



Shetland Islands Council

Agenda Item

1

Meeting(s):	Shetland Islands Council	13 December 2017
Report Title:	Chair's Report – Development Committee – 4 December 2017 Onshore Wind Energy Supplementary Guidance	
Reference No:	SIC-1213-DV-59	

1.0 Decisions / Action required:

- 1.1 That the Council RESOLVE to adopt the Supplementary Guidance (SG) Onshore Wind Energy.

2.0 Report

- 2.1 The purpose of this report is to consider a recommendation from the Chair of Development Committee in relation to a report requiring a Council decision.
- 2.2 The Committee considered a report which presented the Supplementary Guidance (SG) Onshore Wind Energy. The document, if adopted by Council, will provide detailed policy context and guidance for developers and, as a statutory part of the Local Development Plan (LDP), will be integral to the planning application decision making process for onshore wind energy developments.
- 2.3 The report to Committee summarised the work done to enable the SG on Onshore Wind Energy developments to be adopted since the Council approved it on 30 June 2015.
- 2.4 The Chair will present any further information to the Council as to the debate or issues that the Committee considered.

3.0 Implications

- 3.1 Detailed information concerning the proposals was contained within the report, which includes the strategic and resources implications for the Council.
- 3.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.
- 3.3 There are no additional implications to be considered by the Council.

4.0 Previously Considered by:	Development Committee	4 December 2017
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For further information please contact:

Mr A Cooper, Chair of Development Committee
5 December 2017

Background documents:

Report to Development Committee – 5 December 2017

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5442>

END



Meeting(s):	Shetland Islands Council	13 December 2017
Report Title:	Chair's Report Policy and Resources Committee - 6 December 2017 Regulation of Investigatory Powers (Scotland) Act 2000	
Reference No:	SIC-1213-GL-50	

1.0 Decisions / Action required:

1.1 That the Council RESOLVE to 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,
- the Shetland Islands Council Regulation of Investigatory Powers Scotland Act 2000 Training Plan 2016-2021.

2.0 Report

- 2.1 The purpose of this report is to consider a recommendation from the Chair of Policy and Resources Committee in relation to a report requiring a Council decision.
- 2.2 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.
- 2.3 The Council's policies for compliance with RIPSA were approved in 2002 (Minute Ref: 89/02). 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.
- 2.4 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.
- 2.5 The Chair will present any further information to the Council as to the debate or issues that the Committee considered.

3.0 Implications

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

- 3.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.
- 3.3 There are no additional implications to be considered by the Council.

**4.0 Previously
Considered by:**

Policy and Resources Committee

6 December 2017

For further information please contact:

Mr C Smith, Chair of Policy and Resources Committee
5 December 2017

Background documents:

Report to Policy and Resources Committee – 5 December 2017

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=21744>

END



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	There are no implications arising from this report.

Assets and Property:	
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 monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>

	The Annual Investment and Treasury Strategy is a specific plan contained within 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.	
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 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:

Robert Sinclair, Executive Manager – Capital Programme

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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):	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	Likelihood	Impact	Risk Profile	Current and Planned Control Measures	Probabil-ity	Target Impact	Risk Profile	Respons-ible Officer
Category	Corporate							
Corporate Plan	A2. Young People - Vulnerable Children and young people's opportunities							
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. Trigger : Crisis or escalation of complex situation, usually unanticipated and which puts child at increased risk of harm. 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. Risk type : Physical - People / Property - Other Reference - ORG0025	Possible	Major	High	• Robust systems and procedures in place. Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly. 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.	Unlikely	Major	Medium	Helen Budge Shetland Islands Council
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. 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. Consequences : Placements have to be sought away from Shetland, which come at a high cost to the Local Authority. Risk type : Economic / Financial - Other Reference - ORG0026	Likely	Significant	High	• Working to identify and develop alternative and flexible solutions which includes development of fee-paid foster carers and ensuring a second residential property becomes operational	Possible	Significant	Medium	Helen Budge Shetland Islands Council
Corporate Plan	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
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
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

<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 Hjaltdland 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. 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
<div>Corporate Plan</div> <div>F15. Our "20 By '20" - Assets</div>								

<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.</p> <p>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

Corporate Plan		F2. Our "20 By '20" - Staff Value & Motivation							
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”. 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. 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. Risk type : Missed opportunities Reference - ORG0031		Possible	Significant	Medium	• 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.	Rare	Significant	Low	Denise Bell Shetland Islands Council
Corporate Plan		F4. Our "20 By '20" - It Equipment & Systems							
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. Trigger : Attack on the Council's network resulting in compromise/damage to systems or reputation, data leak, etc Consequences : Loss of data, system downtime Risk type : Malicious damage/ vandalism/sabotage Reference - ORG0029		Unlikely	Major	Medium	• Anti-virus and firewall defences, ICT security policy, boundary appliance scan all incoming e-mail; Corporate anti-virus installed on all servers and workstations; Corporate firewalls, 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	Rare	Significant	Low	Susan Msalila Shetland Islands Council

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>• Curent 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

<p>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 than5% is of concern and action should be taken to address the gap.</p> <p>Trigger : Failure to address the identified issues, public / media scrutiny, equal pay claim from a member of staff, scrutiny by EHRC.</p> <p>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.</p> <p>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.</p> <p>Risk type : Economic - Other</p> <p>Reference - ORG0044</p>	Possible X Major	High	<p>• 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.</p> <p>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.</p>	Unlikely	Significant	Medium	Denise Bell Shetland Islands Council
Corporate Plan							
F6. Our "20 By '20" - Financial Management							
<p>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.</p> <p>Trigger : Any circumstance that triggers a liability to crystallise</p> <p>Consequences : Financial impact, significant long term obligations on pension fund employers</p> <p>Risk type : Customer / Citizen - Other</p> <p>Reference - ORG0034</p>	Almost Certain Major	High	<p>• 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.</p> <p>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.</p>	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



Meeting(s):	Council	13 December 2017
Report Title:	Implementation of MiFID II (Markets in Financial Instruments Directive)	
Reference Number:	F-093-17-F	
Author / Job Title:	Jonathan Belford Executive Manager - Finance	

1.0 Decisions / Action required:

1.1 It is recommended that the Council:

NOTE the potential impact on the investment strategy from becoming a retail client with effect from 3rd January 2018;

ACKNOWLEDGE and AGREE, in electing for professional client status, that the Council forgo the protections available to retail clients attached as Appendix 1;

AGREE the actions taken by the Executive Manager – Finance to date, with all relevant institutions, in order to ensure it can continue to implement an effective investment strategy; and

APPROVE delegated authority to the Executive Manager – Finance to make the necessary arrangements to finalise the applications and to determine the basis for the applications as either full or single service.

2.0 High Level Summary:

2.1 This report outlines the impact of the implementation of the Markets in Financial Instrument Directive 2014/65 (“MiFID II”) and in particular the risk to the Council of becoming a retail client on 3 January 2018 and recommends that the Council agree that elections for professional client status should be made on behalf of the authority, recognising the work already undertaken by the Executive Manager – Finance in preparing for this change.

2.2 Under the current UK regime, local authorities are automatically categorised as ‘per se professional’ clients in respect of non-MiFID scope business and are categorised as ‘per se professional’ clients for MiFID scope business if they satisfy the MiFID Large Undertakings test. Local authorities that do not satisfy the Large Undertakings test may opt up to elective professional client status if they fulfil certain ‘opt-up criteria’.

2.3 Following the introduction of the Markets in Financial Instrument Directive 2014/65 (“MiFID II”) from 3 January 2018, firms will no longer be able to categorise a local public authority that does not manage public debt (“local authority”) as a ‘per se professional client’ or elective eligible counterparty (ECP) for both MiFID and non-

	MiFID scope business. Instead, all local authorities must be classified as “retail clients” unless they are opted up by firms to an ‘elective professional client’ status.
2.4	Furthermore, the Financial Conduct Authority (FCA) has exercised its discretion to adopt gold-plated opt-up criteria for the purposes of the quantitative opt-up criteria, which local authority clients must satisfy in order for firms to reclassify them as an elective professional client.
3.0	Corporate Priorities and Joint Working:
3.1	This report links to the Council’s Treasury and Investment Strategy to ensure that it can continue to be flexible in its treasury and investment activities for the long-term benefit of the Council and the community of Shetland. It is important that it carries out its duties effectively and in line with all legislative requirements.
4.0	Key Issues:
4.1	<u>Election for professional client status</u>
4.2	MiFID II allows for retail clients which meet certain conditions to elect to be treated as professional clients (to ‘opt up’). There are two tests which must be met by the client when being assessed by the financial institution: the quantitative and the qualitative test.
4.3	The Local Government Pension Scheme Advisory Board (SAB) and the Local Government Association (LGA) along with the Department of Communities and Local Government (DCLG) and the Investment Association (IA) have successfully lobbied the FCA to make the test better fitted to the unique situation of local authorities.
4.4	The new tests recognise the status of LGPS administering authorities as providing a ‘pass’ for the quantitative test while the qualitative test can now be performed on the authority as a collective rather than an individual. A summary of and extracts from the FCA policy statement which set out these new tests is attached as Appendix 2. The Council can use the work of the SAB and LGA to efficiently and effectively ensure it is in a position to opt-up to professional client status to continue its current investment strategy.
4.5	The election to professional status must be completed with <u>all</u> financial institutions prior to the change of status on 3 rd January 2018. Failure to do so by local authorities would result in the financial institution having to take ‘appropriate action’ which could include a termination of the relationship at a significant financial risk to the authority.
4.6	The SAB and the LGA have worked with industry representative bodies including the IA, the British Venture Capital Association (BVCA) and others to develop a standard opt-up process with letter and information templates. This process should enable a consistent approach to assessment and prevent authorities from having to submit a variety of information in different formats.
4.7	A flowchart of the process is attached as Appendix 3 and the letter and information templates are attached as Appendices 4 and 5.

4.8	Applications can be made in respect of either all of the services offered by the institution (even if not already being accessed) or a particular service only. A local authority may wish to do the latter where the institution offers a wide range of complex instruments which the authority does not currently use and there is no intention to use the institution again once the current relationship has come to an end, for example, if the next procurement is achieved via the LGPS pool. It is recommended that officers determine the most appropriate basis of the application, either via full or single service.
4.9	Authorities are not required to renew elections on a regular basis but will be required to review the information provided in the opt-up process and notify all institutions of any changes in circumstances which could affect their status, for example, if the membership of the committee changed significantly resulting in a loss of experience, or if the relationship with the authority's investment advisor was terminated.
4.10	<u>Next steps</u>
4.11	In order to continue to effectively implement the authority's investment strategy after 3 rd January 2018, applications for election to be treated as a professional clients should be submitted to all financial institutions with whom the authority has an existing or potential relationship in relation to the investment of the Council funds.
4.12	This process should commence as soon as possible in order to ensure completion in good time and avoids the need for appropriate action to be taken by institutions in relation to the authority's pension fund investments. To this end the Executive Manager – Finance has already submitted a range of applications to existing fund managers, the Pension Fund advisers and custodian. These have been made to ensure that there is no delay or 'bottleneck' due to Christmas and New Year period, immediately after which the Directive applies.
4.13	The Executive Manager - Finance should be granted the necessary delegated authority to finalise the applications on the authority's behalf and to determine the nature of the application on either full or single service basis.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	The benefit derived from being able to secure a long-term investment return from its cash reserves will only be maintained if the Council can continue to have a sophisticated investment strategy. In opting-up to professional status, this will enable the Council to continue to benefit from the full range of investment vehicles to increase the value of the investments that the Council has. Thereby enabling an additional sum to be added annually to the Council's General Fund Budget.
6.2	There are no implications arising directly from this report.

Human Resources and Organisational Development:	
6.3 Equality, Diversity and Human Rights:	There are no implications arising directly from this report.
6.4 Legal:	The impact of the implementation of The Markets in Financial Instruments Directive 2014/65 will, on 3 January 2018, result in local authorities being classified as 'retail client' status and therefore action requires to be taken to ensure that the Council is suitably prepared to enable it to carry out the business it requires to transact in order to deliver its Investment Strategy.
6.5 Finance:	<p>A move to retail client status would mean that all financial services firms like banks, brokers, advisers and fund managers will have to treat local authorities the same way they do non-professional individuals and small businesses. That includes a raft of protections ensuring that investment products are suitable for the customer's needs, and that all the risks and features have been fully explained. This provides a higher standard of protection for the client but it also involves more work and potential cost for both the firm and the client, for the purpose of proving to the regulator that all such requirements have been met.</p> <p>Such protections would come at the price of local authorities not being able to access the wide range of assets needed to implement an effective, diversified investment strategy. Retail status would significantly restrict the range of financial institutions and instruments available to authorities. Institutions currently servicing the Council may not be authorised to deal with retail clients and may not wish to undergo the required changes to resources and permissions in order to do so.</p> <p>Even if the institution secures the ability to deal with retail clients, the range of instruments it can make available to the client will be limited to those defined under Financial Conduct Authority (FCA) rules as 'non-complex' which would exclude many of the asset classes currently included in the Council fund portfolios. In many cases managers will no longer be able to even discuss ('promote') certain asset classes and vehicles with the authority as a retail client.</p>
6.6 Assets and Property:	Opting-up to 'professional client' status will ensure that the greatest range of asset classes and investment vehicles will be available to deliver the Council Investment Strategy.
6.7 ICT and new technologies:	There are no implications arising directly from this report.
6.8	There are no implications arising directly from this report.

Environmental:	
6.9 Risk Management:	<p>Investment is inherently risky and as such the MiFID II requirements offer non-professional individuals and small businesses certain protections, which are not applicable to professional clients.</p> <p>There is a risk that the Council will not have access to those protections by 'opting-up', however this is countered by the extent to which the Council is already a sophisticated, large and complex investor. It has not benefited from protections in the past.</p> <p>The management and governance arrangements that the Council has in place are in line with the requirements of a professional client, having for example qualified staff and advisors in place to assist the Council in understanding investment opportunities as well as helping the Council in making decisions.</p> <p>With all investments there is an underlying risk that investment values will fall as well as rise.</p>
6.10 Policy and Delegated Authority:	In accordance with the Council's Scheme of Administration and Delegation, December 2016, the Council has reserved authority in terms of investment decisions and investment strategy.
6.11 Previously considered by:	None.

Contact Details:

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01595 744607; jonathan.belford@shetland.gov.uk

Appendices:

Appendix 1 – Summary of MiFID II protections
Appendix 2 – Summary of FCA Policy Statement
Appendix 3 – Flowchart
Appendix 4 – Letter template requesting opt-up
Appendix 5 – Assessment template to provide evidence of professional client status

Background Documents: None.

END

Appendix 1

Warnings - loss of protections as a Professional Client

Professional Clients are entitled to fewer protections under the UK and EU regulatory regimes than is otherwise the case for Retail Clients. This document contains, for information purposes only, a summary of the protections that you will lose if you request and agree to be treated as a Professional Client.

1. Communicating with clients, including financial promotions

As a Professional Client the simplicity and frequency in which the firm communicates with you may be different to the way in which they would communicate with a Retail Client. They will ensure however that our communication remains fair, clear and not misleading.

2. Information about the firm, its services and remuneration

The type of information that the firm provides to Retail Clients about itself, its services and its products and how it is remunerated differs to what the firm provides to Professional Clients. In particular,

- (A) The firm is obliged to provide information on these areas to all clients but the granularity, medium and timing of such provision may be less specific for clients that are not Retail Clients; and
- (B) there are particular restrictions on the remuneration structure for staff providing services to Retail Clients which may not be applicable in respect of staff providing services to Professional Clients;
- (C) the information which the firm provides in relation to costs and charges for its services and/or products may not be as comprehensive for Professional Clients as it would be for Retail Clients, for example, they are required when offering packaged products and services to provide additional information to Retail Clients on the risks and components making up that package; and
- (D) when handling orders on behalf of Retail Clients, the firm has an obligation to inform them about any material difficulties in carrying out the orders; this obligation may not apply in respect of Professional Clients.

