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Date: 30 January 2018

Dear Sir/Madam

You are invited to the following meeting:

Development Committee
Council Chamber, Town Hall, Lerwick
Monday 5 February 2018 at 2pm

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

Yours faithfully

Executive Manager – Governance and Law

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

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of interest - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
- (d) Confirm the minutes of the meeting held on 4 December 2017 (enclosed).

Items

1. 2018/19 Budget and Charging Proposals – Development Committee
F-11-18
2. 2018/19 Housing Revenue Account Budget and Charging Proposals
F-013
3. Review of Strategic Garage Sites
DV-03-18

The following items contain Exempt Information

4. Support for Inshore Fisheries Management – Shetland Islands Regulated Fishery (Scotland) Order
DV-05-18
5. Fibre Optic Asset Management Project- Full Business Case
DV-01-18



Meeting(s):	Development Committee Policy & Resources Committee Shetland Island Council	5 February 2018 12 February 2018 14 February 2018
Report Title:	2018/19 Budget and Charging Proposals – Development Committee	
Reference Number:	F-11-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 That the Development Committee **RECOMMEND** to Policy and Resources Committee and Council that they approve the budget proposals for 2018/19 included in this report and set out in detail in the Budget Activity Summary (Appendix 2) and Schedule of Charges (Appendix 3).

2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Development Committee to consider the controllable budget proposals for the services within the Committee's remit.
- 2.2 The proposed budget for 2018/19 for Development Services reporting to this Committee is £7.787m.
- 2.3 Appendices 1 and 2 of this report show the proposed budgets for 2018/19 reconciled by Committee and by activity, and Appendix 3 details the proposed schedule of charges which have been incorporated into the proposed budgets.

3.0 Corporate Priorities and Joint Working:

- 3.1 There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
- 3.2 Despite the work done so far, sustainability in particular is extremely challenging at this time with reducing Scottish Government funding being the trend since 2011/12. It is expected that this will continue while the UK and Scottish Governments seek to balance their budgets and prioritise their spending.

4.0 Key Issues:

- 4.1 The budget has been prepared taking account of the following:
- estimated pay award of 3% for staff under £30k, 2% for staff over £30k and £1600 for staff over £80k in line with that being included in the Scottish Government draft budget;
 - pension contributions remaining at the 2017/18 level of 20.8%;
 - income being increased on average by 2.5% in line with inflation;
 - reduced government funding and additional burdens.

The Director of Development has developed his budget proposals, as shown in the table below:

Budget Position	Development Services* £000
2017/18 Budget (excluding carry forwards)	8,028
Proposed Budget represented by:	
Growth	110
New Income Generation/Loss	-
Savings	(351)
2018/19 Proposed Budget	7,787

4.2 Growth.

List of Growth Items (over £50k)	Development Services* £000
Pay related inflationary increases	54
Housing income reduction.	56

* Refers to Development Services under this committee. It should be noted that some services under the Development Directorate report to other Committees (Transport Planning, elements of Community Planning and Development, Shetland College and Train Shetland).

4.2.1 Explanations of growth items:

- Housing Income Reduction: Income reduction of £56k offset by a reduction in Homelessness accommodation costs as a result of reduced rental market demand and maintenance costs reduced in line with prior year's spending patterns.

4.3 Savings

Development Services have identified £351k of efficiency savings, these are detailed in the table below:

List of Savings	Development Services*
	£000
Remove Tertiary Sector Project Manager post	21
Reduction in Service Agreement value to Museum & Archives (3%)	27
Increased target in 18/19 Vacancy Factor	75
Fairer Scotland	59
Community Council service redesign	13
Remove Finance Admin post	17
Independent Audit fee now covered by Scottish Government	4
Council decision to withdraw from Conference of Peripheral Maritime Regions.	12
Reduction in anticipated service operating costs	96
Decision to reduce support posts in Planning following LEAN exercises and progress in e-planning and building standards project	27

4.4 The Director of Development has prepared Savings Proposals to be Recommended to P&R and Council as follows:

- £250k – Tertiary Sector: Continue to progress the integration of Shetland College, Train Shetland and NAFC Marine Centre.
- £40k – Promote Shetland: Contract price is £40k less than original budget.

4.6 Appendix 1 sets out a reconciliation showing how the Council's overall budget proposals for the services within the Directorates are aligned to the remit of the Committees.

4.7 Appendix 2 sets out the 2018/19 budget in detail by activity. For comparison purposes the 2017/18 budget excluding carry forwards has also been included, and the change in full-time equivalent staff numbers.

4.8 The proposed charges included in the budget proposals for the Development Directorate is attached as Appendix 3.

5.0 Exempt and/or confidential information:

5.1 None

6.0 Implications :

6.1 Service Users, Patients and Communities:	The proposed budgets ensure that there is no anticipated reduction in service for users and communities.
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6.2 Human Resources and Organisational Development:	All budget proposals with staffing implications will be actioned in line with relevant Council policies and with HR advice.
6.3 Equality, Diversity and Human Rights:	None arising from this report.
6.4 Legal:	<p>Under Section 95 of the Local Government (Scotland) Act 1973, there is a requirement for each local authority to make arrangements for the proper administration of their financial affairs. That officer in Shetland Islands Council is the Executive Manager – Finance responsible for the presentation of budget proposals as part of appropriate financial management arrangements. Under s93 of the Local Government Finance Act 1992 the Council is required to set the Council Tax for the financial year.</p> <p>The need to meet the Council's legal obligations is a factor in the growth items affecting this directorate.</p>
6.5 Finance:	<p>The services under the remit of this Committee have presented budget proposals for 2018/19 that amount to £7.787m, which is a decrease on the current year (2017/18) budget of £0.241m. It is important to note that there is an unfavourable impact of Services standing still, and this is reflected by the inevitable consequences of pay and price inflation and amounts to £56k for these services. Furthermore, there are additional cost pressures that are a national priority and discretionary that have been added and are documented in section 4.1 above.</p> <p>Savings to the value of £258k have been incorporated into the budget where the Director has sought to do so using their delegated authority. Beyond this there are no proposals that the Committee are asked to recommend to Policy and Resources and the Council to contribute towards the overall budget proposal for 2018/19.</p> <p>The value of these budget proposals, cumulative with other Committee budget proposals, are greater than the combined funding sources of Council Tax and Scottish Government Grant therefore the Council uses returns on its investments and reserves to balance the budget. Year on year reductions in Government funding and rising costs result in the value of returns and reserves used annually by the Council being unaffordable over time. The Council will have to decide in the short-term the changes that it will implement in the medium term to resolve this unsustainability.</p>
6.6 Assets and Property:	None arising from this report.

