

# Shetland Islands Council



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Date: 23 August 2018

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Islands Council  
Council Chamber, Town Hall, Lerwick  
Wednesday 29 August 2018 at 2pm**

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

Yours faithfully

Executive Manager – Governance and Law

Convener: M Bell  
Depute Convener: B Wishart

## **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.

1. Management Accounts for Community Health and Social Care 2018-19 –  
Projected Outturn at Quarter 1  
*F-063*
2. SIC Overall Management Accounts 2018/19 Projected Outturn at Quarter 1  
*F-055*
3. Asset Investment Plan - Progress Report  
*CPS-07-18*
4. Promoting Shetland as a Location for Large-Scale Events  
*DV-30-18*
5. Council Business Programme 2018/19  
*CRP-18-18*
6. *Corporate Risk Register*  
*IA-24-18*

***The following items contain EXEMPT information***

7. Confidential Risk Register  
*IA-25-18*
8. *Corporate Services Restructure*  
*CRP-12-18*



<b>Meeting(s):</b>	Policy and Resources Committee Shetland Islands Council	28 August 2018 29 August 2018
<b>Report Title:</b>	Management Accounts for Community Health and Social Care Directorate 2018/19 – Projected Outturn at Quarter 1	
<b>Reference Number:</b>	F-063-D1	
<b>Author / Job Title:</b>	Jonathan Belford, Executive Manager - Finance	

**1.0 Decisions / Action required:**

- 1.1 The Policy and Resources Committee **RESOLVES** to review the Management Accounts for the Community Health and Social Care Directorate showing the projected outturn position at Quarter 1.
- 1.2 The Policy and Resources Committee **RECOMMEND** to the Council that it approves an increase in the payment for 2018/19 to the Community Health and Social Care Partnership Integration Joint Board of £18k, recognising carry-forward funding allocated as per the Council’s budget carry-forward scheme. This will increase the payment for 2018/19 to £20.825m.
- 1.3 That the Policy and Resources Committee agree the actions set out by the Director of Community Health and Social care in paragraph 4.5 to mitigate the projected overspend.

**2.0 High Level Summary:**

- 2.1 The purpose of this report is to enable the Policy and Resources Committee to monitor the financial performance of services within the Community Health and Social Care (CH&SC) Directorate to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This report shows the projected financial consequences of the service performance detailed in the CH&SC Directorate performance reports, and allows the Committee the opportunity to provide instruction to officers to address any forecast overspends in order that the budget is delivered by year-end.
- 2.2 On 14 February 2018 (SIC Min Ref: 5/18) the Council approved the 2018/19 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 £11.684m. 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 2018/19 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme. Therefore this report refers to the revised budget that is now in place for each of the services.
- 2.5 The Council delegated the functions of the CH&SC Directorate to the Integration Joint Board (IJB). The Council and NHS Shetland approve a contribution to the IJB, and then receive a distribution of those resources from the IJB to carry out services as directed by it. Management accounts showing the financial position for all delegated functions of the IJB are prepared and presented by the Chief Financial Officer (CFO) to the IJB on a quarterly basis to ensure adequate financial monitoring can be performed by the IJB.

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

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

### **4.0 Key Issues:**

- 4.1 This report presents the projected outturn position for 2018/19 as at the end of the first quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers. The capital budgets are not delegated to the IJB.
- 4.2 The Council approved a contribution to the IJB of £20.807m in February 2018, forecasting that it would receive £22.070m in order to deliver the range of services, as defined by the IJB's Strategic Plan. An increase to the contribution of £18k is now proposed recognising carry-forward funding allocated as per the Council's budget carry-forward scheme.
- 4.3 The projected revenue outturn position against revised budgets delegated to the IJB is an overspend of £427k, which means the services in the CH&SC Directorate are collectively projected to spend more than their approved revenue budget.
- 4.4 Included within the budget is the following service redesign proposal:

Redesign – Mental Health (£200k) – the saving is not anticipated to be realised during 2018/19. A project team has been established and a timetable agreed to undertake the work, however implementation is not expected until February 2019.

- 4.5 The Director of CH&SC Directorate has instructed a review be undertaken of the current operational decision to provide 50% back-fill of senior social care workers' time allocated in residential care rotas, for which there is no budget in 2018/19. In order to mitigate the later arrival of savings through Mental Health Redesign and projected cost pressures, there are short term measures also being instigated. These include delays to recruitment where this is manageable, and more forensic examination of vacancies that are not front line delivery. Whilst redesign around these vacancies is considered, non-recurrent savings will be generated by having them unfilled. Every effort will be made to limit non pay expenditure and ensure all income is secured.
- 4.6 The projected capital outturn position for the CH&SC Directorate is an underspend of £307k in 2018/19, which means the services in this Committee area are collectively projected to spend less than their Council approved capital budget.
- 4.7 See appendices 1 and 2 (attached) for detailed information on the revenue and capital outturn positions.
- 4.8 Provision was made in the Council's 2018/19 Budget for cost pressures and contingencies. It is held centrally by the Executive Manager - Finance.
- 4.9 Cost pressures are recurring in nature and increase the base cost of the service being delivered, eg apprenticeship levy, whereas contingency items are deemed non-recurring and likely to vary year on year eg ferry breakdowns.
- 4.10 This approach assists the Council to mitigate any spending risks. However, it is expected that services will endeavour, in the first instance, to meet any additional costs from within existing resources.
- 4.11 No cost pressure or contingency budget has been applied to date to Community Health and Social Care Directorate's overall budgets. There is no specific contingency budget set for CH&SC Directorate.
- 4.12 The strategic planning and distribution of funding for the services of the CH&SC Directorate for 2018/19 has been delegated to the IJB. The focus of this report is to allow Members to understand the Council's performance in managing the financial aspects of service delivery. This is different from the overall financial position of the IJB. The overall position of the IJB is relevant however in terms of the impact that the financial position might have on the Council. An example of this is where overspending has occurred by one, or both the partners, then with reference to the Integration Scheme there is a process that required to be followed. This is of relevance to the Council, as a partner and a funder.
- 4.13 The projected outturn position for Q1 for the IJB overall is attached at Appendix 3 for reference.

- 4.14 Members will note there is a projected overspend in the NHS Shetland (NHSS) arm of the IJB budget (£4.434m) and an overspend of (£427k) in the Council arm of the IJB budgets, as detailed above.
- 4.15 The Integration Scheme sets out how over/under spends affecting the budgets allocated for the delegated functions will be addressed.
- 4.16 The IJB has a Recovery Plan in place (see Appendix 4) to address the efficiency savings required in both the NHSS and Council arms of the budget in 2018/19. Savings of £2.277m are required by the Plan but no savings have been identified against this target for the year-to-date.
- 4.17 Any overspend in the NHSS arm of the operational budget will be funded from NHSS underspends in other directorates and/or its central contingency budget as a one-off additional payment to the IJB. If NHSS cannot achieve overall financial balance it may need to seek Brokerage from the Scottish Government.
- 4.18 Any overspend in the Council arm of the operational budget will be initially sought from non-recurrent savings within CH&SC Directorate budgets and if that is unsuccessful will be met from the Council's central contingency budget as a one-off additional payment to the IJB.