3. Suitability

In the course of providing advice or in the course of providing discretionary management services, when assessing suitability for Professional Clients, the firm is entitled to assume that in relation to the products, transactions and services for which you have been so classified, that you have the necessary level of experience and knowledge to understand the risks involved in the management of your investments. The firm will assess this information separately for Retail Clients and would be required to provide Retail Clients with a suitability report.

4. Appropriateness

For transactions where the firm does not provide you with investment advice or discretionary management services (such as an execution-only trade), it may be required to assess whether the transaction is appropriate. In respect of a Retail Client, there is a specified test for ascertaining whether the client has the requisite investment

knowledge and experience to understand the risks associated with the relevant transaction. However, in respect of a Professional Client, the firm is entitled to assume that they have the necessary level of experience, knowledge and expertise to understand the risks involved in a transaction in products and services for which they are classified as a Professional Client.

5. Dealing

A range of factors may be considered for Professional Clients in order to achieve best execution (price is an important factor but the relative importance of other different factors, such as speed, costs and fees may vary). In contrast, when undertaking transactions for Retail Clients, the total consideration, representing the price of the financial instrument and the costs relating to execution, must be the overriding factor in any execution.

6. Reporting information to clients

For transactions where the firm does not provide discretionary management services (such as an execution-only transactions), the timeframe for our providing confirmation that an order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders.

7. Client reporting

Investment firms that hold a retail client account that includes positions in leveraged financial instruments or contingent liability transactions shall inform the Retail Client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. These reports do not have to be produced for Professional Clients.

8. Financial Ombudsman Service

The services of the Financial Ombudsman Service may not be available to you as a Professional Client.

9. Investor compensation

Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Hence, depending on how you are constituted you may not have access to the Financial Services Compensation Scheme.

10. Exclusion of liability

The FCA rules restrict the firm's ability to exclude or restrict any duty of liability which the firm owes to Retail Clients more strictly than in respect of Professional Clients.

11. Trading obligation

In respect of shares admitted to trading on a regulated market or traded on a trading venue, the firm may, in relation to the investments of Retail Clients, only arrange for such trades to be carried out on a regulated market, a multilateral trading facility, a systematic internaliser or a third-country trading venue. This is a restriction which may not apply in respect of trading carried out for Professional Clients.

12. Transfer of financial collateral arrangements

As a Professional Client, the firm may conclude title transfer financial collateral arrangements with you for the purpose of securing or covering your present or future, actual or contingent or prospective obligations, which would not be possible for Retail Clients.

13. Client money

The requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients.

It should be noted that at all times you will have the right to request a different client categorisation and that you will be responsible for keeping the firm informed of any change that could affect your categorisation as a Professional Client.

FCA Markets in Financial Instruments Directive II Implementation – Policy Statement II

The matters relating to the reclassification of local and public authorities as retail are covered in Chapter 8 pages 64 to 74 of the full document <https://www.fca.org.uk/publication/policy/ps17-14.pdf>

Highlights (see highlighted sections following for context)

1. Firms may take a collective view of the expertise, experience and knowledge of committee members, taking into account any assistance from authority officers and external advisers where it contributes to the expertise, experience and knowledge of those making the decisions
2. Governance and advice arrangements supporting those individuals can inform and contribute to the firm's assessment
3. Adherence to CIPFA Codes or undertaking other relevant training or qualifications may assist in demonstrating knowledge and expertise as part of the qualitative test
4. Rules will add a fourth criterion that the client is subject to the LGPS Regulation for their pension administration business. Local authorities must continue to meet the size requirement, as well as one of the two previous criteria or the new fourth criterion
5. Compliance with the LGPS Regulations, including taking proper advice, will contribute to the assessment of knowledge and expertise of the local authority client when making decisions
6. Retain the 10 transactions on average per quarter test as one of the four available criteria for enabling a local authority body to opt up.
7. Firms may reasonably assess that a professional treasury manager has worked in the financial sector for at least one year, if their role provides knowledge of the provision of services envisaged
8. Changed the portfolio size threshold to £10m
9. Proposed transitional arrangements that would allow investment firms to re-assess the categorisation of local authority clients between the 3 July 2017 implementation deadline and 3 January 2018 are being taken forward

Page 67 Our response on the qualitative test

MiFID II requires the qualitative test to be applied to local authorities seeking to opt-up to professional client status, with the test itself unchanged from MiFID. It is important that an investment firm is confident that a client can demonstrate their expertise, experience and knowledge such that the firm has gained a reasonable assurance that the client is capable of making investment decisions and understanding the nature of risks involved in the context of the transactions or services envisioned.

COBS 3.5.4 requires that the qualitative test should be carried out for the person authorised to carry out transactions on behalf of the legal entity. 'Person' in this context may be a single person or a group of persons. We understand that the persons within a local authority who invest on behalf of pension funds are elected officials acting as part of a pensions committee. In those circumstances, firms may take a collective view of the expertise, experience and knowledge of committee members, taking into account any assistance from authority officers and external advisers where it contributes to the expertise, experience and knowledge of those making the decisions. We also understand that typically the person(s) within local authorities who invest the treasury reserves of those authorities are likely to be officers of the authorities, who are delegated authority from elected members and act under an agreed budget and strategy.

Given different governance arrangements, we cannot be prescriptive, but we would stress the importance of firms exercising judgement and ensuring that they understand the arrangements of the local authority and the clear purpose of this test. It remains a test of the individual, or

respectively the individuals who are ultimately making the investment decisions, but governance and advice arrangements supporting those individuals can inform and contribute to the firm's assessment.

We agree that adherence to CIPFA Codes or undertaking other relevant training or qualifications may assist in demonstrating knowledge and expertise as part of the qualitative test.

Page 68 Our response on the quantitative test – approach for Local Government Pension Schemes (LGPS)

We recognise that local authority pension schemes are established within the framework of the LGPS Regulations and are subject to the oversight of the Pensions Regulator, as well as the broader public policy in MiFID II, such as ensuring that local authority pension schemes receive appropriate investment services, and that they understand the costs and risks involved with such service.

Some expressed concerns about interpreting the quantitative criteria in light of the common governance of local authority pension scheme administration, and recognise that the drafting of our proposed rules was not sufficient to achieve our policy intention of allowing all local authorities administering LGPS pension funds to have the ability to successfully opt up. Therefore, our rules will add a fourth criterion that the client is subject to the LGPS Regulation for their pension administration business. Local authorities must continue to meet the size requirement, as well as one of the two previous criteria or the new fourth criterion. This will assist all local authority pension fund administrators who wish to opt-up to meet the quantitative test, but maintain the need for local authorities to qualitatively demonstrate their sophistication to become professional clients. We agree with views that compliance with the LGPS Regulations, including taking proper advice, will contribute to the assessment of knowledge and expertise of the local authority client when making decisions.

Page 69 Our response on the quantitative test – undertaking 10 transactions on average per quarter

We accept that some local authorities will not be able to meet this part of the quantitative test (particularly when investing pension funds). However, it continues to be our view that regular and recent experience of carrying out relevant transactions remains a useful proxy for assessing sophistication. We have received no arguments against this view, and so confirm that we will retain this test as one of the four available criteria for enabling a local authority body to opt up.

While theoretically this criterion could be 'gamed' by firms and clients by churning portfolios, we believe it is an unlikely course of action for local authorities who are accountable to the electorate and have specific statutory duties requiring prudent management of their financial affairs. In future, we could scrutinise any firm who appeared to be recommending this course of action to its client and question whether the firm was acting in the client's best interest and whether the firm believed that an artificially higher number of trades contributed to the expertise, experience and knowledge of their client.

Page 70 Our response on the quantitative test – employment in the financial sector for at least 1 year in a professional position

We accept we could be clearer about who this test is applied to, while ensuring it can be applied flexibly to different governance arrangements. We also recognise that employment in the financial sector is a criterion that can only apply to a natural person.

In response, we have amended the proposed drafting in COBS 3.5.3BR(b)(ii) to note that 'the person authorised to carry out transactions on behalf of the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged'. This should allow local authorities to delegate authority to make investment decisions on their behalf to professional staff with at least one year's experience. We recognise that this redrafted criterion may not be useful for assessing the collective decision making involved in investing local authority pension funds. However, we think this will be less problematic given our new fourth criterion aimed at LGPS administering authorities.

We do not interpret the term ‘financial sector’ in a limited way for the purposes of COBS 3.5.3BR(2)(b)(ii), and firms may reasonably assess that a professional treasury manager has worked in the financial sector for at least one year, if their role provides knowledge of the provision of services envisaged. This meets the purpose of the test, to ensure the person acting on behalf of a client has the expertise, experience and knowledge necessary in relation to the investment or service being sold and the risks involved.

Page 71 Our response on the quantitative test – portfolio size threshold

We have changed the portfolio size threshold to £10m. This follows further data and case studies provided by local authorities, Department for Communities and Local Government (DCLG) new data, and wider CP responses.

We believe £10m is closer to our policy goal of restricting the ability of the smallest, and by implication the least sophisticated, local authorities (town and parish councils, and the smallest county and district councils) to opt-up, but giving larger ones the ability to do so more readily, (provided they meet the other criteria).

Based on the number of local authorities we estimated were investing in MiFID scope instruments and understanding the quoted portfolio size in the DCLG dataset for 2014/15, in CP16/29 we estimated that 63 additional local authorities would not be able to opt-up to professional client status for the purposes of engaging in MiFID business as a result of our consulted upon policy.

At a £15m portfolio size threshold, this increased to 78 additional local authorities which would not be able to opt-up to professional client status for the purposes of engaging in MiFID business when we used the new 2015/16 DCLG dataset.

Applying the £10m threshold to data over the following years:

2014/15 – 27 local authorities would not be able to opt-up to professional client status; and the estimated one-off costs for investment firms would decrease from £1.7m to £0.8m and on-going costs from £0.8m to £0.3m.

2015/16 – 42 local authorities would not be able to opt-up, and the one-off costs for investment firms would decrease from £2.0m to £1.1m, and on-going costs would reduce from £0.9m to £0.5m.⁴⁷

While a local authority’s ability to borrow extra funds to ‘game’ this requirement may be possible, it is questionable whether local authorities would be able to justify this approach while at the same time making budgets and investment strategies available for public scrutiny.

Page 74 Our response on transitional arrangements

MiFID II gives us very limited discretion with regard to transitional arrangements for applying these rules in respect of local authorities and provides no ability to extend the deadline for compliance with this requirement beyond 3 January 2018. We consulted in CP16/43 on proposed transitional arrangements that would allow investment firms to re-assess the categorisation of local authority clients between the 3 July 2017 implementation deadline and 3 January 2018. These proposals are being taken forward (see Chapter 24). However, firms will not be expected to re-consider categorisation of existing clients other than local authorities, where MiFID II rules are the same as existing MiFID rules transposed at COBS 3.

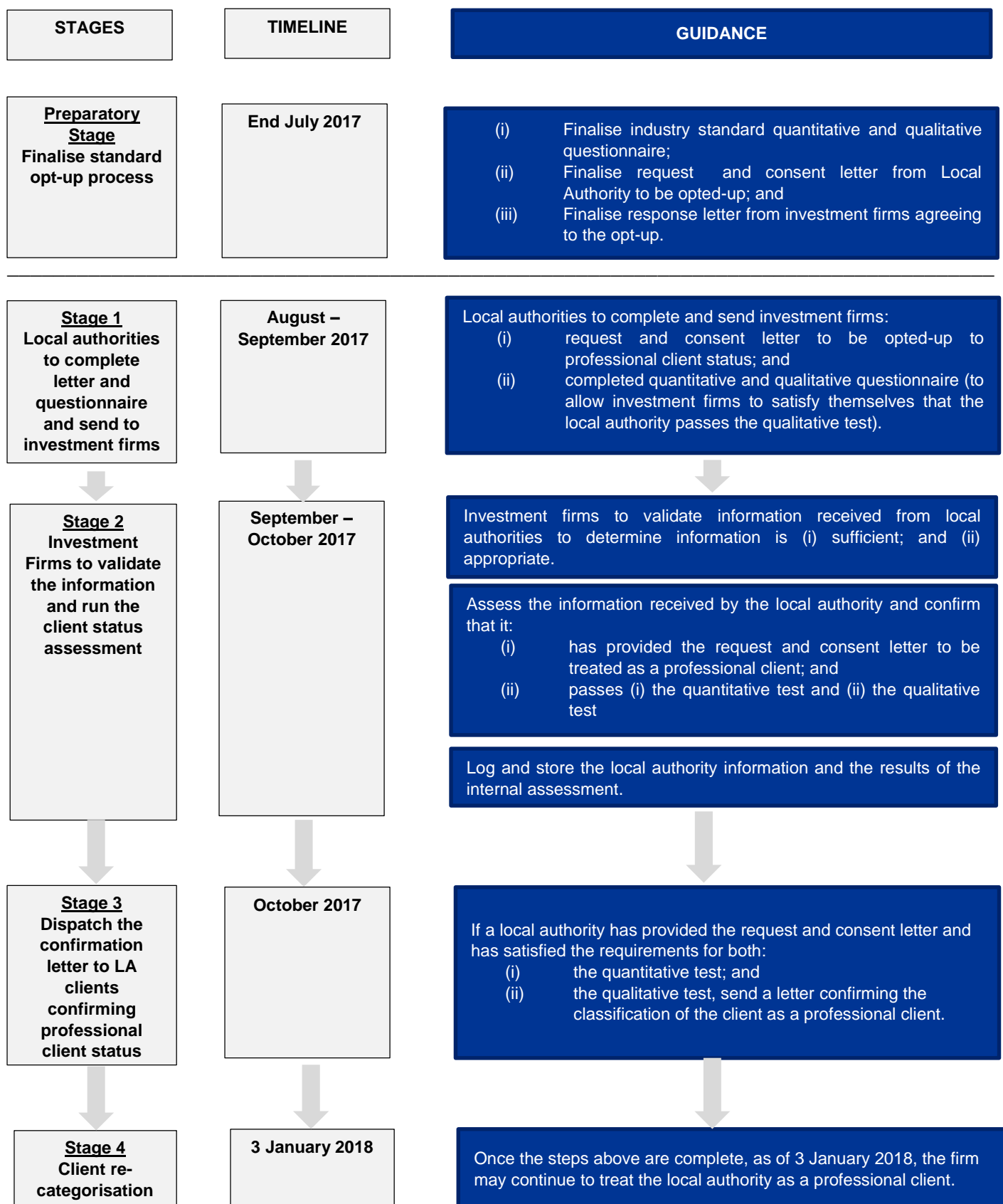
Otherwise, we have made further consequential drafting changes to transitional provisions at COBS TP 1 that were added when MiFID was implemented in 2007, but that are no longer carried across into MiFID II.

More generally, COBS 3.5.8G notes that professional clients have the responsibility to keep investment firms informed about any changes that affect their current categorisation. Further, at COBS 3.5.9R, if the firm becomes aware that the client no longer fulfils the initial conditions that made the client eligible to be an elective professional client, it must take “appropriate action”. Neither MiFID II, nor our rules specify what ‘appropriate action’ is, which will depend on the facts of the case and what would be in the client’s best interest. Firms must exercise judgement and consider what would be in the best interests of the client. For example, if a client no longer meets the quantitative test to

opt up to professional client status, a firm may decide it is appropriate to cease providing investment services but to do so in a way that minimises losses to the client.

Appendix 3

UK Local Authority Client Opt-Up Process



Appendix 4

Letter requesting categorisation as an elective professional client

[ON [AUTHORITY] HEADED PAPER]

[Manager name]

[Manager address]

[Date]

Dear [●]

Request to be treated as a professional investor

I am writing to you ahead of the implementation in the UK of the Markets in Financial Instruments Directive (2014/65/EU) (MiFID II). I have been authorised by NAME OF AUTHORITY (the “Local Authority”) to inform you that, in its capacity as an administering authority of a local government pension scheme, it wishes to be treated as a professional client for the purpose of:

- (a) any and all investment service(s) which it receives from you (the “Services”); and/or
- (b) the promotion to us of, and investment in, any and all fund(s) managed or advised by you (the “Fund Promotions/Investments”).