6.7 ICT and new technologies:	None arising from this report.	
6.8 Environmental:	None arising from this report.	
6.9 Risk Management:	<p>There are numerous risks involved in planning the delivery of services for the future and the awareness of these risks is critical to successful budgeting, as assumptions are required.</p> <p>These budgeted assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main budget risks for services reporting to this Committee are:</p> <ul style="list-style-type: none"> the generation of additional income or financial savings to ensure that the Tertiary Education Sector moves onto a sustainable footing. <p>These risks are mitigated by using a realistic approach and the most up-to-date information when setting the budget. Also, the inclusion in the overall Council budget of a corporate cost pressure and contingency budget to support volatile and unexpected additional costs.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for other significant unforeseen events.</p>	
6.10 Policy and Delegated Authority:	The Development Committee has delegated authority to advise Policy and Resources Committee and the Council in the development of service, objectives, policies and plans concerned with service delivery. Approval of the revenue budget requires a decision of Council, in terms of Section 2.1.3 of the Council's Scheme of Administration and Delegations.	
6.11 Previously considered by:	n/a	n/a

Contact Details:

Janice Thomason, Management Accountant, janice.thomason@shetland.gov.uk, 25 January 2018

Appendices:

Appendix 1 - 2018/19 Reconciliation of Directorates' Proposed Budgets to Committees*
Appendix 2 - 2018/19 Budget Proposals by Activity – Development Committee
Appendix 3 - 2018/19 Schedule of Charges - Development Committee

2018-19 Reconciliation of Directorates' Proposed Budgets to Committees

Directorate	Development Committee £000	Education & Families Committee £000	Environment & Transport Committee £000	Policy & Resources Committee £000	Shetland College Board £000	Total £000
Executive & Corporate Services				13,346		13,346
Children's Services		42,180				42,180
Health & Social Care				21,053		21,053
Integration Joint Board				(1,263)		(1,263)
Development Services	7,787	329	5,949		78	14,143
Infrastructure Services			24,865			24,865
TOTAL	7,787	42,509	30,814	33,136	78	114,324

2018-19 BUDGET ACTIVITY SHEET
Development Committee

Appendix 2

Service	Activity	Links to Corporate Plan	2017/18 FTEs	2018/19 FTEs	Change (Increase)/ Decrease FTEs	2017/18 Budget £	2018/19 Proposed Budget £	Change (Increase)/ Decrease £	Proposed Changes to Service Level	Impact Assessment Details (if appropriate)	Red Amber Green
Development Directorate	Directorate	Highest possible standards of leadership and management helping to create a culture that makes sure we achieve the things set out in the plan.	1.00	2.00	(1.00)	151,623	154,858	(3,235)	None		Green
Development Directorate	Vacancy Factor	Excellent financial management arrangements, will ensure we are continuing to keep to a balanced and sustainable budget.	0.00	0.00	0.00	(124,831)	(200,000)	75,169	None		Green
Development Directorate	Tertiary Education Support	The tertiary education, research and training project will have created an effective model for providing excellent services to our learners.	0.54	0.00	0.54	1,581,243	1,528,797	52,446	None - Future of Tertiary sector in Shetland now being led externally.		Green
Development Directorate	Museum and Archives	More children will be taking part in physical and cultural activities - developing healthy lifestyles to help them play a full and active part in Shetland community life.	0.00	0.00	0.00	972,649	940,313	32,336	None		Green
Development Directorate	Pensioners	N/A: Statutory Provision	0.00	0.00	0.00	96,638	99,543	(2,905)	None		Green
Community Planning & Development	Community Planning	Statutory requirement, overarching and links to all aspects of Corporate Plan.	3.59	3.59	0.00	177,808	184,122	(6,315)	None		Green
Community Planning & Development	Community Support	Links to Young People and Community Strength.	2.00	2.00	0.00	400,306	391,662	8,644	None		Green
Community Planning & Development	Community Development	Community Development links primarily to community strength and young people, with indirect links to all aspects of the plan.	0.00	0.00	0.00	0	1,561	(1,561)	None		Green
Community Planning & Development	Management & Support	Links to Community Strength and Our 20 by 20 Plan. Also indirectly involved in all other aspects of Corporate Plan through Community Planning.	2.77	2.79	(0.02)	123,687	129,504	(5,817)	None		Green
Community Planning & Development	Fairer Scotland	Links specifically to point 14 and Community Strength, but has indirect links to all aspects of Corporate Plan in relation to reducing inequalities.	1.62	1.62	0.00	198,522	139,751	58,771	None		Green

2018-19 BUDGET ACTIVITY SHEET
Development Committee

Appendix 2

Service	Activity	Links to Corporate Plan	2017/18 FTEs	2018/19 FTEs	Change (Increase)/ Decrease FTEs	2017/18 Budget £	2018/19 Proposed Budget £	Change (Increase)/ Decrease £	Proposed Changes to Service Level	Impact Assessment Details (if appropriate)	Red Amber Green
Community Planning & Development	Community Safety	Links to Community Strength.	0.00	0.00	0.00	15,395	10,375	5,020	None		Green
Community Planning & Development	Community Justice	Responsibility transferred to CPPs with links to Community Strength and Our 20 by 20.	1.00	1.00	0.00	39,009	37,032	1,977	None		Green
Economic Development	Business Development	Enterprising Economy P9	11.94	11.20	0.74	1,190,724	1,190,674	50	None		Green
Economic Development	Access to External Funding	Enterprising Economy P9	1.19	1.17	0.02	75,634	63,308	12,326	None		Green
Economic Development	Promotional Activities	Enterprising Economy P9	0.27	0.27	0.00	407,496	407,777	(281)	None		Green
Economic Development	Economic Policy and Research	Enterprising Economy P9	1.97	1.86	0.11	121,942	120,651	1,291	None		Green
Economic Development	Shetland Telecommunications	Improve high-speed broadband and mobile connections throughout Shetland.	2.61	2.49	0.12	(116,822)	(125,967)	9,145	None		Green
Housing	Homelessness	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	2.78	2.78	0.20	182,780	206,309	(23,529)	None		Green
Housing	Housing Support	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	19.11	19.11	0.04	598,015	616,127	(18,112)	None		Green
Housing	Support to External Organisations	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	0.00	0.00	0.00	48,516	48,416	100	None - Service transferred to Adult Social Work		Green

