvement strand include:

- The Council’s Records Management Plan was approved by the Keeper of the Records of Scotland on 2 June 2017.
- The Information Governance Board approved project documentation at its meeting on 17 October, having taken account of the other projects within the wider Business Transformation Programme.
- Improvement and high level actions over the next five years have been identified as part of the Information Management and Improvement Programme and also approved by the Information Governance Board.
- Work has now commenced on developing the tools and methodology for the completion of an Information Asset Register, and for updating FOISA procedures and standards.

Digital First

4.7 Highlights from the Digital First strand include:

- The Firmstep platform has been purchased. This will allow a wide range of services to be made available on-line.
- Implementation of the test environment within Firmstep has been completed
- Engagement across the Council has commenced to provide initial “easy wins”.
- CAPITA payment integration has been set up and tested, which will allow the public to make payments through Firmstep Forms.

Paperless Council

4.8 Highlights from the Paperless Council strand include:

- An upgrade to the equipment situated in the Council Chamber to facilitate digital processes.
- Individual printers are not replaced.
- Some Members and officers have opted out of receiving paper copies of agendas and reports for Committee and Council meetings.

4.9 In order to support the BTP and to provide effective co-ordination of all the projects within the Programme the following allocations have so far been made from the contingency budget during 2017/18:

- £28k to provide overall administration support
- £47k to support the Customer First Project Management strand of BTP.

5.0 Exempt and/or confidential information:	
5.1	None
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Service users and their communities have an expectation that the Council will make best use of resources. A streamlined approach to service delivery will be enabled by the progression of the BTP.
6.2 Human Resources and Organisational Development:	There are no Human Resources or Organisational Development implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	There are no equality, diversity or human rights implications arising directly from this report.
6.4 Legal:	There are no legal implications arising directly from this report.
6.5 Finance:	<p>In order to create a sustainable budget, the Council must make savings of £20m over the next five years.</p> <p>The budget setting process for 2018/19 is underway and estimates of the savings from the BTP will be included in the draft budget proposals.</p> <p>At this time, it is estimated that the BTP will deliver recurring savings of the order of £1M in 2018/19. The main areas that will contribute to this target are changes in insurance arrangements and work on the Council's property portfolio.</p> <p>The BTP will also deliver processes and systems that will facilitate with the Service Redesign Programme.</p> <p>Further more detailed information will be available in future update reports and in budget proposals for 2018/19.</p>
6.6 Assets and Property:	There are no assets and property implications arising directly from this report.
6.7 ICT and new technologies:	There are no ICT implications arising directly from this report.
6.8 Environmental:	There are no environmental implications arising directly from this report.
6.9 Risk Management:	Risks have been identified and are actively monitored by SROs using the JCAD Core system. The Business Transformation Programme Risk Register is regularly updated and considered on a quarterly basis by the Business Transformation Board and the Business Transformation Programme Sounding Board.

6.10 Policy and Delegated Authority:	In accordance with Section 2.2.1(7) of the Council's Scheme of Administration and Delegations, the Policy and Resources Committee has delegated authority to secure the coordination, control and proper management of the financial affairs of the Council.	
Previously considered by:	N/A	

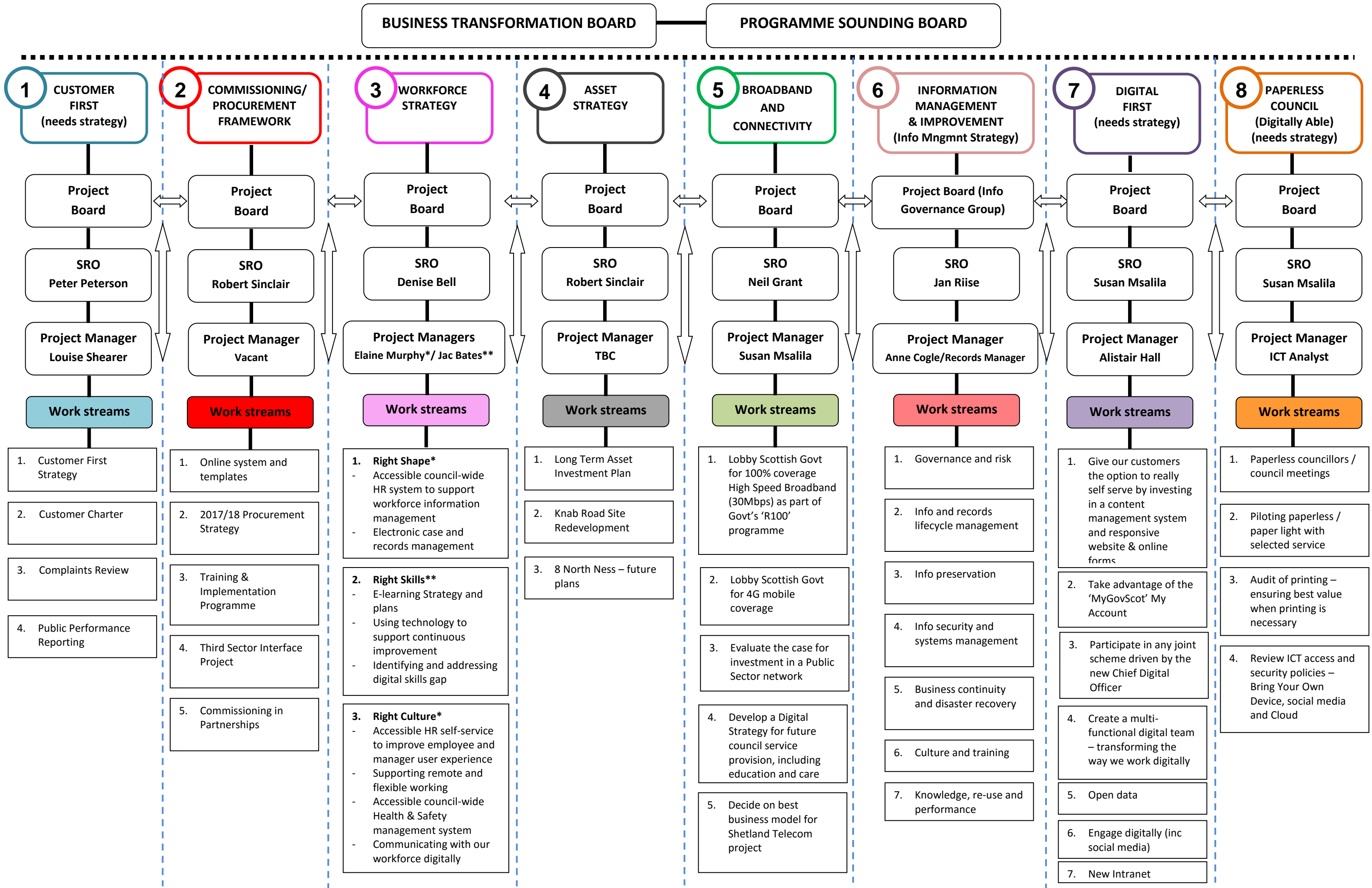
Contact Details:

Christine Ferguson, Director of Corporate Services, christine.ferguson@shetland.gov.uk
28 November 2017

Appendices

Appendix A: Business Transformation Programme Structure

BUSINESS TRANSFORMATION PROGRAMME 2016-20





Meeting(s):	Policy and Resources Committee Shetland Islands Council	6th December 2017 13th December 2017
Report Title:	Regulation of Investigatory Powers (Scotland) Act 2000	
Reference Number:	GL-50-17F	
Author / Job Title:	Kristen Johnston, Solicitor	

1.1 Decisions / Action required:

1.1 That the Policy and Resources Committee RECOMMEND that the Council:

- NOTE the content of the Office of Surveillance Commissioners Inspection Report 2016;
- APPROVE the amended Policy and Procedure for Authorisation of Directed Surveillance and the Policy and Procedure for Authorisation of Covert Human Intelligence Sources (the RIPSA policies); and,
- APPROVE the Shetland Islands Council Regulation of Investigatory Powers Scotland Act 2000 Training Plan 2016-2021.

2.0 High Level Summary:

2.1 The Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) allows local authorities and law enforcement agencies to undertake covert surveillance activities in order to discharge their responsibilities.

2.2 Surveillance under RIPSA shall only be carried out where necessary to achieve one or more of the permitted purposes defined in the legislation, namely:

- For the purpose of preventing or detecting crime or the prevention of disorder;
- In the interests of public safety;
- For the purpose of protecting public health;
- For any other purpose prescribed in an order made by Scottish Ministers.

2.3 The Council's policies for compliance with RIPSA were approved in 2002 (Minute Ref: 89/02).

2.4 The Council was inspected on 3rd October 2016 by the Office of Surveillance Commissioners (OSC) on the Council's policies, knowledge and application of RIPSA.

2.5 Following the inspection the Council's RIPSA policies have been amended in accordance with the Inspectors recommendations and a training plan for 2016-2021 has already commenced.

- 2.6 The objective of this Report is to ensure that the Council's RIPSA policies are up to date following the inspection and all work involving covert surveillance by Council employees is carried out effectively, while remaining in accordance with the law.

3.0 Corporate Priorities and Joint Working:

- 3.1 Our Plan 2016 to 2020 states that "*High standards of governance, that is, the rules on how we are governed, will mean that the council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.*"
- 3.2 This Report helps to improve the Council's governance arrangements for the application of RIPSA.

4.0 Key Issues:

- 4.1 The OSC reviewed the Council's progress following previous inspections and held detailed discussions with a number of Council Officers regarding operational matters.

The Inspector made two recommendations:-

- That the Council review its policy and guidance documents to address the issues identified in previous inspection reports and the 2016 inspection
- That the Council implement the training plan for 2016-2021 which was still in draft form when the inspection took place

- 4.2 The OSC Inspection Report is attached as Appendix 1.

- 4.3 The Council's RIPSA policies have been amended in line with the recommendations. Some of these changes were minor alterations to provide staff with more detailed guidance on the application of RIPSA. The Council's RIPSA policies are attached as Appendix 2.

The important policy amendments are:-

- Whilst it is legally acceptable for the Chief Executive to act as the sole authorising officer and the inspection report makes it clear that this is not a responsibility that can easily be delegated, the responsibilities of an authorising officer extend beyond considering applications and authorising activities as they also include the need to keep authorisations under review. On reflection, such ongoing operational monitoring seems an inappropriate task for the Chief Executive. The amended policy therefore states that applications under RIPSA can be authorised by one of the following officers: Director – Corporate Services; Executive Manager – Governance & Law; Team Leader – Legal.
- The introduction of a Surveillance and Social Media Policy which was in draft during the inspection now requires Council approval. The Surveillance and Social Media Policy which forms an Appendix to the Council's RIPSA policies provides a framework for Council Officers to access social media websites during the course of their employment.

4.4	The Council's RIPSA Training Plan is attached at Appendix 3 and is currently being implemented by Governance & Law alongside Workforce Development. The Training Plan includes a progress summary.
5.0	Exempt and/or confidential information:
5.1	None
6.0	Implications :
6.1 Service Users, Patients and Communities:	The improvement actions recommended by the external inspectors have been completed. This provides assurance for members of the public and service users that the Council's staff are maintaining high standards of governance and complying with the requirements of RIPSA when conducting surveillance activity.
6.2 Human Resources and Organisational Development:	This Report highlights the Workforce development opportunities for Council staff to receive training opportunities in complying with RIPSA.
6.3 Equality, Diversity and Human Rights:	<p>Surveillance activities may constitute an interference with a person's right to privacy and may give rise to legal challenge as a potential breach of Article 8 of the European Convention on Human Rights and the Human Rights Act 1998.</p> <p>An Integrated Impact Assessment has been completed on the Council's RIPSA policies.</p> <p>The Authorisation Process under the Council's RIPSA policies ensures Council Officers consider the impact of the proposed surveillance on a person's human rights.</p>
6.4 Legal:	<p>RIPSA provides a legal framework for covert surveillance activities by public authorities and an independent inspection regime to monitor these activities.</p> <p>Council Officers must adhere to the Council's RIPSA policies and authorisation procedures to ensure compliance with the legislation.</p>
6.5 Finance:	None
6.6 Assets and Property:	None
6.7 ICT and new technologies:	The Surveillance and Social Media Policy should be read alongside the Council's ICT Security Policy and Social Media Guidelines for Staff.
6.8 Environmental:	None

6.9 Risk Management:	<p>Failure to amend the Council's RIPSAs policies, implement the Training Plan and approve a Surveillance and Social Media Policy may result in staff conducting unlawful surveillance activities and will be criticised within future inspections.</p> <p>A Privacy Impact Assessment should be completed where appropriate to identify the privacy risks associated with the proposed investigation and the proposed solutions to mitigate those risks.</p>	
6.10 Policy and Delegated Authority:	<p>As outlined section 2.2.1.2 of the Council's Scheme of Administration and Delegations, the Policy and Resources Committee has functional responsibility for matters relating to organisational development and staffing. However, the adoption of amended and new policy requires final determination by the Council, having taken advice from the Committee in terms of its remit to "<i>Advise the Council in the development of its strategic objectives, policies and priorities.</i>"</p>	
6.11 Previously considered by:	None	

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27 November 2017

Appendices:

Appendix 1 – Office of Surveillance Commissioners Inspection Report 2016

Appendix 2 – Shetland Islands Council's Policies and Procedures for Directed Surveillance and Covert Human Intelligence Sources

Appendix 3 – Shetland Islands Councils RIPSAs Training Plan 2016-2021

Background Documents:

The Regulation of Investigatory Powers (Scotland) Act 2000 can be accessed here:

<http://www.legislation.gov.uk/asp/2000/11/contents>

The OSC Procedures and Guidance- July 2016 can be accessed here:

<https://osc.independent.gov.uk/wp-content/uploads/2016/07/OSC-Procedures-Guidance-July-2016.pdf>

Integrated Impact Assessment – RIPSAs can be accessed here:

<http://intranet2.shetland.gov.uk/Policy/default2.aspx?View=&FilterField2=Services&FilterValue2=Legal>

RIPSAs authorisation forms can be accessed here:

<http://intranet2.shetland.gov.uk/Policy/default2.aspx?View=&FilterField2=Services&FilterValue2=Legal>

END

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OFFICE OF SURVEILLANCE COMMISSIONERS
INSPECTION REPORT

Shetland Islands Council

3rd October 2016

Surveillance Inspector:
Mr L.W. Turnbull.

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DISCLAIMER

This report contains the observations and recommendations identified by an individual surveillance inspector, or team of surveillance inspectors, during an inspection of the specified public authority conducted on behalf of the Chief Surveillance Commissioner.

The inspection was limited by time and could only sample a small proportion of covert activity in order to make a subjective assessment of compliance. Failure to raise issues in this report should not automatically be construed as endorsement of the unreported practices.

The advice and guidance provided by the inspector(s) during the inspection could only reflect the inspectors' subjective opinion and does not constitute an endorsed judicial interpretation of the legislation. Fundamental changes to practices or procedures should not be implemented unless and until the recommendations in this report are endorsed by the Chief Surveillance Commissioner.

The report is sent only to the recipient of the Chief Surveillance Commissioner's letter (normally the Chief Officer of the authority inspected). Copies of the report, or extracts of it, may be distributed at the recipient's discretion but the version received under the covering letter should remain intact as the master version.