We understand you are required to categorise all of your clients as either professional clients or retail clients and that you currently categorise the Local Authority as a Professional Client (“Professional Client”). However as of 3 January 2018, under new rules deriving from MiFID II, you will be obliged to re-categorise the Local Authority as a Retail Client (“Retail Client”) as regards receiving Services from you and/or as regards existing fund investments and any future Fund Promotions/Investments, unless you are satisfied you can otherwise treat the Local Authority as an elective Professional Client and opt-up the Local Authority to this particular client status.

I confirm and acknowledge that the Local Authority is aware that, being categorised as a Professional Client, it will not benefit from the protections and investor compensation rights set out in more detail in Schedule 1. In doing so, I confirm that the Local Authority has reviewed and considered the loss of these protections and rights very carefully and has, if it felt so appropriate, taken advice from legal, financial or other advisors.

I wish to inform you that the Local Authority wishes to be categorised as a Professional Client for the purposes of the Services and/or Fund Promotions/Investments, as applicable in its capacity as an administering authority of the Local Government Pension Scheme.

Prior to re-categorising the Local Authority, as a Professional Client, I understand that you will be required to assess the Local Authority on certain quantitative and qualitative grounds. In order to facilitate this assessment, please find attached a completed questionnaire for your review and consideration.

Subject to you being reasonably assured that, as of 3 January 2018, the Local Authority satisfies the necessary quantitative and qualitative grounds and may be categorised as an elective Professional Client, the Local Authority confirms the following:

- (a) its request to be categorised as a Professional Client, in its capacity as an administering authority of the Local Government Pension Scheme, in relation to the Services and/or Fund Promotions/Investments.
- (b) all information provided to you by us (for the purposes of facilitating your assessment of the Local Authority’s request to be categorised as a Professional Client) is true, accurate and complete.

- (c) the Local Authority understands the contents of Schedule 1 which contains summaries of the protections and investor compensation rights, if any, that the Local Authority will lose once it is categorised as a Professional Client. Please note that I can confirm that the Local Authority is fully aware of the consequences of losing such protections and still wishes to apply to be categorised as Professional Client in respect of the Services and/or Fund Promotions/Investments.
- (d) the Local Authority has had sufficient time to consider the implications of categorisation as a Professional Client and has separately taken any legal, financial or other advice that it deems appropriate.
- (e) the Local Authority will inform you of any change that could affect its categorisation as a Professional Client. I also confirm that the Local Authority understands its responsibility to ask you for a higher level of protection if it is unable to properly assess or manage the risks involved with the investments comprised within the portfolio management mandates which you have been appointed to manage.
- (f) I acknowledge the Local Authority understands that you shall be permitted, in your sole discretion and without providing any reason, to re-categorise the client as a Retail client or cease to provide the Services or otherwise carry out any fund promotion to us or allow future investment in funds by us.

If you have any questions regarding this application please contact **[name]** on **[number]** or alternatively e-mail us at **[email address]**.

Yours sincerely,

.....

[insert name and position] [Authority]

Schedule 1

Warnings - loss of protections for the Local Authority if categorised as a Professional Client

Professional Clients are entitled to fewer protections under the UK and EU regulatory regimes than is otherwise the case for Retail Clients. This Schedule contains, for information purposes only, a summary of the protections lost when requesting and agreeing to be treated as a Professional Client.

Part 1 – Loss of protections as a Professional Client when receiving Services

1. Communicating with clients, including financial promotions

As a Professional Client the simplicity and frequency in which firms communicate with you may be different to the way in which we would communicate with a Retail Client. Firms will ensure however that their communication remains fair, clear and not misleading.

2. Information about the firm, its services and remuneration

The type of information that a firm provides to Retail Clients about itself, its services and products and how it is remunerated differs to what it provides to Professional Clients. In particular,

- (A) It is obliged to provide information on these areas to all clients but the granularity, medium and timing of such provision may be less specific for clients that are not Retail Clients;
- (B) the information which it provides in relation to costs and charges for its services and/or products may not be as comprehensive for Professional Clients as it would be for Retail Clients, for example, it is required when offering packaged products and services to provide additional information to Retail Clients on the risks and components making up that package; and
- (C) when handling orders on behalf of Retail Clients, it has an obligation to inform them about any material difficulties in carrying out the orders; this obligation may not apply in respect of Professional Clients.

3. Suitability

In the course of providing advice or in the course of providing portfolio management services, when assessing suitability for Professional Clients, a firm is entitled to assume that, in relation to the products, transactions and services for which Professional Clients have been so classified, that they have the necessary level of experience and knowledge to understand the risks involved in the management of their investments. Firms cannot make such an assumption in the case of Retail Clients and must assess this information separately. Firms would be required to provide Retail Clients with a suitability report, where they provide investment advice.

4. Appropriateness

For transactions where a firm does not provide investment advice or portfolio management services (such as an execution-only trade), a firm may be required to assess whether the transaction is appropriate for the client in question. In respect of a Retail Client, there is a specified test for ascertaining whether the client has the requisite investment knowledge and experience to understand the risks associated with the relevant transaction. However, in respect of a Professional Client, a firm is entitled to assume that they have the necessary level of experience, knowledge and expertise to understand the risks involved in a transaction in products and services for which they are classified as a Professional Client.

5. **Dealing**

A range of factors may be considered for Professional Clients in order to achieve best execution (price is an important factor but the relative importance of other different factors, such as speed, costs and fees may vary). In contrast, when undertaking transactions for Retail Clients, the total consideration, representing the price of the financial instrument and the costs relating to execution, must be the overriding factor in determining best execution.

6. **Reporting information to clients**

For transactions where a firm does not provide portfolio management services (such as an execution-only transactions), the timeframe for providing confirmation that an order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders.

7. **Client reporting**

Firms that manage a retail portfolio that includes positions in leveraged financial instruments or contingent liability transactions shall inform the Retail Client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. These reports do not have to be produced for Professional Clients.

8. **Financial Ombudsman Service**

The services of the Financial Ombudsman Service may not be available to you as a Professional Client.

9. **Investor compensation**

Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Your rights (if any) to make a claim under the Financial Services Compensation Scheme in the UK will not be affected by being categorised as a Professional Client.

10. **Exclusion of liability**

A firms' ability to exclude or restrict any duty of liability owed to clients is narrower under the FCA rules in the case of Retail Clients than in respect of Professional Clients.

11. **Trading obligation**

In respect of shares admitted to trading on a regulated market or traded on a trading venue, a firm may, in relation to the investments of Retail Clients, only arrange for such trades to be carried out on a regulated market, a multilateral trading facility, a systematic internaliser or a third-country trading venue. This is a restriction which may not apply in respect of trading carried out for Professional Clients.

12. **Transfer of financial collateral arrangements**

As a Professional Client, a firm may conclude title transfer financial collateral arrangements for the purpose of securing or covering your present or future, actual or contingent or prospective obligations, which would not be possible for Retail Clients.

13. **Client money**

The requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients.

Part 2 – Loss of protections for the Local Authority as a potential investor if categorised as a Professional Client for the purposes of Fund Promotions

1. Fund promotion

It is generally not permitted for firms to market alternative investment funds (AIFs) to investors who are Retail Clients (although there are certain limited exceptions to this rule). As a Professional Client, firms will (subject to complying with applicable marketing rules) be generally permitted to market shares or units in AIFs to you, without being subject to this restriction.

2. Non-mainstream pooled investments

For the purposes of the UK regulatory regime, AIFs typically fall within the definition of an “unregulated collective investment scheme”. The UK regulator considers unregulated collective investment schemes to be a high-risk investment, which are not generally suitable investments for Retail Clients. As such, firms are not permitted to promote investments in unregulated collective investment schemes to Retail Clients (although there are certain limited exceptions to this rule). As a Professional Client, firms will be generally permitted to promote an investment in unregulated collective investment schemes to you, without being subject to this restriction (and without making any assessment of whether the investment would be suitable or appropriate for you).

3. Communicating with clients, including financial promotions

Detailed rules govern generally the form and content of financial promotions which are issued to investors who are Retail Clients. However, these detailed form and content rules apply less rigorously where a promotion is issued only to investors who are Professional Clients. As a Professional Client, firms will be generally permitted to issue promotions to you which do not satisfy the detailed form and content rules for Retail Clients. Firms must ensure however that communications remains fair, clear and not misleading.

4. Financial Ombudsman

The services of the Financial Ombudsman Service may not be available to you as a Professional Client

5. Investor compensation

Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Your rights (if any) to make a claim under the Financial Services Compensation Scheme in the UK will not be affected by being categorised as a Professional Client.

Appendix 5

Elective Professional Client - Status Assessment

NAME OF LOCAL AUTHORITY: _____

CAPACITY: As administering authority of the local government pension scheme

NAME OF OFFICIAL COMPLETING QUESTIONNAIRE: _____

DATE: _____

QUANTITATIVE TEST

Answer questions (a) - (d) below. Please ensure that the detail forming the basis of the determination is recorded.

<i>Please answer question (a) with a "Yes" / "No" answer</i>	
<p>(a) Does the size of the local authority's financial instruments portfolio (including both cash deposits and financial instruments) for the purposes of its administration of a local government pension scheme exceed GBP 10,000,000?</p> <p>Portfolio size _____ as at date:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>(b) Is the local authority an 'administering authority' of the Local Government Pension Scheme within the meaning of the version of Schedule 3 of The Local Government Pension Scheme Regulations 2013 or, (in relation to Scotland) within the meaning of the version of Schedule 3 of The Local Government Pension Scheme (Scotland) Regulations 2014 in force at 1 January 2018, and is acting in that capacity?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><i>If the answer is "Yes" to question (b) above, it is not necessary to carry out the assessment in question (c) or question (d) and the answer "N/A" can be given in both cases</i></p>	
<p>(c) Has the local authority carried out transactions (in significant size) on the relevant market, at an average frequency of at least 10 per quarter for the previous four quarters (i.e. at least 40 investments on the relevant market in the last year)?</p> <p>Transaction total:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>(d) Does the person authorised to carry out transactions on behalf of the local authority work or has that person worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged?</p> <p>Details of role:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>

QUALITATIVE TEST

The “qualitative test” requires a firm to undertake an assessment of the **expertise, experience and knowledge** of the local authority, in order for the firm to be reasonably assured, in light of the nature of the transactions or services envisaged, that the local authority is capable of **making its own investment decisions** and **understanding the risks involved**¹.

In order for a firm to undertake the assessment required for the purposes of the qualitative test, certain information must be received from local authorities. Local authorities should provide answers to the questions set out below in as comprehensive a fashion as possible. The responses received from the local authority client should be considered and assessed internally by the firm.

TO BE COMPLETED BY THE LOCAL AUTHORITY CLIENT

Section 1: Decision making body for pension investing within your authority

Please complete the following section in relation to the decision making body within the authority.

1.	Please indicate which <u>one</u> of the models below is used for investment decisions in the administering authority.
----	---

a	All decisions delegated to committee or sub-committee. <i>(Please tick whether you have enclosed or provided a link to the minute giving the officer completing this document the necessary authorisation to do so)</i>	YES NO	<input type="checkbox"/> <input type="checkbox"/>
		Enclosed Link	<input type="checkbox"/> <input type="checkbox"/>
b	Decisions delegated to committee or sub- committee with partial delegation to an officer or officers. <i>(Please tick whether you have enclosed or provided a link to the minute giving the officer completing this application the necessary authorisation to do so)</i>	YES NO	<input type="checkbox"/> <input type="checkbox"/>
		Enclosed Link	<input type="checkbox"/> <input type="checkbox"/>
c	All decisions delegated to an officer or officers.	YES NO	<input type="checkbox"/> <input type="checkbox"/>
d	Other	YES NO	<input type="checkbox"/> <input type="checkbox"/>

2.	Please enclose or provide a link to the relevant scheme of delegations, which confirm details of the model elected above.	Enclosed Link	<input type="checkbox"/> <input type="checkbox"/>
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3.	<p>If you have selected model “d - other” above, please use the box below to describe the composition of the decision making model giving details of the parties and their functions.</p> <p>Details should include information on how the decision making body is constructed, constituted and periodically reviewed.</p>

¹ COBS 3.5.3R (1)

Section 2: Expertise, experience and knowledge

Please answer the following questions in relation to the members of the committee or sub-committee (not officers, investment advisors or consultants) which makes investment decisions of behalf of the authority.

If you answered (c) to Section 1 Question 1, please move to Section 3.

1	Are members provided with a written brief on joining the committee? <i>(Please tick whether you have enclosed or provided a link to a copy of an example of the briefing)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2	Are members provided with training on investment matters? <i>(Please tick whether you have enclosed or provided a link to examples of the training offered to members in the last 12 months)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Please indicate the total number of hours of training offered and delivered to the committee over the last 12 months.	<div>hours offered</div> <div>hours delivered</div>	
3	Is the attendance of members at training monitored and recorded?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
4	Please state the average number of hours of training committee members have attended over the last 12 months.	hours	
5	Please state the average number of hours at investment conferences that committee members have attended over the last 12 months.	hours	
6	Are members required to complete a self-assessment with regard to their knowledge of investments? <i>(Please tick whether you have enclosed or provided a link to details of the self-assessment tool used)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7	Please state the number of years served on the committee (or other such investment committees) on average for each member	years	
8	Please provide any other information which may assist with the assessment of the knowledge, experience and expertise of the committee or sub-committee - (such as the average number of years of independent investment experience by members).		

Section 3: Investment history and strategy

1	Please complete the following questions in relation to the authority's history and current strategy with regard to investments which are acquired through an investment manager's investment mandate or invested in directly (e.g. funds).
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Asset class or investment vehicle	Number of years held	Currently Held
Fixed interest securities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Index-linked securities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Listed equities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Pooled investment vehicles (PIVs) – authorised funds (e.g. UCITS, NURS, PAIFs)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Pooled investment vehicles (PIVs) – unauthorised (e.g. investment trusts, close-ended real estate funds, hedge funds)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Property PIVs	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Private equity funds	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Property	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Exchange traded derivatives (ETDs)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Over-the-counter derivatives (OTCs)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Commodities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Cash deposits	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Commercial paper	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Floating rate notes	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Money market funds	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Other asset classes or investment vehicles where the authority has experience (Please give details below)		
	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>

2	Please tick whether you have enclosed or provided a link to the most recent version of the authority's Investment Strategy Statement (England and Wales) or Statement of Investment Principles (Scotland) .	Enclosed <input type="checkbox"/> Link <input type="checkbox"/>
3	Has the authority taken the appropriate advice, as required by regulation, in preparing its Investment Strategy Statement?	YES <input type="checkbox"/> NO <input type="checkbox"/>

Section 4: Understanding risks

Please answer the following questions in relation to the members of the committee or sub-committee or officers (*not investment advisors or consultants*) making investment decisions of behalf of the authority.

1	Does the authority have a risk framework and/or risk management policy in place in relation to investments? <i>(Please tick whether you have enclosed or provided a link to a details of the framework/policy)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2	Was external advice taken with regard to the preparation, monitoring and review of the framework/policy? If yes, please provide the name of the advisor:	YES NO	<input type="checkbox"/> <input type="checkbox"/>
3	Is the risk framework/policy reviewed on a regular basis? If YES please state the frequency of the review. <i>(Please tick whether you have enclosed or provided a link to details of the last review)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4	Are those directly involved in decision making provided with training on risk management, including focused training on understanding the risks involved with investments? <i>(Please tick whether you have enclosed or provided a link to examples of the training offered in the last 12 months)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5	Are those directly involved in decision making required to complete a self-assessment with regard to their understanding of risk management? <i>(Please tick whether you have enclosed or provided a link to details of the self-assessment tool used)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Section 5: Support for investment decisions taken by committee/sub-committee of the authority

Please answer the following questions in relation to those officers, advisors or consultants who directly contribute to assisting the committee/sub-committee of the authority take investment decisions or those officers who have delegated decision making powers.