2018-19 BUDGET ACTIVITY SHEET
Development Committee

Appendix 2

Service	Activity	Links to Corporate Plan	2017/18 FTEs	2018/19 FTEs	Change (Increase)/ Decrease FTEs	2017/18 Budget £	2018/19 Proposed Budget £	Change (Increase)/ Decrease £	Proposed Changes to Service Level	Impact Assessment Details (if appropriate)	Red Amber Green
Housing	Economic Rents	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	0.00	0.00	0.00	(15,430)	(15,870)	440	None		Green
Housing	Housing Management and Technical Support	Increase the supply of affordable housing in Shetland, provide housing solutions and service to Young People, Older People and links to support economic growth.	21.99	21.79	0.00	735,696	750,291	(14,595)	None		Green
Planning	Marine Development	Enable Economy Outcomes.	4.31	4.31	0.00	134,133	149,645	(15,512)	None		Green
Planning	Building Standards	Enable Economy & Housing, Community Strength and Connection & Access outcomes.	7.93	7.43	0.50	159,347	150,400	8,947	None		Green
Planning	Development Management	Enable Economy & Housing, Community Strength and Connection & Access outcomes.	11.48	11.48	0.00	218,575	229,577	(11,002)	None		Green
Planning	Development Plans and Natural Heritage	Enable Economy & Housing, Community Strength and Connection & Access outcomes.	12.08	10.43	1.65	643,698	601,221	42,477	None		Green
Planning	KIMO/Nuclear Policy	We will have reduced the effect we have on our local environment.	1.04	1.04	0.00	(24,014)	(23,013)	(1,001)	None		Green

2018-19 BUDGET ACTIVITY SHEET
Children's Services Department

Service	Activity	Links to Corporate Plan	2017/18	2018/19	Change (Increase)/ Decrease	2017/18 Budget	2018/19 Proposed Budget	Change (Increase)/ Decrease	Proposed Changes to Service Level	Red Amber Green
Children's Resources	Family Support	Vulnerable children and young people in need of our care and support will continue to be protected from harm.	38.11	36.97	1.14	1,422,589	1,409,706	12,883	No significant change in service delivery.	Green
Children's Resources	Residential Childcare	Vulnerable children and young people in need of our care and support will continue to be protected from harm.	30.12	30.20	(0.08)	1,268,065	1,391,289	(123,224)	No significant change in service delivery. Increase relates to projected increased costs linked to HUB project.	Green
Children's Resources	Family Placement	Vulnerable children and young people in need of our care and support will continue to be protected from harm.	8.22	6.22	2.00	1,014,226	1,115,934	(101,708)	Increase due to projected increase in fee paid foster carers in line with Foster Carer Recruitment Strategy	Green
Children's Resources	Off Island/Commissioned Services	Vulnerable children and young people in need of our care and support will continue to be protected from harm.	0.20	0.20	0.00	714,361	693,741	20,620	No significant change.	Green

2018/19 Development - Schedule of Charges

F-11- Appendix 3

ALL CHARGES ARE EXCLUSIVE OF VAT, WHERE APPLICABLE

Directorate	Service	Director or Executive Manager	Activity	Charge	Unit	2017/18 Charge £	2018/19 Charge £	Variance %
Development	Housing Services	Anita Jamieson	Homeless Persons	Shared Accomodation - Standard Occupancy Charge	per week	52.30	54.35	3.92
Development	Housing Services	Anita Jamieson		Shared Accomodation - Furniture Charge	per week	12.30	12.55	2.03
Development	Housing Services	Anita Jamieson		Shared Accomodation - Electricity Charge	per week	19.00	19.40	2.11
Development	Housing Services	Anita Jamieson		Shared Accomodation - Service Charge	per week	16.35	16.65	1.83
Development	Housing Services	Anita Jamieson		89 St Olaf Street - Room 5 - Occupancy Charge	per week	70.30	71.70	1.99
Development	Housing Services	Anita Jamieson		Electricity in communal areas (12a North Road)	per week	5.30	5.40	1.89
Development	Housing Services	Anita Jamieson		General Needs Stock Used for Homeless Persons - 1 Apt - Occupancy Charge	per week	52.30	54.35	3.92
Development	Housing Services	Anita Jamieson		General Needs Stock Used for Homeless Persons - 2 Apt - Occupancy Charge	per week	70.30	72.70	3.41
Development	Housing Services	Anita Jamieson		General Needs Stock Used for Homeless Persons - 3 Apt - Occupancy Charge	per week	87.30	89.05	2.00
Development	Housing Services	Anita Jamieson		General Needs Stock Used for Homeless Persons - 4 Apt - Occupancy Charge	per week	104.60	106.70	2.01
Development	Housing Services	Anita Jamieson		General Needs Stock Used for Homeless Persons - 5 Apt - Occupancy Charge	per week	120.90	123.30	1.99
Development	Housing Services	Anita Jamieson		Lerwick Chalets - Homeless Lets - 1 Bed - Occupancy Charge	per week	36.00	37.70	4.72
Development	Housing Services	Anita Jamieson		Lerwick Chalets - Homeless Lets - 2 Bed - Occupancy Charge	per week	46.20	47.10	1.95
Development	Housing Services	Anita Jamieson		Landward Chalets - Homeless Lets - 1 Bed - Occupancy Charge	per week	32.50	34.15	5.08
Development	Housing Services	Anita Jamieson		Landward Chalets - Homeless Lets - 2 Bed - Occupancy Charge	per week	42.20	43.05	2.01
Development	Housing Services	Anita Jamieson		Homeless Persons - General Needs Stock & Chalets - B&B Accommodation - Adult aged 16 or over	per week	120.00	122.40	2.00
Development	Housing Services	Anita Jamieson		Homeless Persons - General Needs Stock & Chalets - B&B Accommodation - Child under 16	per week	60.00	61.20	2.00
Development	Housing Services	Anita Jamieson		Storage Charges (storage of property in Gremista store)	per week	6.20	6.35	2.42
Development	Housing Services	Anita Jamieson	Caravan Site/Pitch Rents	Caravan Site/Pitch Rents - Hoofields	per week	15.20	15.50	1.97
Development	Housing Services	Anita Jamieson		Caravan Site/Pitch Rents - Other	per week	10.50	10.70	1.90
Development	Economic Development	Douglas Irvine	Publications	Sale of publications		variable	variable	-
Development	Shetland Telecom	Marvin Smith	Shetland Telecom Charges	Shetland Telecom charges		variable	variable	-
Development	Planning Services	Iain McDiarmid	Search of Records	Charge per hour or part thereof		105.00	108.00	2.86
Development	Planning Services	Iain McDiarmid	Letter of Comfort	Provision of Letter of Comfort - with Building Warrant	Per letter	NA	150.00	New Charge
Development	Planning Services	Iain McDiarmid	Building Warrant	Building Warrant Fee Structure: http://www.shetland.gov.uk/buildingstandards/documents/FeeScale2017.pdf	See attached fee structure for full details	Various	Various	-
Development	Planning Services	Iain McDiarmid	Planning Applications: Scottish Government - Online Fee Calculator	https://www.eplanning.scot/ePlanningClient/custompages/feecalculator.aspx	N/A	Various	Various	-
Development	Planning Services	Iain McDiarmid	High Hedges Fee's	Building Warrant Fee Structure	per application	N/A	401.00	New Charge