The Office of Surveillance Commissioners is not a public body listed under the Freedom of Information Act 2000, however, requests for the disclosure of the report, or any part of it, or any distribution of the report beyond the recipients own authority is permissible at the discretion of the Chief Officer of the relevant public authority without the permission of the Chief Surveillance Commissioner. Any references to the report, or extracts from it, must be placed in the correct context.

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File ref: OSC/INSP/074

Chief Surveillance Commissioner: Lord Igor Judge

OSC INSPECTION REPORT: Shetland Islands Council

Date(s) of Inspection: 3rd October 2016

Inspector: L.W. Turnbull

Chief Executive: Mr. Mark Boden,
Shetland Islands Council,
8 North Ness Business Park
Lerwick,
Shetland,
ZE1 0LZ.

Introduction

1. The structure of the Council remains as previously reported in 2013. The Chief Executive supported by five Directors provides the strategic direction and management of this Council with day to day service delivery managed by various Heads of Service or Executive Managers. The Council is responsible for providing services to a population of 22,000 - 23,000 scattered across many islands. Politically, all Councillors are independent with none representing any political party. The Council is a major employer in the islands with approximately 300 staff. Much of the social housing, about 2,000 homes, is still owned and managed by the Council with a further 600 or so owned and managed by a local housing association.
2. The nature of the communities it serves means that the Council prefers to encourage a culture of openness where issues and problems are tackled head on by speaking to people to resolve complaints and other issues. Generally, they find that this approach works in small communities where most people know each other and are responsive to suggestion and advice from Council staff. It is also true to say that because communities are small there is a tendency to self police, reducing the need to involve either the Council or other agencies. The Council seeks to change behaviour rather resort to covert tactics to enforce legislation or deal with ongoing problems.
3. The Council has never been required to grant authorisation for either directed surveillance or CHIS though as will be seen below there are some issues currently causing concern where such techniques may be required.

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Inspection approach

4. It was disappointing to find that the Chief Executive and sole authorising officer was not available for this inspection; he had been called away to other meetings though the letter informing him of this inspection was sent on the 18th January 2016. An initial discussion was held with the Director of Corporate Services – Ms. Christine Ferguson, Executive Manager of Governance and Law – Mr. Jan Riise and Ms. Kristen Johnston – Solicitor, to discuss progress since the last inspection. This was followed by meetings with:
 - Mr. Riise, Ms. Johnston and Ms. Sue Brunton – Solicitor, regarding the development of policies etc.
 - Mr. David Marsh – Team Leader Trading Standards, Mr. Billy Mycock, Anti-Social Behaviour Coordinator, Ms. Patti Dinsdale – Team Leader Environmental Health.
 - Mr. Norman Sineath – Planning Enforcement Officer and Ms. Anita Jamieson – Executive Manager, Housing.
 - Ms. Judy Fraser and Mr. Donald Hay – Principal Benefits and Revenue Officers.
 - Ms. Rosemary Blaine – Community Care Team and Ms. Ashley Jacobson – Children and families team.
5. During the course of the inspection the policy documents were examined.
6. Finally, a meeting was held with Mr. Riise, Ms. Johnston and Ms. Brunton to discuss the preliminary findings of the inspection.

Review of Progress

7. **Recommendation 1** - *As a matter of urgency the Council should immediately review all of its policy and guidance documents to address the issues identified within the body of the previous inspection report as well as those issues identified in the body of this report, particularly with regard to the use of urgency provisions, the need for review forms and the development of guidance on the use of SNS to assist with enforcement or investigations.*
8. The Council has reviewed the various policy documents and produced new ones; they were published in 2016 and have addressed some of the issues discussed in previous reports. There are some remaining issues that will need to be addressed and these will be discussed in more detail below. However in relation to a policy regarding the use of Social Networking Sites, there is only a draft; this matter is still to be addressed. Whilst an attempt has been made to address some of the issues, elements require resolution and in

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this regard the recommendation remains extant and will be repeated.

9. **Recommendation 2** - *There should be an immediate review of all Council functions to identify those officers with either enforcement or investigative roles to establish the level of training that they require with regard to RIP(S)A.*
10. It was said that a review of roles had been carried out and that training in the form of briefings has been carried out. That more training to improve understanding is required will be discussed elsewhere in this report. **This recommendation can be considered discharged.**
11. **Recommendation 3** - *Training in this legislation should be developed for staff commensurate with their responsibilities to include issues associated with directed surveillance and the use of CHIS. This should also include instruction as to how applications and authorisations should be constructed and the processes to be used.*
12. As mentioned in the preceding paragraph, training has been provided to teams to address some of the shortcomings identified during the course of the last inspection. The efficacy of this is debatable; that said, officers in the Council have tried, the issue of training will be discussed further. **This recommendation remains extant and will be repeated.**

Policies and procedures

13. This Council has decided to reduce the number of authorising officers by nominating the Chief Executive as the sole authorising officer. When he is not available this responsibility passes to the Director of Corporate Services. Whilst it is perfectly acceptable for the Chief Executive to act as the sole authorising officer he must be aware that this is not a responsibility that can be easily delegated. The responsibilities extend beyond considering applications and authorising activities; they include the need to keep authorisations under review and such like.
14. There are two main policies regarding the use of covert techniques, one dealing with directed surveillance and the other dealing with CHIS. Large chunks of the policy documents have been cut and pasted from one to the other and whilst it is accepted that much of the discussion regarding necessity, proportionality and collateral intrusion are common to both aspects of the legislation, discussion of issues such as property interference and intrusive surveillance within the body of the CHIS policy serves to undermine its usefulness as does the discussion of CCTV in the CHIS policy.
15. As far as they go, the policies provide some useful guidance as to what the legislation has to say; what is absent is any detail as to what the actual process should be within this Council if a member of staff seeks authorisation. It would be useful to include some mention of the central register and of the

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need to ensure that it is kept up to date should there be a need to use it. It would seem sensible to consider that applicants ought to contact the keeper of the register to obtain a unique reference number before submitting any application to the authorising officer for consideration. This ensures that the register is populated immediately and will help with oversight and management of processes. The directed surveillance policy dictates that it will be the Service or location within the Service that must maintain a record of all applications; this seems unnecessary duplication. This is a small Council which has never yet used the legislation; it would seem to be better to ensure that any records kept are located centrally where proper objective monitoring can occur.

16. With regard to the CHIS policy, as said above the discussion of the statutory criteria, including references to surveillance, serves to undermine its usefulness. This policy does mention with regard to the use of CHIS that a risk assessment needs to be completed if seeking authorisation to use CHIS. It would be useful to include a section within the document detailing how a risk assessment might be constructed, and of course, the contents of it.
17. Both policies would benefit from having more detail included in them as to how applications should be constructed; i.e. how do applicants actually address within their applications the statutory criteria, as well as the need to ensure that the activity desired, whether the use of surveillance or CHIS, is properly and fully described.
18. The lack of a current policy or guidance regarding the use of social networking sites (SNS) was discussed. It was said that the Council has not been able to progress beyond the draft stage because of the difficulty in finding appropriate guidance to help them develop a corporate stance. Whilst this is understandable to a slight extent, officers need guidance; they are using the internet to obtain information and to do so without fully understanding the ramifications could leave the Council vulnerable should things go awry. There is some guidance available in the latest iteration of the OSC Procedures and Guidance document published in July 2016.

Training

19. Since the previous inspection in 2013, the Solicitor with responsibility for RIP(S)A matters has undertaken a series of training briefings with individual teams. She has also drawn up a training schedule to ensure that the various teams who might have need to consider using the powers have up to date information. She has also attempted to arrange meetings with relevant Heads of Service/Executive Managers but this has proved difficult when trying to arrange dates that suit individuals. A suggestion has been made that to help maintain knowledge and awareness that an annual meeting be held for key players including the Authorising Officer to help promote a better understanding of the issues.

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20. It became apparent that when talking to staff that there was a reasonable understanding of when authorisation for directed surveillance might be required. There was less confidence regarding the use of CHIS or circumstances when people providing information might meet the CHIS criteria. There was a widespread view that a person would meet the CHIS criteria only if asked to obtain information by Council staff. That someone voluntarily supplying information more than once or twice might meet the CHIS criteria was not recognised.

Significant issues

21. The Council, i.e. trading standards officers, in the past has conducted test purchase operations to test the availability of age restricted goods. This type of operation was always considered overt because letters were sent to retailers telling them that such operations were underway. However, latterly such operations have ceased because intelligence regarding these issues has all but dried up; there is very little intelligence available to show that there is a problem in relation to alcohol or tobacco purchase by children or young people. Recently a complaint was received about a young person buying cigarettes; this was addressed directly by approaching the retailer concerned and the issue resolved. This approach is used more often than not and works. Environmental health officers (EHO) have similar issues to address and again do so openly without the need to consider the use of RIP(S)A. The anti-social behaviour coordinator works closely with EHO, particularly where noise complaints have been received. These are dealt with by way of letter to all parties explaining the options that are available which includes the use of noise monitoring equipment. Complainants who have such equipment installed in their premises are fully appraised of the capabilities of it.
22. There is some evidence that officers are cognisant of the legislation and how it might help their enquiries. One investigation was discussed where it is felt that a council tenant has abandoned their property and is living elsewhere. There is a very high demand for council property and the housing department need to repossess the property if the tenant is no longer living there. Enquiries, including interviews with the tenant, have not established the facts; officers have contemplated using directed surveillance to establish the facts. Whether there is any crime involved has been discussed with staff and the Solicitor who is advising officers. Advice has been given as to how the situation might be resolved; Section 30 of RIP(S)A, General Saving for Lawful Conduct, has been pointed out to the Solicitor concerned with this case.
23. During discussion with officers it became very apparent that they were unaware that people providing information to them might meet the CHIS criteria and require authorisation. It became evident when speaking to workers employed in adult and child care that there are circumstances where individuals do come forward to provide information regarding concerns they

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have about child safety or other concerns regarding other types of vulnerable people and that the provision of this information might be on more than one occasion. That is not to say that in every such circumstance the individual concerned meets the CHIS criteria, but that they might is never considered. This issue was raised during the course of the previous inspection but has not been addressed.

24. It was said that the Council would always seek to encourage informants to provide statements and this would allow them to deal with the information in a more open and transparent way. Obviously this is the most desirable outcome in many respects, but it would seem to be counter-productive to refuse intelligence on the basis that the informant might not want to give a statement, especially where it might help to resolve issues of concern.

Conclusions

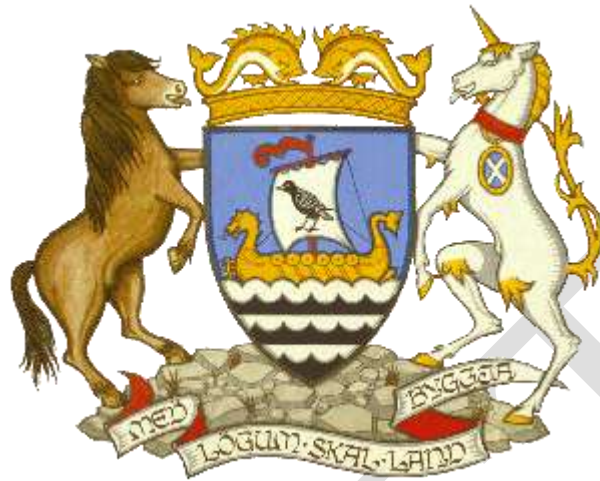
25. The Shetland Isles as said elsewhere is a small community which is further broken down into smaller communities where there are elements of self policing which means that the need for Council action is minimised. It is entirely understood that this Council would wish to deal with matters openly without recourse to the use of covert techniques and that explains to some extent why there has been no covert activity thus far.
26. The lack of such activity seems to have caused some complacency to creep in which is evidenced by the late development of policies and the absence of the SNS policy. That said, staff seen did have knowledge of when authorisation for directed surveillance might be required and credit must go to the Solicitor who has arranged the training. Having spoken to staff in some depth it is entirely understood why the use of directed surveillance in these islands is problematic, if not impossible, and therefore not likely.
27. What is a little more surprising, given the need occasionally to obtain information regarding concerns that are under investigation, is the reluctance to consider the use of CHIS. Accepting the preference to be open and transparent, there might be occasion, albeit rare, where the use of a CHIS could help an investigation. A number of scenarios have been discussed with staff and it became apparent that a lack of detailed knowledge was hindering their understanding as to when persons might meet the CHIS criteria and then how to use them as CHIS. What is equally important is that officers recognise when persons might meet the CHIS criteria and take steps to ensure that they are not inadvertently used as CHIS without authorisation.
28. The staff seen were keen to learn to ensure that they have the knowledge required to help them make the right decisions regarding the legislation. However, there is a duty on senior managers to ensure that staff are provided with help and guidance they require; this includes up to date guidance and training.

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Recommendations

29. **(Repeated)** As a matter of urgency the Council should immediately review all of its policy and guidance documents to address the issues identified within the body of the previous inspection report as well as those issues identified in the body of this report, particularly with regard to the use of urgency provisions, the need for review forms and the development of guidance on the use of SNS to assist with enforcement or investigations.
30. **(Repeated)** Training in this legislation should be developed for staff commensurate with their responsibilities to include issues associated with directed surveillance and the use of CHIS. This should also include instruction as to how applications and authorisations should be constructed and the processes to be used.

L. W. Turnbull
Surveillance Inspector.
4th October 2016



Shetland Islands Council

Policy and Procedure for Authorisation of Directed Surveillance

2017

Procedure for Authorisation of Directed Surveillance

1. Introduction

- 1.1 The use of surveillance to provide information is a valuable resource for the protection of the public and the maintenance of law and order. Local authorities and law enforcement agencies may from time to time require to undertake surveillance activities in order to discharge their responsibilities. Where this surveillance is covert, i.e. the subject of the surveillance is unaware that it is taking place, then it must be authorised to ensure that it is lawful.
- 1.2 Covert surveillance was not subject to statutory control in the UK until the passing of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Regulation of Investigatory Powers (Scotland) Act 2000 (RIP(S)A) ("the Acts"). Together, these Acts provide a legal framework to ensure that the use of surveillance is subject to an authorisation, review and cancellation procedure.

2. Policy Statement

- 2.1 In some circumstances, it may be necessary for Shetland Islands Council (the Council) employees, in the course of their duties, to make observations of a person or persons in a covert manner, i.e. without that person's knowledge. By their nature, actions of this sort may constitute an interference with the person's right to privacy and may give rise to legal challenge as a potential breach of Article 8 of the European Convention on Human Rights and the Human Rights Act 1998 ("the right to respect for private and family life").
- 2.2 The Acts provide a legal framework for covert surveillance activities by public authorities (including local authorities) and an independent inspection regime to monitor these activities.
- 2.3 Council employees must adhere to the authorisation procedure before conducting any covert surveillance.

Employees of the Council will **not** carry out intrusive surveillance or property interference within the meaning of the RIP(S)A. Intrusive surveillance and property interference are fully defined in paragraph 5 below.

3. Objective

- 3.1 The objective of this procedure is to ensure that all work involving covert surveillance by Council employees is carried out effectively, while remaining in accordance with the law. It should be read in conjunction with RIP(S)A, the Scottish Executive's Code of Practice on the Use of Covert Human Intelligence Sources and the Code of Practice on Covert Surveillance and the Office of Surveillance Commissioner's Procedures and Guidance.