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

5.1 None.

**6.0 Implications :**

<b>6.1 Service Users, Patients and Communities:</b>	None
<b>6.2 Human Resources and Organisational Development:</b>	None
<b>6.3 Equality, Diversity and Human Rights:</b>	None
<b>6.4 Legal:</b>	There are legal implications with regard to the delegation of statutory functions of the Council and NHSS to the IJB by each Party in order to deliver the delegated functions for that Party. These are set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the associated Regulations and Guidance. The Council, NHSS and the IJB must adhere to the terms of the Integration Scheme approved by the Scottish Government under the terms of the Public Bodies Act. This includes a section on Finance with details regarding the treatment of under/overspends.
<b>6.5 Finance:</b>	The 2018/19 Council Budget does not require a draw on reserves in excess of the returns that the fund managers can

	<p>make on average in a year, and therefore demonstrates that the Council is living within its means.</p> <p>For every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return. It is therefore vital that the Council delivers its 2018/19 budget.</p> <p>This report demonstrates that the services within the Community Health and Social Care Directorate are collectively projecting to spend more than their Council approved budget.</p>
<p><b>6.6 Assets and Property:</b></p>	<p>None</p>
<p><b>6.7 ICT and new technologies:</b></p>	<p>None</p>
<p><b>6.8 Environmental:</b></p>	<p>None</p>
<p><b>6.9 Risk Management:</b></p>	<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 most significant financial risk for services within the Community Health and Social Care Directorate relate to unexpected demand for services, which may be costly depending on the circumstances.</p> <p>There are other risks which arise as a result of the integrated approach that is now required, particularly where it may impact on the Council financially.</p> <p>The Recovery Plan in place due to the projected overspends of both parties, poses a risk to the Council. If CH&amp;SC Directorate are unable to find the required savings within their delegated budgets, the Council will be required to make a one-off payment to balance its arm of the budget. The overspends inherent in NHSS delegated budgets also pose a risk to the Council as a partner, because the level of savings required has not been achieved in successive years, with reliance on non-recurring savings each year in order for NHSS to breakeven. The risk was mitigated in previous years</p>

	<p>as NHSS agreed to make additional contributions to cover this overspends, however NHSS have indicated that they may not be able to do so in future years.</p> <p>This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>The Council makes provision within its budget for cost pressures and contingencies that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.</p> <p>Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.</p> <p>The Community Health and Social Care Directorate maintains its own Risk Register.</p> <p>The Integration Scheme includes a dispute resolution mechanism which should be followed where either of the Parties fails to agree with the other on any issue related to the Integration Scheme, including financial issues.</p>	
<p><b>6.10 Policy and Delegated Authority:</b></p>	<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 2018/19 financial year. This report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
<p><b>6.11 Previously considered by:</b></p>	<p><i>n/a</i></p>	<p><i>n/a</i></p>

**Contact Details:**

Sheila Duncan, Management Accountant, [sheila.duncan@shetland.gov.uk](mailto:sheila.duncan@shetland.gov.uk), 16 August 2018

**Appendices:**

Appendix 1 – Community Health and Social Care Directorate Projected Revenue Outturn Position 2018/19

Appendix 2 – Community Health and Social Care Directorate Projected Capital Outturn Position 2018/19

Appendix 3 – Overall Projected Outturn Position for the Integration Joint Board for 2018/19

Appendix 4 – Projected Outturn Position for the IJB Recovery Plan.

**Background Documents:**

SIC Budget Book 2018/19, SIC 14 February 2018

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=22032>



## Community Health and Social Care

## 1. Projected Revenue Outturn Position 2018/19

2018/19 Approved Delegated Budget £000	Carry- Forward Funding Approved Qtr 1 £000	Misc Budget Changes Qtr 1 £000	IJB Service Heading	2018/19 Revised Delegated Budget £000	2018/19 Projected Outturn Qtr 1 £000	Budget v Projected Outturn Variance Qtr 1 £000
595	1	22	Mental Health	618	618	-
180	-	5	Substance Misuse	185	178	7
935	-	(131)	Directorate	804	835	(31)
78	-	-	Pensioners	78	78	-
5,142	1	23	Adult Services	5,166	5,188	(22)
2,489	9	22	Adult Social Work Community Care Resources	2,520	2,510	10
10,989	7	5	Criminal Justice Occupational Therapy	11,001	11,191	(190)
26	-	1	Government Additionality	27	38	(11)
1,410	-	53	Redesign - Mental Health	1,463	1,453	10
426	-	-		426	426	-
(200)	-	-		(200)	-	(200)
<b>22,070</b>	<b>18</b>	<b>-</b>	<b>Total Controllable Costs</b>	<b>22,088</b>	<b>22,515</b>	<b>(427)</b>

The above table shows the projected outturn variance as at Quarter 1, after the application of carry-forward funding approved for the CH&SC Directorate under the Council's budget carry-forward scheme and adjustment made for budget movements between services, increasing the overall budget by £18k.

The Council delegated a budget of £22.070m to the IJB in February 2018 as detailed in column 1 of the table. Application of carry-forward funding increases the budget to £22.088m.

An explanation of the significant projected outturn variances by service at quarter 1 are set out below:

### 1.1 Community Care Resources – projected outturn overspend of (£190k) (2%)

The projected overspend is mainly due to:

- the need to employ agency staff as a result of recruitment and retention difficulties in areas of the service, with the net projected impact after off-setting minor employee cost underspend in the affected localities of (£134k);
- back-fill costs to allow senior social care workers to spend 50% of their time off the floor working on other duties. This was not budgeted for in 2018/19 but having been funded through carry-forward funding in 2017/18 has continued in the current year (£167k);
- projected underspends in employee costs at Support @ Home Central and Isleshavn of £106k and £88k, respectively, due to recruitment and retention issues. Support @ Home Central currently has no unmet need, but demand for services fluctuates throughout the year so a recruitment exercise is underway to ensure staff are in place should demand increase. If staff are appointed and there is no immediate demand to meet, given vacancies across the service they will be utilised elsewhere in the short-term. Difficulty in recruiting staff at Isleshavn has led to the care home temporarily only operating 7 of their 10 beds.

## **1.2 Redesign – Mental Health – projected overspend of (£200k) (100%)**

IJB Members considered and approved the Strategic Outline Case for the Mental Health Services Redesign on 20 June 2018. A Project Team was established in January 2018 and a timetable to undertake the work has been agreed with outcomes planned to be reported in December 2018 and an expectation that implementation will begin in February 2019. Given this timetable of work, none of the £200k estimated savings are expected to be made in 2018/19.

## **1.3 Scottish Government Additionality Funding – projected breakeven**

The IJB was allocated £1.474m ‘Additionality Funding’ from the Scottish Government (SG) for 2018/19, which has been added to NHS Shetland’s baseline funding. As per SG guidance, £852k of the overall funding will be used to help meet a range of continuing cost pressures faced by local authorities in the delivery of effective and high quality health and social care services. This allocation represents a reduction to the proposed payment to the IJB from the SIC for 2018/19. The remaining £592k will support additional spend on expanding social care to support the objectives of integration. In 2018/19, £426k of the remaining funding has been allocated to the Council.

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

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



## Community Health and Social Care

### 2. Projected Capital Outturn Position 2018/19

Service	2018/19 Revised Budget Qtr 1 £000	2018/19 Projected Outturn Qtr 1 £000	2018/19 Projected Variance Qtr 1 £000	Slippage Required in 2019/20 £000	Overall Projected Outturn Variance Qtr 1 £000
Adult Services	1,724	1,402	322	0	0
Community Care Resources	0	15	(15)	0	(15)
<b>Total Controllable Costs</b>	<b>1,724</b>	<b>1,417</b>	<b>307</b>	<b>0</b>	<b>(15)</b>

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

#### 2.1 Adult Services - projected outturn underspend of £322k

The Eric Gray Replacement build project is on schedule with the overall project on track to be delivered on budget. The projected outturn variance recognises that there was an overspend of £322k in 2017/18 due to the project running ahead of schedule, which is not reflected in the 2018/19 approved budget.