In Section 1 Question 1, if you answered:

- Model a - please complete Question 1 below
- Model b - please complete Questions 1 and 2 below
- Model c - please complete Question 2 below
- Model d - please complete the below questions as appropriate

1.	For each <u>officer providing support</u> to the committee or sub-committee please provide the following information.
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Job title	Relevant qualifications	Years experience in role ²

2.	For each <u>officer with delegated investment powers</u> please provide the following information (these may be the same officers as above).
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Job title	Limit on asset classes or investment vehicles	Limit on delegation (£m)

3	Does the authority have a written succession plan in place to manage key person risk in relation to the above officers? (Please tick whether you have enclosed or provided a link to details of the succession plan)	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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4.	For each <u>individual investment advisor</u> used by the authority please provide the following information <i>only to be completed where these individual investment advisors are engaged on an independent basis and not acting on behalf of an entity listed in point 5 below</i> .
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Name	Relevant qualifications	Years experience in role ³

² Or similar role which would provide knowledge of the provision of the services envisaged, which may have been carried out at a different organisation.

³ Or similar role which would provide knowledge of the provision of the services envisaged.

5. For each investment advisory firm used by the authority please provide the following information.

Name of firm	Details of FCA authorisation	Years employed by authority

6. For each individual investment consultant used by the authority please provide the following information (*only to be completed where these consultants are engaged on an independent basis and not acting on behalf of an entity listed in point 7 below*).

Name	Relevant qualifications	Years experience in role ⁴

7. For each investment consultancy firm used by the authority please provide the following information.

Name of firm	Details of FCA authorisation	Years employed by authority

8. Please confirm whether the officer, investment advisor firm/individual, investment consultancy firm/individual, is aware of the reliance being placed on it for the purposes of the client categorisation of Local Authorities. YES ☐ NO ☐

⁴ Or similar role which would provide knowledge of the provision of the services envisaged.

Section 6 General questions

1.	In the last three years has the authority been censured for a material breach of Local Government investment regulations in force from time to time or any other related legislation governing investment? <i>(If yes please tick whether you have enclosed or provided a link to a details of the breach)</i>	YES NO	<input type="checkbox"/> <input type="checkbox"/>
		Enclosed Link	<input type="checkbox"/> <input type="checkbox"/>

2.	Please use the box below to provide any further information which may be useful in the support of your application.
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Shetland Islands Council

Agenda Item

7

Meeting(s):	Shetland Islands Council	13 December 2017
Report Title:	Approval of Local Police Plan 2017-20	
Reference Number:	DV-60-17-F	
Author / Job Title:	Vaila Simpson, Executive Manager Community Planning & Development	

1.0 Decisions / Action required:

- 1.1 The Council RESOLVES to approve the Local Police Plan 2017-20.

2.0 High Level Summary:

- 2.1 The purpose of this report is to present the Local Police Plan 2017–20 for approval by the Council.
- 2.2. The Local Police Plan 2017-20 was created following community consultation by Police Scotland through an online survey “Your View Counts”, utilising the Shetland Place Standard findings, and in line with the Local Outcomes Improvement Plan and national strategic plans and objectives of Police Scotland. The Plan is attached to this document as Appendix 1.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Local Police Plan forms part of the remit of the Shetland Community Safety and Resilience Board (SCRSB) which delivers on the SAFER strand of the Community Plan, specifically “Shetland stays a safe place to live, and we have strong, resilient and supportive communities.”
- 3.2 As part of Our Plan 2017-20 we must also work well with our partners to achieve the things set out in the Community Plan and deliver sustainable services for the people of Shetland.

4.0 Key Issues:

- 4.1 The Police and Fire Reform (Scotland) Act 2012 empowers Local Authorities to monitor and provide feedback on local service delivery; make recommendations for improvements in the delivery of service and approve the Local Police Plan.
- 4.2 The Local Police Plan must be reviewed at least every three years.
- 4.3 The Plan may be modified at any time on the agreement of the Local Commander and the Local Authority.

Local Police Plan 2017-20

- 4.4 Under S47 of the Police and Fire Reform (Scotland) Act 2012 a Local Police Plan must be submitted to the Local Authority for approval.
- 4.5 The Local Police Plan outlines the local policing priorities and objectives for the Shetland Area Command for 2017-20. These are continually evolving but have currently been set as:
- Violence, Disorder & Antisocial Behaviour
 - Protecting People at Risk of Harm
 - Road Safety & Road Crime
 - Serious Organised Crime
 - Counter Terrorism and Domestic Extremism
- 4.6 Shetland Community Safety and Resilience Board (SCSRB) scrutinised the Local Policing Plan at a recent meeting and commended its close alignment to local priorities and the Local Outcomes Improvement Plan.
- 4.7 Police Scotland present a quarterly report to the CSRB measuring their performance against the Local Policing Plan and informing on the progress made against the objectives outlined in the Plan.

Approval Process

- 4.8 The SCSRB agreed to the priorities set out in the Local Policing Plan.

5.0 Exempt and/or confidential information:

- 5.1 None

6.0

6.1 Service Users, Patients and Communities:	Consultation has been carried out with the community through the Place Standard engagement and by Police Scotland on local priorities.
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	The equality outcomes for the Local Plan are detailed in section 6 of the Plan.
6.4 Legal:	It is a statutory requirement that Local Police Plans are submitted to the Local Authority for approval at least every three years from the date of publication of the previous plan.
6.5 Finance:	None
6.6 Assets and Property:	None

6.7 ICT and new technologies:	None	
6.8 Environmental:	None	
6.9 Risk Management:	Failure to have a mechanism for approval of Local Police Plans will result in an inability to maximise the potential for influencing the content of these Plans and ensure local accountability for their delivery.	
6.10 Policy and Delegated Authority:	Policy and Resources Committee has delegated authority from the Council to approve new and modified Local Police and Fire and Rescue Plans. However, due to a number of factors, it was not possible to submit the report to the Committee in time for its meeting on 6 December. In this regard, and in consultation with the Leader and Convener, it was agreed that in order not to further delay matters, approval of the Council was to be sought in this instance for the local Police Plan.	
6.11 Previously considered by:	Shetland Community Safety & Resilience Board	8 November 2017

Contact Details:

Vaila Simpson, Executive Manager – Community Planning & Development
vaila.simpson@shetland.gov.uk

4 December 2017

Appendices:

Appendix 1 - Shetland Local Policing Plan 2017-20

Background Documents: None

1. Introduction

The Shetland Local Policing Plan sets out the local policing priorities and objectives for Shetland for 2017-2020 and is a statutory requirement of the Police and Fire Reform (Scotland) Act 2012.

This bespoke plan outlines how our services will be delivered over the next three years and how we will continue to evolve and strive to achieve long-term sustainability towards our vision of 'sustained excellence in service and protection'.

The publication of The Scottish Police Authority and Police Scotland ['2026 Strategy'](#) outlines the long term strategic plan which will influence how we deliver policing services in Shetland over the next 10 years. The Strategy focuses on 5 key areas:

Protection - *Based on threat, harm and risk.*

Prevention - *Tackling crime, inequality and enduring problems facing communities*

Communities- *Focus on localism, diversity and the virtual world.*

Knowledge - *Informing the development of better services*

Innovation - *Dynamic, adaptable and sustainable*

The 2026 strategy is shaping the way we do our business, particularly exploring the changing demands that the Police Service face every day. In addition to this, the introduction of the Community Empowerment legislation is driving the future landscape across Community Planning Partnerships and we have a clearly defined role within this.

In Shetland and across Scotland, Policing now involves providing emergency and acute support to individuals and communities in a huge variety of crisis situations, accordingly, this Local Policing Plan has been designed to articulate our broad contribution to the Shetland Outcome Improvement Plan, in keeping with our commitment to tackling chronic and long term issues in partnership with local partners and communities.

In Shetland we have positive and meaningful relationships with our local partners (public agencies, third sector and key community groups); this is an area where we take great pride. This plan imbeds those relationships in the future of policing in the area and ensures that those relationships can continue to flourish.

The Shetland Local Policing Plan for 2017-2020 is a live document which will evolve to meet emerging threats and needs, and be subject to annual review.

2. How we identified our priorities

To identify the Shetland local policing priorities for 2017-2020 we have utilised a wide range of information, intelligence and consultation;

The consultation has included; “Your View Counts”- This is an online survey which was launched from the Police Scotland website and has been running since April 2016. The survey has improved our ability to ensure that everyone can have their say and has informed the policing service we provide throughout the year.

We have utilised the findings from the Place Standard Final Report- ‘Our Place’ which was compiled in March 2017. The consultation used the ‘Place Standard’ model to facilitate community engagement and to develop an understanding of issues and circumstances in each community.

In addition to the consultation process; we have considered the intelligence picture through our own local Strategic Assessment and the Tactical Tasking and Delivery processes to identify current and emerging Community Safety and Crime trends.

This plan also takes cognisance of the national priorities defined by the Scottish Government’s National Outcomes, Strategic Police Priorities and the Strategic Police Plan governed by the Scottish Police Authority (SPA) and the national Police Scotland Policing Plan.

“This approach ensures both a sound evidence base and public voice within our priorities. It allows us to deliver relevant, local services intended to not only prevent crime and disorder, but also to protect the most vulnerable members of our communities.”

Police Scotland Policing Plan 2017

3. Police Priorities and Outcomes

This Local Policing Plan has been created to support the Shetland Outcome Improvement Plan along with local and national Policing priorities. It is critical that all three sets of priorities and outcomes are linked.

National Policing Priorities

Police Scotland have set National Priorities derived from Scottish Government, Scottish Police Authority and national consultation exercises. These priorities are:

- **Violence, Disorder and Antisocial Behaviour**
- **Serious Organised Crime**
- **Counter Terrorism and Domestic Extremism**
- **Protecting People at Risk of Harm**
- **Road Safety and Road Crime**
- **Acquisitive Crime**

Local Policing Priorities

In addition to the consultation carried out, Police in Shetland are continuing to constantly engage with our local communities by means of the 'Your View Counts' Survey. We also seek the views of our key partners and we have utilised qualitative and quantitative data to create our 2017-2020 Strategic Assessment. The local priorities are continually evolving.

Currently the local Policing priorities are:

- **Violence, Disorder & Antisocial Behaviour**
- **Protecting People at Risk of Harm**
- **Road Safety & Road Crime**
- **Serious Organised Crime**
- **Counter Terrorism and Domestic Extremism**

Shetland Local Outcome Improvement Plan

At the time of preparing this plan the Shetland LOIP is still being drafted. The below outcomes were identified through a Locality Planning Workshop session in Shetland on, 'What will success look like?' It is clear that these themes are common throughout the consultation carried out and therefore are an appropriate focus for this Policing Plan.

- **Community- 'The Places We Live'** *Strong, resilient, confident, positive and empowered communities and community bodies pro-actively delivering for their area.*
- **Economy- 'The Money We Have'** *Strong, vibrant economy providing opportunities for all and enabling everyone to thrive.*
- **Quality of Life- 'The People We Are'** *Everyone, particularly vulnerable groups, can thrive in Shetland and it is an attractive place to live and work.*
- **Partnership- 'Ways of Working'** *Strong Communities delivering for themselves supported by a strong Community Planning Partnership. Maximising our human, financial and natural capital for the benefit of all.*

Outcome- Community- The Places We Live

Strong, resilient, confident, positive and empowered communities and community bodies pro-actively delivering for their area.

Community Safety and resilience is a wide ranging issue and requires activity around both prevention and intervention. Police Scotland and our partners are working together to empower communities with skills, knowledge and confidence to be self-sufficient and to become stronger, safer and more resilient in themselves. Over the next three years Police Scotland in Shetland will support this outcome through the following activity:

National & Local Priority- Violence, Disorder and Antisocial Behaviour

Alcohol continues to be a significant factor in violent crime in Shetland. We will continue to maintain robust licensing procedures and focus on licensed premises inspections and also work with partners to reduce the harm caused by private space violence. Domestic Abuse incidents remain at a significant level across the area, with an upward trend in reporting over the last 6 years. This will remain a priority for the Division. We will continue to work with partners to give victims improved outcomes and confidence to report.

National & Local Priority- Protecting People at Risk of Harm

Vulnerability is one of the most significant demands on Police resources not only in Shetland but across Scotland. We will work over the next 3 years to ensure that best practice is used to develop strategies and initiatives to prevent harm, investigate and target those who abuse, exploit and pose the greatest risk of harm in our communities.

National & Local Priority- Road Safety & Road Crime

Road Safety and Road Crime remains a local priority in Shetland. Whilst the overall number of people killed and seriously injured on Shetland's roads has reduced over the past 3 years, when fatal or serious collisions do occur they have a significant impact on families and communities. We will continue to target and enforce inappropriate driving and behaviour whilst working alongside our partners and participating in initiatives to educate and promote positive outcomes.

National & Local Priority- Counter Terrorism and Domestic Extremism

Counter Terrorism is a national priority and no community is immune from the impact of terrorism. With partners, we will continue to deliver the UK CONTEST strategy utilising the Prevent, Prepare, Protect and Pursue model. We will work with communities to increase understanding and awareness of how to recognise and report concerns to safeguard those who may be vulnerable.

Outcome- Community- The Places We Live

Strong, resilient, confident, positive and empowered communities and community bodies pro-actively delivering for their area.

Priority	Intention	Objectives
Violence, Disorder & Antisocial Behaviour	With partners, better understand the causes to prevent and reduce instances of Antisocial behaviour, Violence and Disorder to enhance community safety across Shetland.	<p>Work with partners to share information, support Education, Prevention, Diversionary and Enforcement Measures linked to harmful alcohol consumption.</p> <p>Maintain robust procedures around licensed premises.</p> <p>Support victims of violent crime by working with partners to improve service provision and prevent repeat victimisation.</p>
Protecting People at Risk of Harm	Protect People at Risk of Harm	<p>Risk & Concern Hub- Build and develop the Risk and Concern Hub in line with national standards; Imbed the 'Escalation Protocol' Process (3 or more concerns in 30 days).</p> <p>As members of the Shetland Adult Support & Protection Committee, work with partners to ensure an effective and appropriate governance structure.</p> <p>With partners, address emerging issues through prevention and intervention</p>
Road Safety & Road Crime	With partners, enhance Road Safety across Shetland.	With partners, we will deliver the Shetland Road Safety Strategy which focuses on: Education at the road side and elsewhere; Engineering; Enforcement through the detection of offences linked to contributing factors of Fatal and Serious Road Collisions; Encouragement; and Evaluation; all as a means to collectively reducing potential harm.
Counter Terrorism & Domestic Extremism	Support the delivery of the CONTEST strategy to reduce the threat posed by terrorism and domestic extremism.	<p>Strengthen PREVENT work with partners and institutions.</p> <p>With partners, support individuals who are vulnerable to terrorism and violent extremism.</p> <p>Strengthen PREVENT work in relation to the Internet and Social Media.</p>

Outcome- Economy- The Money We Have

Strong, vibrant economy providing opportunities for all and enabling everyone to thrive

It is critical to support growth and ensure that the economic environment in Shetland is safeguarded, maintained and protected. The transport and digital agenda in Shetland is of great importance to communities in terms of access to services, employment and sustainability. Over the next three years Police Scotland in Shetland will support this outcome through the following activity:

National & Local Priority- Protecting People at Risk of Harm

Cyber enabled communities are a priority for creating a strong, resilient infrastructure in Shetland. Increased use of the internet has led to a rise in cyber- related crime ranging from Child Abuse, Sexual Extortion to Fraud and the development of online marketplaces for illegal goods, particularly Controlled Drugs. It is important that we work to safeguard the cyber community within Shetland and prevent victims of cyber related crime.