4. Scope of the Procedure

Directed Surveillance

- 4.1 This procedure applies in all cases where “directed surveillance” is being planned or carried out. Surveillance is directed surveillance if:-
- it is covert, but not intrusive surveillance; **and**
 - it is conducted for the purposes of a specific investigation or operation; **and**
 - it is likely to result in the obtaining of private information about the person (whether or not one specifically identified for the purposes of the investigation or operation).
- 4.2 The procedure does not apply to:
- Ad-hoc covert observations that do not involve the systematic surveillance of specific person(s); or
 - Observations that are not carried out covertly, or
 - Unplanned observations made as an immediate response to events; or
 - Surveillance not relating to specified grounds or core functions.

CCTV

- 4.3 The use of overt CCTV cameras by public authorities does not normally require an authorisation under RIP(S)A. Members of the public will be aware that such systems are in use, for example by virtue of cameras or signage being clearly visible. The operation of overt CCTV cameras is governed by the Data Protection Act 1998 and the Information Commissioner’s Office CCTV Code of Practice.
- 4.4 The Council has a procedure for the use of overt CCTV cameras to tackle anti-social behaviour which is attached as Appendix 1.
- 4.5 Where CCTV cameras are used in a covert and pre-planned manner as part of a specific investigation or operation, for the surveillance of a specific person or group of people, a directed surveillance authorisation should be considered.
- 4.6 In cases of doubt, the authorisation procedures described below should be followed when using CCTV.

Social Media

- 4.7 With the increased popularity and use of social media, the Council may require to access social media websites with the aim of conducting internet surveillance. It is important that all surveillance through social media is carried out effectively, while remaining in accordance with the law.
- 4.8 The Council has a procedure for conducting surveillance through social media which is attached as Appendix 2.

- 4.9 Where surveillance through social media is carried out in covert and pre-planned manner as part of a specific investigation or operation, for the surveillance of a specific person or group of people, a directed surveillance authorisation should be considered.
- 4.10 In cases of doubt, the authorisation procedures described below should be followed when carrying out surveillance through social media.

Governance & Law

- 4.11 When it is not clear whether an authorisation for directed surveillance is required, advice should always be sought from the Council's Governance and Law department.

5 Definitions

The following are key definitions that Council staff should be familiar with when considering and/or making an application for the authorisation of directed surveillance:-

Covert Surveillance

- 5.1 Covert surveillance means surveillance that is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is taking place.

Intrusive Surveillance

- 5.2 Intrusive surveillance is covert surveillance:-

- within residential premises or a private vehicle; and
- involves the presence of an individual within the residential premises or private vehicle; or
- is carried out by using a surveillance device which can provide information of the same quality and detail as might be expected from a device actually present within the premises or vehicle.

- 5.3 Residential premises will include an individual's accommodation, however temporarily used, but does not include common areas such as communal stairs or entrances.
- 5.4 If the surveillance device is not on the premises or in the vehicle, it is only intrusive surveillance if it consistently produces information of the same quality as if it were. High quality video monitoring or CCTV cameras may run a significant risk of providing consistently high quality data "as if you were there" and would therefore constitute intrusive surveillance.
- 5.5 Surveillance of commercial premises and vehicles will not constitute intrusive surveillance.
- 5.6 It is important to remember that the definition of surveillance as intrusive relates to the location of the surveillance, and not any other consideration of the nature of the information that the surveillance is expected to obtain.

- 5.7 The Council is not authorised to conduct intrusive surveillance under any circumstances.

Property Interference

- 5.8 Property interference is the entry on, or interference with, property or with wireless telegraphy. An example would be the presence of a surveillance device placed within any private property or telephone or the search of a private property and the recording or copying of any contents believed to be relevant to the investigation.
- 5.9 The Council is not authorised to conduct surveillance which will involve property interference.

Authorising Officer

- 5.10 The Authorising Officer is the person who is entitled to give an authorisation for directed surveillance in accordance with section 5 of the RIP(S)A.

Private Information

- 5.11 Private information includes any information relating to a person's private or family life. Private information should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships.
- 5.12 Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish a pattern of behaviour or generate further information. The totality of the information gathered may constitute private information even if individual records do not.
- 5.13 Private information may include personal data, such as names, telephone numbers and address details. However, there may be other lawful means of obtaining personal data which do not involve directed surveillance.
- 5.14 Covert surveillance of a person's activities in public may still result in the obtaining of private information.

Residential Premises

- 5.15 Residential premises are any premises occupied or used, however temporarily, for residential purposes or otherwise as living accommodation. This includes hotel or prison accommodation that is being occupied or used.
- 5.16 Examples of premises which would not be regarded as residential would include a communal stairway in a block of flats; a hotel reception area; a hotel dining room; the front garden or driveway of premises readily visible to the public or residential premises occupied by a public authority for non-residential purposes.

Private Vehicle

- 5.17 A private vehicle means any vehicle that is used primarily for the private purpose of the person who owns it or of a person otherwise having the right to use it. This would include a company car, owned by a leasing company and used for business and pleasure by the employee of a company.
- 5.18 A private vehicle does not include a person whose right to use a vehicle derives only from his having paid, or undertaken to pay, for the use of the vehicle and its driver for a particular journey. A vehicle includes any vessel, aircraft or hovercraft.

Places for Legal Consultation

- 5.19 The Regulation of Investigatory Powers (Modification of Authorisation Provisions: Legal Consultations) (Scotland) Order 2015 (the 2015 Order) provides that directed surveillance that is carried out in relation to anything taking place for the purpose of legal consultations shall be treated for the purposes of RIP(S)A as intrusive surveillance. Therefore, the Council cannot seek authorisation for directed authorisation in relation to places for legal consultation.
- 5.20 Places for legal consultation includes, for example, prisons, legalised police cells, courts and offices of a professional legal adviser.

Confidential Information

- 5.21 RIP(S)A does not provide any special protection for confidential information. However, particular care should be taken in cases where the subject of the investigation or operation might reasonably expect a high degree of privacy, or where confidential information is involved.
- 5.21 Confidential information can include:-
- Confidential personal information held in confidence relating to the physical or mental health or spiritual counselling of a person (for example a consultation between a health professional and a patient, or information from a patient's medical records.
 - Confidential journalistic material. This includes material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.

6. Principles of Surveillance

In planning and carrying out covert surveillance, Shetland Islands Council employees shall comply with the following principles.

Lawful Purposes

- 6.1 Directed surveillance shall only be carried out where necessary to achieve one or more of the permitted purposes defined in the RIP(S)A, namely:-
- For the purpose of preventing or detecting crime or the prevention of disorder;
 - In the interests of public safety;
 - For the purpose of protecting public health;
 - For any other purpose prescribed in an order made by the Scottish Ministers.
- 6.2 If the planned surveillance does not meet one or more of the permitted purposes, advice must be sought from Governance & Law as to whether or not the surveillance can proceed and the principles of RIPSA must still be considered and applied.

Necessity

- 6.2 Surveillance operations shall only be undertaken where there is no reasonable and effective alternative way of achieving the desired objective(s). The activities to be authorised must be necessary on one of more of the above statutory grounds.

Proportionality

- 6.3 If the activities are deemed necessary on one or more of the statutory grounds, the surveillance must be proportionate to what is sought to be achieved by carrying out the surveillance. This involves balancing the seriousness of the intrusion into the privacy of the subject of the surveillance (or any other person who may be affected) against the need for the activity in investigative and operational terms.
- 6.4 The surveillance will not be proportionate if it is excessive in the overall circumstances of the case. Each instance of surveillance should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means.
- 6.5 When determining whether or not the proposed surveillance is proportionate, the following should be considered:-
- Balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
 - How and why the methods to be adopted will cause the least possible intrusion on the subjects and others;
 - Whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result; and
 - Evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

Effectiveness

- 6.6 Surveillance operations shall only be undertaken by suitably trained or experienced employees, or under their direct supervision to ensure that the surveillance is as effective as possible.

Collateral intrusion

- 6.7 Obtaining private information about persons who are not the subjects of the surveillance is known as collateral intrusion. When considering or applying for authorisation to carry out directed surveillance, the risk of collateral intrusion must be considered.
- 6.8 Reasonable steps must be taken to avoid or minimise unnecessary intrusion into the privacy of those who are not the intended subjects of the surveillance activity. Where collateral intrusion is unavoidable, the intrusion must be considered proportionate to what is sought to be achieved. The proportionality tests as outlined above must be applied.
- 6.9 All applications for directed surveillances must include an assessment of the risk of collateral intrusion and detail any measures taken to limit this.

7. Authorisation Process

- 7.1 All directed surveillance shall be authorised in accordance with this procedure.
- 7.2 Applications for directed surveillance can be authorised by one of the following officers:-
- Director - Corporate Services
 - Executive Manager - Governance & Law
 - Team Leader – Legal
- 7.3 Authorising officers within the meaning of this procedure should avoid authorising their own activities wherever possible and only do so in exceptional circumstances.
- 7.4 Advice and guidance on completing the application form and satisfying the statutory criteria can be sought from Governance and Law.
- 7.5 All applications for directed surveillance will be made on form **SIC/auth/ds**. The applicant in all cases must complete this form. The officer applying for authorisation must contact Governance and Law to obtain a unique reference number from the Central Register of Authorisations. The officer applying for authorisation must comply with Paragraph 13 below and communicate appropriate information to Governance and Law to ensure the Central Register of Authorisations is kept up to date.
- 7.6 Where appropriate, an application for directed surveillance should include:-

- An integrated impact assessment to consider the impact on communities, local economic conditions, individuals, vulnerable groups and the environment.
- A privacy impact assessment to consider the most effective way to comply with data protection obligations.

- 7.7 In urgent cases the Authorising Officer may give an oral authorisation. A statement that the Authorising Officer has expressly granted the authorisation should be recorded on the form or, if that is not possible, in the applicant's notebook or diary. This should be done by the person to whom the Authorising Officer spoke (normally the applicant) but should later be endorsed by the Authorising Officer.
- 7.8 A case is not normally to be regarded as urgent unless the time that would elapse before a written application could be prepared and authorised would, in the judgement of the person giving the authorisation, be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being given. An authorisation is not to be regarded as urgent where the need for an authorisation has been neglected or the urgency is of the Authorising Officer's or applicant's own making.
- 7.9 All applications for directed surveillance renewals will be made on form **SIC/ren/ds**. The applicant in all cases must complete this form where the surveillance requires to continue beyond the previously authorised period (including previous renewals). See paragraphs 8. and 9. for relevant time periods.
- 7.10 Where an authorisation ceases to be either necessary or proportionate, the Authorising Officer will cancel an authorisation using form **SIC/can/ds**.
- 7.11 Forms, codes of practice and supplementary material will be available from the Council Intranet and will be maintained by Governance and Law.
- 7.12 Any person giving an authorisation for the use of directed surveillance must be satisfied that:
- The authorisation is necessary.
 - The authorised surveillance is proportionate.
 - Account has been taken of the likely degree of intrusion into the privacy of persons other than those directly implicated in the operation or investigation (known as "collateral intrusion"). Measures must be taken, wherever practicable, to avoid unnecessary intrusion into the lives of those affected by collateral intrusion.
 - Consideration has been given to particular sensitivities in the local community where the surveillance is taking place and of similar activities being undertaken by other public authorities which could impact on the deployment of surveillance.
- 7.13 Applications that have identified there is a significant risk of acquiring confidential material shall require to be jointly authorised by the Authorising Officer and the Executive Manager of Governance and Law as Data Protection Officer for Shetland Islands Council.

- 7.14 Where confidential material has been acquired and retained, the matter should be reported to the relevant Commissioner or Inspector during his next inspection and the material be made available on request.

8. Time Periods - Authorisations

- 8.1 Oral applications expire after 72 hours. If required they can be renewed for a further period of 3 months if renewed in writing.
- 8.2 Written authorisations expire after 3 months beginning on the day from which they took effect.

9. Time Periods – Renewals

- 9.1 If at any time before an authorisation would expire (including oral authorisations) the Authorising Officer considers it necessary for the authorisation to continue for the purpose for which it was given, it may be renewed in writing for a further period of 3 months beginning with the day on which the previous authorisation ceases to have effect. Applications should only be made shortly before the authorisation is due to expire. The renewal application should be done using the renewal form **SIC/ren/ds**.
- 9.2 Any person entitled to authorise may renew authorisations. They may be renewed more than once, provided they continue to meet the criteria for authorisation.

10. Review

- 10.1 The Authorising Officer shall keep under constant review all authorisations granted. Authorisations should be reviewed following significant occasions - e.g. immediately after the surveillance has been successfully carried out with the review period tailored to meet the particular requirements of the investigation.
- 10.2 Each review should note whether any significant evidence has been acquired by the activity being considered and whether, against that background, continued surveillance can still be justified. The Authorising Officer will maintain a Review form for each authorisation (**SIC/review/ripsa**).

11. Cancellation

- 11.1 The Authorising Officer must cancel an authorisation if he/she is satisfied that the directed surveillance no longer satisfies the criteria for authorisation using form **SIC/can/ds**.

- 11.2 The Authorising Officer must record the date and time that the order to cease was given; confirmation that any surveillance equipment used during the period authorised has been returned; the value of the surveillance (in terms of meeting the objectives set by the authorisation) and direction regarding the disposal of any product obtained during the surveillance.

12. Monitoring

- 12.1 Each Service or discrete location within Services must maintain a record of all applications for authorisation (including refusals), renewals, reviews and cancellations. The Authorising Officer will maintain a monitoring sheet for each authorisation **(SIC/mon/ripsa)**.

13. Security and Retention of Confidential Material

- 13.1 Documents created under this procedure are highly confidential and shall be treated as such. Services shall make proper arrangements for their retention, security and destruction, in accordance with the requirements of the Data Protection Act 1998 and the Council's Data Protection Policy.
- 13.2 The Executive Manager – Governance & Law will maintain the Central Register of Authorisations. Authorising officers shall notify the said Executive Manager – Governance & Law of the grant, review, renewal or cancellation of any authorisations and the name of the Applicant Officer within 1 working day to ensure the accuracy of the Central Register.
- 13.3 The Authorising Officer shall retain the original Authorisation, Review and Renewal forms until cancelled. On cancellation, the original Application, Review, Renewal and Cancellation forms shall be forwarded to the Executive Manager – Governance & Law with the Authorising Officer retaining a copy.
- 13.4 The Authorising Officer shall retain the copy forms for at least one year after cancellation. The Executive Manager – Governance & Law will retain the original forms for at least 5 years after cancellation. In both cases these will not be destroyed without the authority of the Authorising Officer if practicable.
- 13.5 Surveillance “product” (i.e. the evidence acquired) will, in almost all cases, constitute “personal data” and so be covered by the provisions of the Data Protection Act 1998. This Act requires that personal data should be adequate, relevant, accurate, up-to-date, not excessive and must be kept secure. Surveillance planning and retention arrangement should be designed around these issues.
- 13.6 Data subjects enjoy wide (but not unlimited) rights of access to the data held on them. Requests for access to material acquired by surveillance should be treated in the usual way – i.e. forwarded immediately to Governance & Law. Access will, in many cases, be denied on the grounds of possible prejudice to the prosecution of offenders, but this decision must be reached on a case by case basis.