#### 2.2 Community Care Resources – projected outturn overspend of (£15k) (100%)

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



## Community Health and Social Care

## 3. Projected Overall Outturn Position for the Integration Joint Board

Service Headings	2018/19 Approved Delegated Annual Budget £000	2018/19 Revised Delegated Annual Budget £000	Projected Outturn at Quarter 1 £000	Budget v Proj. Outturn Variance (Adv)/ Pos £000
Mental Health	1,993	2,029	2,400	(371)
Substance Misuse	582	587	580	7
Oral Health	3,177	3,176	3,176	-
Pharmacy & Prescribing	6,229	6,630	6,681	(51)
Primary Care	4,405	4,279	5,383	(1,104)
Community Nursing	2,591	2,652	2,774	(122)
Directorate	1,027	866	897	(31)
Pensioners	78	78	78	-
Sexual Health	40	44	44	-
Adult Services	5,209	5,222	5,244	(22)
Adult Social Work	2,489	2,520	2,510	10
Community Care Resources	10,989	11,001	11,191	(190)
Criminal Justice	26	27	38	(11)
Speech & Language Therapy	85	84	84	-
Dietetics	118	113	113	-
Podiatry	234	230	230	-
Orthotics	135	135	135	-
Physiotherapy	599	577	577	-
Occupational Therapy	1,601	1,648	1,638	10
Health Improvement	212	218	218	-
Unscheduled Care	2,800	2,838	3,547	(709)
Renal	194	196	196	-
Intermediate Care Team	43	43	43	-
Scottish Government Additionality Funding	592	592	592	-
Integrated Care Funding	410	410	410	-
Reserve	541	221	221	-
Recovery Plan	(2,277)	(2,277)	-	(2,277)
<b>Total Controllable Costs</b>	<b>44,122</b>	<b>44,139</b>	<b>49,000</b>	<b>(4,861)</b>

## 3.1 Projected outturn overspend at 30 June 2018 (£4.861m) (11%)

The current projected outturn at the end of June 2018 for the IJB is an overall adverse variance of £4.861m which represents a projected overspend of (£427k) in the Council arm of the budget, and a projected overspend in NHS Shetland arm of (£4.434m).



## Community Health and Social Care

### 4. Draft Outturn Position for the IJB Recovery Plan for 2018/19

	Directly Managed Services £000	Set-Aside Services £000	TOTAL £000
Full savings required by Recovery Plan	2,136	141	2,277
Savings achieved	-	-	-
<b>Unachieved savings</b>	<b>2,136</b>	<b>141</b>	<b>2,277</b>

- 4.1 The IJB has a Recovery Plan in place to address the efficiency savings required in both the NHSS and Council arms of the budget in 2018/19.
- 4.2 NHSS need to identify £2.077m savings in 2018/19, but to-date no recurrent or non-recurrent savings have been found. NHSS began a Scenario Planning exercise in January 2018 to look at alternative models for the delivery of health and social care services in Shetland. The exercise recognises that identifying and implementing savings and efficiency targets is increasingly challenging and aims to take a whole system approach to establish a best value, safe and sustainable model which can inform the development of the IJB Strategic Plan for 2019-2022 and beyond.
- 4.3 It is hoped that the IJB Strategic Plan 2019-2022 will be approved in October 2018 and through the Scenario Planning work will identify service redesign and other efficiencies to meet the savings required in the Recovery Plan.
- 4.4 Any overspend in the NHSS arm of the operational budget will be funded from NHSS under spends in other directorates and/or its central contingency budget as a one-off additional payment to the IJB. If NHSS cannot achieve overall financial balance it may need to seek Brokerage from the Scottish Government, which will involve borrowing further funding, which then will have to be repaid in future years.
- 4.5 The Council incorporated several service redesign projects in their 2018/19 budgets, including a projected £200k savings from the redesign of mental health services. A project team has been established and a timetable agreed to undertake a review of current provision to identify options for service redesign, however implementation of any change is not expected until February 2019. There is therefore currently no expectation of these savings being found in 2018/19.
- 4.6 As no savings from Redesign – Mental Health are anticipated, the £200k efficiency savings target will initially be sought from non-recurrent savings in the CH&SC Directorate budgets in 2018/19. Any overspend in the Council

arm of the operational budget will need to be repaid to the IJB, so if savings cannot be found within the Directorate budgets, this cost will be met from Council's Contingency Budget.



<b>Meeting(s):</b>	Policy & Resources Committee Shetland Islands Council	28 August 2018 29 August 2018
<b>Report Title:</b>	SIC Overall Management Accounts 2018/19 Projected Outturn at Quarter 1	
<b>Reference Number:</b>	F-055-F	
<b>Author / Job Title:</b>	Jonathan Belford Executive Manager - Finance	

## 1.0 Decisions / Action required:

- 1.1 The Policy & Resources Committee RECOMMENDS that the Council RESOLVE:
- 1.1.1 To review the Management Accounts showing the overall projected outturn position at Quarter 1.
  - 1.1.2 To note that each Director will continue to monitor spend and take actions to mitigate any projected overspends in their service reports.
  - 1.1.3 To review the proposed new charges identified for waste disposal and to make a change to the burial charges as set out in paragraph 4.8, to take effect from the date of approval by the Council on 29 August 2018.

## 2.0 High Level Summary:

- 2.1 The report sets out the overall Council projected financial position as at quarter 1.
- 2.2 On 14 February 2018 (SIC Min Ref: 5/18) the Council approved the 2018/19 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 £11.864m. 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 2018/19 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme and spend to save, this amounts to £6.013m for both revenue and capital. Therefore this report refers to the revised budget that is now in place for each of the services.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
- 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 1 the revenue projections suggest that for the Council the outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £47k (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 £2.748m of which £2.410m has been identified as slippage (Appendix 2).
- 4.3 From the cost pressures and contingency items budget, £378k has been applied to meet cost pressures and contingency items in directorates, this was to meet change fund projects previously approved and increased ferry fuel costs (Appendix 3). Projected spending from this budget has been reduced to compensate for the projected overspending by service departments as an interim measure. Directors have agreed actions within the service reports to minimise the impact on budgets of projected overspends.
- 4.4 Included in the revenue budget is £1.89m of service redesign savings. Progress on the individual service redesigns are as follows:
- |                               |  |
|-------------------------------|--|
| Insurance Redesign            | - £500k – achieved £537k                   |
| Promote Shetland Redesign     | - £ 40k – achieved £33k                    |
| Accommodation Rationalisation | - £750k – likely to be achieved in 2018/19 |
| Mental Health Redesign        | - £200k – will not be achieved in 2018/19  |
| Tertiary Sector Redesign      | - £250k – will not be achieved in 2018/19  |
| Waste Recycling Redesign      | - £150k – will not be achieved in 2018/19  |
- 4.5 The projected draw from reserves for both revenue and capital expenditure is under the revised budgeted draw of £17.747m by £3.972m, at £13.775m. This is higher than the original budget of £11.734m (Appendix 4).
- 4.6 Appendices 1-4 set out this information in detail. Analysis of the variances have been included in Service Committee reports.
- 4.7 However, circumstances may change between now and the year-end which could adversely or favourably alter the outturn position. The risks are set out in Section 6.9 below.
- 4.8 Review of Charges for Infrastructure Services.

**a) Charge for the disposal of Salmon Cage Pipe**

It has recently been noticed that there has been a change to the type of waste being disposed of at the Gremista Waste Management Facility following the stoppage of shredding of salmon cage pipe by a private company. These plastic pipes are particularly difficult to deal with and costly for the SIC to dispose of. They cannot be landfilled because of the fire hazard, therefore they require to be recycled. Full cost recovery for all business waste is the current policy for charging for services. This would result in a charge of £300/tonne (includes disposal and freight charge) to be levied. The SIC has the option not to accept the waste whereby the salmon industry will then have to find their own disposal route (may result in fly tipping), however it is proposed to provide a proper disposal route and set a charge which recovers the Council's costs.

**b) Moving the Disposal of Recyclable Waste from ERP**

To encourage businesses to dispose of recyclable waste at the Gremista Waste Management Facility for recycling rather than burning it at the ERP, it is proposed to set a reduced rate gate fee. As recycling will not incur landfill tax it is proposed to set the fee without the landfill tax giving businesses a saving of £1.50 from the current ERP gate fee of £56.50. This charge will therefore be a gate fee of £55 for the disposal of recyclable waste. This will result in greater recycling but at no additional cost to the Council

**c) Remove Local Authority Child Burial and Cremation Fees**

On the 30<sup>th</sup> of May 2018 the Scottish Government announced a joint agreement with COSLA to remove local authority burial and cremation fees for children aged under 18. The Scottish Government will provide funding to support the implementation based on the population of children aged 17 and under in each local area. The Council currently provide this free service for 16 and under, any additional expense to meet the cost of 17 year old will be met from the Scottish Government funding support for the implementation of the agreement.