Development	Planning Services	Iain McDiarmid	Street Naming and Numbering	Per application for creation or change	per application	N/A	Various	-
Development	Planning Services	Iain McDiarmid	Theatre Licence	Annual Licence	per application	N/A	75.00	New Charge
Development	Planning Services	Iain McDiarmid	Raised Structure Permit	Permit for the erection of a temporary or permanent structure	per application	NA	70.00	New Charge
Development	Planning Services	Iain McDiarmid	Cinema Licence	Fee for provision of established Cinema facilities	PA	NA	173.50	New Charge



Meeting(s):	Development Committee Policy and Resources Committee Shetland Islands Council	5 February 2018 12 February 2018 14 February 2018
Report Title:	2018/19 Housing Revenue Account Budget and Charging Proposals	
Reference Number:	F-013	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 That the Development Committee RECOMMEND to Policy and Resources Committee and Council approval of the budget proposals for 2018/19 for the Housing Revenue Account included in this report and the proposed charges detailed at Appendix 1.

2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Development Committee to consider the controllable budget proposals for the Housing Revenue Account (HRA).
- 2.2 The proposed position for the Housing Revenue Account for 2018/19 is a contribution from the Housing Repairs and Renewals Fund of £1,052k.
- 2.3 The 2018/19 proposed schedule of charges for the HRA is attached as Appendix 1.

3.0 Corporate Priorities and Joint Working:

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

4.0 Key Issues:

- 4.1 The budget has been prepared taking account of the following:
- the key financial assumptions and principles adopted in the HRA Business Plan.
 - estimated pay award of 3% for staff under £30k, 2% for staff over £30k and £1600 for staff over £80k in line with that being included in the Scottish Government draft budget;

- pension contributions remaining at the 2017/18 level of 20.8%;

The table below sets out the proposed 2018/19 budget for the HRA

2017-18 Approved Budget (£000)	Description	2018-19 Proposed Budget (£000)
	<u>Expenditure</u>	
817	Supervision & Management	808
1,884	Repair & Maintenance	2,178
165	Void Rents & Charges	168
30	Garages	31
2,692	Capital Funded from Current Revenue	3,497
1,711	Debt Charges – Dwellings	1,330
7,299	Total: Expenditure	8,012
	<u>Income:</u>	
(1)	Interest on Revenue Balances	(1)
(6,623)	Rents – Dwellings	(6,730)
(191)	Rents - Other ie garages/sites etc	(229)
(6,815)	Total: Income	(6,960)
484	Total (Surplus)/Deficit	1,052
(484)	Contribution (from) / to Housing R & R Fund	(1,052)
0	HRA Balanced Budget	0

- 4.2 An underlying inflation factor of 2% has been assumed over the coming 30 years, and a further 0.5% growth above inflation has been used to recognise the increased costs associated with managing and maintain housing services in a remote community.
- 4.3 It has been recognised in the rent modelling work that there is a disparity between the rent on the smaller properties compared to the larger properties. To address this issue and bring the weekly rental on smaller properties closer to the equivalent benchmark, it is proposed that only 2% inflation be applied to the rental on all properties, but that £1 per week is added to the rental on one and two bedroom properties in addition to inflation. This means that an average rent rise of 2.59% is proposed for 2018/19. The full Schedule of Charges for 2018/19 is included in Appendix 1.
- Rents – Dwellings, is expected to increase by £107k to £6,730m in 2018/19. The proposed increase recognises a reduction in housing stock numbers of 18 through Right To Buy sales. The Right to Buy Scheme has now ended.
- 4.4 Rents – Other ie garages and sites, is proposed to increase by £38k overall to £229k in 2018/19. Weekly rental charges for garage sites were subject to the final increase of a phased review in 2017/18. The proposal for 2018/19 is to revert to inflationary increases only for the next three years. Garage rents are also proposed to increase by inflation only for 2018/19.

4.5	Void rents and charges are proposed to increase by £2k to £168k in 2018/19. These costs are estimated as 2.4% of general housing rental income and 3% sheltered housing rental income, based on historic rates of void costs.	
4.6	Employee costs are incorporated into the budgets within Supervision and Management and Repairs and Maintenance. A pay uplift have been applied as detailed at paragraph 4.1.	
4.7	An integral part of the business planning process has been the detailed work that has gone into the Housing Asset Management Strategy. The Council supplemented its own stock information with an externally commissioned survey of 20% of the stock to allow the planning of both capital and revenue expenditure required to maintain Council housing stock into the long-term. The budget assumes the underlying inflation factor and growth on repairs and maintenance costs and takes into account the reduced overall stock numbers due to Right To Buy sales.	
4.8	The HRA capital programme included in the Council's Asset Investment Plan for 2018/19 is £3.512m, which takes reference from the Housing Asset Management Strategy and business planning process. It is proposed that the capital expenditure is funded through Capital Funded from Current Revenue, £3.497m and estimated capital receipts from vehicle sales of £15k in 2018/19. A separate report to set out the detailed capital programme for the HRA is to be prepared for approval by Members.	
4.9	Debt levels within the HRA have reduced substantially through the successful negotiations with Government in 2013, after which the remaining debt was externalised. The HRA is expected to have borrowing costs on the existing debt of £1.330m in 2018/19, which includes the principal repayment, interest and expenses.	
4.10	The purpose of the Housing Repairs and Renewals Reserve is to ensure the HRA is financially sustainable and has funds available to smooth out the peaks and troughs in HRA expenditure in specific years. It must be maintained at a level which can meet any unforeseen or exceptional circumstances and this has been tested in the financial modelling which underpins the HRA Business Plan 2017.	
4.11	The Housing Repairs and Renewals Fund as at 31 March 2017 had a balance of £15.614m. There will be a need to draw £1.052m from this Reserve to support the proposed HRA budget for 2018/19. This is in line with the financial assumptions within the HRA Business Plan and therefore deemed a sustainable draw on reserves.	
5.0	Exempt and/or confidential information:	
5.1	None	
6.0	Implications :	
6.1	Service Users, Patients and Communities:	The proposed budgets ensure that there is no reduction in service for users and communities.
		There is a statutory obligation to consult with tenants annually on the rent increases and proposed changes to service levels.