14. Oversight

- 14.1 The Office of Surveillance Commissioners (OSC) provides independent oversight of the use of the powers contained within the RIP(S)A. This oversight includes inspection visits by Inspectors appointed by the OSC.

15. Complaints

- 15.1 The Regulation of Investigatory Powers Act 2000 (the “UK” Act) establishes an independent Tribunal. This has full powers to investigate and decide any cases within its jurisdiction. There is an information leaflet and complaint form available for anyone who wants to consider making a referral to the Investigatory Powers Tribunal. The documents can be accessed at:-

<http://www.ipt-uk.com/content.asp?id=27>

Document Information			
Document Name/Description			Policy & Procedure for Authorisation of Directed Surveillance
Version Number <i>e.g. V1.1</i>			Draft V1.1 2017
Author			Kristen Johnston, Solicitor – Governance & Law
Lead Officer/Manager			Jan Riise, Executive Manager – Governance & Law
Final Approval Date			1 st November 2017
Approved by – <i>Council/Committee/Group/Manager</i>			Shetland Islands Council
Review Frequency			Every 3 years
Date of next planned review start			2019
Summary of changes to document			
Date	Version updated	New version number	Brief description of changes



Shetland Islands Council

Regulation of Investigatory Powers (Scotland) Act 2000

TRAINING PLAN

2016 - 2021

Training Plan Regulation of Investigatory Powers (Scotland) Act 2000

- **Introduction**

Shetland Islands Council has agreed policies on the use of Directed Surveillance and Covert Human Intelligence Sources under the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA).

It is important that all relevant staff who may need to make use of this legislation receives the appropriate training to enable them to identify when RIPSA would apply and assist them to carry out their duties.

- **Role of Governance & Law**

The Legal Team within Governance & Law have primary responsibility within the Council to ensure that staff comply with the statutory requirements under RIPSA, have the necessary training to enable them to identify when RIPSA may be applicable and how best to apply it.

- **Development of a Training Plan**

Governance & Law undertook a review of all Council functions during 2015/16 to identify which teams/officers within the Council would require training in relation to the use of RIPSA.

The training plan reflects the varying requirements of different teams within the Council and their enforcement responsibilities. The training plan will be kept under regular review so that a change in training requirements can be identified quickly.

The training plan will also act as an Action Plan for Governance & Law to monitor how effective the training is and what timescales are required for delivering and attending training.

RIPSA TRAINING PLAN 2016 - 2021

Training Type	Team/Officer	Frequency	Progress
Specialist & Detailed RIPSA Training To include information on recent case law; amendments to legislation; current practice and theory. Likely to be an off-island training day.	Governance & Law – Solicitor(s) tasked with supporting RIPSA implementation	Every 1 – 2 years	The requirement to attend regular specialist RIPSA training included within Governance & Law's Personal Development Plans. Two solicitors attended a training event in Edinburgh in June 2017.
Cascade Training Information and training materials acquired from specialist and detailed RIPSA training will be cascaded to relevant teams and officers within the Council by the solicitor(s) tasked with supporting RIPSA implementation. Particular focus on the use of CHIS is required following the inspection in 2016.	<ul style="list-style-type: none"> • Environmental Health • Trading Standards • Housing • Finance – Revenues & Benefits • Planning • Governance & Law • Human Resources 	Every 1 – 2 years	This training session will be arranged by Governance & Law alongside Workplace Development to ensure all necessary officers within the identified teams attend the training. More than one session may be required. The first session is due to be held in November 2017 following the Team Meetings and consideration of the specialist RIPSA Training.
Team Meeting – RIPSA Discussion There will be a dedicated team meeting within relevant teams to discuss RIPSA and its application within the Team. The solicitor(s) tasked with supporting RIPSA implementation will attend these team meetings. This will take the form of informal discussions, case studies, updates and evaluation of any completed	<ul style="list-style-type: none"> • Environmental Health • Trading Standards • Housing • Finance – Revenues & Benefits • Planning • Social Work – Children & Families 	Annually	These will commence in 2017 and will be staggered throughout the year. The team briefings for 2017 will be completed by the end of October 2017.

authorisations.	<ul style="list-style-type: none"> • Social Work – Community Care • Governance & Law • Human Resources 		
Standing Agenda Item RIPSA will become a standing agenda item for team meetings and relevant working groups to ensure knowledge and awareness is increased across Council staff.	<ul style="list-style-type: none"> • Legal Team • Environmental Health • Trading Standards • Housing • Finance – Revenues & Benefits • Planning • Antisocial Behaviour Working Group 	Depends on regularity of meetings.	All identified teams have incorporated RIPSA as a standing agenda item in 2016. To be following up at the dedicated RIPSA Team Meeting with Governance & Law in attendance.
iLearn Training A short, basic level introductory training package will be developed for iLearn. This will enable staff to undertake some basic RIPSA awareness training whenever it is identified as a requirement for their employment.	<ul style="list-style-type: none"> • Environmental Health • Trading Standards • Housing • Finance – Revenues & Benefits • Planning • Social Work – Children & Families • Social Work – Community Care 	20 minute duration – available throughout the year on iLearn.	The aim is to develop the training in 2017 and have it available on iLearn in 2018. Who has completed the training will require to be monitored.
Training for Authorising Officers & Senior Management The Council's Authorising Officers will require specific training on the requirements for authorising a RIPSA application.	<ul style="list-style-type: none"> • All Directors • Executive Managers of above teams. • Team Leader – Legal • Solicitors 	Annually	To commence in 2017.



Meeting(s):	Policy and Resources Committee Shetland Islands Council	06 December 2017 13 December 2017
Report Title:	Asset Investment Plan – Progress Report	
Reference Number:	CPS-07-17F	
Author / Job Title:	Robert Sinclair, Executive Manager – Capital Programme	

1.0 Decisions / Action required:

- 1.1 That the Policy and Resources Committee RECOMMENDS that the Council notes the progress of the projects within the Asset Investment Plan

2.0 High Level Summary:

- 2.1 This report advises the Council on the progress of the projects contained within its Asset Investment Plan which are currently underway or to be started in 2017/18.
- 2.2 It includes a summary of the financial status for the full life of each project.

3.0 Corporate Priorities and Joint Working:

- 3.1 This report forms part of the annual performance reporting arrangements on financial matters in support of the Financial Strategy, Reserves Policy and Budget Strategy. 'Our Plan 2016 to 2020' states that "Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means" and that "We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the community plan".

4.0 Key Issues:

- 4.1 This report provides an overview of the full life of those projects within the Council's Asset Investment Plan that are currently underway or to be started in 2017/18, based on the agreed budget.
- 4.2 Where projects take place over a number of financial years, this report summarises the position from the beginning to completion of the project. Capital maintenance is not included in this report.
- 4.3 Quarterly monitoring reports on capital expenditure are provided by the Executive Manager - Finance, detailing the progress of all capital projects within the current financial year; that report also covers expenditure on capital maintenance.
- 4.4 The detailed project information is attached as Appendix A.

5.0 Exempt and/or confidential information:		
5.1 None.		
6.0 Implications :		
6.1 Service Users, Patients and Communities:	Upon completion, the projects described in the appendix to this report will either enhance the quality and / or condition of the assets available to the people of Shetland, or add to them.	
6.2 Human Resources and Organisational Development:	No implications arising directly from this report.	
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.	
6.4 Legal:	No implications arising directly from this report.	
6.5 Finance:	The Asset Investment Plan projects which are currently underway, or to be commenced in 2017/18, are detailed in Appendix A and have a projected outturn cost of £82.7m. Of the total cost, £29.7m will be funded externally, with £53m to be funded by the Council.	
6.6 Assets and Property:	Upon completion, the projects described in the appendix to this report will either enhance the quality and / or condition of the Council's existing asset base, or add to it.	
6.7 ICT and new technologies:	No implications arising directly from this report.	
6.8 Environmental:	All maintenance and new-build projects seek to address climate change and carbon management for example by embedding energy saving measures and environmentally friendly materials in their design. Where possible, assets are repaired and maintained where this reduces the carbon footprint associated with new-build. Environmental Impact Assessments are carried out where the nature or scale of the project dictates; the only such project(s) currently underway are the new AHS and associated Halls of Residence.	
6.9 Risk Management:	The main areas of risk are financial in terms of over or under-spend. Regular progress reports to Committee and the Council enable Members to monitor the investment plan.	
6.10 Policy and Delegated Authority:	Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from the Policy and Resources Committee.	
6.11 Previously considered by:	N/A	

Contact Details:

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20 November 2017

Appendices:

Appendix A - Asset Investment Plan – Progress Report

Background Documents: None

END

Capital Projects - Full Life Project Costs

CPS-07-17 Appendix A

Directorate	Service Area	Budget			Funding	
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £
Corporate Service	Capital Programme Service	2,885,000	2,974,911	(89,911)	310,641	2,664,270
		2,885,000	2,974,911	(89,911)	310,641	2,664,270
Children's Services	Schools	21,579,020	21,579,020	0	1,220,500	20,358,520
		21,579,020	21,579,020	0	1,220,500	20,358,520
Community Care Services	Adult Service	11,555,312	10,430,508	1,124,804	1,974,550	8,455,958
		11,555,312	10,430,508	1,124,804	1,974,550	8,455,958
Development Services	Economic Development	160,000	213,286	(53,286)	0	213,286
	Housing	0	0	0	0	0
		160,000	213,286	(53,286)	0	213,286
Infrastructure Services	Environmental Services	840,000	840,000	0	130,000	710,000
	Estate Operations	1,550,000	1,963,473	(413,473)	0	1,963,473
	Ferry Operations	24,760,000	24,810,000	(50,000)	22,900,000	1,910,000
	Roads	1,658,093	1,658,093	0	315,588	1,342,505
	Ports & Harbours	18,357,637	18,210,583	147,054	2,881,780	15,328,803
		47,165,730	47,482,149	(316,419)	26,227,368	21,254,781
	Total All Funds	83,345,062	82,679,874	665,188	29,733,059	52,946,815

	Budget			Funding		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Update
Market Street Store Redevelopment	305,000	394,911	(89,911)	0	394,911	Project complete with only retention to be paid. Records store and Trading Standards Lab in occupation. CPS officer time will not be processed until year end.
Lerwick Library Refurbishment	900,000	900,000	0	0	900,000	Production information underway, tender issue will depend on 8 North Ness, as Old Library still being used as decant. CPS officer time will not be processed until year end.
Town Hall Conservation Project	1,680,000	1,680,000	0	310,641	1,369,359	All building and restoration works complete apart from final decoration. Interpretation design progressing and orders have been placed for interpretive furniture.
Total	2,885,000	2,974,911	(89,911)	310,641	2,664,270	

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Brae Nursery Extension	90,000.00	80,936.00	9,064	80,936.00	0	Works complete. Outturn cost to be finalised, but expected to be well under budget.
Dunrossness Nursery Extension	25,000.00	26,920.00	(1,920)	26,920.00	0	Substantially complete.
Happyhansel Nursery Extension	50,000.00	50,000.00	0	50,000.00	0	Phase 1 complete. Phase 2 being designed.
Whiteness Nursery Extension	23,000.00	30,144.00	(7,144)	30,144.00	0	Works complete.
Anderson High School Replacement	3,094,803	3,094,803	0	25,000	3,069,803	Works now complete apart from final snagging. Officer time will not be processed until year end.
Anderson High Clickimin Path Upgrade	1,015,000	1,015,000	0	507,500	507,500	SIC / Sustrans funded project. The remaining budget is required for completion of the rugby pitch link.
Anderson High - Halls of Residence	13,740,000	13,740,000	0	0	13,740,000	Works now complete apart from final snagging. Officer time will not be processed until year end.
Clickimin Works	3,101,924	3,101,924	0	500,000	2,601,924	SIC / Sportscotland funded project. The indoor training facility is complete and operational. The internal works within the Clickimin Leisure Complex are practically complete and ready for school use. Alteration work to the main entrance is ongoing.
Anderson High ICT Equipment	439,293	439,293	0		439,293	Additional equipment ordered and funded from underspend in ICT equipment purchase rolling programme.
Total	21,579,020	21,579,020	0	1,220,500	20,358,520	

	Budget			Funding		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Update
Eric Gray Replacement	6,055,312	6,055,312	0	0	6,055,312	Building now wind and watertight. Internal works progressing well with core wall linings complete and final layer linings have just begun. First fix mechanical and electrical services due to be substantially complete by end of November. Works currently on programme.
ET & Taing House Extension (Spend to Save)	3,500,000	2,400,646	1,099,354	0	2,400,646	Phase 1 complete. Phase 2 originally delayed as scope of project reduced. Phase 2 practical completion issued 12/08/16; final account still to be processed. Officer Time will not be processed until year end.
NHS Conversion Scalloway School	2,000,000	1,974,550	25,450	1,974,550	0	Works all complete, final account settled and NHS funding balance repaid.
Total	11,555,312	10,430,508	1,124,804	1,974,550	8,455,958	

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Landfill Capping	710,000	710,000	0	0	710,000	Landfill Capping Phase 2 complete, with only retention to be paid. Survey to be carried out this year with further phases programmed in future years.
Landfill Gas Testing	130,000	130,000	0	130,000	0	Contract for bore hole and gas testing completed, report still to be issued.
Bells Brae PS Refurbishment	950,000	1,169,737	(219,737)	0	1,169,737	Bells Brae works completed October 2017, some certificates and final A/C still to be processed. Overspend relates to additional mechanical works required when hidden services were uncovered.
Sound PS Refurbishment	600,000	793,736	(193,736)	0	793,736	Sound School site works are now complete, with final A/C still to be processed. Tender prices were higher than anticipated.
Clickimin Roundabout Works	1,059,000	1,059,000	0	17,745	1,041,255	Culvert works and roundabout complete. Final layer of bitmac to be laid on access road to new AHS, still to be invoiced.
Cycling/Walking Safer Streets	32,000	32,000	0	32,000	0	This money will be allocated to an Infrastructure participatory budget scheme later in the year.
Flood Damage Works	38,062	38,062	0	38,062	0	The scheme here is the sea wall on the Ness of Sound Road. It is to be designed in-house and constructed by Roads Maintenance later in the year.
Esplanade - 20mph Traffic Calming	301,031	301,031	0	227,781	73,250	Works complete.
Muckle Roe Bridge Painting	228,000	228,000	0	0	228,000	Contract issued and works started on site.
Leirna Life Extension	800,000	800,000	0	0	800,000	Some external steelworks have taken place, further works unlikely to start before 2018/19; so slippage will be required.