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

5.1 None.

**6.0 Implications :**

**6.1 Service Users, Patients and Communities:**

Burial Service: Provides a free service to the bereaved of family 17 and under. Government funded.  
Recycling Gate Fees: Lesser cost for business for business to dispose of recyclable waste.  
Salmon Pipe Gate Fee: Increase costs to the Salmon Farming industry disposing of old cages. The recycling market has fallen and the industry need to find alternatives to disposing of their plastics.

**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.

<b>6.4 Legal:</b>	There are no implications arising from this report.
<b>6.5 Finance:</b>	<p>Overall the Council is projected to under spend the 2018/19 revised budget, on revenue by £47k and capital by £2.748m. Of which £2.410m has been identified as slippage required to be funded in 2019/20.</p> <p>The overall draw on reserves at quarter 1 is projected to be sustainable with a draw of £13.375m. This is £3.972m less than the revised budgeted draw of £17.747m. The projected draw equates to a daily draw on reserves of £38k.</p> <p>Directors are continuing to monitor their budget positions and to take action to mitigate their projected overspends.</p> <p>The no implications arising from the new charges on the Council budget. The new disposal charges will fully cover the cost of disposal and the Council will receive additional Scottish Government funding to meet expenses for the burials of 17 year olds in line with the agreement. The Council already provides free burials for 16 year olds and under.</p>
<b>6.6 Assets and Property:</b>	There are no implications arising from this report.
<b>6.7 ICT and new technologies:</b>	There are no implications arising from this report.
<b>6.8 Environmental:</b>	There are no implications arising from this report.
<b>6.9 Risk Management:</b>	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and 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</p>

	confidence for the Council to be able to mitigate any adverse financial circumstances.
<b>6.10 Policy and Delegated Authority:</b>	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2018/19 financial year.</p> <p>The Policy &amp; 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>
<b>6.11 Previously considered by:</b>	n/a

**Contact Details:**

Hazel Tait, Team Leader Accountancy, [Hazel.Tait@Shetland.gov.uk](mailto:Hazel.Tait@Shetland.gov.uk), 15 August 2018

**Appendices:**

Appendix 1 - Overall SIC Projected Revenue Outturn Position for 2018/19

Appendix 2 - Overall SIC Projected Capital Outturn Position for 2018/19

Appendix 3 - Contingency and Cost Pressure Budget 2018/19

Appendix 4 - Use of Reserves 2018/19

Appendix 5 - Changes to Infrastructure Charges

**Background Documents:**

SIC Budget Book 2018/19, SIC 14 February 2018

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=22032>



## 1. Revenue - Projected Outturn Position for 2018/19

General/Support/Recharged	2018/19	2018/19	2018/19
	Revised	Projected	Projected
	Budget	Outturn	Variance
	Qtr 1	Qtr 1	Qtr 1
	£000	£000	£000
Chief Executive	1,830	1,830	0
Children's Services	42,116	42,803	(687)
Community Care	19,608	20,037	(429)
Corporate Services	9,384	9,467	(83)
Development	14,245	14,509	(264)
Infrastructure	14,516	14,828	(312)
Fund Managers Fees	895	840	55
Energy	2,609	2,609	0
Water	350	350	0
Building Maintenance	2,304	2,304	0
Grass Cutting	143	143	0
Fleet Management Unit	663	663	0
Training	510	510	0
Contingencies & Cost Pressures	3,407	1,687	1,720
Economic Development Investment Income	(1,035)	(1,035)	0
Interest on Revenue Balances	(14)	(14)	0
Spend to Save (Unallocated)	149	149	0
Net Recharges to Other Fund	(1,731)	(1,731)	0
Other Investment Income*	0	(3,488)	3,488
Other Investment Income transfer to Reserves*	0	3,488	(3,488)
<b>Total Net Expenditure/(Income)</b>	<b>109,952</b>	<b>109,952</b>	<b>0</b>
<i>Funded by:</i>			
Government Grants	(80,451)	(80,451)	0
Council Tax	(9,363)	(9,363)	0
Spend to Save	(471)	(471)	0
Contribution from General Fund Reserve	(19,667)	(19,667)	0
<b>Total Funding/Contribution</b>	<b>(109,952)</b>	<b>(109,952)</b>	<b>0</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* This income is transferred to Reserves and is used as part of the contribution from General Fund Reserve which funds the Revenue Budget.

## 1. Revenue - Projected Outturn Position for 2018/19

Housing Revenue Account	2018/19 Revised Budget Qtr 1	2018/19 Projected Outturn Qtr 1	2018/19 Projected Variance Qtr 1
Expenditure	4,545	4,509	36
Income	(6,960)	(6,962)	2
<b>Total Net Expenditure/(Income)</b>	<b>(2,415)</b>	<b>(2,453)</b>	<b>39</b>
Contribution to HRA Reserve	2,415	2,453	(39)
<b>Total Contribution</b>	<b>2,415</b>	<b>2,453</b>	<b>(39)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

Harbour Account	2018/19 Revised Budget Qtr 1 £000	2018/19 Projected Outturn Qtr 1 £000	2018/19 Projected Variance Qtr 1 £000
Sullom Voe	(9,446)	(9,655)	208
Scalloway	(339)	(86)	(253)
Other Piers	(2)	89	(91)
Terminals	(1,427)	(1,570)	143
<b>Total Ports &amp; Harbours Net Expenditure/(Income)</b>	<b>(11,214)</b>	<b>(11,222)</b>	<b>8</b>
Shetland Gas Plant	(1,024)	(1,024)	0
<b>Other Income</b>	<b>(1,024)</b>	<b>(1,024)</b>	
Contribution to Reserve Fund	12,238	12,246	(8)
<b>Total Contribution</b>	<b>12,238</b>	<b>12,246</b>	<b>(8)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

GF/HARBOUR/HRA REVENUE COMBINED NET SPEND  
TOTAL

95,299

95,253

47

## 2. Capital - Projected Outturn Position for 2018/19

Service Area	2018/19 Revised Budget Qtr 1 £000	2018/19 Projected Outturn Qtr 1 £000	2018/19 Projected Variance Qtr 1 £000	Slippage Required in 2019/20 £000	Overall Projected Outturn Variance Qtr 1 £000
Children's Services	3,192	2,247	945	945	0
Community Care	1,724	1,418	307	0	307
Corporate Services	2,351	2,351	0	0	0
Development (HRA)	3,669	3,669	0	0	0
Infrastructure (GF)	10,820	10,636	184	147	36
Infrastructure (Harbour Account)	13,605	12,292	1,312	1,317	(5)
<b>Total Costs</b>	<b>35,362</b>	<b>32,614</b>	<b>2,748</b>	<b>2,410</b>	<b>338</b>
<b>Funded by:</b>					
General Capital Grant	(6,612)	(6,612)	0		0
Capital Grants Unapplied (General Fund)	(48)	(48)	0		0
External Grants	(3,876)	(3,876)	0		0
External Borrowing (GF)	(1,230)	(1,230)	0		0
Spend to Save Reserve	(594)	(594)	0		0
Capital Fund Reserve	(5,443)	(4,020)	(1,424)	(2,410)	986
Capital Receipts (General Fund)	(285)	(273)	(12)		(12)
Capital Receipts (HRA)	(15)	(16)	1		1
CFCR (HRA)	(3,654)	(3,653)	(1)		(1)
Harbour Account Other Govt Grants	(1,523)	(1,523)	0		0
Capital Receipts (Harbour Account)	0	(323)	323		323
CFCR (Harbour Account)	(2,680)	(1,045)	(1,635)		(1,635)
External Borrowing (HA)	(9,402)	(9,402)	0		0
<b>Total Funding &amp; Financing</b>	<b>(35,362)</b>	<b>(32,614)</b>	<b>(2,748)</b>	<b>(2,410)</b>	<b>(338)</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 3. Cost Pressure and Contingency Budget for 2018/19