National & Local Priority- Counter Terrorism and Domestic Extremism

The threat from Terrorism and Domestic Extremism is a national priority. Shetland has strategic sites and a vast coast line with numerous small ports. It is important that we protect our communities from Terrorism and Domestic Extremism and ensure that we have watchful, knowledgeable and resilient communities who can prevent Terrorism occurring through education, enforcement and vigilance. We work closely with Shetland Islands Council and other partners to deliver the four strands of the CONTEST Strategy; Protect, Prevent, Prepare and Pursue, as laid down by the Counter Terrorism and Security Act 2015.

Local Priority- Enhanced Partnership Working

Partnership Working is an essential element in ensuring that Shetland has a strong and robust infrastructure. Within the Shetland Partnership Board we are working together with our partners to promote growth and regeneration in Shetland. Beyond the Partnership Board we are successfully working with Industry Partners through ongoing schemes and development initiatives. This will continue over the next three years.

Local Priority- Emergency/Major Incident Response and Resilience

There remains a continued requirement for the Shetland Islands to maintain a robust capability to deal with major incidents. The helicopter crash in late 2013 served as a reminder that Shetland is not immune to incidents of this nature. Furthermore, the ongoing increase in activities surrounding oil and gas as well as renewable industries is likely to increase the risk of future incidents. With partners we will regularly review emergency plans and ensure that those responding to major incidents have the requisite skills for dealing with such occurrence. We will also continue to work with partners in the Shetland Emergency Planning Forum and, if necessary, the Highland and Islands Local Resilience Partnership.

Outcome- Economy- The Money We Have

Strong, vibrant economy providing opportunities for all and enabling everyone to thrive

Priority	Intention	Objectives
Protecting People at Risk of Harm	Protect People at Risk of Harm	<ul style="list-style-type: none"> • With partners we will develop a co-ordinated Shetland Action Plan for Child Internet Safety/ Digital Safety and Digital Citizenship. • With partners, we will focus on safeguarding communities in Shetland and prevent victims of cyber-related crime. • We will refresh our School Liaison work and ensure that Officers are engaged with local schools and young people.
Counter Terrorism & Domestic Extremism	Support the delivery of the CONTEST strategy to reduce the threat posed by terrorism and domestic extremism.	<p>Effective Multi-agency planning in respect of Counter Terrorism is taking place.</p> <p>Develop our ability to respond effectively to any terrorist attack (with a specific focus on emerging high-risk threats, and specialist capabilities).</p>
Enhanced Partnership Working	By enabling and enhancing partnership working Shetland is stronger through collective responsibility.	<p>With partners, continue to develop preventative initiative schemes such as Pub Watch.</p> <p>With The Shetland Partnership, work to develop an effective and streamlined governance structure.</p>
Emergency/Major Incident Response & Resilience	Shetland maintains a robust capability to deal with major incidents.	<ul style="list-style-type: none"> • With partners, carry out annual review and exercise of major incident/facility response plans. • Ensure that local Officers receive appropriate training to ensure that the requisite skills for dealing with major incidents are in place.

Outcome- Quality of Life- The People We Are

Everyone, particularly vulnerable groups, can thrive in Shetland and it is an attractive place to live and work.

Across Scotland, the most common marker on the police Vulnerable Person's Database is mental health (last year 57,000 mental health entries were recorded on the database). The Scottish Government's Mental Health Strategy for 2017-2027 sets out its vision for a Scotland where wellbeing flourishes and there is parity of mental and physical health. Police Scotland has a clear role within this and over the next three years Police Scotland in Shetland will support this outcome through the following activity:

National & Local Priority- Protecting People at Risk of Harm

The increasing demands from vulnerable people will increase over the next 3 years from what is an already significant level. The link between vulnerability and mental health or other forms of personal crisis is clear and we are committed to working with our partners to identify opportunities for intervention and action which aims to reduce the instances of harm and risk.

National Priority & Local Priority- Protecting People at Risk of Harm

The process of Early and Effective Intervention in relation to young people ensures that appropriate information is shared with our partners to look at how to help the child/young person move away from offending and keep them safe. This process is underpinned by GIRFEC (Getting It Right For Every Child) and the eight wellbeing indicators commonly known as SHANARRI (Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included). Intervention in this way and diversion from a path of offending assist in giving the child/young person the best start in life and supports positive future outcomes for young people in Shetland.

National & Local Priority- Serious & Organised Crime

Alcohol and Drug Misuse is a cross cutting issue in Shetland and has a clear link with the mental wellbeing of individuals living in our communities. The effects of substance misuse is evident, to varying degrees, across Shetland. Throughout the duration of this plan we are committed to working with communities to reduce harm caused by Drugs and Alcohol. Substance misuse will continue to be a persistent and challenging issue for communities and we recognise the need to remain agile and responsive to new trends and sources.

Local Priority- Good Mental Health Employer

In Shetland we are working hard to empower our workforce to be the best they can be and realise their full potential and career aspirations. This only happens when we value our staff and work hard to support a meaningful wellbeing agenda. The nature of the role means that our staff are often exposed to traumatic incidents and therefore our support and response to these incidents is crucial to ensuring that staff remain mentally fit and healthy at work and providing the best possible service to our communities.

Outcome- Quality Of Life- The People We Are

Everyone, particularly vulnerable groups, can thrive in Shetland and it is an attractive place to live and work.

Priority	Intention	Objectives
Protecting People at Risk of Harm	Protect people at risk of harm.	<p>Work with partners to improve safeguarding around children and young people going missing from care.</p> <p>With partners develop a supportive custody referral process.</p>
Protecting People at Risk of Harm	Protect people at risk of harm.	<p>With partners and as Corporate Parents we will improve life outcomes for care experienced young people.</p> <p>With partners, deliver Shetland's Integrated Children's Service Plan.</p>
Serious & Organised Crime	With partners, reduce the threat, risk and harm caused by Serious Organised Crime.	<p>In support of our partners in the Local Authority and NHS via the Shetland Alcohol and Drug Partnership Strategy we will direct those who are drug and/or alcohol dependent towards recovery through prevention, treatment, and support services.</p> <p>With partners, work to reduce the instances of substance misuse in our communities, including educational premises through preventative work targeting those involved in the supply of drugs in our communities.</p>
Good Mental Health Employer	We genuinely value our officers and staff and are investing in their wellbeing.	<p>Introduction of Wellbeing Champions in the Division</p> <p>Line Managers given appropriate training to support staff in terms of wellbeing.</p> <p>TRiM - Trauma Risk Management, which offers support for individuals who experience trauma, is fully imbedded within the Division.</p> <p>Support Mechanisms through Employee Assistance and Occupational Health is open and available to all staff and officers.</p>

Outcome- Partnership- Ways of Working

Strong Communities delivering for themselves supported by a strong Community Planning Partnership. Maximising our human, financial and natural capital for the benefit of all.

The unique geography in Shetland and the strong community spirit across the area is a huge asset. We need to use these qualities to embrace all opportunities through community empowerment. Over the next three years Police Scotland in Shetland will support this outcome through the following activity:

National & Local Priority- Serious & Organised Crime

Over the next three years and beyond we need to remain responsive to developments in Serious & Organised Crime. Our communities have a key role to play in helping us to make Shetland a hostile environment for Serious and Organised Crime Groups. We will continue to work with partners in the public, voluntary and business sectors to maximise all opportunities to prevent crime, manage offenders and support victims. With our partners we will identify the most vulnerable within our communities at risk of exploitation from Serious & Organised Crime Groups and ensure necessary assistance is provided.

Local Priority- Enhanced Partnership Working

“The Christie Commission clearly outlines an objective of working effectively with other organisations to improve outcomes for the people of Scotland”- Policing 2026. We are committed to improving long-term outcomes for individuals and communities in Shetland; as a statutory partner agency within the Shetland Partnership Board we are working with our communities and our partners to deliver better outcomes through supporting, co-ordinating and integrating activities which best meet the needs of the community and are being delivered by the most appropriate organisation. We recognise that the vision of public participation is a shift from current thinking and methods, one which we, as an organisation need to embrace.

Local Priority- Preventions and Interventions

Preventions and Interventions has a clear and meaningful place in the future of Policing in Shetland and the wider Police Scotland. The draft 2026 Strategy sets out a clear focus on five areas over the next 10 years; Protection, Prevention, Communities, Knowledge and Innovation. *“We will focus on prevention, early intervention, early resolution and diversion to reduce inequalities and life chances”- Policing 2026.* The Preventions and Interventions team as well as effective internal and external partnerships are pivotal to achieving this. The development of this work will be a high priority over the next 3 years.

National & Local Priority- Young People

It is vital that children and young people in Shetland feel an integral part of our communities and feel empowered to have their voice heard and be taken seriously. The [Children and Young People 2016/20- Our Approach Strategy](#) sets out the organisational commitment to the younger member of our communities on what they can expect from the Police.

Outcome- Partnership- Ways of Working

*Strong Communities delivering for themselves supported by a strong Community Planning Partnership.
Maximising our human, financial and natural capital for the benefit of all.*

Priority	Intention	Objectives
Serious & Organised Crime	With partners, reduce the threat, risk and harm caused by Serious Organised Crime.	With business and agency partners work to safeguard Shetland by taking all opportunities to prevent crime and make Shetland a hostile environment for Serious & Organised Crime Groups.
Enhanced Partnership Working	By enabling and enhancing partnership working Shetland is stronger through collective responsibility.	<p>With partners, develop the local community planning partnerships ensuring that they are reflective of community needs and aspirations.</p> <p>Develop and refresh the Third Party Reporting centres in Shetland as part of the 'Shetland Together' Multi-Agency group.</p> <p>With partners, pilot the 'Keep Safe- I Am Me' scheme in Shetland.</p>
Preventions and Interventions	To improve outcomes for individuals and communities and reduce offending through prevention, early intervention and diversion.	With local community partners, the Prevention and Intervention team will work to ensure that we are engaging with a broad spectrum of our communities and delivering key safety messages.
Young People	To develop our relationship with and empower children and young people to have a voice in their communities.	<p>Police Scotland Youth Volunteers- continue with recruitment of youth and adult volunteers.</p> <p>With partners, support the development of work in relation to the young LGBTi community in our schools and youth settings.</p> <p>Develop our relationship with youth councils.</p>

4. Local Policing Arrangements

We aim to deliver policing that is visible, accessible and responsive to the needs of the people of Shetland. We recognise the unique geography of Shetland and we will continue to work with partners to be accessible and engaged within all our local communities.

The Divisional Commander is supported by four Superintendents who have Operational, Criminal Investigation, Partnership and Support functions.

Shetland has its own dedicated Local Area Commander (Chief Inspector) who is responsible for day to day policing.

The local Criminal Investigation Department work alongside the national Specialist Crime Division to deal with the most serious and complex crime.

In addition to the local Policing resource; there are numerous specialist resources which provide local support, these include: Specialist Crime Division, Custody Division, Operational Support Division (Armed Policing, Specialist Operations and Road Policing), Licensing and Violence Reduction Unit, Emergency, Event and Resilience Planning, Criminal Justice Division, Border Policing, Contact, Command and Control Division and Corporate Communications.

Special Constables are a valued member of our team and we are continually seeking to enhance the numbers in this area.

Effective policing within our diverse environments can be challenging, however, our supportive collaborations with partners both within the Community Planning arena and the wider community are a huge asset in overcoming challenges.

5. Performance, Accountability and Scrutiny

To support this plan, Police Scotland have a National Performance Framework. This allows the organisation to measure progress, monitor activity, identify areas where resources should be deployed and demonstrate how we are meeting our intentions and objectives.

In Shetland, the scrutiny of local Policing is undertaken by the Shetland Community Safety & Resilience Board. The committee is responsible for monitoring the policing performance against the agreed Local Policing Plan and holding the Local Policing Commander to account against the plan.

The committee meets 4 times a year and the Local Area Commander will provide progress reports against the Policing Plan and any other relevant information to enable the committee to perform its Scrutiny role.

The minutes of the committee meetings and the submitted reports can be viewed on the Shetland Islands Council Website.

Local Police Inspectors, or their deputies, will continue to engage with elected members, communities, community councils and other key stakeholders.

6. Equalities

Successful organisations recognise and value difference. Diversity enriches organisations and gives them potential to be more creative and dynamic. Whether it is exploring new forms of community engagement to identify people's needs, or considering how to get the best from our staff through flexible working conditions, equality and diversity issues are at the core of our business.

Police Scotland- Equality and Diversity Outcomes 2017/21

The Equality Act 2010 sets out an equality duty on 'public authorities' that requires us, both as an employer and as a service provider, to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance Equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

All our work is underpinned by our commitment to equality and diversity, both in our dealings with the public we serve as well as our own staff. We recognise that effective and fair policing is about reflecting the needs and expectations of individuals and local communities.

Police Scotland's Equality Outcomes for 2017-2021 are:

Outcome 1: Victims, witnesses and partner agencies feel more confident in reporting hate incidents through a variety of methods.

Outcome 2: All incidents involving harassment of people based on their protected characteristics are recorded and subject to a holistic assessment of wellbeing concerns and needs: to influence wider multi-agency investigation, intervention and support tailored to individual needs, and to prevent repeat victimisation.

Outcome 3: Victims of gender-based violence/abuse are safer and are confident that the police are responsive to their needs.

Outcome 4: People from and across protected groups are meaningfully engaged with us and their views contribute to service improvements.

Outcome 5: Everyone accesses services, communication and information from Police Scotland in ways or methods that best suit their needs.

Outcome 6: We have a workforce that is more reflective of the communities we serve.

Outcome 7: We have a workplace where officers and staff feel valued and respected and their needs met appropriately.



Meeting(s):	Shetland Islands Council	13 December 2017
Report Title:	Appointments to External Organisations – SSMO and SCT	
Reference Number:	GL-48	
Author / Job Title:	Executive Manager - Governance and Law	

1.0	Decisions / Action required:
1.1	That the Council NOTES the requests from SSMO and the SCT to make elected Member nominations/appointments as outlined in Section 4 of this report, and RESOLVES to maintain the Council's policy position in respect of both organisations.
1.2	However, if the Council wishes to accede to either or both requests, that the Council RESOLVES to make the nominations/appointments by the method also set out in Section 4, and RESOLVE, in the event of a vote, to elect by secret ballot.
2.0	High Level Summary:
2.1	In the process of discharging its functions, the Council contributes to membership, along with other authorities and organisations, to a number of national and local organisations.
3.0	Corporate Priorities and Joint Working:
3.1	This report relates directly to "Our Plan" 2016 to 2020, in that our Council's vision is to be known as an excellent organisation that works well with our partners.
4.0	Key Issues:
4.1	<p>The Council agreed, at its meeting on 14 December 2016 [SIC Min. Ref. 86/16] that future appointments to external organisations should be based on the following principles :</p> <ul style="list-style-type: none"> • Where there is a clear link to a Council Strategy or Policy objective in appointing to a national or international body, the presumption will be to consider making an appointment, but each request will be considered on its own merits; • Where any organisation falls within the Following the Public Pound Policy requirements, the Council will not appoint a Councillor; and • Where the organisation cannot demonstrate a link to a Council strategic or policy objective, and is not funded by the Council, each request will be considered on a case by case basis.

- 4.2 The Council further agreed that a detailed appointments register would be created, based on these principles, setting out the full requirements and implications of each organisation and set of criteria against which all future appointments will be considered.
- 4.3 Two requests for the Council to re-consider its decision not to nominate/appoint have been received from the Shetland Shellfish Management Organisation [SSMO] and the Shetland Charitable Trust [SCT].
- 4.4 An Assessment of each organisation is attached as Appendix 1 and 2, which follows the template agreed by the Council, and which addresses the technical, legal and financial aspects of outside organisation membership, with reference to the Council's policy on such matters. Specific advice from the Monitoring Officer in terms of managing conflicts of interests is included, as well as advice from the Lead Officer in terms of any remaining governance issues or matters of a financial nature to be considered.
- 4.5 Shetland Shellfish Management Organisation (SSMO) – Appendix 1
The SSMO have recently contacted the Council with regard to councillor membership, requesting that the Council make an exception to its policy of not appointing to bodies where they are in receipt of financial assistance from the Council. Based on the Assessment, it is the advice of the Monitoring Officer and the Lead Officer that the Council does not make any nominations to the SSMO now, or in the future.
- 4.6 Shetland Charitable Trust (SCT) – Appendix 2
The SCT has recently contacted the Council with regard to councillor membership, requesting that the Council reconsider its decision not to appoint councillor trustees. The Council considered this matter in some detail at its meeting on 29 June 2016, and the report and minute is attached as Appendix 3. Again, based on this assessment, it is the advice of the Monitoring Officer and the Lead Officer that the Council maintains its position not to make any appointments to the SCT now, or in the future.