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Fivla Life Extension	900,000	950,000	(50,000)	0	950,000	Life extension works involve navigation, bridge, equipment and electrical upgrades with internal and external refurbishment. 50K over as additional equipment had to be replaced.
Dagri Radar Equipment Purchase	50,000	50,000	0	0	50,000	Business case being worked on - equipment to be purchased in 2017/18.
Ferry Life Saving Equipment	60,000	60,000	0	0	60,000	Business case being worked on, but may be incorporated into life extension budgets.
Ferry Replacement Programme	22,900,000	22,900,000	0	22,900,000	0	Main budget on hold pending further discussion with Scottish Government. 200K proposed in 17/18 for design elements on Good Shephard.
Dagalien Radar Equipment Purchase	50,000	50,000	0	0	50,000	Business case being worked on - equipment will not be purchased until 2018/19; so slippage will be required.
Lerwick Terminal Life Extension	150,000	150,000	0	0	150,000	Only 9K spend anticipated in 17/18. Main works will not be started until 2018/19 - this is due to the availability of the technical expertise.
Bressay Terminal Life Extension	150,000	150,000	0	0	150,000	Only 7K spend anticipated in 17/18. Main works will not be started until 2018/19 - this is due to the availability of the technical expertise.
Belmont Terminal Life Extension	150,000	150,000	0	0	150,000	Only 7K spend anticipated in 17/18. Main works will not be started until 2018/19 - this is due to the availability of the technical expertise.
Gutcher Terminal Life Extension	150,000	150,000	0	0	150,000	Only 7K spend anticipated in 17/18. Main works will not be started until 2018/19 - this is due to the availability of the technical expertise.
Ferry Terminal Access	208,997	208,997	0	81,780	127,217	Upgrade of disabled access to ferry terminals including some internal and external refurbishment works. Bressay, Belmont and Laxo have been completed with Gutcher and Toft to be completed during 17-18.

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Ferry Terminal Security	60,000	60,000	0	0	60,000	Upgrade of ferry terminal security, the works will be completed in 2017/18.
Cathodic Protection - Cullivoe Pier	250,000	108,882	141,118	0	108,882	Works complete under budget.
Scalloway Quay West - Pile Repairs	250,000	250,014	(14)	0	250,014	Works complete.
Baltasound Old Pier - Pile Repairs	250,000	170,000	80,000	0	170,000	Works on site, with tender lower than anticipated and scope of works reduced.
VTs Radar Replacement	1,000,000	1,000,000	0	0	1,000,000	Contract awarded and works ongoing, expect to be complete this financial year dependant on weather.
Scalloway Fishmarket Rebuild	5,920,000	5,920,000	0	2,800,000	3,120,000	Full business case presented to Council in October. Tender Exercise will not take place until 2018/19 . External funding is unconfirmed and only indicative at this time.
Piers - Cathodic Protection	1,204,000	1,044,000	160,000	0	1,044,000	Programme of cathodic protection to piers following condition survey reports. Scalloway East Finger to be completed in 2017/18, tenders returned under budget so underspend anticipated.
Tug Jetty - Cathodic Protection	1,000,000	1,000,000	0	0	1,000,000	Project delayed whilst detailed surveys and feasibility options are investigated. Outturn in 17/18 expected to be £100k, resulting in under spend of £400k this financial year. Outcome of these investigations will determine plan and spend for 18/19.
Tug Vessel Replacement	7,614,640	7,848,690	(234,050)	0	7,848,690	Anticipate overspend due to a lower exchange rate on completion date, brokerage and solicitors fees also included.
Total	47,165,730	47,482,149	(316,419)	26,227,368	21,254,781	

	Budget			Funding		
Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Update
Leaside Conversion	160,000	213,286	(53,286)	0	213,286	Project complete - completion certificate issued, with retention still to be paid. Keys handed over from contractor on 10/11/17.
Total	160,000	213,286	(53,286)	0	213,286	



Meeting(s):	Environment and Transport Committee Policy and Resources Committee	5 December 2017 6 December 2017
Report Title:	Environmental Health Service Enforcement Policy	
Reference Number:	ES-04-17-F	
Author / Job Title:	Patti Dinsdale Team Leader – Environmental Health	

1.0 Decisions / Action required:

- 1.1 That the Environment & Transport Committee RECOMMEND that the Policy & Resources Committee APPROVE the updated Enforcement Policy attached as Appendix 1 to this report.

2.0 High Level Summary:

- 2.1 Environmental Health enforce a wide range of legislation that seeks to protect and improve the environment and the health, safety and well-being of the community. Members are asked to consider and approve an updated and amended enforcement policy for Environmental Health. The Policy was last approved by committee in 2011.

3.0 Corporate Priorities and Joint Working:

- 3.1 Environmental Health delivers on Safety, Health and environmental outcomes in the Single Outcome Agreements. The Council must publish its Enforcement Policy, which must be approved by members.

4.0 Key Issues:

- 4.1 Council last approved the Enforcement Policy, setting out how Environmental Health uses its statutory powers, in March 2011 (Min. Ref. 35/11).
- 4.2 The Enforcement Policy attached as Appendix 1 has been updated to reflect new powers and revised guidance on enforcement from the HSE, UK Government Better Regulation Executive, Scottish Government Guidance and the creation of Food Standards Scotland.
- 4.3 Feedback from businesses, individuals and other stakeholders gathered using questionnaires following inspections has been taken into account in drafting this Policy.

4.4	The Policy states that officers will in the first instance attempt to resolve any issues without issuing formal notices, or referring the matter to the courts. This will usually be the first option when circumstances indicate that a minor offence may have been committed and officers are confident that appropriate corrective action will be taken.
4.5	Where there is a deliberate disregard for the law, attempts to informally resolve matters have failed or an action has seriously endangered the health, safety or wellbeing of people, animals or the environment, then formal action will be taken.
4.6	Where a business or individual has been involved in the deliberate or persistent breach of their legal obligations (disregarding advice, warnings, and/or formal notices) in circumstances which have caused or were likely to cause ill health, material loss or prejudice to others and there is sufficient evidence to secure a prosecution, a report will be made to the Procurator Fiscal recommending prosecution. This will usually be the last resort and the Service will give due regard to any statutory defences, explanations or mitigation before submitting such a report.
4.7	The impact of decisions taken by Environmental Health can be very significant on the individual or business concerned, so enforcement actions have to be carefully considered. It is important for them to understand how decisions are made about enforcement. The Enforcement Policy aims to ensure enforcement decisions are consistent, balanced, fair and transparent whilst ensuring that the public is adequately protected. It also takes into account the requirements and relevant codes of practice of other key agencies such as the UK Government Better Regulation Executive, Scottish Government 'Scottish Regulators' Strategic Code of Practice, the Health and Safety Executive (HSE) and Food Standards Scotland (FSS).
4.8	The Service strives to apply an educative approach and moves to formal action where informal action does not ensure compliance with legislation. This approach is set out in the attached Policy.
5.0	Exempt and/or confidential information:
5.1	NONE
6.0	Implications :
6.1 Service Users, Patients and Communities:	<p>The impact of decisions taken by Environmental Health can be very significant on the individual or business concerned, so enforcement actions have to be carefully considered. It is important for them to understand how decisions are made about enforcement.</p> <p>Where informal resolution of issues are unsuccessful or there is a risk to the public, enforcement action will be taken.</p>
6.2 Human Resources and Organisational Development:	NONE

6.3 Equality, Diversity and Human Rights:	Environmental Health are committed to achieving equal opportunities in all of our activities and responsibilities. In meeting this commitment we will aim to prevent as well as eliminate any form of unfair discrimination that occurs in the workplace, in service delivery, or within the community. We also aim to provide quality services which users (and potential users) can access freely without prejudice, discrimination or harassment. In line with the Equality Duty under the Equality Act 2010, this Enforcement Policy can be made available in Braille, alternative languages and audio formats on request.
6.4 Legal:	<p>In the exercise of their regulatory functions Local Authorities must have regard to the Scottish Regulators' Strategic Code of Practice made under Section 5 of the Regulatory Reform (Scotland) Act 2014.</p> <p>Under the Food Standards Scotland Food Law Framework agreement and the Health and Safety Executive (HSE) Section 18 Agreement the Council must publish its Enforcement Policy which must be approved by Members. Failure to adopt publish implement and regularly review the Enforcement Policy would leave the Council non-compliant with these Agreements.</p>
6.5 Finance:	As this Enforcement Policy reviews and updates an earlier Policy there are no financial implications for this report.
6.6 Assets and Property:	NONE
6.7 ICT and new technologies:	NONE
6.8 Environmental:	NONE
6.9 Risk Management:	Failure to adopt publish implement and regularly review the Enforcement Policy would leave the Council non-compliant with the aims of the Scottish Regulators' Strategic Code of Practice and Agreements with Food Standards Scotland and the HSE.
6.10 Policy and Delegated Authority:	Section 2.3.1 of the Scheme of Administration and Delegations, states that the Environment and Transport Committee is responsible for advising the Policy and Resources Committee in the development of its service objectives, policies and plans concerned with service delivery within its functional areas. In this regard, the report is submitted to the Policy and Resources Committee, which has delegated authority for reviewing and ensuring the overall effectiveness of the Council's standards of service in the discharge of its functions.

6.11 Previously considered by:	None.	

Contact Details:

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Report written: 10 November 2017

Appendices: Appendix 1 Enforcement Policy

Background Documents: None

END

SHETLAND ISLANDS COUNCIL



ENVIRONMENTAL HEALTH SERVICE

ENFORCEMENT POLICY

Document Title	Enforcement Policy		
Version	7	Date	November 2017

Document Information			
Document Name/Description			
Version Number e.g. V1.1			
Author			
Lead Officer/Manager			
Final Approval Date			
Approved by – <i>Council/Committee/Group/Manager</i>			
Review Frequency			
Date of next planned review start			
Summary of changes to document			
Date	Version updated	New version number	Brief description of changes

1.0 General Principles

1.1 Scope and Goals

This policy applies to the Environmental Health Service of the Infrastructure Services Department. The Environmental Health Service will review the enforcement policy on a 3-yearly basis, or more frequently if circumstances dictate. Reviews will take into account statutory requirements and feedback from service users. The Environmental Health Service aims to enhance the quality of life in Shetland by protecting and improving the communities' health and environment.

The main aim of Environmental Health is:

'To protect and enhance, through the application of statute, the health, welfare, environment and safety of the people of Shetland and those using services obtained from within Shetland'.

Our goals are to:

- Ensure that regulated persons take action immediately to deal with serious risks
- Promote and achieve sustained compliance by regulated persons
- Treat all regulated persons fairly
- Be helpful to regulated persons who wish to comply
- Support those who comply by targeting those who don't, in particular by taking firm action against those who flout the law or act irresponsibly
- Protect the public in a way, which does not stifle enterprise, hinder economic progress or place unnecessary burdens on businesses.
- Communicate this policy effectively to those people who are affected by it.

1.2 Principles of Good Enforcement:

Shetland Islands Council has adopted the following principles of good enforcement:

- Openness – we will provide information, as far as legislation permits, and advice in plain language. We are open about how we do our work and take account of stakeholders' views, where possible.
- Helpfulness – we believe that prevention is better than cure and work with businesses, especially small and medium sized businesses, to advise and assist with compliance.
- Proportionality – We minimise the costs of compliance for businesses by ensuring that any action we require is proportionate to the risks. As far as the law allows, we take account of the circumstances of the case and the attitude of the business or individual when considering action. We take particular care to work with small businesses and voluntary/community organisations so that they can meet their legal obligations without unnecessary expense, where practicable.
- Consistency – we carry out our duties in a fair, equitable and consistent manner. While officers are expected to exercise their professional judgement in individual cases, we have arrangements in place to promote consistency, including effective arrangements for liaison with other authorities and enforcement agencies using the 'Home Authority Principle'.
- Complaints – About Service – Shetland Islands Council has a formal corporate complaints procedure. In cases where disputes cannot be resolved, any right of

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complaint or appeal will be explained, with concise details of the process and the timescales involved.

2.0 Guidance Documents

2.1 Enforcement taken by the Environmental Health Service will be in line with this policy, which has been developed taking into account the following guidance:

Scottish Regulators Strategic Code of Practice (January 2015 – currently under review)

The Strategic Code of Practice has been developed with and by both regulators and stakeholders and requires regulatory functions to be exercised in accordance with the principles of better regulation. The Code is made under section 5 of the Regulatory Reform (Scotland) Act 2014 (The Act). The Code works alongside the UK Regulators' Code (April 2014)

2.2 Health and Safety Executive Enforcement Policy Statement (October 2015)

Shetland Islands Council Environmental Health Service follows the Health & Safety Executive's Enforcement Policy Statement in matters of Health and Safety.

The full statement can be found at [HSE Policy Statement](#)

2.3 Health and Safety Enforcement Management Model (version 3.2 April amended October 2013)

Shetland Islands Council Environmental Health Service follows the Health & Safety Executive's Enforcement Management Model in matters of Health and Safety.

The full model can be found at: [Health and Safety enforcement model](#)

2.4 Food Standards Scotland Food Law Code of Practice (Scotland) 2015, Human Rights Act 1998 and Equality Act

Shetland Islands Council Environmental Health Service follows the Food Standards Scotland Food Law Code of Practice (Scotland) in matters of Food Safety and Food Standards.

The full code can be found at: [Food Law Code of Practice Scotland](#)

In addition, regulatory functions must conform with the Human Rights Act 1998 and Equality Act 2010.

2.5 Home Authority and Primary Authority Principles

Home Authority Principle

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The principle of the Home Authority is designed to encourage efficiency, promote uniformity, reduce duplication and assist business to comply with the law. It seeks to ensure that:

- Local Authorities place special emphasis on the surveillance of goods and services originating in their areas.
- Businesses are able to depend upon specific Home Authority for preventative guidance and advice.
- Enforcing authorities liaise with the relevant Home Authority on issues, which effect the policies of an enterprise.

The service is willing to offer this type of assistance to any business to which we are the Home Authority.

Primary Authority Principle

The Primary Authority Partnership principle is designed to encourage efficiency, promote uniformity, reduce duplication and assist enterprises to comply with the law. It is jointly governed by the Trading Standards Institute (TSI); Chartered Institute of Environmental Health (CIEH); Department for Business, Innovation and Skills (BIS) and Food Authorities. The Primary Authority scheme in relation to food does not extend to Scotland; however, Scottish Food Authorities should treat a Primary Authority as if they were the Home Authority as per the Food Law Code of Practice (Scotland).

3.0 PROCEDURES

3.1 Scope

The purpose of this Enforcement Policy is to ensure that enforcement decisions are always consistent, balanced, fair, and transparent whilst ensuring that the public is adequately protected. Each case is unique and must be considered on its own merits. This document describes the principles upon which our enforcement approach is based. This Enforcement Policy will be applied in the Council's own premises where the Environmental Health Service has responsibility for enforcement of relevant legislation.

3.2 Background

Environmental Health is charged with administering a wide range of legislation under the following headings:

- Food Standards/Safety
- Private Sector Housing
- Health and Safety
- Animal Health and Welfare
- Environmental Protection
- Public Health
- Civic Government Licensing
- Alcohol Licensing Standards

3.3 Detailed Procedures

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Officers are appointed and authorised to act under specified legislation, as detailed on their ID card and accompanying schedule of Regulations and legislative instruments. In some cases, an Officer's authority may be limited in scope and in others, proof of competence, in terms of relevant qualifications, experience and/or CPD, will be a pre-requisite to authorisation. The Council's Employee Review and Development process will be used to assess competency of officers and determine ongoing professional development requirements to maintain or develop their capacity for enforcement of the relevant legislation.

Environmental Health carry out planned programmes of inspections with a view to securing compliance with legislation. Businesses are liable to be visited by an Authorised Officer to determine whether the law is being complied with. Businesses will not generally be given advance notice that a visit is to take place.