	<p>The 2018/19 annual survey of tenants showed that fewer tenants than the previous year expressed concern about the affordability of the proposed increase, as detailed below. It is hoped that this is due the work done on the business plan to provide tenants with a degree of certainty about future increases.</p> <p>Do you think the proposed increase is affordable to you?</p> <table><tr><th>Response</th><th>2017/18</th><th>2018/19</th></tr><tr><td>Yes</td><td>34.1%</td><td>40.6%</td></tr><tr><td>I would have some concerns about affordability</td><td>48.6%</td><td>44.2%</td></tr><tr><td>No, not affordable</td><td>17.3%</td><td>15.1%</td></tr></table>	Response	2017/18	2018/19	Yes	34.1%	40.6%	I would have some concerns about affordability	48.6%	44.2%	No, not affordable	17.3%	15.1%
Response	2017/18	2018/19											
Yes	34.1%	40.6%											
I would have some concerns about affordability	48.6%	44.2%											
No, not affordable	17.3%	15.1%											
6.2 Human Resources and Organisational Development:	All budget proposals with staffing implications will be actioned in line with relevant Council policies and with HR advice.												
6.3 Equality, Diversity and Human Rights:	The Local Housing Strategy has had a full equalities impact assessment carried out.												
6.4 Legal:	<p>Under Section 95 of the Local Government (Scotland) Act 1973, there is a requirement for each local authority to make arrangements for the proper administration of their financial affairs. That officer in Shetland Islands Council is the Executive Manager – Finance responsible for the presentation of budget proposals as part of appropriate financial management arrangements.</p> <p>Income and expenditure in relation to a local authority’s own direct provision of housing must be recorded separately within a Housing Revenue Account as laid out in Section 203 of the Housing (Scotland) Act 1987.</p>												
6.5 Finance:	<p>The 2018/19 HRA budget is based on the detailed financial modelling which underpins the HRA Business Plan 2017.</p> <p>The HRA requires a transfer from the Housing Repairs and Renewals Fund of £1.052m to balance the budget. This is deemed a sustainable draw on reserves.</p>												
6.6 Assets and Property:	The Housing Stock Asset Management Strategy is to ensure that housing stock is maintained to current standards and procurement of component replacements is done in the most cost effective way.												
6.7 ICT and new technologies:	This budget will ensure continuing analysis, and search for new technology which can be implemented to ensure effectiveness and efficiency in provision of services.												

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

Contact Details:

Sheila Duncan, Management Accountant, sheila.duncan@shetland.gov.uk, 5 February 2018

Appendices:

Appendix 1- 2018/19 Housing Revenue Account Schedule of Charges

Schedule of Charges 2018-19Rent levels – Summary per Property Size 2018-19

Property size	Area	2017/18 Rent Per Week £	2018/19 Rent Per Week £	Weekly Increase £
5 Apartment	Lerwick	106.24	108.36	2.00
4 Apartment	Lerwick	91.17	92.99	2.00
3 Apartment	Lerwick	75.71	77.22	2.00
2 Apartment	Lerwick	63.07	65.33	3.59
1 Apartment	Lerwick	47.61	49.56	4.10
8 Apartment	Non Lerwick	144.23	147.11	2.00
6 Apartment	Non Lerwick	115.61	117.92	2.00
5 Apartment	Non Lerwick	100.92	102.94	2.00
4 Apartment	Non Lerwick	86.61	88.34	2.00
3 Apartment	Non Lerwick	71.93	73.37	2.00
2 Apartment	Non Lerwick	60.01	62.21	3.67
1 Apartment	Non Lerwick	45.33	47.24	4.21
AVERAGE RENT LEVELS		75.63	77.59	2.59%

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

Garages & Site Charges 2018/19

TYPE OF CHARGE	2017/18 CHARGE £	2018/19 CHARGE £	VARIANCE %
GARAGES:			
Garage Rents (no electricity)	11.00	11.20	1.82
Garage Rents (electricity)	15.70	16.00	1.91
Double Garage (electricity)	23.60	24.05	1.91
Garage Site Rent	5.00	5.10	2.00



Meeting(s):	Development Committee Policy and Resources Committee	5 February 2018 12 February 2018
Report Title:	Review of Strategic Garage Sites	
Reference Number:	DV-03-18-F	
Author / Job Title:	Anita Jamieson, Executive Manager – Housing	

1.0 Decisions / Action Required:

1.1 That Development Committee RESOLVE to:

1.1.1 approve the revised position in relation to the strategic garage sites as set out in section 4.1 of the report, namely that the Council:

- Allows the sale of garage sites at Pitt Lane; Sletts Road; Glenfarquhar; and Annsbrae.
- Retains the sites at North Lochside (Hayfield Lane).
- Carry out a regular 3 year review of strategic sites in line with the Local Development Plan.

1.1.2 approve the purchase price calculation method as set out in 4.2

1.1.3 recommend to Policy and Resources Committee to approve the transfer of the sites at Garthspool to the General Fund and for future management to be part of the Capital Programme Service's remit as set out in 4.1.f.

1.2 That Policy and Resources Committee RESOLVE to approve the transfer of the sites at Garthspool to the General Fund as set out in para 4.1.f.

2.0 High Level Summary:

2.1 In 1994 the Council approved a report recommending to offer to sell garage sites to current lessees. The report agreed a list of exceptions to the policy on the basis that some areas had a future development potential, and also specified the methodology for calculating the sale price and associated fee costs. The report has not been reviewed since 1994.

2.2 Following representations from several garage site lessees who have expressed an interest to purchase sites a review was undertaken and has now been completed.

3.0	Corporate Priorities and Joint Working:
3.1	The review has been carried out with input from the Capital Programme Service and the Planning Service.
3.2	It is vital that areas for future development are reviewed in line with the Local Development Plan.
4.0	Key Issues:
4.1	<p>The following garage sites (shown on Appendix 1) were identified in the 1994 report to Housing Committee as strategic sites and were exempt from being sold off:</p> <p>4.1.1 Pitt Lane – 7 sites were identified. The site was deemed strategic due to the proposed redevelopment of the old swimming pool site. This is no longer relevant and it is recommended that these be included in the sites available for sale.</p> <p>4.1.2 Sletts Road – there are 6 garage sites on a corner plot at the Sletts. The site is small and would be unsuitable for development. It is recommended that these be included in the sites available for sale.</p> <p>4.1.3 Annsbrae – these are 16 sites in the former Annsbrae Caravan site (now Hjaltdland Place). These were retained due to the redevelopment of the area following the removal of the caravan site. Alternative development of the area would have limited options following that redevelopment and I recommend that these be included in the sites available for sale.</p> <p>4.1.4 Glenfarquhar – there are 4 sites at Glenfarquhar. Since the report in 1994, a small development of housing has taken place nearby. There is restricted access to the site and future development potential is unlikely. It is recommended that these be included in the sites available for sale.</p> <p>4.1.5 North Lochside (Hayfield Lane) – 18 sites located between North Lochside and the Clickimin Centre. It has been confirmed that the land is held on the HRA account. Given the extent of new development in this area both recently and planned for the future, it is recommended that these are retained as exempt from sale. The relocation of the Anderson High School, new facilities at Clickimin Centre and the proposed Staneyhill development are all shifting the dynamic of Lerwick. While the area of land is relatively small, there may be significant future development potential or possible future uses of the area. The exempt areas should be subject to a regular review on a three-yearly cycle based on the Local Development Plan.</p> <p>4.1.6 Garthspool – 12 sites – these sites are located in an area that was zoned for potential future development as part of the Lerwick Waterfront development at the time the 1994 report was written. The sites are not linked to housing in the area and further investigations as part of this review established that the land is not held on the HRA. In order to correct this, these sites should be transferred to the General Fund and managed in future by the Capital Programme Service as part of their Asset and Properties portfolio. The site has clear commercial development potential and it is recommended that the exempt status should continue following transfer. As recommended for the North Lochside (Hayfield) sites, a regular review period of three years linked to the Local Development Plan</p>