Method of Election/Voting

- 4.7 If the Council does proceed to nominate or appoint, section 10 of the Council's Standing Orders sets out the method of appointment. When Councillors are to be appointed to any positions to be filled by the Council, and where the number of candidates nominated exceeds the number of vacancies, the Councillors to be appointed will be determined by a vote or votes in each of which Members will be entitled to vote for as many candidates as there are vacancies; but they may not cast more than one vote for any candidate.
- 4.8 The vote will normally be taken by a show of hands, unless the Council resolves in the case of any particular appointment to take the vote by secret ballot. It has been custom and practice for the Council to undertake such voting by secret ballot.
- 4.9 The name of the candidate having fewest votes will be deleted from the list and a fresh vote, or votes, will be taken. This process of elimination will be continued until the number of candidates equals the number of vacancies.
- 4.10 Where only one vacancy requires to be filled, and any candidate has an absolute majority of the votes, the candidate will be declared appointed. Otherwise, the

name of the candidate having fewest votes will be deleted from the list. This process of elimination will be continued until one candidate has a majority of the votes.	
4.11 In the case of an equality of votes appointments shall be made by lot as between those who received equal votes and proceed on the basis that the person to whom the lot falls upon had received an additional vote.	
5.0 Exempt and/or confidential information:	
None.	
6.0 Implications :	
6.1 Service Users, Patients and Communities:	None.
6.2 Human Resources and Organisational Development:	There are no HR or organisational development impacts associated with the terms of this report.
6.3 Equality, Diversity and Human Rights:	There are no equality, diversity or human rights impacts associated with the terms of this report, and an Equalities Impact Assessment report is not required.
6.4 Legal:	There are no direct legal impacts for the Council associated with the terms of this report.
6.5 Finance:	<p>There are no budgetary financial implications arising from this report, regardless of whether the Council agrees to maintain its policy line or not.</p> <p>If councillor appointments are made to SCT, the Council will need to re-consider SCT's potential status as a group entity and may be obliged to prepare a full set of statutory Group Accounts in addition to its annual accounts for 2017/18.</p>
6.6 Assets and Property:	There are no asset or property impacts associated with the terms of this report.
6.7 ICT and new technologies:	There are no ICT or technology impacts associated with the terms of this report.
6.8 Environmental:	There are no environmental impacts associated with the terms of this report, and an Environmental Impact Assessment report is not required.

6.9 Risk Management:	<p>The main risks associated with this report concern political and reputational damage for the Council.</p> <p>There may be a public expectation that councillors maintain their status on bodies which have a significant impact on the Shetland community, and to not accede to these requests could also be damaging to the Council's reputation.</p> <p>However, in reaching its policy position, the Council gave due regard to the legal constraints regarding managing conflicts of interest and the expectations of organisations and the community. In this respect, the Council has already reached a reasonable conclusion for not changing its policy. To do otherwise, would require further consideration of the matters set out in the report to Council in June 2016, and in particular the personal risks that this will create for any councillors so appointed.</p>	
6.10 Policy and Delegated Authority:	<p>Appointments and nominations to external organisations can only be determined by the Council or its Committees.</p>	
6.11 Previously considered by:	<p>None.</p>	

Contact Details:

Jan Riise, Executive Manager - Governance and Law jan.riise@shetland.gov.uk
13 November 2017

Appendices:

Appendix 1 – Assessment: SSMO
Appendix 2 – Assessment: SCT
Appendix 3 – Minute and Report: SIC 29 June 2016

Background Documents:

[Shetland Islands Council – 14 December 2016: Min. Ref. 86/16](#)

END

Shetland Shellfish Management Organisation (SSMO)	
Organisation Contact	Carol Laignel, SSMO Inshore Co-ordinator, Shetland Seafood Centre, Stewart Building, Lerwick, Shetland, ZE1 0LL 01595 693197 info@ssmo.shetland.co.uk
SIC BRO/Lead Officer	Neil Grant, Director of Development
Supporting Documents held on file: <ul style="list-style-type: none"> Board of Directors Terms of Reference – October 2014 SSMO Management Plan – 25 November 2015 	

Category – National / International / Local / Statutory	Local
Type of organisation e.g. public trust / charity / registered company, etc.	Public Limited Company
Strategic Objectives/Vision/Purpose	<p>Aim: to continue to maintain sustainable and well managed shellfish fisheries operating within a healthy marine environment.</p> <p>SSMO has a Management Plan which sets out the organisation's vision, aims and its short, medium and long term goals. Its current Plan sets out its strategic objectives for 2013 to 2018.</p> <p>The Shetland Islands Regulated Fishery (Scotland) Order 2012 (SSI 20112 No. 348) confers powers to the SSMO to impose restrictions and regulate the dredging, farming and taking of "prescribed species" [shellfish] through the issue of licences for such activities.</p>
Criteria/conditions required by the organisation:	
Number of appointments/nominations sought	2 Councillors are sought, to be appointed as Directors.
Type of appointment - Councillor/Office bearer/Ward	No appointment criteria required or sought.
Substitutes [in general this will not be required unless specifically requested]	Not required.
Term of office [in general this will align with the Council's term of office or that of the office bearer]	If a councillor, the appointment will terminate on them ceasing to be a councillor.

<p>Skills and Knowledge</p> <p>Stated benefits of membership / attendance</p>	<p>No appointment criteria required or sought.</p> <p>SSMO state “it is felt that the councillors input is hugely beneficial to SSMO. The councillors, being independent, are therefore directors who can represent any member of the public. It would be difficult for us to find suitable replacements should they no longer be Board members.”</p>
<p>Criteria/conditions required by the Council:</p>	
<p>Number / location of meetings</p> <p>Links to Council Strategic Plans/Objectives</p>	<p>Board meetings are generally held on a monthly basis but it is expected that there will be at least 9 meetings in a year, including an AGM. Meetings are held in Lerwick.</p> <p>The aim of the SSMO can be supported by the following statements:</p> <p>Council Plan 2016-20:</p> <ul style="list-style-type: none"> “..we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland.” “we will have an enterprising economy, based on making full use of local resources, skills and a desire to investigate new commercial ideas” <p>Shetland Partnership:</p> <ul style="list-style-type: none"> “Shetland has sustainable economic growth and all our people have the chance to be part of island life.” “We deliver all our services in an environmentally sustainable manner to safeguard and enhance our outstanding environment which underpins all our actions and our economic and social well-being. “ <p>In 2014, the Council adopted a Statement of Intention for Protecting Shetland’s Marine Environment, which included “The success of the SSMO, which has protected the marine environment while keeping a successful inshore fishery operational, needs to be promoted as an example of best practice to the whole of the EU, and needs to be built on.”</p>
<p>Financial Information – Council Funded/Non-funded/membership fees</p>	<p>The Council approved grant funding of £42,750 to the Shetland Shellfish Management Organisation Ltd for the management and administration of the Shetland Islands Regulated Fishery (Scotland) Order 2012 during 2017-18 to maintain inshore fisheries in Shetland.</p> <p>In terms of the Council’s Following the Public Pound Policy, this grant funding is monitored by the Economic</p>

<p>Legal - Obligations/Liabilities/Insurance Are there any existing contractual obligations?</p> <p>Expenses – will the council bear any costs of attendance and if so, the estimated costs for budget purposes</p> <p>Current issues – from organisation and from previous/current appointee</p>	<p>Development Service within the Development Department.</p> <p>SSMO does not carry insurances that would indemnify their members for any financial loss arising from their negligent acts, accidental errors or wrongful acts or omissions. Personal liability may be incurred if the SSMO or its insurers were to dispute any actions taken.</p> <p>As any nomination would not be linked to a representative role, matters of legal obligations and liabilities for the Council are not a consideration in terms of any appointment.</p> <p>The constitution does not provide for the payment of any travel or expenses.</p> <p>As a nomination would not be a Council representative role, any appointment would not be an approved duty.</p> <p>The SSMO manages and administers the Shetland Islands Regulated Fishery (Scotland) Order to maintain sustainable inshore fisheries in Shetland. This is a legal right which is implemented through the issue of licences, regulations and other measures. The SSMO carries out research work and projects that promote the recovery of shellfish stock through stock enhancement. Working closely with its key partner, the NAFC Marine Centre, the SSMO were awarded Marines Stewardship Council (MSC) accreditation for scallops, brown crabs and velvet crabs, which was the first for a multi-species accreditation and for a dredge fishery. Work is currently being done on the lobster fishery to improve the sustainability of stocks as the SSMO work towards MSC accreditation in this area. The SSMO relies heavily on external and SIC funding to continue effective administration and management of the management plan and stock assessment research.</p>
<p>Risk Assessment:</p>	
<p>Risks/Impacts – organisational and personal, financial, environmental, community and political, equality, diversity and human rights.</p>	<p>The key risk of members not accepting directorships of the SSMO is that the interests of the public may not be adequately understood or represented when taking decisions or making future plans in relation to matters that impact on the Shetland community.</p> <p>There are no issues which would require equalities, economic or environmental impact assessments.</p> <p>There may be personal risks for members to consider.</p>

Code of Conduct - Would membership cause the appointed member[s] to be regular excluded from Council debates and decisions?

The Councillors Code of Conduct states:

“3.17 You may be appointed or nominated by the Council as a member of another body or organisation. If so, you will be bound by the rules of conduct of these organisations and your responsibility for any actions taken by you as a member of such an organisation will be to the organisation in question. You must also continue to observe the rules of this Code in carrying out the duties of that body.

3.18 If you become a director of a company as a nominee of the Council you will assume personal responsibilities under the Companies Acts. It is possible that a conflict of interest may arise for you between the company and the Council. In such cases it is your responsibility to take advice on your responsibilities to the Council and to the company. This will include questions of declarations of interest.”

Any appointment would be a **registrable interest**, and therefore would require **declaration** at any relevant meeting or item of business.

No exclusion applies, and therefore appointed Members would not be able to take part in any discussion of any matter relating to the SSMO.

BRO, Lead Officer and/or Monitoring Officer advice

Policy Note [SIC Min. Ref. 86/16] –

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

This assessment fits with the policy statement that “Where any organisation falls within the Following the Public Pound Policy requirements, the Council will not appoint a Councillor.”

Monitoring Officer advice: Whilst the importance of SSMO and its valuable contribution to a sustainable and well management shellfish fisheries environment is not denied, the fact that it receives significant funding from the Council is a material consideration and in this respect Council policy has determined that no appointments should be made. An argument could be made that by allowing Councillor appointments on the Board, the Council can have some influence over the economic and environmental sustainability of Shetland’s marine

environment. However, the appointments are not representative of the council, and therefore councillors would not be able to exert any influence on behalf of the Council, as doing so would place them in direct conflict with the independent Director role, and in conflict with the role of the Council in being a source of funding.

In this regard I would advise the Council to maintain its policy stance, and recommend that the SSMO review its constitution and apply other appointment criteria to the two vacant Director positions. If the Council was minded to make nominations, I would recommend that the Council avoid making any nominations of members from either the Development Committee or the Policy and Resources Committee.

Lead Officer advice:

The Lead Officer supports the advice of the Monitoring Officer.

RECOMMENDATION

That the Council maintains its policy position and does not make any nominations for appointment to the SSMO.

Assessment Date: 13 November 2017

Decision Made

Meeting Name: Shetland Islands Council
Date: 13 December 2017
Minute Reference:

END

Shetland Charitable Trust (SCT)	
Organisation Contact	Dr Ann Black, Chief Executive – SCT 22-24 North Road, Lerwick, Shetland, ZE1 0NQ mail@shetlandcharitabletrust.co.uk www.shetlandcharitabletrust.co.uk
SIC BRO/Lead Officer	Mark Boden, Chief Executive – SIC
Supporting Documents held on file: <ul style="list-style-type: none"> SCT Trust Deed – May 2017 SIC Report June 2016 (F-040) 	
Category – National / International / Local / Statutory	Local
Type of organisation e.g. public trust / charity / registered company, etc.	Registered Charity No. SC027025
Strategic Objectives/Vision/Purpose	<p>“The Trustees shall hold the Trust Fund at their sole discretion for any charitable purposes which in the opinion of the Trustees are solely in the interests of the area administered by the local or other governmental authority for the time being of the Shetland Islands or of the inhabitants of the said area (hereinafter referred to as "the community") towards all or any of the following charitable purposes:- (a) the prevention or relief of poverty; (b) the advancement of education (c) the advancement of religion (d) the advancement of health (e) the advancement of citizenship or community development (f) the advancement of the arts, heritage, culture or science (g) the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended (h) the promotion of equality and diversity (i) the advancement of environmental protection or improvement (j) the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.”</p>
Criteria/conditions required by the organisation:	
Number of appointments/nominations sought	The Trust Deed provides for the appointment of up to four (4) councillor Trustees.
Type of appointment - Councillor/Office bearer/Ward	Councillors

Substitutes [in general this will not be required unless specifically requested]	Not applicable.
Term of office [in general this will align with the Council's term of office or that of the office bearer]	"From 4 June 2017 until 31 May every fourth year after 4 June 2017." The current term of office would therefore end on 31 May 2021.
Skills and Knowledge	None specified.
Stated benefits of membership / attendance	<p>Extract from SIC Report F-040 (June 2016) –</p> <p>"It is a matter of fact; both in practice as well as theory; that the Trust is a fully independent entity which the Council does not control. Given that it is not obvious what benefit, if any, there is to the Council in having appointed Councillor Trustees.</p> <p>Having said that the Trust see benefit to the Trust in having Council appointed Trustees. The Institute of Directors report states:</p> <p><i>'5.3.2...That they bring an understanding of public life to the Trust, are practiced in the process of decision making, public relations, meeting, papers and balancing conflicting priorities.'</i>"</p>
Criteria/conditions required by the Council:	
Number / location of meetings	Meets approximately 6 times per year, in Lerwick in the evening.
Links to Council Strategic Plans/Objectives	SIC Corporate Plan: "By the end of this plan (2020), we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland."
Financial Information – Council Funded/Non-funded/membership fees	<p>The SCT is not funded by the SIC.</p> <p>However, as set out in detail in the report to Council in June 2016, it is stated that as the number of appointments is an indicator of influence and control on an external organisation Board, this can have consequences for the Council's disclosures, particularly in relation to the Annual Accounts and treatment of group accounts.</p> <p>There are, however, no direct financial implications for the Council arising from any councillor appointments.</p>

<p>Legal - Obligations/Liabilities/Insurance Are there any existing contractual obligations?</p> <p>Expenses – will the council bear any costs of attendance and if so, the estimated costs for budget purposes</p> <p>Current issues – from organisation and from previous/current appointee</p>	<p>The SCT Trust Deed states that the Trustees shall not be in any way liable for any loss suffered as a result of the exercise of any of the powers given to them.</p> <p>In this regard, the actions of a councillor appointed to the SCT whilst on SCT business would be subject to the normal insurance arrangements of the SCT. Personal liability may be incurred if the SCT or its insurers were to dispute any such actions taken.</p> <p>The SCT pays expenses of attendance at meetings of the Trust.</p> <p>No particular issues at present.</p>
<p>Risk Assessment:</p>	
<p>Risks/Impacts – organisational and personal, financial, environmental, community and political, equality, diversity and human rights.</p>	<p>The risks to the Council include any unintended consequences of appointing Elected Members to the Trust Board, the public and external perception of the relationship between the Council and the Trust and the dilution of participation that Elected Members might have in considering future decisions that involve the Trust.</p> <p>Individual Elected Members have to consider their own position in relation to conflicts of interest and to comply with the Code of Conduct on such matters.</p> <p>There are no issues which would require equalities, economic or environmental impact assessments.</p>
<p>Code of Conduct - Would membership cause the appointed member[s] to be regular excluded from Council debates and decisions?</p>	<p>Any appointment would be a registrable interest, and therefore would require declaration at any relevant meeting or item of business.</p> <p>No exclusion applies as the SCT is not a company or public body. The special exemptions available to Councillors under the Councillors Code of Conduct are considered to apply to Companies and other Public Bodies but generally not to be applicable in relation to Trusts or Charities. This means in effect that where an item of business involves contracts or financial arrangements of the Trust, Elected Members who are Trustees will declare an interest and be required to withdraw from the Council meeting.</p>

BRO, Lead Officer and/or Monitoring Officer advice

Monitoring Officer: The Council resolved at its meeting on 29 June 2016, “to communicate to SCT its view that it would best serve the interests of those that the Council represents and the beneficiaries of the Trust that there should be no councillor trustees and that it will not in future appoint such trustees, and that the Trust should consider how it engages with its beneficiaries, the residents of Shetland, and should not discount the suggestion of holding democratic elections for trustees.”