Environmental Health will concentrate its efforts on high-risk premises and on issues, which adversely affect the health, safety and wellbeing of the community.

For Food Safety the visit frequencies are in accordance with the Food Law Code of Practice details in point 2.4 above.

Priority planning in relation to Health and Safety interventions is carried out in line with [Setting priorities and targeting interventions - HSE and LAs Working together - HSE](#)

3.4 Enforcement Principles

Wherever possible, officers will seek to find solutions that are arrived at by agreement and co-operation.

Enforcement action is only one tool in a package of measures, which the Environmental Health Services can deploy often in partnership with others, to achieve positive outcomes for Shetland Islands environment, economy and communities. Where there is non-compliance our experience is that most of those we regulate respond to our advice and guidance and come into compliance. Many are also increasingly recognizing the value of compliance and good practice in delivering outcomes not just for themselves but also for the environment, the economy and the local community. In view of this, advice and guidance will continue to be our main route to securing compliance. However, there will be circumstances where it is appropriate for us to take formal enforcement action. Where appropriate, we will also liaise with other authorities to ensure compliance and to play our part in combatting wider criminality (e.g. Police Scotland; Crown Office and Procurator Fiscal Service; Food Standards Scotland; Health & Safety Executive; SEPA, other Local Authorities; Revenue Scotland; HM Revenue & Customs; Immigration Service etc).

Authorised Officers have powers of entry, inspection and seizure under Statute. In general, an authorised officer can:

- Enter Business premises at all reasonable hours
- Enter premises where there is a reason to suspect an offence is being committed
- Inspect any premises
- Inspect any goods
- Take samples of any goods
- Purchase any goods

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- Inspect any relevant documents
- Seize and detain any goods and documents when it is believed that an offence has been committed
- Prohibit activities/processes
- Question any person in pursuance of their duties

Business and individuals should expect to:

- Be shown all due courtesy
- Be informed of the purpose of the visit
- Be shown identification if requested
- Be given advice and guidance
- Receive feedback on compliance levels
- Be given guidance on the law
- Be given advice on any action required to remedy any points of non-compliance
- Receive reasonable time to take remedial action where appropriate
- Be informed of procedures for appealing against any enforcement action where appropriate

There are a number of enforcement actions available to an officer and the appropriate action will be dependent on the circumstances. The Service applies an educative approach and only moves to formal action where informal action does not ensure compliance with legislation.

To ensure that food law enforcement is carried out in line with the relevant food safety legislation and Codes of Practice (as required by the Food Standards Agency Framework Agreement), this authority has developed procedures on Interventions. These procedures are consistent with the principles contained in this policy.

The Health and Safety Executive Enforcement Management Model will be used to assist in enforcement decisions relating to Health and Safety.

The following pages identify the actions, which can be taken by Enforcement Officers and the consideration officers take in relation to each action.

1. No Action required

In exceptional circumstances, contraventions may not warrant any action. This can be where the cost of compliance to the offender outweighs the detrimental impact of the contravention on the community, or the cost of the required enforcement action to the Council outweighs the detrimental impact of the contravention on the community.

A decision of no action may also be taken where formal enforcement is inappropriate in the circumstances, such as where a trader has ceased to trade. A decision to take no action must be recorded and must take into account the overall implications of the contravention. See Appendix 1 – reasons for deviating from Enforcement Policy.

2. Informal Action

Informal action includes verbal advice and advisory letters/inspection reports. This type of action will be used to resolve minor offences or technical infringements, which are capable of immediate resolution and are unlikely to be repeated.

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Considerations:

- The act or omission is not serious enough to warrant formal action.
- The history or risk assessment of the business does not support the need to take formal enforcement action.
- There is sufficient confidence in the proprietor, manager or other agent of the business to ensure that all matters will be corrected.
- Consequences of non-compliance do not pose a significant risk to consumers, the general public, health, and safety or the environment.

Informal action may be given by verbal instruction and the officer will indicate a reasonable timescale for corrective action. Verbal advice will be recorded on premises or complaint records. Advisory Letters/Inspection Reports will be kept on file and will be followed up to ensure that remedial action has been undertaken.

Advisory Letters/Inspection Reports will give clear and precise legislative advice to recipients and will contain timescales for compliance where appropriate.

Written information given to businesses/individuals will:

- Contain all information necessary to allow recipients to understand what is required and why it is necessary.
- Indicate the legislation, which is being contravened and give guidance on compliance with legal requirements and the timescale for rectification.
- Clearly indicate where guidance is purely recommendations, i.e. a code of practice requirement as opposed to a legal obligation.
- Indicate that other means of achieving the same effect may be chosen.

3. Formal Action

- Statutory Notices
- Fixed Penalty Notices
- Written Warning
- Report to the Procurator Fiscal

Considerations:

- Informal action has been unsuccessful or ignored
- Risk assessments suggests that formal action should be undertaken.
- There is a lack of confidence in the proprietor, manager, or other agent of the business to ensure that matters will be corrected.
- The general public, consumers, health and safety and/or the environment are at risk due to the contravention.

Statutory Notices

Statutory Notices may be issued where:

- There is a significant and serious alleged contravention of legislation

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- The consequences of non-compliance with the legislation and the notice could potentially endanger the health, safety or well-being of people, animals or the environment.
- Guidance criteria concerning issue of Notice specified in relevant Statutory Codes of Practice is fulfilled.
- A statutory nuisance exists.
- A person has failed to respond informally to resolve a statutory nuisance.
- There are significant contraventions of legislation.
- There is lack of confidence in the individual or management to respond to an informal approach.
- There is a history of non-compliance with informal action.
- Standards are generally poor with little awareness of statutory requirements.
- The consequences of non-compliance could be potentially serious to public health.
- Although it is intended to prosecute, effective action also needs to be taken as quickly as possible to remedy conditions that are serious or deteriorating.

Enforcement Officers will place realistic timescales on Notices for rectification of the alleged breach and will ensure that the business or individual is made aware of their rights of appeal, the appeal mechanisms and the consequences of not complying with a Statutory Notice.

Fixed Penalty Notices

Environmental Health can issue a range of Fixed Penalty Notices (FPNs) when an offence has been committed. FPNs for littering, dog fouling or smoking in an enclosed public space, will be issued whenever an authorised Officer witnesses an offence or has reason to believe an offence has been committed. The only exceptions will be when Officers have been tasked with an engagement activity and the issue of an FPN will be detrimental to the Officer's capacity to engage. If the offender is under 16, a Fixed Penalty Notice will not be issued but the individual will receive a formal warning letter about the offence and will be invited to attend an education programme as an alternative to the Fixed Penalty Notice. In these specific circumstances only, will an educative approach be applied. In all other circumstances, officers will respond to the offence by issue of a FPN.

Where there is evidence that there is failure to comply with an Abatement Notice to address a Statutory Nuisance under the Environmental Protection Act 1990 officers can use their powers to issue Fixed Penalty Notices. The circumstances, severity, remedy and environmental damage or public health and safety will dictate if multiple fixed penalty notices (up to three) are issued. However further breaches may be dealt with instead by preparing a Formal Written Warning or Report to the Procurator Fiscal.

Formal Written Warnings

Formal Written Warnings can be used where a breach of legislation has been identified where it is not considered in the Public Interest to pursue a prosecution. The decision not to seek to prosecute will be fully documented. They will be entered on record and followed up to ensure that remedial action has been taken. Clear and precise timescales will be contained within the warning.

A Formal Written Warning regarding breaches of legislation will be issued after consultation between the Team Leader - Environmental Health and the Executive

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Manager Environmental Services. A written warning will be presented by the Team Leader Environmental Health and Officers at a face-to-face meeting with the individual or business operator.

The formal written warning will contain the following:

- The addressee (the legal person responsible for the alleged offence)
- The date, the place and nature of the alleged offence
- The alleged breach of the legislation specifying the Act, Regulation or Order with the section, Regulation or article number.

Formal Written Warnings will be used as evidence of a history of non-compliance where a report to the procurator fiscal is being prepared

Report to the Procurator Fiscal

The decision to report to the Procurator Fiscal is a significant one and in general this decision will be taken where:

- There has been a blatant and/or a deliberate disregard for the law.
- There has been refusal to achieve even the basic minimum legal requirements.
- The alleged infringement could seriously endanger the health, safety or wellbeing of people, animals or the environment.
- The business or individual has been involved in the deliberate or persistent breach of their legal obligations (disregarding warnings and/or formal notices) in circumstances, which have caused or were likely to cause ill health, material loss or prejudice to others.
- It can be demonstrated that the alleged infringement caused or is likely to cause substantial loss or prejudice to others through negligence or gross carelessness. The alleged infringement is fraudulent.
- The alleged infringement involved obstruction of an Enforcement Officer carrying out his/her duties.
- Where there is a history of a similar offence.

Before a report to the Procurator Fiscal is prepared, the Investigating Officer and Team Leader – Environmental Health must be satisfied that there is relevant, admissible, corroborated and reliable evidence that an offence has been committed by an identifiable person or a company. There must be a realistic prospect of conviction.

When an Officer is preparing a Report, all relevant evidence and information will be considered and included in the Report to enable a consistent, fair and objective decision to be made.

The Crown Office document “Reports to the Procurator Fiscal – A Guide for Non-Police Reporting Agencies” (seventh edition 2006) will be followed.

Reports will be submitted within three months of the date the offence came to light, unless external factors make this impossible.

3.5 Alternative Strategies

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The Service will use Alternative Strategies to reduce the burden on lower risk and better performing businesses. These will include the use of questionnaires, guidance leaflets and premises specific or themed training programmes.

3.6 Review

This policy will be made widely available to trade bodies and others who may have an interest. It will be published on the Council's Internet pages. The policy will be reviewed in the light of any comments and feedback received.

DRAFT

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Appendix 1 – Reasons for deviating from Enforcement Policy

Person/Premises –
Location
Summary of matters which require enforcement action
Summary of matters including corrective actions, which would suggest the enforcement activity outlined in the Policy was inappropriate in this instance
Agreed Course of action between the Operational Officer/Team Leader – Environmental Health/Executive Manager – Environmental Services
<p>Officer.....signed.....</p> <p>..</p> <p>Job Title.....</p> <p>Manager.....signed.....</p> <p>.....</p> <p>Job Title.....</p> <p>Date.....</p>

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Meeting(s):	Policy and Resources Committee Shetland Islands Council	6 December 2017 13 December 2017
Report Title:	Corporate Risk Register update	
Reference Number:	CRP-15-17-F	
Author / Job Title:	Christine Ferguson, Director of Corporate Services	

1.0 Decisions / Action required:

- 1.1 That the Policy & Resources Committee and Council RESOLVE to:
 - 1.1.1 NOTE the attached, recently revised Risk Register and ;
 - 1.1.2 COMMENT and ADVISE the Chief Executive and senior managers of their views.

2.0 High Level Summary:

- 2.1 The purpose of this report is to present the appended Corporate Risk Register which lists high-level risks to the Shetland Islands Council and its activities.
- 2.2 This report complements the report "Confidential Corporate Risk Register – Update" also on today's agenda.
- 2.3 Recent changes to the risks are listed in 4.2.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Council states that 'Our approach to managing the risks we face will have resulted in a more risk-aware organisation that avoids high-risk activities', as one of its key corporate priorities. The preparation and consideration of a Corporate Risk Register is a key component of that approach.

4.0 Key Issues:

- 4.1 Risk registers are a standing item on the agenda of the quarterly meeting of the Corporate Management Team in its role as the organisation's Risk Board, with the most recent meeting on 28 November 2017. The risk registers also require to be reported to Policy and Resources Committee and Shetland islands Council on a quarterly basis.

- 4.2 The current Corporate Risk Register has been circulated to all risk owners with a request that risks are reviewed and revised as necessary. The following changes were made:
- a) The risk relating to potential delays or overspend on the AHS build has been deleted;
 - b) Reference to the elections earlier this year were removed from risk no ORG0032;
 - c) Risk no ORG0018 sits with Human Resources and has been revised to include additional narrative in the 'consequences' field, to explain that 'The relocation expenses budget is projected to be 100% over budget with the increasing need to recruit teachers from outwith Shetland. We are also having to advertise more frequently with teaching posts in particular being difficult to fill. This is a risk for Children's services but the budget sits in HR so the financial risk is in corporate';
 - d) Development Directorate has revised risk no ORG0022 which is around the challenges to deliver the STERT project on time and budget. The HR Service has highlighted that this project continues to place significant pressure on HR.
 - e) ORG0035 relates to risks around the now-vacant Knab site.
- 4.3 The Risk Board considered the Corporate Risk Register at its meeting on 28 November. Minor changes were agreed which had no impact on risk ratings, but following some suggestions, it was further agreed that Directors would undertake a detailed review in order to refine the content and number of risks being reported. In this regard, the Register will be updated as those refinements are made by the risk owners, and will be presented again to Committee at its quarterly performance meeting in March.