Service Area	2018/19 Revised Budget Qtr 1 £000	2018/19 Budget Allocated Qtr 1 £000	2018/19 Remaining Budget Qtr 1 £000
<b>Cost Pressures:</b>			
Pension Auto Enrolment	93	0	93
Apprenticeship Levy	474	0	474
<b>TOTAL COST PRESSURES:</b>	<b>567</b>	<b>0</b>	<b>567</b>
Capital Financing Costs	1580	0	1,580
Funding for Change	500	114	386
General Contingency	1,138	264	874
<b>TOTAL COUNCIL-WIDE BUDGETS AND CONTINGENCY</b>	<b>3,785</b>	<b>378</b>	<b>3,407</b>



## 4. Use of Reserves for 2018/19

(included General Fund/Harbour Account/Housing Revenue Account/Spend to Save reserves)

<b>Draw on Reserves</b>	<b>2018/19 Original Budgeted £000</b>	<b>2018/19 C/Forwards from 2017/18 Revisions £000</b>	<b>2018/19 Revised Budgeted Qtr 3 £000</b>	<b>2018/19 Projected Outturn Qtr 3 £000</b>	<b>2018/19 Projected Variance Qtr 3 £000</b>
Revenue Draw on Reserves	8,550	2,072	10,622	4,091	6,531
Capital Draw on Reserves	3,184	3,941	7,125	9,684	(2,559)
<b>Total Budgeted Draw on Reserves</b>	<b>11,734</b>	<b>6,013</b>	<b>17,747</b>	<b>13,775</b>	<b>3,972</b>



2018/19 Current Schedule of Charges (excerpt)

Directorate	Service	Activity	Charge	Unit	2018/19 Charge £
Infrastructure	Environmental Services	<b>Burial Charges</b>	Adult (over 17 years old)		512.50
Infrastructure	Environmental Services		Children (Maximum age 16)		no charge

2018/19 Revised Schedule of Charges (excerpt)

Directorate	Service	Activity	Charge	Unit	2018/19 Charge £
Infrastructure	Environmental Services	<b>Burial Charges</b>	Adult (over 18 years old)		512.50
Infrastructure	Environmental Services		Children (Maximum age 17)		no charge
Infrastructure	Environmental Services	<b>Waste Disposal and Cleansing</b>	New - Waste to Energy - standard charge - commercial customers for recyclables	per tonne	55.00
Infrastructure	Environmental Services		New - Salmon Cage Pipe Disposal - standard charge - commercial customers	per tonne	300.00





<b>Meeting(s):</b>	<b>Policy and Resources Committee Shetland Islands Council</b>	<b>28 August 2018 29 August 2018</b>
<b>Report Title:</b>	<b>Asset Investment Plan – Progress Report</b>	
<b>Reference Number:</b>	<b>CPS-07-18F</b>	
<b>Author / Job Title:</b>	<b>Robert Sinclair, Executive Manager – Capital Programme</b>	

## **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 in 2018/19.
- 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 in 2018/19, 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.

<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	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.
<b>6.2 Human Resources and Organisational Development:</b>	No implications arising directly from this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	No implications arising directly from this report.
<b>6.4 Legal:</b>	No implications arising directly from this report.
<b>6.5 Finance:</b>	The Asset Investment Plan projects, which are currently underway in 2018/19, are detailed in Appendix A and are projected to be £481k under budget, resulting in a projected outturn cost of £125.4m. Of the total cost, £62.6m will be funded externally, with £62.8m to be funded by the Council.
<b>6.6 Assets and Property:</b>	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.
<b>6.7 ICT and new technologies:</b>	No implications arising directly from this report.
<b>6.8 Environmental:</b>	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) detailed in the programme are the new AHS and associated Halls of Residence.
<b>6.9 Risk Management:</b>	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.
<b>6.10 Policy and Delegated Authority:</b>	Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from the Policy and Resources Committee.
<b>6.11 Previously considered by:</b>	N/A

**Contact Details:**

Robert Sinclair, Executive Manager – Capital Programme

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17 August 2018

**Appendices:**

Appendix A - Asset Investment Plan – Progress Report

**Background Documents:** None

END



Capital Projects - Full Life Project Costs

CPS-07-18 Appendix A

Directorate	Service Area	Budget			Funding	
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £
<b>Children's Services</b>	Schools	23,910,727	23,646,036	264,691	3,991,500	19,654,536
	Childrens Resources	670,000	670,000	0	0	670,000
		<b>24,580,727</b>	<b>24,316,036</b>	<b>264,691</b>	<b>3,991,500</b>	<b>20,324,536</b>
<b>Corporate Service</b>	Capital Programme Service	3,753,204	4,444,102	(690,898)	310,696	4,133,406
		<b>3,753,204</b>	<b>4,444,102</b>	<b>(690,898)</b>	<b>310,696</b>	<b>4,133,406</b>
<b>Community Care Services</b>	Adult Service	9,555,312	8,462,804	1,092,508	0	8,462,804
		<b>9,555,312</b>	<b>8,462,804</b>	<b>1,092,508</b>	<b>0</b>	<b>8,462,804</b>
<b>Development Services</b>	Economic Development	0	0	0	0	0
	Housing	160,000	260,595	(100,595)	0	260,595
		<b>160,000</b>	<b>260,595</b>	<b>(100,595)</b>	<b>0</b>	<b>260,595</b>
<b>Infrastructure Services</b>	Environmental Services	1,592,450	1,592,450	0	0	1,592,450
	Estate Operations	950,000	1,181,999	(231,999)	0	1,181,999
	Ferry & Air Operations	59,552,065	59,526,409	25,656	54,250,000	5,276,409
	Roads	4,161,172	4,040,032	121,140	86,807	3,953,225
	Ports & Harbours	21,584,699	21,584,699	0	4,000,000	17,584,699
		<b>87,840,386</b>	<b>87,925,589</b>	<b>(85,203)</b>	<b>58,336,807</b>	<b>29,588,782</b>
	<b>Total All Funds</b>	<b>125,889,629</b>	<b>125,409,126</b>	<b>480,503</b>	<b>62,639,003</b>	<b>62,770,123</b>

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Early Learning (General)	2,771,000	2,771,000	0	2,771,000	0	Ongoing funding for next two years held within this code until further individual project codes are set up.
Brae Nursery Extension	90,000	58,999	31,001	58,999	0	Works complete with final invoice to be processed.
Dunrossness Nursery Extension	25,000	53,039	(28,039)	53,039	0	Works now complete.
Happyhansel Nursery Extension	50,000	44,311	5,689	44,311	0	Phase 1 complete. Phase 2 tender awarded and works commencing.
Whiteness Nursery Extension	23,000	31,651	(8,651)	31,651	0	Works now complete.
Anderson High School Replacement	3,094,803	3,094,803	0	25,000	3,069,803	Works complete and school in operation. Further spend required on minor works and officer time will not be processed until year end.
Anderson High Clickimin Path Upgrade	1,015,000	750,309	264,691	507,500	242,809	SIC / Sustrans funded project. Rugby pitch link recently completed, payment processed August.
Anderson High - Halls of Residence	13,740,000	13,740,000	0	0	13,740,000	Works now complete and hostel in operation, final A/C still to be processed. Officer time will not be processed until year end.
Clickimin Works	3,101,924	3,101,924	0	500,000	2,601,924	Alteration work to Clickimin entrance ongoing, Clickimin internal works and covered training facility completed last year.
Childrens Supported Accommodation	670,000	670,000	0	0	670,000	Detailed strategic outline case being prepared for Children's Resources, BRO does not anticipate any spend on project this financial year.
<b>Total</b>	<b>24,580,727</b>	<b>24,316,036</b>	<b>264,691</b>	<b>3,991,500</b>	<b>20,324,536</b>	