Unless there are new matters of material consideration, the advice to Councillors has not changed since June 2016: “Evidence of the limitations that Councillor Trustees have in contributing effectively to the decision making of the Trust on important matters is in the Institute of Directors report where they refer to changed governance arrangement “5.3.2...has worked well but there have been three situations since 2012 where Councillor Trustees found themselves to be conflicted. Councillor Trustees have had to step out of meetings both in the Trust and the Council, making effective contribution frustratingly difficult.” Having a dual role makes full participation and involvement difficult at times for Elected Members.”

Lead Officer: The Lead Officer supports the advice of the Monitoring Officer.

RECOMMENDATION

That the Council maintains its policy position and does not make any nominations for appointment to the SCT.

Assessment Date
13 November 2017

Decision Made

Meeting Name: Shetland Islands Council
Date: 13 December 2017
Minute Reference:

END

Extract from Minute of Meeting of Shetland Islands Council – 29 June 2016

50/16 **Shetland Charitable Trust - Governance Review**

The Council considered a report by the Executive Manager – Finance (F-040-F) which provided information on the issues that may arise for the Council, particularly in relation to disclosure in its Annual Accounts from the appointment of Elected Members as Councillor Trustees to Shetland Charitable Trust (SCT).

The Chief Executive summarised the main terms of the report, pointing out that SCT had carried out a governance review on its own initiative. Whilst SCT wished to maintain a board of 15, it proposed to reduce the number of councillor trustees to four. There were a number of considerations for Members outlined in the report. It had to be considered if there was any benefit to the Council in having any appointed trustees on SCT, given that it was fully independent of the Council. SCT saw benefit in having Council appointed trustees so this had to be taken into account. However there would be a number of occasions, as had been the case in the recent past, where Council appointed trustees would not be able to contribute to key decisions given conflicts of interest, so this would lessen the benefits to the Trust. If the Council did wish to appoint Members to SCT, it would have to consider the number of appointments it wished to make. SCT was proposing four, but this was likely to mean that various bodies would continue to regard SCT as an arms-length organisation of the Council and treat it accordingly.

Ms Wishart said that she was of the view that there was not any benefit to the Council of having Council appointed trustees on SCT, and that there should be a clear divide between both organisations. In saying that, there were already a number of ways that the two organisations could continue to work in partnership together via the Shetland Partnership, and this would be adequate for the Council. She accordingly moved that there should be no councillor trustees on SCT and that the Council should not, in future, appoint such trustees.

In seconding, Mr Cooper highlighted the community perception that the Council drove SCT, and said that he felt that the Council would serve SCT better by keeping the relationship at officer level and working together with other bodies in Shetland as a team.

It was suggested that Members did indeed have a wider view and understanding of Shetland public life, social aspects and difficulties, as had been suggested by the Institute of Directors and as had been evident in other bodies where the Council had appointed trustees. Retaining two Council appointed trustees could be beneficial to SCT and its decision making, and would continue the close rapport between the two bodies.

However it was pointed out that the Office of the Scottish Charity Regulator (OSCR) forbade Council trustees from acting as a conduit between the two organisations, as trustees must always act in the interests of the trust.

Therefore there was a need for a clear divide between the two organisations in terms of governance, but a more business-like relationship between the two organisations could be established. The value of having trustees who had to declare an interest and absent themselves when key decisions were being discussed was questioned, and it was recognised that this was a major issue. However some Members were of the view that given the importance of the two bodies in Shetland, there should be some sort of mechanism to ensure that the rapport between the two could continue.

It was commented that it was felt that there was a need for SCT to engage better with the community, in order to gauge community opinions and aspirations. It was suggested that SCT should be requested to consider its engagement with the community. Some Members were of the view that this would be outside the terms of what was being asked of the Council, but it was pointed out that SCT, in its letter to the Council, sought the Council's opinions on the terms of the governance review, in addition to the number of councillor trustees.

Dr Wills advised that he would not be participating in any vote at today's meeting as he was an office bearer of the Trust, a position he had recently been requested to resign from because he was of the view that an alternative proposal for reorganisation he had proposed should have been debated at a public meeting, given the public nature of SCT. He highlighted the value of the Trust to public services in Shetland, but given that the Council was a direct beneficiary, there was an institutional conflict of interest for council trustees. However his main area of concern was the democratic deficit if there were no council representatives on the Trust, as there would be no public mandate and he felt that the public had a legitimate interest. He was hopeful that following consultation, there would be material new circumstances that would lead to a public discussion of alternative proposals, and it would be possible to come a solution regarding the conflict of interest, the grouping of accounts and the democratic deficit.

It was pointed out that rather than being a direct beneficiary, the Council was an indirect beneficiary; being instead a vehicle by which beneficiaries – the residents of Shetland - received money.

Mr Robinson requested the mover and seconder of the motion to consider including that the Trust should be asked to consider how it engages with its beneficiaries – the residents of Shetland – and should not discount the suggestion of holding democratic elections for trustees.

The mover and seconder of the motion advised that they were willing to include this. They also agreed to include a suggestion from the Chief Executive that the motion should be amended to include reference to the Council's view that its recommendation would best serve the interests of those that the Council represents and the beneficiaries of the Trust.

Dr Wills requested that his abstention be minuted.

Decision:

The Council **RESOLVED** to communicate to SCT its view that it would best serve the interests of those that the Council represents and the beneficiaries of the Trust that there should be no councillor trustees and that it will not in future appoint such trustees, and that the Trust should consider how it engages with its beneficiaries, the residents of Shetland, and should not discount the suggestion of holding democratic elections for trustees.



Shetland Islands Council

Shetland Islands Council

29 June 2016

Shetland Charitable Trust – Governance Review

F-040-16-F

**Report Presented by the Chief Executive and
Executive Manager – Finance**

**Executive Services
Corporate Services**

1.0 Summary

- 1.1 Shetland Charitable Trust (the Trust) has recently concluded a review of its governance arrangements and has accepted their consultants' report that the number of Councillor Trustees reduces from 7 to 4. It is now consulting Shetland Islands Council (the Council) on that proposal. The purpose of the report is to enable the Council to provide the Trust with its views of the governance review and in particular the recommendation that the number of Councillor Trustees reduce.
- 1.2 The law of trusts in Scotland provides that the Council as Truster of the Shetland Charitable Trust has no locus in the decision making process around the review of the governance arrangements of the Trust. Nevertheless, the Council is invited by the Trust to provide its views to the Trustees for their consideration.
- 1.3 The report provides information to the Council on the issues that may arise for it, particularly in relation to disclosure in its Annual Accounts, from the appointment of Elected Members as Councillor Trustees to the Trust.

2.0 Decision Required

- 2.1 It is RECOMMENDED that the Council discuss the issues of representation on and appointment to the Trust and RESOLVE to decide its position so that these views can be provided to the Trust.

3.0 Detail

The Trust's Current Position & Proposals

- 3.1 On 17 May 2016 the Chief Executive received a letter and background papers from the Chief Executive of the Trust stating that the Trust, on 12 May 2016, had considered a report and recommendations on the governance arrangements of the Trust. The Appendix to the report was prepared by the Institute of Directors. See Appendix 1 for a copy of the reports referred to.
- 3.2 The letter states that the Trustees agreed to accept the recommendations set out in the report:
- **Structure** – Retain the Board at 15 in number to allow for the existing committee structure to remain in place;
 - **Councillor Representation** – That the number of Councillor Trustees is reduced from 7 to 4 assuming the Trust remains a total of 15 Trustees...the Council be asked to appoint 4 Councillors for the Trust Board having regard to the skills set identified by the Trust;
 - **Selection or Election of Trustees** – All Appointed Trustees should continue to be selected;
 - **Selection or Election of Chair** – Continue to elect the Chair from the body of Trustees;
 - **The use of an Appointment Body or Otherwise** – the Trust continues to appoint a competent and experienced person to Chair the Selection Panel;
 - **Age Profiles, Gender Split** – That the Trust makes every effort to create a more gender and age diverse Board balance against the obligations to have the right mix of skills and experience required for the Trust;
 - **Trustees from Off Islands in Exceptional Circumstances** – That the Trust adjusts the Trust Deed to enable recruitment of Trustees from Off Island, if in exceptional circumstances, in the opinion of the Selection Panel, in consultation with the Chief Executive, such recruitment is necessary to ensure that the Board remains fit for purpose;
 - **Behaviours** – There should not be an honorarium payment to any posts on the Board at this time;
 - **Professional Development and Review** – All Trustees are provided with professional development opportunities in their roles, given opportunities to create close working relationships, are subjected to an annual review of performance and take part in an annual all Board review of Board performance.
- 3.3 The Trustees delegated to their Chief Executive and the Audit and Governance Advisory Committee the formal process of engagement with the Council; and the implementation of the recommendations of the report.

- 3.4 The receipt of the letter and report coincides with the Council seeking to establish and define its relationship with external bodies and the obligations that are placed upon individual Elected Members to manage the conflicts that they encounter in serving on external bodies in addition to being a member of the Council.
- 3.5 It is a matter of fact; both in practice as well as theory; that the Trust is a fully independent entity which the Council does not control. Given that it is not obvious what benefit, if any, there is to the Council in having appointed Councillor Trustees.
- 3.6 Having said that the Trust see benefit to the Trust in having Council appointed Trustees. The Institute of Directors report states:
“5.3.2...That they bring an understanding of public life to the Trust, are practiced in the process of decision making, public relations, meeting, papers and balancing conflicting priorities.”
- 3.7 Given that the Trust is proposing that, whilst it wishes to reduce the number of Council appointed Trustees, it wishes to retain 4. This wish is a relevant consideration that needs to be taken into account. In terms of the contribution of Councillor Trustees to the Trust one would also need to weigh up and balance the number of occasions on which their perceived conflict of interest would lead to them not being able to contribute to key decisions and therefore, being of no benefit to the Trust in those matters.

The Council's Position and Areas for Consideration

- 3.8 The Council should consider two aspects in relation to the appointment of Elected Members to the Trust:-
- i) Does the council want to appoint Elected Members to the Trust?; and
 - ii) If it does, then how many appointments does it wish to make, up to the maximum number of 4 as proposed by the Trust.
- 3.9 The issues to consider in determining the first question include:
- i) Purpose served by being on the Trust Board;
 - ii) Conflicts of interest;
 - iii) Skills and requirements of the Trust Board.
- 3.10 Evidence of the limitations that Councillor Trustees have in contributing effectively to the decision making of the Trust on important matters is in the Institute of Directors report where they refer to changed governance arrangement “5.3.2...has worked well but there have been three situations since 2012 where Councillor Trustees found themselves to be conflicted. Councillor Trustees have had to step out of meetings both in the Trust and the Council, making effective

contribution frustratingly difficult.” Having a dual role makes full participation and involvement difficult at times for Elected Members.

- 3.11 This makes no reference to the effect this has on effective decision making of the Council where at present over 30% of the Elected Members may have to leave the meeting due to the conflicts that arise from the status quo. This situation must also be seen from the perspective that it's not just the Trust this may apply to, conflicts may arise in relation to the subsidiary companies that the Trust owns or charities that it supports, e.g. Shetland Heat Energy and Power, Shetland Recreational Trust, and so on.
- 3.12 The special exemptions available to Councillors under the Councillors Code of Conduct are considered to apply to Companies and other Public Bodies but generally not to be applicable in relation to Trusts or Charities. This means in effect that where an item of business involves contracts or financial arrangements of the Trust, Elected Members who are Trustees will declare an interest and be required to withdraw from the Council meeting.
- 3.13 In relation to the question of how many appointments the Council makes to the Trust, this can be guided by the implications that having voting members on a Board may have.

Financial Governance Issues

- 3.14 An implication of being appointed a Councillor Trustee or Board Member of an external organisation is the extent to which the Council is regarded as having influence or control over that external organisation. This will often manifest itself in the treatment given to that relationship in the Annual Accounts of the Council.
- 3.15 In the case of the Trust the Institute of Directors report refers to the views of Audit Scotland that because of the form of the relationship – initially all 22 Elected Members plus 2 external appointments; and after 2012, when the Trust Deed was changed to reflect a smaller Board (15), 7 being appointed by the Council from its Elected Members – there was a requirement to have the Trust accounts included in the Council group accounts.
- 3.16 The Council Annual Accounts are prepared for both the Council itself (single entity) and for the Group (a consolidation of the Council and the organisations that it has control and influence over). The consolidation is based on accounting standards and codes of practice that apply and is substantially informed by the number of voting members sitting on the Board. This is often the case in the absence of the organisation having equity (shareholder invested funds), which would provide an indication of ownership.

- 3.17 Where voting rights are greater than 50% then power over the organisation would be the starting point of an assessment as to whether or not they are a subsidiary. In the past this was the case.
- 3.18 As a subsidiary the different elements of the Trust activities would be aligned and shown in the group accounts of the Council alongside similar type spend. For example, the funding for Shetland Recreational Trust and Shetland Amenity Trust from the Trust would be combined with expenditure incurred directly by the Council on Cultural and Related Services, thereby providing a full disclosure of the extent of that expenditure.
- 3.19 The 2012 Trust Deed changes mean that Councillor Trustees only represent 47% of the votes that are available. In determining the treatment of this relationship the Council has judged that there is no longer a subsidiary relationship and instead the Trust is classified as an associate. A different accounting treatment, from that described above, is therefore applied to the Council group accounts and a 47% proportion of the Trust income and expenditure account and balance sheet are included in the Council group accounts as a single line.
- 3.20 This provides a lower level of disclosure than would be required under a subsidiary relationship and dilutes the detailed consolidation that was required. In effect this removes the information from the group accounts financial statements about, for example, the value the Trust contributes to Cultural and Related Services.
- 3.21 There is a long history of partnership working with the Trust and as a result the Trust and the Council have shared interests in the activities of a number of organisations, not least the three big trusts, Shetland Recreational Trust (SRT), Shetland Amenity Trust (SAT) and Shetland Arts Development Agency (SADA).
- 3.22 There is reference to this relationship in a separate report on the agenda, in relation to the Review of Commissioned Services, in which consideration of strategies and performance against local authority duties is given, in the context of where the Council doesn't necessarily fund activities.
- 3.23 However partnership working does not require Elected Members to be Councillor Trustees.
- 3.24 A summary of the group accounts treatment that would likely apply is:
- greater than 50% representation would identify power and influence over the control and as such would likely result in a subsidiary relationship.
 - greater than 20% representation would identify significant influence and likely result in an associate relationship – as now.
 - below 20% then there is more likely to be a minority interest and it is likely this would result in there being no relationship in terms of

the group accounts. There may require to be a disclosure in the accounts in relation to “Related Parties”, which would describe the financial transactional relationship between the two organisations.