5.0 Exempt and/or confidential information:

5.1 None

6.0 Implications :	
6.1 Service Users, Patients and Communities:	It is appropriate that the organisation's highest level risks are regularly considered and reviewed by Policy and Resources Committee, not least because many of the risks relate to the challenges around service delivery and have the potential to impact upon communities, service users and patients.
6.2 Human Resources and Organisational Development:	Many of the identified risks describe potential impacts on employees and the organisation from the challenges around workforce management and development at a time of change. Risks to health, safety and wellbeing are described, with current and planned control measures set out.
6.3 Equality, Diversity and Human Rights:	An Equalities Impact Assessment is not required in relation to this report but may be considered or carried out as a control for a particular risk.
6.4 Legal:	Risks to the organisation's compliance with a range of legislative and regulatory frameworks are described along with explanations of the measures to control and manage those risks.
6.5 Finance:	While there are no direct financial implications from the recommendations of this report, all the risks identified can have a financial cost at some point, whether in relation to the impact should it occur or from the measures required to prevent a risk happening.
6.6 Assets and Property:	No direct implications for Assets and Property from this report, however risk ORG0026, which is rated as high, relates to the need to identify and develop alternative, flexible ... residential properties for looked-after children, ORG0035 (High) relates to the plans for the future of the AHS Knab campus, and ORG0021 (High) focuses on the challenges around the current Asset Investment Plan which in turn has implications for Assets and Property Service.
6.7 ICT and new technologies:	There are no direct ICT implications from this report. Cyber risk is however highlighted (ORG0029) as a medium rated risk with the range of control measures also detailed.
6.8 Environmental:	There are no direct environmental implications from this report, however, ORG0035 (High) relates to the plans for developing the AHS Knab site which may have environmental implications or require a Strategic Environmental Impact Assessment.
6.9 Risk Management:	The organisation's corporate Risk Registers are measured using the risk matrix, as required in the Council's Risk Management Policy. The Risk Management Strategy states that Risk management: <ul style="list-style-type: none"> • is an integral part of all organisational processes; • is part of decision-making; • is transparent and inclusive;

	<ul style="list-style-type: none"> • is dynamic, iterative and responsive to change; • facilitates continual improvement of the organisation; and, • creates and protects value. 	
6.10 Policy and Delegated Authority:	<p>Policy and Resources Committee requires the Corporate Risk Registers to be reported periodically [<i>Min.ref. P & R 75/15</i>]. The Risk Management Strategy forms part of the Policy Framework contained in Section A of the Constitution – Governance, which states that the management body for the Risk Management Strategy lies within the remit of the Policy and Resources Committee. Ensuring the proper management of the Corporate Risk Register is therefore a delegated matter for the Policy and Resources Committee. However, the Council instructed that the Corporate Risk Register be reported to the Council quarterly as part of the PPMF cycle [<i>Min.Ref. SIC 20/16</i>] so that all members are informed and involved alongside other performance information.</p>	
6.11 Previously considered by:	None	

Contact Details:

Joanne Jamieson, Senior Risk Management Officer, joanne.jamieson@shetland.gov.uk
23 November 2017

Appendices:

Appendix 1 – Corporate Risk Register

Risk Register - Shetland Islands Council

Risk & Details	Current		Risk Profile	Current and Planned Control Measures	Probabil-ity	Target		Risk Profile	Respons-ible Officer
	Likelihood	Impact				Impact			
Category	Corporate								
Corporate Plan	A2. Young People - Vulnerable Children and young people's opportunities								
<p>Child Protection - Children's Services deliver a range of services across a wide geographic area and all service users need to be safe. Children's Social Work manage high risk, complex situations in their work with families. Often it requires significant resource provision to mitigate risks and ensure the safety of a child or young person.</p> <p>Trigger : Crisis or escalation of complex situation, usually unanticipated and which puts child at increased risk of harm.</p> <p>Consequences : Failure to act quickly or to the extent that is required because of restricted resources can result in child being exposed to potentially more harm or to harm for a longer period of time, harm to child, impact on services, financial impact.</p> <p>Risk type : Physical - People / Property - Other</p> <p>Reference - ORG0025</p>	Possible	Major	High	<p>• Robust systems and procedures in place. Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly. The Shetland Adult Support & Protection/Child Protection Committee through its Training Strategy and training sub-committee ensure that a range of Child protection training is available and delivered. This Inter-agency training is led by Shetland Islands Council and training activity is reported quarterly to the Adult and Child Protection Committee.</p>	Unlikely	Major	Medium	Helen Budge Shetland Islands Council	
<p>Failure to appropriately accommodate looked-after children, off-island placement. There are circumstances when the Children & Families Team is required to accommodate children and young people away from home. Currently, there is a shortage of foster placements and residential placements in Shetland. On occasion this results in placements being sought away from Shetland, which is undesirable and which comes at a high cost to the Local Authority.</p> <p>Trigger : Shortage of foster placements and residential placements in Shetland. There are situations whereby the assessed needs of a child or young person are such that they require a specialist service that is not available in Shetland, such as secure accommodation or a parenting assessment unit.</p> <p>Consequences : Placements have to be sought away from Shetland, which come at a high cost to the Local Authority.</p> <p>Risk type : Economic / Financial - Other</p> <p>Reference - ORG0026</p>	Likely	Significant	High	<p>• Working to identify and develop alternative and flexible solutions which includes development of fee-paid foster carers and ensuring a second residential property becomes operational</p>	Possible	Significant	Medium	Helen Budge Shetland Islands Council	
Corporate Plan	A4. Young People - Protecting vulnerable children and young people								

As per risk no 026, Children's Services on occasion require an off-island placement for a child. The cost of that placement would be met by Shetland Islands Council and the host local authority would provide appropriate educational access services as they would for any child in their catchment area. Some host local authorities have indicated that the additional cost of a school place or education provision, including meeting the possible additional support needs of a pupil placed off-island, will be recharged to the Shetland Islands Council. This is currently quantified, unanticipated and not in the revenue budget. Trigger : Child requires an off-island placement, and the destination local authority chooses to recharge for the education element of the placement. Consequences : Additional unanticipated revenue cost Risk type : Fees/Charges Loss Reference - ORG0038	Possible	Minor	Medium	• From a resources perspective the risk is managed through the resource allocation panel in terms of gatekeeping and through subsequent commissioning of placements via the national framework. The framework allows for all costs to be negotiated prior to placements starting.	Unlikely	Minor	Low	Helen Budge Shetland Islands Council
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Corporate Plan

B2. Older People - Independent Living

Risk of harm to a vulnerable adult - Shetland has an increasing older population and an increase in people with a learning disability reaching older age. Statutory services will need to have oversight of an increasing number of vulnerable adults to prevent harm occurring. Trigger : Statutory services fail to identify and take account of all vulnerable adults within their remit, systems failure means that information is not fully collated and/or shared Consequences : Vulnerable adult is not given access to full range of services that they need, delay in access to services leads to harm to vulnerable adult, reputational risk to organisation, potential for HSE action, Care Commission/ external advisors' negative report, civil action. Risk type : Communications failure Reference - ORG0024	Possible	Major	High	• There are well established mechanisms in place to support the detection of risk with an active Adult Protection Committee overseeing the work. There is good multi-agency working within formal arenas to discuss individual cases causing concern. Transitions group in place for Learning Disability Services to manage childhood support to adult support. Ongoing work to review services to make effective use of limited and reducing budgets.	Unlikely	Major	Medium	Simon Bokor-Ingram Shetland Islands Council
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Corporate Plan

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

Management capacity to deliver the benefits of health and social care integration. Significant effort is required to continue driving the integration agenda and to realise the benefits, and adequate management capacity and skill is required to achieve this. Locality working will require further drive and effort to achieve a shift in structure that delivers front line benefits to residents. Trigger : Interim management arrangements Consequences : Management does not have the capacity to manage extra functions, impact on other services and on staff Risk type : Professional - Other Reference - ORG0016	Possible	Major	High	• There is a joint management structure in place. Work underway to deliver strategic direction agreed by IJB where localities are better supported. Structures in place around joint projects/ programmes of work.	Possible	Significant	Medium	Simon Bokor-Ingram Shetland Islands Council
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<p>Failure to deliver major STERT review on time and on budget. The time frame for the project is up to June 2018 i.e. the end of the Interim Joint Principal position.</p> <p>Trigger : Project management failure, partner failure, project resources</p> <p>Consequences : Failure to deliver a sustainable and affordable model for Tertiary Education, training and Research.</p> <p>Risk type : Professional - Other</p> <p>Reference - ORG0022</p>	Unlikely	Significant	Medium	<p>• Progress the colleges' integration steps as follows: Integrated second tier management structure, Joint curriculum, Joint business development and marketing plan.</p>	Unlikely	Minor	Low	Neil Grant Shetland Islands Council
<p>Recent Council activities plus local / national issues have led to an increased workload for Services across the Council and within Corporate Services - and particularly for Finance, Governance and Law, Capital Programme and Human Resources. There is a limit to how much additional work staff can absorb - staff and services are considered to be at capacity. The implemented move from 8 North Ness was disruptive and there is an ongoing increase in workload caused by the work arounds required so that the Council can continue to operate from other locations.</p> <p>Trigger : Main triggers include: revised budget post Scottish Govt settlement, budget setting challenges - the requirement to make savings now and in the future, implementing various pay and conditions requirements plus 3rd edition of JE scheme, specific problems associated with CHRIS 8 transition (Payroll, HR, ICT), the tertiary review is a significant on-going piece of work, as are the various tasks and activities around the establishment and operation of the IJB.</p> <p>Governance and law workload includes governance reviews and organisation-wide project work. Service redesign work also requires significant staff time.</p> <p>Consequences : Impact on planned work including in particular important corporate/ strategic reviews and strategy development: there is a risk that work will not be scheduled or will not be completed on time, leading to missed opportunities and/or increased costs. Teams at capacity, stress on staff, potential sickness absence, any reduction in resources, e.g. from absences, or resources diverted, can lead to missed opportunities or deadlines/ impact on quality of work as well as difficulty in meeting timescales. Significant work/ strategic planning/ long-term vision is affected or displaced by urgent tasks, short deadlines, reactive work and external demands. Impact on quality of work, missed information, failure to take adequate account of all relevant information, poor quality input / information can lead to poor decision-making.</p> <p>Risk type : Corporate/Community plan - failure to meet</p> <p>Reference - ORG0032</p>	Possible X Significant		Medium	<p>• The effects of the move from 8 North Nessare being monitored and adjustments made where possible to ensure minimal disruption to services.</p> <p>□Our Plan 2016-20 has been agreed. This explains the outcomes that the SIC wants to achieve by April 2020. Our financial planning process is more robust and in line with other planning processes. The risks to Directorate and Service plans are articulated and considered in reports. The Risks for new initiatives including the allocation of resources are considered at Project start up and kept under review.</p>	Unlikely	Minor	Low	Christine Ferguson Shetland Islands Council

<p>The Medium Term Financial Plan covers the period from 2016 to 2022 and as an instrument to direct the organisation's budget setting and expenditure is prudent and in line with available resources. Over 70% of the Council budget is funded by the Scottish Govt. The local authority's annual grant from the Scottish Govt has reduced by a greater percentage than anticipated for the last two years. It is expected to continue to reduce in the short and medium term but is currently un-quantified, and has been estimated at between 6.08% and 15.68% over the next 5 years. The MTFP scenario assumes grant reduction at 7.38% over 5 years.</p> <p>Trigger : Organisation's failure to plan or put in place sustainable services for future years, continued reductions to govt grant of an unanticipated or unknown magnitude.</p> <p>Consequences : If there is no adequate planning to take account of grant reduction then the Council will be unable to respond to the uncertainty presented by austerity which could result in knee-jerk decisions being made to balance budgets and/ or an unsustainable draw from Council reserves.</p> <p>Risk type : Economic climate</p> <p>Reference - ORG0039</p>	Possible	Extreme	High	<p>• Service redesign across all areas to identify and implement sustainable levels of service going forward. Implementation of business transformation programme to support service redesign.</p>	Unlikely	Major	Medium	Jonathan Belford Shetland Islands Council
<p>Shetland Islands Council and specific Directorates, Services and sections are in a number of partnerships. Some have a legislative element and have a strategic directing role (the Community Planning Partnership, SADP, etc), some are entered into for the purpose of delivering services (Community Health and Social Care/ IJB, SIC Housing Service and Hjaltland Housing Association). Many are contractual but for some, the partnership may exist only through an informal agreement. There is no formal list of the council's partnership arrangements or agreements.</p> <p>Trigger : Partner fails (legally, financially, is wound up, becomes insolvent or goes into administration) or is no longer able to provide their part of the partnership. Grant or funding is cut to partner. Board resignation, difficulty in recruiting board members, failure to achieve buy-in from essential partners, volunteer fatigue.</p> <p>Consequences : If a partner fails, the responsibility to deliver service or function for which the partnership was formed, may fall to Shetland Islands Council. Contractual obligations such as leases may become the (moral or financial) responsibility of Shetland Islands Council. Financial responsibilities such as for pensions, may fall to Shetland Islands Council. Civil liabilities such as through claims, may fall to Shetland Islands Council in the event that joint liability exists.</p> <p>Risk type : Partnership working failure</p> <p>Reference - ORG0040</p>	Possible	Extreme	High	<p>• Various controls in place.All new admitted bodies comply with current requirements, all contracts are scrutinised by Legal Services / Governance and Law/ Finance staff.</p> <p>Assurance required that managers engage with Corporate Services BEFORE commencing service redesign programmes. Managers must adhere to Commissioning and Procurement framework.</p>	Unlikely	Major	Medium	Mark Boden Shetland Islands Council

<p>Reduced funding and the reductions in workforce over the past five years have put new pressures and stresses on existing staff against a backdrop of rising demands in frontline services such as health and social care. The work of local authorities relies on the knowledge and expertise of its workforce. Recruitment pressures are expected to worsen as the private sector jobs market improves, leaving councils unable to compete in terms of wages and working conditions. Geography also plays a role in our capacity to recruit from outside Shetland. The Council also has considerable occupational segregation in some areas that currently impacts upon the size of the recruitment pool.</p> <p>Trigger : Inability to recruit staff to vacant posts.</p> <p>Consequences : Posts remaining unfilled due to failure to recruit which places strain on services to deliver and increases pressure on existing workforce. The relocation expenses budget is projected to be 100% over budget with the increasing need to recruit teachers from outwith Shetland. We are also having to advertise more frequently with teaching posts in particular being difficult to fill. This is a risk for Children's services but the budget sits in HR so the financial risk is in corporate.</p> <p>Risk type : Demographic change</p> <p>Reference - ORG0018</p>	Likely	Minor	Medium	<p>• HR continually reviews the council's HR policies and processes to ensure policies and procedures support the organisation to become more responsive and flexible in the deployment of existing staff. The Council's Workforce Strategy provides a framework to focus attention and prioritise work streams that identify and developing talent as well as increase the number of ways young people can join the organisation. The Council's Market Forces Policy can be applied in appropriate circumstances.</p>	Unlikely	Minor	Low	Denise Bell Shetland Islands Council
<p>Engaging and developing employees and giving them the skills and confidence to continue to grow helps to retain an excellent workforce, committed to delivering excellent services in our community. The Council wants to encourage people who are committed to the delivery of public services to stay with us, staff must feel valued for their efforts and want to stay with us. Restructuring and reduction of senior posts and delayering of managerial posts has also reduced opportunities for career progression.</p> <p>Reasons for leaving a post within the Council include moving to another post within the organisation, moving to another organisation or leaving Shetland. The workforce profile also shows an ageing workforce in some key areas and key posts across the council which is recognised in the risk registers for specific service areas.</p> <p>Trigger : Increasing pressure from service or organisational change, poor employee engagement and lack of/poor leadership and line management leads to low morale, and increased employee turnover.</p> <p>Consequences : Poor employee health and well-being resulting in increased employee absence, increased turnover of staff, high vacancy rates in some areas, a failure to retain staff, impact on service and remaining staff, stress, managers spend disproportionate time spent on recruitment and, for example, arranging cover for shifts and over reliance on relief workers.</p> <p>Risk type : Employment issues</p> <p>Reference - ORG0043</p>	Likely X Significant		High	<p>• The Council has a Workforce Strategy that informs actions for improvement activity being led by Human Resources. The Strategy focuses on 3 themes. Rights Shape, Right Skills and Right Culture. As part of this a planned approach to workforce planning is being developed in order to provide services with workforce profile information to inform these plans. The Viewpoint Action Plan, following the Council's first employee survey is being delivered and includes the development and implementation of a set of Council Values and Behaviours to inform workforce activities and policy development. Investment in staff development continues to be a priority and local/ departmental controls include - temporary cover, bank staff (schools), relief staff, traineeships, career grades</p>	Unlikely	Significant	Medium	Christine Ferguson Shetland Islands Council