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Market Street Store Redevelopment	323,204	399,492	(76,288)	0	399,492	Project complete with only final account, when defects liability period complete, to be processed. CPS officer time on final account will not be processed until year end.
Lerwick Library Refurbishment	900,000	1,514,610	(614,610)	0	1,514,610	Tender package ready for issue. Issue dependant on 8 North Ness, as Montfield still being used as decant accommodation. Anticipated final costs have increased since budget was set, this will be the subject of a separate report to AIG and Council.
Town Hall Conservation Project	1,680,000	1,680,000	0	310,696	1,369,304	All building and restoration works complete, final account to be processed when defects liability period complete. Interpretation works complete. Final funding claim and outstanding fees still to be processed by external consultants.
Knab Site Demolition	850,000	850,000	0	0	850,000	Business case being prepared.
<b>Total</b>	<b>3,753,204</b>	<b>4,444,102</b>	<b>(690,898)</b>	<b>310,696</b>	<b>4,133,406</b>	

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Eric Gray Replacement	6,055,312	6,055,312	0	0	6,055,312	Works currently on programme, the internal works progressing well with second fix of all services 99% complete. External cladding to the building is now complete, landscaping works 95% complete, works to carpark / drop off area started and progressing well.
ET & Taing House Extension (Spend to Save)	3,500,000	2,407,492	1,092,508	0	2,407,492	Phases 1 & 2 complete. Minor additional works and final account payment still to be processed. Officer Time on final account will not be processed until year end.
<b>Total</b>	<b>9,555,312</b>	<b>8,462,804</b>	<b>1,092,508</b>	<b>0</b>	<b>8,462,804</b>	

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Landfill Capping	839,950	839,950	0	0	839,950	Landfill Capping Phase 2 complete. 2018/19 works involve design and tender completion for capping works to start in 2019/20; further phases programmed in future years.
Recycling Shed	752,500	752,500	0	0	752,500	Project enabling ground works commenced and building tender due back August.
Bells Brae PS Refurbishment	950,000	1,181,999	(231,999)	0	1,181,999	Bells Brae works completed October 2017, final A/C still to be processed. Overspend relates to additional mechanical works required when hidden services were uncovered.
Clickimin Roundabout Works	1,063,110	1,043,871	19,239	17,745	1,026,126	All works complete. Payment due for surface course lay only.
Cycling/Walking Safer Streets	31,000	31,000	0	31,000	0	2018/19 programme will be based on reponses from community councils.
Flood Damage Works	38,062	38,062	0	38,062	0	This scheme was carried over from last year - programme still to be decided.
Muckle Roe Bridge Painting	228,000	126,099	101,901	0	126,099	Works completed in January, 2018, with only small retention to be paid January 2019.
Streetlighting LED Upgrade	2,801,000	2,801,000	0	0	2,801,000	Going through tendering process.
Tingwall Hangar	100,000	74,344	25,656	0	74,344	Door fitted and operational, works complete well within budget
Ferry Replacement Programme	54,250,000	54,250,000	0	54,250,000	0	Proposed 5 Year funding from Scottish Government shown here. 2018/2019 programme to identify suitable vessel designs for when Council decide to replace fleet .
Ferry Life Extension Works Contract	5,202,065	5,202,065	0	0	5,202,065	Proposed 5 Year funding from Scottish Government shown here. 2018/2019 extension programme involves on going Leirna and Fivla works, with Linga planned for February docking. Linga works will not be completed in one dock as large amount of work to be carried out and docking schedule very tight.

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Ferry Terminal Life Extension Works	1,990,683	1,990,683	0	0	1,990,683	2018/2019 refurbishment of old ramps has been delayed as additional survey work has to be carried out on surrounding pier structures. Design of electrical / hydraulic systems to make them compliant with modern regulations and the procurement process will further delay these projects.
Ferry Terminal Paint Works Contract	350,000	350,000	0	0	350,000	Hamarsness Terminal was planned to be painted this financial year, but due to other projects and lack of consultancy staff this will slip into next financial year.
VTS Radar Replacement	1,000,000	1,000,000	0	0	1,000,000	Contract awarded and works ongoing, some software issues need to be resolved. Feedback / resolution expected from the contractor in next month.
Scalloway Fishmarket Rebuild	5,600,000	5,600,000	0	2,800,000	2,800,000	Full business case presented to Council in October. Works tendered but not yet awarded. External funding is tender dependent. External funding shown here is unconfirmed and only indicative at this time.
Piers - Cathodic Protection	1,216,016	1,216,016	0	0	1,216,016	Programme of cathodic protection to piers following condition survey reports. West Burrafirth will be completed this financial year.
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. Outcome of these investigations will determine plan and spend but BRO advises that works are likely to slip into 2019/2020 financial year.
Tug Vessel Replacement	7,900,000	7,900,000	0	0	7,900,000	Second tug to be purchased from leasing company and legal notices have been issued pending purchase.
Hamarsness/Ulsta Wind Turbine	128,000	128,000	0	0	128,000	Going through planning process. May have to change the position of the Ulsta turbine and resubmit.
Toft Pier (New)	2,400,000	2,400,000	0	1,200,000	1,200,000	Tenders expected back in mid August to allow EMF Funding application followed by full business case to Council for decision.
<b>Total</b>	<b>87,840,386</b>	<b>87,925,589</b>	<b>(85,203)</b>	<b>58,336,807</b>	<b>29,588,782</b>	

Project Name	Budget			Funding		Update
	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	
Leaside Conversion	160,000	260,595	(100,595)	0	260,595	Project complete - completion certificate issued, with retention still to be paid. Additional costs relate to enhanced soundproofing requirement. Keys handed over from contractor on 10/11/17.
<b>Total</b>	<b>160,000</b>	<b>260,595</b>	<b>(100,595)</b>	<b>0</b>	<b>260,595</b>	





<b>Meeting(s):</b>	<b>Policy and Resources Committee Shetland Islands Council</b>	<b>28 August 2018 29 August 2018</b>
<b>Report Title:</b>	<b>Promoting Shetland as a Location for Large-Scale Events</b>	
<b>Reference Number:</b>	<b>DV-30-18-F</b>	
<b>Author / Job Title:</b>	<b>Douglas Irvine / Executive Manager – Economic Development</b>	

## 1.0 Decisions / Action Required:

1.1 That the Policy and Resources Committee:

- a) Debate the contents of this report; and,
- b) Resolve to recommend that the Council support the promotion of bids for future large-scale events.

The first of these events would be a bid for the Tall Ships Races in 2023 and the second would be a bid to host the Islands Games in 2027, or as soon as possible thereafter. It would be the responsibility of the respective local committees to lead negotiations to host these events. The committees would have to prepare business plans for the events and subsequent detailed reports based on these business plans would be brought before the Council for approval, as has happened in the past.

## 2.0 High Level Summary:

2.1 Shetland has a particularly strong record in hosting large-scale events. We have fond memories of the very successful Island Games, organised throughout Shetland in 2005 and Lerwick has provided excellent host port facilities for two Tall Ships Races, in 1999 and in 2011. The success of all three events was built upon well-co-ordinated community effort combined with close working between the main bodies involved in planning and running the events, such as the organising committees, the Council, Lerwick Port Authority and the main Trusts. These events were milestones in Shetland's history – it will always be remembered that the Shetland men's football team and Shetland ladies golf team both won their respective Islands Games competitions in 2005.

2.2 An assessment of the economic impact of the Tall Ships Races 2011, conducted by EKOS, can be accessed through this [link](#). This work calculated a total economic return from the event of £3.94m, from £2.41m additional expenditure in Shetland and media coverage of spectacular images worth £1.53m. The study concluded that the event resulted in a 3:1 return on the Council support of around £1.1m. While no similar study was undertaken for the Islands Games in 2005, the economic impact would have been at a similar scale.