should apply to ensure that any changing circumstances are considered. This transfer also means that the charging mechanism for these sites will no longer (beyond 2017/18) be included as part of the HRA annual charging report.

4.2 The selling price of garage sites held on the HRA was set out in the 1994 report. This methodology has also been reviewed and updated as part of the review carried out. It is recommended that the selling price is calculated as follows and that this also be reviewed on a three-yearly basis.

- The selling price in any one financial year will be based on the annual rental charge fixed for the year in which the sale occurs;
- A multiplier of 10 times the annual rental will be applied to give the selling price;
- A discount of 30% will be applied to the total selling price in landward areas;
- A legal and administrative fee of £400 plus outlays (non-discountable) will be charged by the Council. In certain more complex situations the Council's administrative fee will be increased to reflect the work undertaken. Note the purchaser is also responsible for their own legal costs;
- The Council reserves the right to refuse an application to purchase if the lessee is in arrears of garage site rent or owes any other debt to the Council.

4.3 The 2017/18 rental charge for a garage site is £5 per week. It is difficult to predict how many people will seek to purchase the sites detailed in this report, but the financial impact is expected to be minimal, so no changes are proposed to the HRA Business Plan as a result of the recommendation of this report.

5.0 Exempt and/or Confidential Information:

5.1 None.

6.0 Implications :

6.1 Service Users, Patients and Communities:	Following a number of representations from garage site lessees wishing to purchase their garage sites, this report provides an up to date position statement and clarity on those sites which can and cannot be sold. The report also builds in a review period to ensure that regular consideration of changing circumstances is accommodated and the strategic links to the Local Development Plan are considered.
6.2 Human Resources and Organisational Development:	None.
6.3 Equality, Diversity and Human Rights:	None.

6.4 Legal:	Garage sites are occupied on the basis of a missive of let. Selling of sites will incur legal costs which will be recouped from the purchaser.	
6.5 Finance:	Sales of garage sites will bring a small capital receipt to the HRA. The retained sites will continue to be charged a weekly rent set as part of the HRA budget. The Garthspool site will be transferred to the General Fund and charges will be determined by the Capital Programme Service.	
6.6 Assets and Property:	The proposal will see the transfer of 12 garage sites at Garthspool to be managed by the Capital Programme Service.	
6.7 ICT and New Technologies:	None.	
6.8 Environmental:	None.	
6.9 Risk Management:	None.	
6.10 Policy and Delegated Authority:	<p>In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to take decisions in relation to those functions within its remit which includes Housing.</p> <p>The transfer of assets between funds requires the approval of the Policy and Resources Committee.</p>	
6.11 Previously Considered By:	n/a	

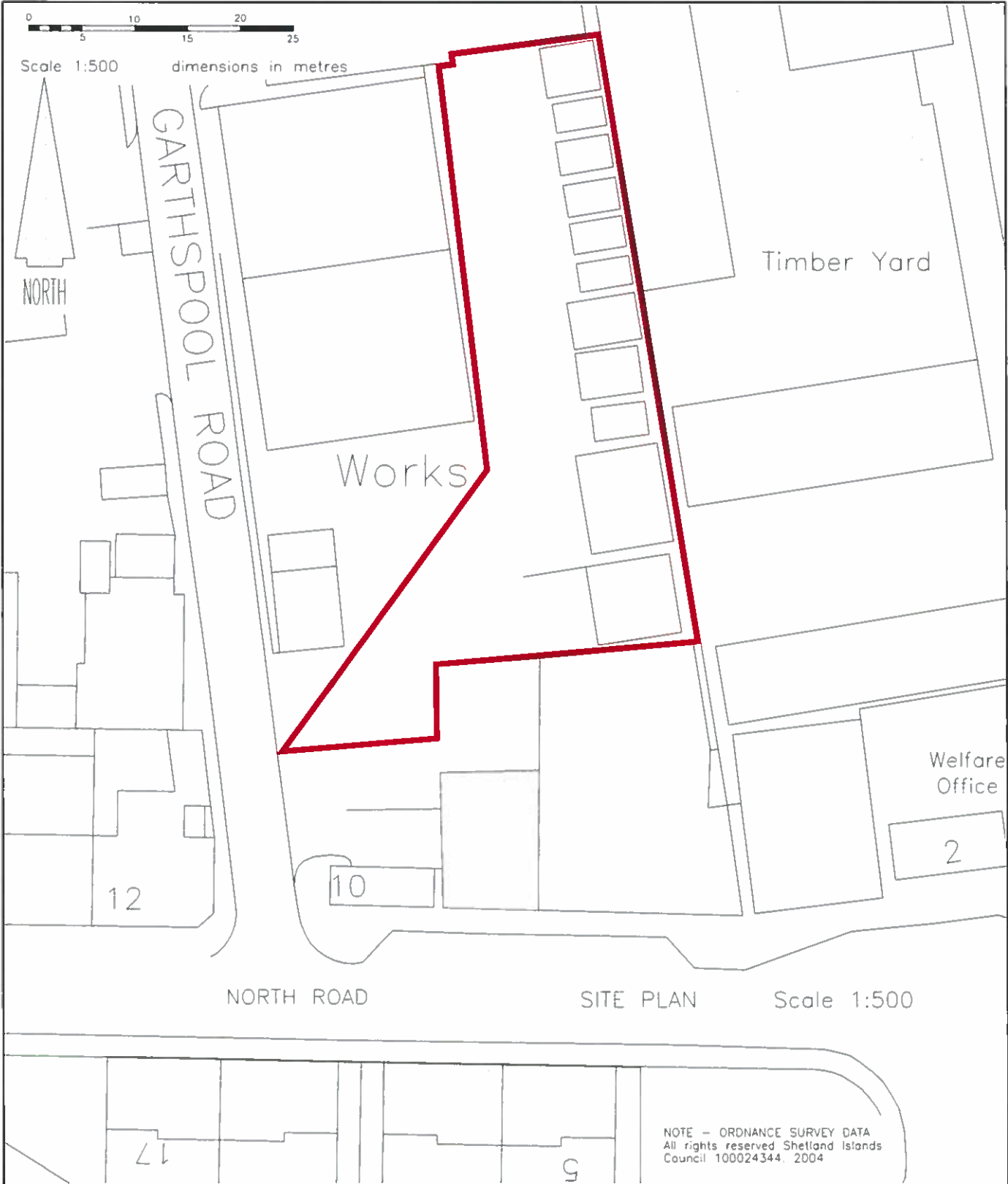
Contact Details:

Anita Jamieson, Executive Manager – Housing, anita.jamieson@shetland.gov.uk,
Date Written: 24 January 2018

Appendices: Appendix 1 – Site Plans

Background Documents: Housing Committee Report HD/829/HC – 31 January 1994

END



Garthspool		Shetland Islands Council			
		CORPORATE SERVICES North Ness, Lerwick ZE1 0LZ telephone: 01595 744550 www.shetland.gov.uk			
Indicative Plan		Date Oct 2017	Drawn Tracey Anderson	OS Grid Ref HU	Scale 1:500/1:2500
		Drg.No.		File No. L:\SURVEY\TITLES\Dwg	Rev.



Indicative Plan Only



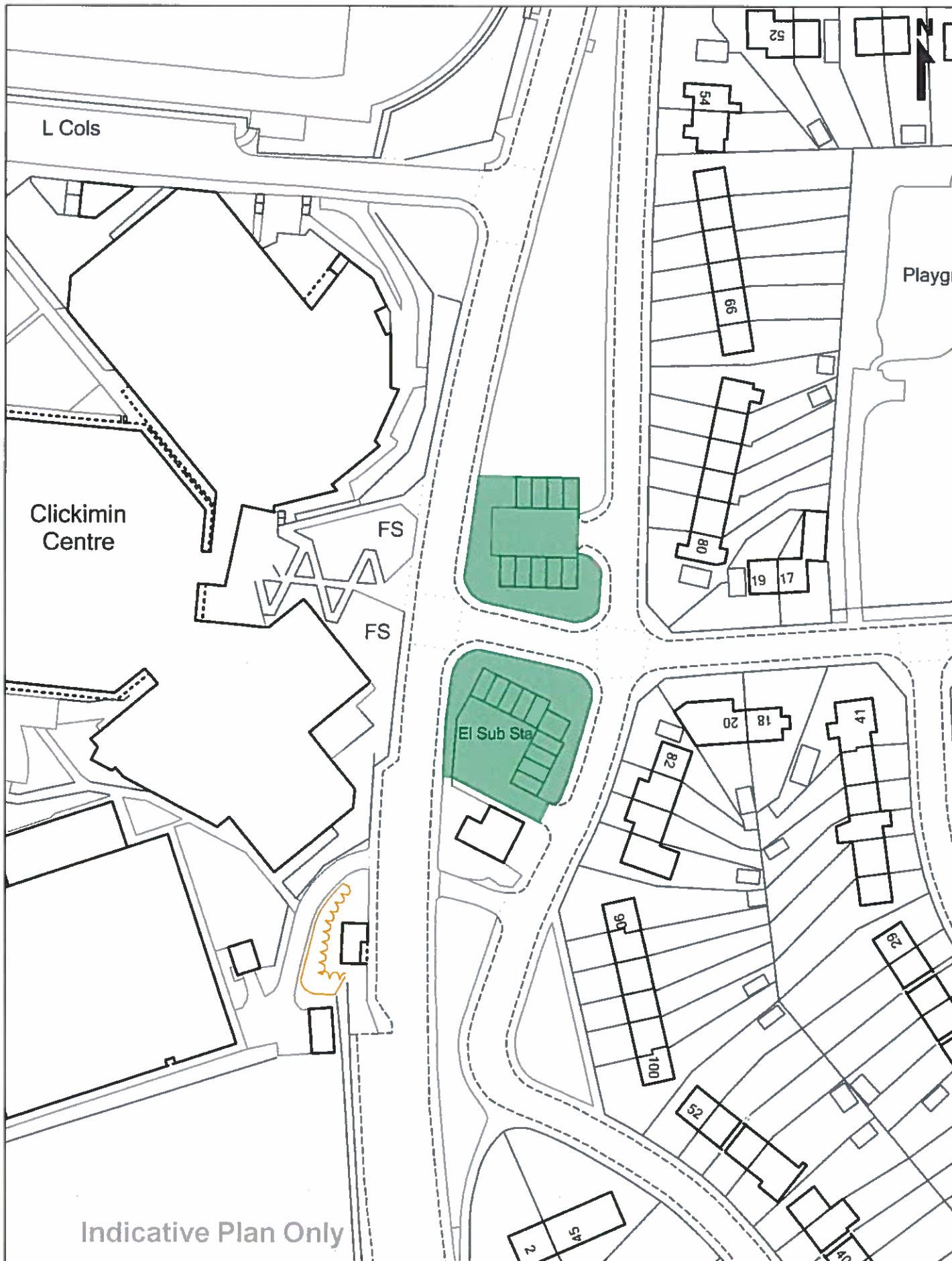
Shetland
Islands Council

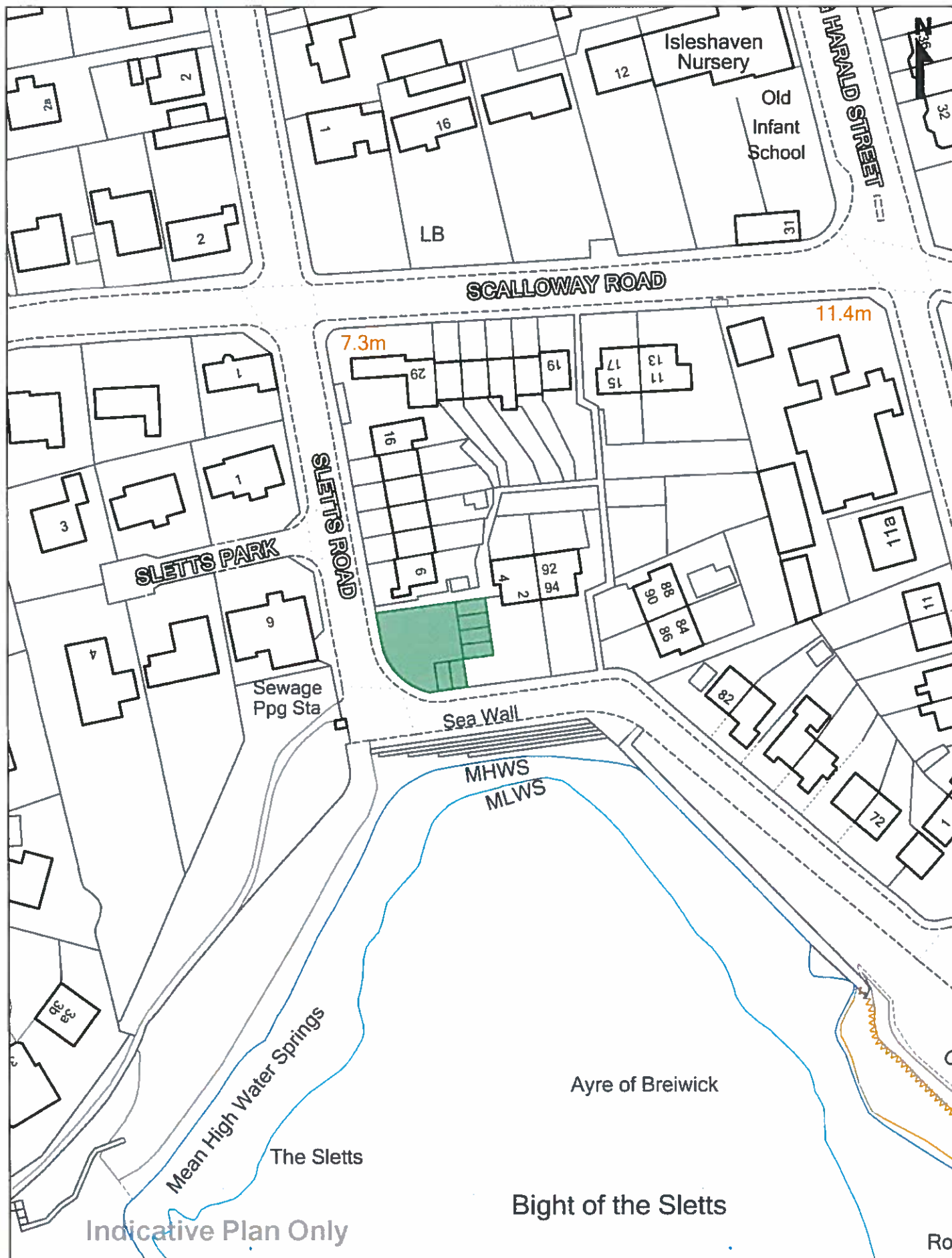
Title: Pitt Lane Garages

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Title: Slett Garages

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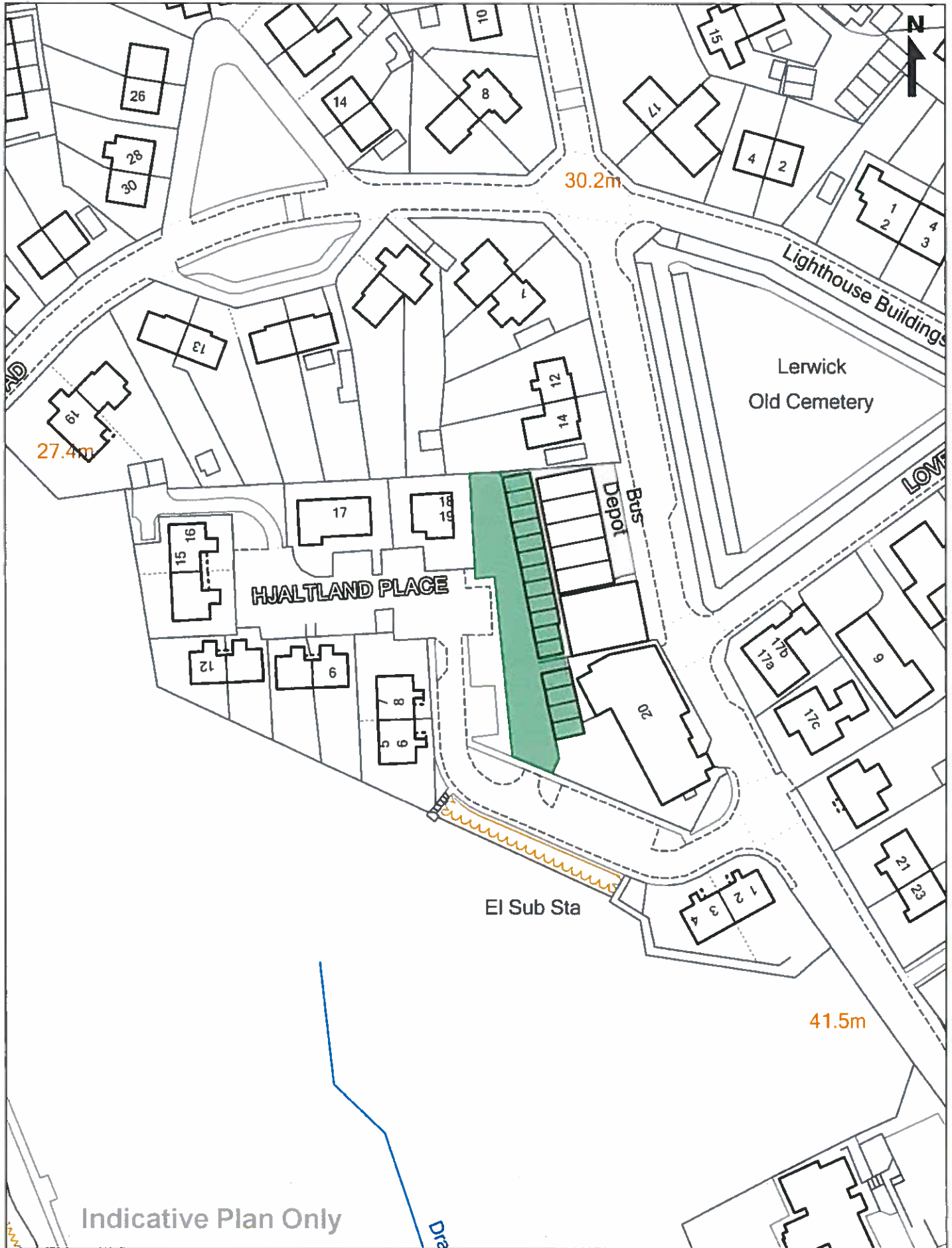


Title: Glenfarquhar Garages

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Indicative Plan Only



Title: Annsbrae Garages (Former Caravan Site)

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