<p>The Anderson High School Knab campus is a large open site with a number of buildings on it. There are various access points to the campus and it is surrounded by residential properties. The school has been vacated and the service/ staff/ pupils, etc have moved to the new build at the Clickimin.</p> <p>Trigger : Failure to properly plan for the future of the site</p> <p>Consequences : A failure to plan for the future of the site could lead to missed opportunities to capitalise on this asset, . There will be on-going costs associated with the site, rates, maintenance etc. and a risk of vandalism or other damage. There is also a risk of reputational damage if the site is not developed.</p> <p>Risk type : Missed opportunities</p> <p>Reference - ORG0035</p>	Unlikely	Extreme	High	<p>• The Council is undertaking a masterplanning exercise for this site. It is hoped this will be complete by May 2018.</p>	Unlikely	Significant	Medium	Robert Sinclair Shetland Islands Council
<p>On 24th January, BP announced an agreement to sell part of its interest in the Magnus Oilfield and some associated infrastructure to EnQuest. EnQuest's role as operator at Sullom Voe terminal will be to improve efficiency by driving down operating costs at the terminal and to deliver the renewal and rationalisation programme for the 25 owner companies in order that the terminal can remain open & economic. Shetland Islands Council states in its Corporate Plan that it's priority is to 'have made the council's future role in the port of Sullom Voe clear and we will be seeing the best possible returns from our investments'.</p> <p>Trigger : The Council has a role in a number of issues and activities, any of which could trigger a risk and result in adverse consequences for the Council and/ or Shetland. Any failure to fully understand the implications of any decisions.</p> <p>Consequences : Missed opportunity, adverse impact on Shetland's economy and/or environment, potential contractual or legal uncertainty.</p> <p>Risk type : Economic - Other</p> <p>Reference - ORG0041</p>	Possible	Major	High	<p>• Director of Infrastructure Services has responsibility for various arrangements, senior management team is actively considering the issues and various strands to this complex development.</p>	Unlikely	Significant	Medium	Maggie Sandison Shetland Islands Council

<p>An organisation-wide Staff Viewpoint Survey was carried out in January 2015 for the purpose of gauging staff opinions. The returns were analysed with the issues prioritised, and that information was reported to Directors, Managers and staff. Managers and Directors were then tasked with putting in place a range of measures to address the specific issues raised. The comments made reflect concerns about the Council, recent changes, and the impact of those changes. In general you suggested things such as: •better communication, •listening more, •being clear about Council strategy and sticking to it, •having better training for Managers, •Senior Leaders spending more time on the “shop floor”.</p> <p>Trigger : Perception (real or imagined) that organisation, senior management or specific manager(s) will not/ have not acted upon the findings of the survey. No change evidenced, status quo despite assurances or promises to the contrary. Failure to communicate change to front-line staff, failure to embed change, so situation reverts to that which led to dissatisfaction.</p> <p>Consequences : Disillusioned/ unhappy / disengaged staff, increased disillusionment following the expectation that the survey would make a difference, no confidence in manager or organisation, demotivated staff, poor commitment to Service, impact on Service and/or productivity. Staff retention issues - Increased turnover of staff with resulting recruitment costs and service impacts. Reputational damage, staff more likely to raise grievances. Stress, increase in sickness absence, perception that the whole exercise was a waste of public money.</p> <p>Risk type : Missed opportunities</p> <p>Reference - ORG0031</p>	Possible	Significant	Medium	<p>• Check and ensure good communication between staff and management. ERD's and training needs are implementedAll managers must ensure effective communication methods are in place between managers and staff. The Council's Workforce Strategy, Staff Development Policy and Personal Development Plan Policy set out clear direction and framework to ensure the tools are in place to make sure this happens. The Viewpoint Action Plan has led to the launch of a new set of Council Values & Behaviours which have been launched and promoted council-wide. An on-going publicity campaign is in place to make sure there is continuing awareness. New Directorate Consultation Forums have been put in place to bring together senior managers and staff representatives at least 4 times a year to exchange information and maintain communication throughout the organisation.</p>	Rare	Significant	Low	Denise Bell Shetland Islands Council
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Corporate Plan

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

<p>Malicious cyber attack could happen at any time. ICT and SIC have a host of security systems and approaches in place. However, an attack, successful or otherwise, can always happen. It may be impossible to tell whether there has been an attack, or what any attack has looked at/ taken/ copied. Any attack could result in compromise /damage to systems or reputation, data leak, loss of data or system downtime.</p> <p>Trigger : Attack on the Council's network resulting in compromise/damage to systems or reputation, data leak, etc</p> <p>Consequences : Loss of data, system downtime</p> <p>Risk type : Malicious damage/ vandalism/sabotage</p> <p>Reference - ORG0029</p>	Unlikely	Major	Medium	<p>• Anti-virus and firewall defences, ICT security policy, boundary appliance scan all incoming e-mail; Corporate anti-virus installed on all servers and workstations; Corporate firewalls, Systems support team ensure software and hardware are patched to the latest secure versions; Annual penetration testing; Unsupported hardware and software removed from the network; Fortnightly Security Review meetings discuss and evaluate threats</p>	Rare	Significant	Low	Susan Msalila Shetland Islands Council
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Corporate Plan

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

<p>The Council invested heavily in infrastructure at the time when the oil industry was taking off. This infrastructure was funded from income generated from the oil industry. That infrastructure is now ageing and will need to be replaced, however, the financial situation is now tighter which will mean that it will be challenging to finance this.</p> <p>Trigger : Need for Investment in Shetland's infrastructure</p> <p>Consequences : Challenge to finance the maintenance and/or replacement of existing infrastructure</p> <p>Risk type : Physical - People / Property - Other</p> <p>Reference - ORG0021</p>	Likely	Extreme	High	<p>• The current Asset Investment Plan focuses on the maintenance of existing assets in order to prolong their useful economic lives. This should mitigate against the risk of immediate failure. In order to address the longer term replacement of assets, a Borrowing Policy was approved by Council on 11 December 2013.</p> <p>Other measures in place include: MTFP, budget monitoring and scrutiny, clear and robust roles and responsibilities for managers and financial procedures & regs. A report on Long Term Asset Investment planning has been prepared and presented to the Council. It identifies the extent of future programmes, which will inform funding options. LTAI planning highlights the significant challenges - for example fair funding for ferries is a challenge that is larger than is manageable by the SIC and requires national input and support. Lobbying of Scottish Govt to be undertaken.</p>	Likely	Major	High	Christine Ferguson Shetland Islands Council
<p>The Council handles significant quantities of data including confidential and personal data on a daily basis. It is expected to be an exemplar of good practice and to maintain high standards of security and confidentiality at all times. Information management is managed within the legislative framework as set out by the Information Commissioner.</p> <p>Trigger : Data is released in an uncontrolled manner, accidentally or deliberately, and potentially without the knowledge of the organisation, because of a lack of training/ understanding, poor security, loss of paperwork or data-storing technology.</p> <p>Consequences : Release results in reputational damage or action against the organisation by the Information Commissioner. Financial loss/ fine. Negative media coverage and reputational damage. Possible disciplinary action, stress for staff. Loss of confidence in Services.</p> <p>Risk type : Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc</p> <p>Reference - ORG0030</p>	Unlikely	Major	Medium	<p>• Current and planned controls -Current: There are already robust systems and procedures in place to prevent the loss of data and information. To date, over 600 staff have accessed training in basic Data Protection and Freedom of Information principles, including attendance at a conference provided by the Assistant Information Commissioner in 2015, and by the Office of the Scottish Information Commissioner in 2016, and by accessing online training through iLearn/Brightwave.</p> <p>Planned: Information management and improvement is a strand of the Business Transformation Programme 2016-2020. This is supported by an Information Management Strategy, which provides a framework for improvement and development of information management policies and procedures to ensure our services can work together in a smarter way. The Improvement Programme includes a number of work streams, including information security, business continuity, culture and training, all of which will contribute to further reducing the risks inherent with maintaining and processing large amounts of information, and will aim to keep these considerations at the forefront of business transformation projects. Governance, accountability and strategic direction for the Information Improvement Programme is provided by the Information Governance Board. The Board includes those who have management responsibility, accountability and ownership of information assets and this will be supplemented by the continued raising of awareness amongst, and further training of, managers, administrators and other staff in the proper handling of information.</p>	Rare	Major	Medium	Jan R Riise Shetland Islands Council

The Equal Pay Audit carried out on 2015/16 pay resulted in a published pay gap of 11.21% in favour of men. This is calculated on basic pay, and when other pay elements and allowances, except non-contracted overtime are included the gap increases to 16.23%. when non-contracted overtime is included the gender pay gap increases further to 20.05%. The Equality and Human rights Commission advise that any gender pay gap greater than 5% is of concern and action should be taken to address the gap.

Trigger : Failure to address the identified issues, public / media scrutiny, equal pay claim from a member of staff, scrutiny by EHRC.

Consequences : There is a risk that not addressing the equal pay gap identified in the Equal Pay Audit 2016 could lead to equal pay claims being made where pay inequalities exist. There is a risk that recruitment and retention of staff is detrimentally impacted by a failure to address barriers from gender, disability and race inequalities, and that this will impact on service delivery. A failure to realise the benefits of greater diversity in employment represents a waste of talent and an opportunity to address workforce and skills shortages. Occupational segregation means the clustering of employees with a particular protected characteristic into particular occupations or different levels of work. The published Equal Pay Statement 2017-2021 provides analysis that shows 97% of employees in the Marine occupational category are men, while 89% of employees in the Care occupational category are female. The data also shows an under representation of male employees in lower grades relative to their share of total employees, and an over representation at higher grades, with the reverse that case for female employees.

These will also place a demand on resources and require specialist legal input, there will be financial pressure from legal costs and any damages, reputational damage and negative media coverage should there be equal pay claims, and a detrimental impact on staff confidence and morale. Increased recruitment and retention difficulties and likely.

Risk type : Economic - Other

Reference - ORG0044

Possible X
Major

High

• The Equal pay Statement 2017-2021, approved at P&R 7 March 2017 describes the Council's commitment to the principle of equal pay for all employees. It sets out how, regardless of protected characteristic, employees should receive equal pay for the same or broadly similar work, work rated as equivalent and for work of equal value. It also describes how the Council operates a pay and grading system which is transparent, based on objective criteria and is free from bias, by using an analytical Job Evaluation system for SJC staff and teaching promoted staff are subject to job sizing. It notes that Council's commitment to address equal pay gaps and reduce occupational segregation. The Equal Pay Audit 2016 action plan sets out a number of actions to address occupational segregation including a programme of work experience that challenge gender norms and stereotyping; identifying barriers in significantly occupationally segregated roles and carrying out remedial action as necessary; taking positive action to develop and encourage females into management roles; and carrying out an Equality Impact Assessment of wider terms and conditions of employment given the increased gender pay gap when all allowances are included.

The Council's Workforce Strategy 2016-2020 underlines the priority given to Equality and Diversity, and the HR service will work with trades union representatives and stakeholders to identify and address inequalities.

Unlikely

Significant

Medium

Denise Bell
Shetland
Islands
Council

Corporate Plan

F6. Our "20 By '20" - Financial Management

The SIC Pension Fund is currently not 100% funded. At 31 March 2014 triennial evaluation the Fund was 91.7% funded. The SIC Pension Fund, as well as the Council has a number of Scheduled and Admitted Bodies that have liabilities to fund over the long term. Admitted bodies failing or being unable to meet their contributions places risk from these arrangements on the Council, as the largest contributor to the Pension Fund.

Trigger : Any circumstance that triggers a liability to crystallise

Consequences : Financial impact, significant long term obligations on pension fund employers

Risk type : Customer / Citizen - Other

Reference - ORG0034

Almost Certain

Major

High

• An investment strategy is in place for the pension fund that was aligned to the 2014 triennial valuation. Regular reviews of fund performance provides assurance around assets however liabilities and the long term forecasting of those are subject to many assumptions which may have to be changed. A triennial valuation provides a check on progress towards full funding. For Bodies seeking admission to the Pension Fund they now have to be supported in doing so by the Council (as a Schedule 1 Body) and also provide a guarantee / bond to meet any liabilities should they default in the future. This mitigates the risk in relation to new entrants.

Rare

Extreme

High

Jonathan
Belford
Shetland
Islands
Council

Corporate Plan

F8. Our "20 by '20" - Efficient

<p>If the Council operates unsustainably and without intervention, it would rely more and more on its reserves, the compounding effects of this being an over-reliance on funds that are non-recurring. The consequences would ultimately be a depletion of Council reserves and an enormous reduction in the annual budget.</p> <p>Trigger : Persistent unsustainable draw from reserves.</p> <p>Consequences : Council runs out of reserves which means no investments and therefore budgets being prepared on a substantially lower income level.</p> <p>Risk type : Economic / Financial - Other</p> <p>Reference - ORG0020</p>	Unlikely	Extreme	High	<p>• The Financial Management arrangements of the Council have been strengthened, it has an approved MTFP, rigorous budgetary control & monitoring arrangements at officer and Councillor level. Long term planning assumptions have demonstrated the impact and capital expenditure has reduced from historic levels.</p>	Unlikely	Major	Medium	Jonathan Belford Shetland Islands Council
<p>Long term financial planning - discharging the Council duty of best value has been defined (in part) by the Accounts Commission as addressing and doing more long term planning. Failure to recognise the longer term factors that impact on Council finance and service delivery obligations and challenges may result in serious criticism from Audit Scotland and the Accounts Commission, while at the same time impacting on customers and the organisation at large.</p> <p>Trigger : Failure to prepare and take account of longer term scenario planning and to make informed assumptions about the impact of those on services and finance.</p> <p>Consequences : Reputational damage, customer outcomes not achieved, finances depleted.</p> <p>Risk type : Economic / Financial - Other</p> <p>Reference - ORG0042</p>	Rare	Extreme	High	<p>• Strong financial management arrangements in place; robust annual budget process, MTFP refreshed and the LTFP assumptions reviewed and reported to Council in March 2017</p>	Unlikely	Major	Medium	Jonathan Belford Shetland Islands Council

On 23rd June 2016, a country-wide referendum was held to identify whether the UK wished to remain in, or leave, the European Union. Following the immediate political turmoil, there has been ongoing economic and political uncertainty. Various organisations in Shetland receive EU funding and this could be (and in some cases, has been) removed. The Shetland Islands Council receives EU funding for a number of purposes.

Trigger : Referendum result, post referendum political and economic uncertainty or change

Consequences : Short-term - Withdrawal of funding, political and economic uncertainty, potential impact on recruitment, uncertainty for non-UK EU nationals employed by SIC/ in Shetland - the potential impact on the councils workforce planning of the uncertainties that Brexit creates, will add to the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working. There is much speculation about the impact on employment in the UK which HR are monitoring to ensure the council responds appropriately. Impact on partner organisations and partner-funded bodies. Does the SIC have a lobbying role?; Medium term: Withdrawal of funding, political and economic uncertainty, legislative change, regulatory uncertainty, impact on pension fund and Council investments, issues round fish quotas/ market/ pelagic fleet, economic impact, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, potential impact on recruitment (of staff/ students),/ on SIC's workforce planning particularly given the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working potential for further legislative, political and structural change, opportunity to influence direction and shape of new legislation, impact on partner organisations and partner-funded bodies, requirement to consider risks around capital expenditure. What is the SIC's role and priorities?; Long-term: Uncertainty, impact on longer term planning for organisation, potential for further legislative, political and structural change.

Risk type : Political - Other

Reference - ORG0037

Likely X
Major

High

• Development Services are providing regular updates, preparing regular update papers to Committee and Community Planning board. An EU Engagement and Brexit Sounding Board has been agreed by the Development Committee as its 12 June meeting, and will meet regularly to help inform the Council and Community Partners of opportunities and risks.

Possible

Minor

Medium

Mark
Boden
Shetland
Islands
Council