- 3.25 Taking into account all of the above the likely implications for the disclosure and reporting of the Trust activities in the Council group accounts would fall into the following categories. This reflects the acceptance by the Trust Trustees that the Trust should retain a Board of 15.

Number of Appointed Elected Members	Impact for the Council group accounts and disclosures
15	100% of the voting rights. The starting point would be to consider this from the perspective of full control and a subsidiary relationship. It is highly likely that the Auditors would come to the conclusion that a subsidiary relationship exists.
8	53% of the voting rights. The starting point would be to consider this from the perspective of control and a subsidiary relationship. It is likely that the Auditors would come to the conclusion that a subsidiary relationship exists.
7	47% voting rights. As now. The expectation would be that the Auditors view would be influenced by what has gone before (since 2012) and is likely to be viewed as an existing group relationship, that of associate.
4 (as proposed by the Trust)	27% of the voting rights. The starting point would be to consider this from the perspective of a significant influence and an associate relationship. It is likely that the Auditors would come to the conclusion that a group relationship exists, as now. There are other matters to consider and accounting standards continue to be updated so this is not certain. One of those matters would be materiality and the value that a 27% share of the Trust would be in comparison to the Council accounts
3	20% voting rights. This would likely result in detailed discussion with the Auditors about the control and influence that Councillor Trustees have and

	issues of materiality would feature as part of that discussion. It is quite likely that Auditors would come to the conclusion that a group relationship exists, as now.
Fewer than 3	Less than 20% voting rights therefore difficult to evidence significant control and influence being exerted and as such it is unlikely that the Auditors would come to the conclusion that a group relationship exists. The accounting standards do comment that it is possible for significant influence to be exerted where there is less than 20% voting power however there would require to be other compelling evidence of how this was exerted over the organisation.
0	Difficult to see any control and influence being exerted and as such highly unlikely that Auditors would conclude that there is any group relationship.

3.26 While the above table considers the implications for disclosure and reporting in the Council Annual Accounts there are a number of issues that would form part of the detailed discussions with the Council's External Auditors. These include but are not limited to the value of funding provided by the Council to the Trust for the delivery of services; materiality; the distribution of funds by the Trust organisations across Shetland; and the governance requirements of the Office of the Scottish Charities Regulator (OSCR). Therefore the impact described in the above table cannot be taken as absolute assurance of the disclosure requirements and accounting relationship that would exist, instead it must be considered a reasonable and prudent assessment of the basic facts.

3.27 In terms of the process of establishing the relationship with external organisations for the Annual Accounts the Executive Manager – Finance would initially be responsible for doing this based on the information and evidence that exists and in the context of the relevant accounting standards and accounting code of practice. A working paper is prepared annually for the purposes of explaining the relationships to the Auditor. The External Auditor reviews the evidence as part of their audit and a final position would be agreed following discussion.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – Our Plan 2016-2020 identifies that standards the organisation expects everyone to achieve over the next

four year includes high standards of governance. Ensuring that the Council has in place appropriate governance structures to enable effective decision making by the Council and those organisations that it appoints members to is vital.

- 4.2 Community /Stakeholder Issues – This report enables the Council to provide feedback on an important governance matter of a key stakeholder and member of the Shetland Partnership.
- 4.2 Policy And/Or Delegated Authority – As the terms of this report have not been delegated to any other committee, a decision of the Council is required.
- 4.3 Risk Management – The risks to the Council include any unintended consequences of appointing Elected Members to the Trust Board, the public and external perception of the relationship between the Council and the Trust and the dilution of participation that Elected Members might have in considering future decisions that involve the Trust.

Individual Elected Members have to consider their own position in relation to conflicts of interest and to comply with the Code of Conduct on such matters.
- 4.4 Equalities, Health And Human Rights – None.
- 4.5 Environmental – None.

Resources

- 4.6 Financial – There are no financial implications arising from this report as any cost arising from an Elected Member being appointed to the Board of the Trust must be met by the Trust.
- 4.7 Legal – Paragraph 1.2 indicates the limited nature of any legal considerations arising from this report so it is not envisaged that a Members' decision will have legal resources implications.
- 4.8 Human Resources – There are implications for the individual Elected Members in relation to managing conflicts of interest and fiduciary duties however individuals remain Elected Members of the Council and as such are bound by that relationship.
- 4.9 Assets And Property – None.

5.0 Conclusions

- 5.1 The Council has been asked for its views on the terms of the governance review that has been undertaken by the Shetland Charitable Trust and the number of Councillor Trustees, in particular, there should be. It is recommended that the Council consider the

question of whether or not they want to appoint Elected Members to the Board and if so how many.

- 5.2 As the number of appointments is an indicator of influence and control on an external organisation Board this can have consequences for the Council's disclosures, particularly in relation to the Annual Accounts and treatment of group accounts. The report outlines a basic assessment of the potential treatment of the Trust accounts in the group accounts of the Council.

For further information please contact:
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21 June 2016

List of Appendices

Appendix 1 – Shetland Charitable Trust Governance Review Report and Appendix (Institute of Directors report).

Background documents:
None.

END



Meeting(s):	Shetland Islands Council	13 December 2017
Report Title:	SIC Diary of Meetings 2018/19	
Reference Number:	GL-49	
Author / Job Title:	Jan Riise, Executive Manager – Governance and Law	

1.0 Decisions / Action required:

- 1.1 That the Council **RESOLVES** to approve the attached schedule of Council and Committee meetings for 2018/19.

2.0 High Level Summary:

- 2.1 The purpose of this report is to seek Council's approval for the schedule of meetings for 2018/19.

3.0 Corporate Priorities and Joint Working:

- 3.1 The recommendation in this report will achieve point 5 of Our Plan 2017 to 2021, by contributing towards the achievement of high standards of governance, and effective decision making.
- 3.2 Consultation has taken place with the Chairs and Lead Officers for the O&SVJB, IJB and ZetTrans to ensure that there are no clashes of dates, and having reached agreement at that level, those organisations will also be considering the dates proposed at their next meeting.

4.0 Key Issues:

- 4.1 The draft diary is based on the same principles and timescales as 2017/18, by setting the PPMF and budget setting meetings at the required times, and then setting ordinary meetings cycles in between. The Council should note that the schedule of meetings proposed has been developed whilst taking account of the requirements for meetings of the Integration Joint Board and its Committees, the Shetland NHS Board and its committees, the Orkney and Shetland Valuation Joint Board, the Shetland Islands Area Licensing Board and ZetTrans.
- 4.2 In previous years, the diary has included "set aside" dates for special meetings, which can be used in between cycles for special meetings of any committee or council. In addition, we had been organising ad hoc dates for either Member Development or for service seminars. In some instances, diary changes have meant a clash of diary commitments which has taken some effort to resolve, and in other cases the "set aside" dates for special meetings have not been used but, in hindsight, could have been used for other events.

4.3	In this regard, we are proposed that in order to allow flexibility around the use of “set aside” dates, we have scheduled eight dates that can be used for either Committee business, Member development, service seminars or other information sharing events.
4.4	Our intention is to allow Councillors, and officers, to diary these dates early on, with the expectation of meetings, training or seminars being called for those dates only, except for any very exceptional events which may be required outwith those timescales.
4.5	Current exceptions to these are the financial budget seminars for each Committee and the Council which have been scheduled for November, and a further two dates have been scheduled in January for the Council and IJB to discuss the budget proposals ahead of the final budget setting by the Council and IJB in February.
4.6	Our aim is to ensure that the approved diary has as many fixed dates as possible so that Councillors, community partners and management, can address their total business in a planned way, in particular allowing Councillors scheduled “free time” during business hours for other strategic, service, constituency or personal matters.
4.7	As is always the case, and in consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue and location of any meeting may be changed, or special meetings added, although every effort will be made to avoid such instances.
4.8	It should be noted here that during time of the reconstruction works at the Town Hall last year, alternative meeting venues were required. Now, with the re-opening of the Town Hall for civic use, efforts are being made in terms of encouraging more public use of the Town Hall facilities, including the Chamber. In this regard, any change to the scheduled dates may mean that alternative venues will be required, with Islesburgh Community Centre being our first choice as a Council-owned venue, but also in terms of size and accessibility. If other venues are used, officers always try to achieve preferential rates in order to ensure costs are kept to a minimum. In addition, and due to increased public use, it may be that events are also taking place in the main hall during committee meetings. However, consideration will be given to the nature of those events during the bookings stage, in order to minimise any unintentional disruption to council meetings.
4.9	In conclusion, and taking account of the above key issues, the proposed schedule of meetings attached as Appendix 1, is commended to Council for approval.
5.0 Exempt and/or confidential information:	
5.1	None
6.0 Implications:	
6.1 Service Users, Patients and Communities:	No consultation has taken place with the community or service users, but the diary dates will provide the community and other stakeholders with important information as to the planned meeting dates for the coming year.

6.2 Human Resources and Organisational Development:	None.
6.3 Equality, Diversity and Human Rights:	There are no equality, diversity or human rights issues and an Equalities Impact Assessment is not required.
6.4 Legal:	None.
6.5 Finance:	The proposals in this report do not have any direct financial implications, but indirect costs may be avoided by optimising Councillor and Officer time.
6.6 Assets and Property:	As stated in the report above, any change to the scheduled dates may mean that alternative arrangements will be required in terms of a venue, with Islesburgh Community Centre being our first choice as a Council-owned venue, but also in terms of size and accessibility. If other venues are use, officers always try to achieve preferential rates in order to ensure costs are kept to a minimum.
6.7 ICT and new technologies:	The proposals in this report do not have any direct ICT implications.
6.8 Environmental:	There are no environmental issues associated with the terms of his report, and an Environmental Impact Assessment is not required.
6.9 Risk Management:	The main risks associated with setting the meeting dates are around the challenges for officers meeting the timescales required, and any part of council or committee business slipping and causing reputational damage to the Council. Equally, not applying the diary of meetings could result in decision making being unplanned and haphazard.
6.10 Policy and Delegated Authority:	Section 18.2 of the Council's Standing Orders for meetings states "The dates of ordinary meetings of the Council and other bodies which are part of the political management framework will be decided by the Council on the basis of a programme of meetings which will normally be decided each year."
6.11 Previously considered by:	No previous consideration. Dates to be considered for other organisations; IJB – 19 December; ZetTrans 14 December; and O&SVJB – January, date to be confirmed

Contact Details:

Anne Cogle, Team Leader – Administration, anne.cogle@shetland.gov.uk
13 November 2017

Appendices:

Appendix 1 – Calendar of Meetings 2018/19

Background Documents: None

END

Shetland Islands Council CALENDAR OF MEETINGS - 2018-2019
V0.1 - as at November 17

		M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	cycle						
Q1	March/April 2018	26	27 EJCC	28	29	30	31	1	2 SETF	3	4	5	6	7	8	9	10 L/P	11	12	13	14	15	16	17	18	19	20	21	22	23 E&F DEV	24 E&T AC	25 SCB HB	26 ZET	27	28	29	30 P&R	1 ordinary	
	May 2018		1 L/P	2	3	4	5	6	7	8	9 SIC CSRB	10	11	12	13	14	15	16	17	18	19	20	21 ALL3 HB	22 P&R PF/PB	23 SCB SIC	24 AC	25	26	27	28	29	30 EJCC	31	2 ppmf Q4					
	June 2018					1	2	3	4	5 L/P	6 IJB	7 SETF	8	9	10	11 E&F DEV	12 E&T AC	13 SCB HB	14	15	16	17	18 P&R	19	20 IJB AC	21	22 IJB	23	24	25	26 OSVJB ZET	27 SIC	28	29	30	3 ordinary			
Q2	July 2018							1	2	3	4	5	6	7	8	9	10 L/P	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	July holidays
	August 2018			1	2	3	4	5	6	7	8	9	10	11	12	13	7 L/P	15 CSRB	16	17	18	19	20	21	22	23	24	25	26	27 ALL3 HB	28 P&R PF/PB	29 SCB SIC	30 AC	31	4 ppmf Q1				
	September 2018						1	2	3 L/P	4	5 IJB	6	7	8	9	10	11	12 SETF	13	14	15	16	17	18	19 AC PF/PB SIC	20 EJCC	21 IJB AC IJB OSVJB ZET	22	23	24	25	26	27	28	29	30	5 ordinary & Oct Hoildays		
Q3	October 2018								1 E&F DEV	2 E&T AC	3 SCB HB	4 ZET	5	6	7	8 P&R Plan	9 SIALB / Licen	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31 SIC
	November 2018			1	2	3	4	5	6 Planning	7 Licensing CSRB	8 IJB AC ZET	9	10	11	12 bdgt seminar	13 bdgt seminar	14 bdgt seminar	15 bdgt seminar	16 bdgt seminar	17	18	19 bdgt seminar	20	21 IJB	22	23 OSVJB	24	25	26	27	28	29	30	6 ppmf Q2 & Xmas Holidays					
	December 2018						1	2	3	4	5	6	7	8	9	10 ALL3 HB	11 P&R PF/PB	12 SCB SIC	13 AC ZET	14	15	16	17 Plann / SETF	18 SIALB / Licen	19	20	21	22	23	24	25	26	27	28	29	30	31		
Q4	January 2019		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 L/P	16 SIC seminar	17 IJB seminar	18	19	20	21	22	23 EJCC IJB	24	25	26	27	28	29	30 PH	31	7 budget/ ordinary					
	February 2019					1	2	3	4 E&F DEV	5 E&T	6 SCB HB	7	8	9	10	11 P&R	12	13 L/P	14	15	16	17	18	19	20 SIC		22 ZET	23	24	25	26	27 OSVJB	28 AC	8 ppmf Q3					
	March 2019					1	2	3	4 ALL3 HB	5 P&R PF/PB	6 SCB SIC	7 AC	8	9	10	11	12 L/P	13 IJB	14 SETF	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			

Public Holidays, School Easter - Mon 2 - Fri 13 April 18; Summer - Mon 2 July - Tues 21 August 18; October - Mon 15 - Tues 30 October 18; Christmas - Mon 24 December 18 - Fri 4 January 2019
Holidays and Shutdown Public Holidays : Easter Monday - 2 April; Lk UHA Wednesday 30 January 2019; Shutdown: 27, 28 & 31 December 2018
Ordinary Ordinary Meetings
Special Special Meetings - Sp SIC 31 May [SIC Fund Managers]; Sp SIC and Sp AC 20 September [Final Accounts]
PPMF Planning and Performance Management Meetings
Bdgt Seminar Budget Seminars
Budget Budget Book 2019/20
Business/Development Committee Business/Member Development - Special meetings, members development/training or seminars - date reserved and only used if required.
IJB Integration Joint Board/Integration Joint Board Audit Committee meetings
IJB/VJB/ZET Special meetings for Finance Accounts - June/Draft; Sept/Final
OSVJB = Orkney and Shetland Valuation Joint Board dates to be confirmed
Zet = ZetTrans dates to be confirmed
SETF = Shetland External Transport Forum
CSRB = Community Safety and Resilience Board (p.m.) – DS, AC, SC, MBurgess, AD, MBell, CS
SIALB = Shetland Islands Area Licensing Board - dates to be confirmed

AC = Audit Committee
E&F = Education and Families Committee
PF/PB = Pension Fund Committee/Pension Board
HB = Harbour Board
SCB = Shetland College Board
E&T = Environment and Transport Committee
Dev = Development Committee
P&R = Policy and Resources Committee
SIC = Shetland Islands Council
ALL 3 – All Committees: Performance Management [E&F, DEV & E&T]
ALL Bdgt – All Committees: Budget Setting [E&T, E&F, DEV, PF/PB, P&R, HB & SCB]
L/P = Licensing and Planning Committee
10 a.m. SIALB
10.30 a.m. Licensing Committee
2 p.m. Planning Committee