2.3 It must be stressed that Shetland does not bid for large-scale events such as these to generate an economic impact, welcome though that may be. These events are undertaken primarily to boost community confidence and to demonstrate, both to

the Shetland public and to the outside world, that our community has the skills and resources to run large-scale events with a high degree of success. Feeling good about Shetland is an essential part of wanting to live here and for keeping strong connections if you live away from Shetland. Also, allowing thousands of visitors to have a good experience of Shetland and then act as ambassadors for these islands provides a huge opportunity for future tourism prospects. On top of all these benefits, the strengthening of Shetland's participation in organisations such as the International Island Games Association (IIGA) and Sail Training International so that our people can be involved in future events in other places is also very important.

2.4 The cost of running large-scale events is of course quite high. The Tall Ships Races cost a total of £1.45m in 2011 with Council related sources paying £1.1m of this total. While most of the spending was during the actual 4 days of the event, there was a long lead-in period of 3 to 4 years so the spending profile was stretched over that period. In revenue spending terms, the cost of the Islands Games in 2005 was around £2m, with £98,000 awarded by Events Scotland, a huge £400,000 from local fundraising and the balance, £1.5m from the Council's Finance Service.

2.5 The reason for bringing this report forward at this time is that Lerwick has an opportunity to bid for being a host port in the Tall Ships Races 2023, which is being organised in the North Sea area of the North Atlantic. Lerwick Port Authority and members of the committee that organised the event in 2011 have asked the Council if a bid, with Council support, is possible. This matter has been discussed informally by the Chief Executive and the Committee Chairs Forum, along with the prospect of submitting a bid for the Islands Games in the late 2020's, possibly 2027 or as soon thereafter. The strong view of the Committee Chairs Forum was that hosting these large-scale events is important for community confidence and resilience. Accordingly, the Executive Manager – Economic Development, in consultation with Community Development and Sport and Leisure Services, was asked to prepare a report for the Council to consider the idea. This report is the product of a working group involving the services mentioned above together with Financial Services.

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

3.1 Hosting large scale events in Shetland connects well with the outcomes specified in Shetland's Partnership Plan 2018 – 2028 and the Shetland Islands Council Our Plan 2016 – 2020, and presents a range of opportunities:

**Outcome (Place) – “Shetland will be attracting and retaining the people needed to sustain our economy, community and services.”**

- Put Shetland on the map/international stage
- Raise Shetland's profile as a destination
- Celebrate our culture and community
- Increased number of visitors and higher presence on social media
- Opportunities to target and to highlight special qualities and features while media presence is high
- Skills development
- Confidence building and bringing the community together through joint effort
- Boost Shetland's reputation for quality – hospitality and products
- Make connections with other communities such as learning with other islands with similar issues

- Work together as a community, share skills, celebrate what we are good at
- Promotion of Shetland as a forward looking place to invest in, a desirable community to live in and work in

**Outcome (Place) – “Communities will be actively involved in shaping their own future resilience, creating positive places that are economically, socially and environmentally sustainable.”**

- Shetland has a strong sense of community spirit and involvement
- High levels of volunteers who sustain a wide range of activities and facilities through the year (volunteers are critical to the success of these events)
- Involvement of as many communities across Shetland as possible to maximise benefit
- Community connections (potential to prioritise use of community assets and commissioning community bodies to deliver certain aspects)

**Outcome (People) – “Shetland will continue to be a safe and happy place, with more people feeling connected to their communities and benefitting from living in good places and keeping active.”**

- Involvement of as many communities across Shetland as possible to maximise benefit
- Bringing communities together to celebrate and develop connections
- Opportunities to promote benefits of physical activity and sustain outcomes beyond the immediate scope of the events themselves

**Outcome (Participation) – “Communities will feel empowered and the majority of people in Shetland will feel more able to influence the decisions that affect them.”**

- Involvement of as many communities across Shetland as possible to maximise benefit
- Identify new methods of local service delivery
- Scope to involve communities in participatory budgeting in relation to how events are delivered
- Develop specific volunteering roles

**Outcome (Money) – “everyone will be able to access the support they need to maximise their potential; including innovative, flexible and entrepreneurial employment opportunities throughout Shetland.”**

- Business growth and development
- Graduate placements
- Apprenticeships
- Employability and skills development
- Maximise involvement of local businesses rather than seeking external support
- Support local businesses to step up and be ready to provide services and products for large scale events

**Outcome (Our Plan 2016-20) – Shetland is the best place for children and young people to grow up. 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.”**

- Access to a big sporting event on our door step
- Enthuse and inspire children and young people to get involved in sports, exercise and physical activity
- Increase participation in sport
- Skills development
- Improving health and wellbeing

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

- 4.1 Bidding to host large-scale events is generally a competitive process so there is a risk that the time and effort that is put into the bids may be wasted if the bids are unsuccessful. In terms of staging the Island Games this risk has been slightly reduced in recent years, as the bidding process is now more of an ongoing discussion and negotiation between the Executive Committee of the IIGA and the Member Island seeking to stage the Island Games, with the Executive Committee provisionally allocating the Games to a Member Island no later than 6 years before the intended Games are to take place. Thereafter, a formal bid must be submitted by the local Islands Games Association for approval at the IIGA's Annual General Meeting at least 5 years beforehand.
- 4.2 Should the Council agree to support these proposals, there will be a need to identify how to pay for the sponsorship required. Twelve years on from the last hosting of the Tall Ships Races event and 22 years after hosting the Islands Games, inflationary pressures will mean that costs will be substantially higher. Any organising Committee will have to be more innovative and creative than their predecessors and there will probably have to be an even higher emphasis on voluntary effort and local fundraising.
- 4.3 From a Council perspective, and based on past experience, the hosting of large-scale events would require significant Council staff deployment in the lead-in to and during the time of these events. Decisions would have to be taken closer to the time of these events about how staff will be redirected away from their routine work and for what periods of time. This matter would be included in subsequent reports to the Council on the detailed planning for these events.
- 4.4 Sound event business planning is required based on lessons learned from previous events. The costs of the 2011 Tall Ships Races were kept under better control because of lessons learned in the earlier 1999 race, and, similarly, any bid for hosting the Islands Games will be based on our experience in 2005.
- 4.5 Any decision to bid for large-scale events must be discussed with Community Planning Partners such as the Police and NHS so that any resource implications are understood well in advance of the events.
- 4.6 The prospect of outlying occurrences, such as the need to bring in Cruise Liner accommodation at relatively short notice for the 2005 Islands Games, can throw business plans and budgets off course. Previous experience of running events can help to eliminate such occurrences.

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

- 5.1 None.

<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	There should be wide positive outcomes for the community if large-scale events are hosted and some legacy opportunities to improve services as a consequence.
<b>6.2 Human Resources and Organisational Development:</b>	Bidding for and then hosting large-scale events will require significant staffing. The staffing implications for the Council and other services will be a core feature of the business planning for any large-scale future event. It is not envisaged that there will be organisational development requirements.
<b>6.3 Equality, Diversity and Human Rights:</b>	There are strong elements of equality, diversity and human rights embodied in the ethos of Sail Training International and the Islands Games Association.
<b>6.4 Legal:</b>	Any support mechanism such as grant funding would have to be specified accurately and there may be some contract compliance matters to handle.
<b>6.5 Finance:</b>	Any costs arising from the promotion of Shetland as a host for future large-scale events would be met from existing and/or future approved revenue budgets. It is, however, important to note that, in moving forward with attracting these events to Shetland, there are likely to be substantial financial implications if bids and negotiations are successful. In this case, detailed assessments would be required to establish the level of financial resources necessary and to make sure that there would be no operational implications for the Council's delivery of services.
<b>6.6 Assets and Property:</b>	There will be an onus to ensure that all Council venues required for large-scale events are fit for purpose that this may have some service and cost implications.
<b>6.7 ICT and New Technologies:</b>	Large-scale events require modern communications so the Business Planning stage should identify what level of technology is needed and how that can be sourced for particular sites.
<b>6.8 Environmental:</b>	None.
<b>6.9 Risk Management:</b>	Full risk assessments will be conducted at business planning stages and will be continually reviewed by the organising committees for the events. As stated earlier, particularly in relation to bids for the Tall Ships Races, there is a risk that the resources required to make bids will be wasted if the bids are unsuccessful
<b>6.10 Policy and Delegated Authority:</b>	In accordance with Section 2.2.1 of the Council's Scheme of Administration and Delegations, the Policy and Resources Committee has delegated authority to advise the Council in the development of its strategic objectives, policies and priorities; to co-ordinate with partner organisations in relation to the Council's leadership of the Community Planning Partnership, and to secure the co-ordination, control and proper management of the financial affairs of the Council. However, the determination of overall goals, values and Policy Framework documents or matters of new policy/strategy or variation of existing policy

	strategy which may be inconsistent with those goals, values or Policy Framework document is referred to Council.	
<b>6.11 Previously considered by:</b>	N/A	

**Contact Details:**

Douglas Irvine, Executive Manager – Economic Development,  
[douglas.irvine@shetland.gov.uk](mailto:douglas.irvine@shetland.gov.uk)  
 Report written – 21 August 2018

**Appendices:** None.

**Background Documents:** A link is provided in the report to the evaluation of the Tall Ships Races 2011 event.



<b>Meeting(s):</b>	<b>Shetland Islands Council</b>	<b>29 August 2018</b>
<b>Report Title:</b>	<b>Council Business Programme 2018/19</b>	
<b>Reference Number:</b>	CRP-18-18-F	
<b>Author / Job Title:</b>	Director of Corporate Services	

## 1.0 Decisions / Action required:

- 1.1 That the Council considers its business planned for the remaining quarters of the current financial year (1 April 2018 to 31 March 2019), and RESOLVES to approve any changes or additions to the business programme.

## 2.0 High Level Summary:

- 2.1 The purpose of this report is to inform the Council of the planned business to be presented to the Council for the remaining quarters of the financial year 1 April 2018 to 31 March 2019, and discuss with Officers any changes or additions required to that programme.
- 2.2 The presentation of the Business Programme 2018/19 on a quarterly basis provides a focussed approach to the business of the Council, and allows senior Officers an opportunity to update the Council on changes and/or additions required to the Business Programme in a planned and measured way.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 The recommendation in this report is consistent with the following corporate priorities:

Our Plan 2016, in its 20 by 20 states that:-

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

## 4.0 Key Issues:

- 4.1 The Council approved the schedule of meetings for 2018/19 at its meeting on 13 December 2017 (Min Ref: 85/17).
- 4.2 It was agreed that the Business Programmes for each Committee/Board would be presented to the Planning and Performance Management Framework (PPMF) meetings, which are held on a quarterly basis, for discussion and approval.
- 4.3 The manner in which meetings have been scheduled is described below:

- Ordinary meetings have been scheduled, although some have no scheduled business at this stage. Where there is still no scheduled business within two weeks of the meeting, the meeting will be cancelled;
- Special meetings may be called on specific dates for some items – other agenda items can be added, if time permits;
- PPMF = Planning and Performance Management Framework meetings have been called for all Committees and Council once per quarter. These meetings are time restricted, with a specific focus on PPMF only, and therefore no other business will be permitted on those agendas;
- Budget = Budget setting meetings – other agenda items can be added, if time permits, or if required as part of the budget setting process; 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.

4.4 The Business Programme for 2018/19 is presented by the Lead Officer to the Council and each Committee/Board on a quarterly basis for discussion and approval, particularly in relation to the remaining projects and reports which are listed at the end of the business programme as still to be scheduled.

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

None

**6.0 Implications :**

<b>6.1 Service Users, Patients and Communities:</b>	The Business Plan provides the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.
<b>6.2 Human Resources and Organisational Development:</b>	None
<b>6.3 Equality, Diversity and Human Rights:</b>	None
<b>6.4 Legal:</b>	None
<b>6.5 Finance:</b>	There are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time.
<b>6.6 Assets and Property:</b>	None

<b>6.7 ICT and new technologies:</b>	None
<b>6.8 Environmental:</b>	None
<b>6.9 Risk Management:</b>	The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the objectives and actions contained in its corporate plans could mitigate against those risks.
<b>6.10 Policy and Delegated Authority:</b>	Maintaining a Business Programme ensures the effectiveness of the Council's planning and performance management framework. The Business Programme supports each Committee's role, as set out in paragraph 2.3 of the Council's Scheme of Administration and Delegations, in monitoring and reviewing achievements of key outcomes within its functional areas, whilst ensuring best value in the use of resources is met to achieve these outcomes within a performance culture of continuous improvement and customer focus.
<b>6.11 Previously considered by:</b>	N/A

**Contact Details:**

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 20 August 2018

**Appendices:**

Appendix 1 – Shetland Islands Council Meeting Dates and Business Programme 2018/19





**Shetland Islands Council - Meeting Dates and Business Programme 2018/19  
as at Thursday, 23 August 2018**

Shetland Islands Council			
Quarter 1 1 April 2018 to 30 June 2018	Date of Meeting	Business	Notes
	<i>Statutory 23 May 2018 10 a.m.</i>	Fund Management Annual Investment Report 2017/18	
		Management Accounts for Community Health and Social Care 2017-18 - Draft Outturn	
		Overall SIC Management Accounts for 2017/18 - Projected Outturn at Quarter 4	
		Effective and Sustainable Tertiary Education, Research and Training Project - Strategic Outline Case	
		Service Redesign Programme Update	
		Corporate Risk Register Report	
		The following items contain exempt information: Confidential Corporate Risk Register Update	
	<i>Ordinary 27 June 2018 10 a.m.</i>	Managing Exclusions in Shetland Schools Policy	
		Anti- Bullying in Shetland Schools Policy	
		Review of School Transport Policy 2018	
		Asset Investment Plan – Business Case – Multratug 30	
		Appointment to Committees: Policy and Resources and Environment and Transport	
		Appointment to External Organisations – SVA Ltd	
		Shetland's Partnership Plan 2018 - 28	
		Zetland Educational Trust: Annual Report and Financial Statements for the year to 31 March 2018	
		Shetland Islands Council Unaudited Accounts 2017/18	
		Annual Audit Plans 2017/18 for Shetland Islands Council and Shetland Islands Council Pension Fund	
		Property Matter – Office Accommodation	



**Shetland Islands Council - Meeting Dates and Business Programme 2018/19  
as at Thursday, 23 August 2018**

Shetland Islands Council (continued)				
Quarter 2 1 July 2018 to 30 September 2018	Date of Meeting	Business	Notes	
	Special SIC Meeting 7 August 2018	Property Matter (EXEMPT)		
	Special 22 August 2018	MTFP		
		Public and School Transport Network 2019 – 2024: Strategic Outline Case		
		Shetland Islands Council Investment Strategy		
	<i>PPMF Q1</i> 29 August 2018 2 p.m.		SIC Overall Management Accounts 2018/19 – Projected Outturn at Quarter 1	
			Asset Investment Plan – Progress Report – Quarter 1	
			Council Business Programme 2018/19	
			Corporate Risk Register	
			Confidential Risk Register	Exempt
			Management Accounts for Community Health and Social Care 2018/19 – Projected Outturn at Quarter 1	
			Promoting Shetland as a Location for Large-Scale Events	
			Corporate Services Restructure ( EXEMPT)	
	<i>Special</i> 19 September 2017 2 p.m.		Shetland Islands Council - Final Audited Annual Accounts 2017/18	
			Shetland Islands Council Annual Audit Report on the 2017/18 Audit	
			Zetland Educational Trust – ISA 260 Report on the 2017/18 Audit	
		Zetland Educational Trust – Final Audited Accounts 2015/16		
		Annual Accounts 2017/18 (TBC)		
Quarter 3 1 October 2018 to 31 December 2018	Date of Meeting	Business	Notes	
	<i>Ordinary</i> 31 October 2018 10 a.m.			



**Shetland Islands Council - Meeting Dates and Business Programme 2018/19  
as at Thursday, 23 August 2018**

Shetland Islands Council (continued)			
<i>D= Delegated R=Referred</i>			
	Date of Meeting	Business	
<b>Quarter 3</b> <b>1 October</b> <b>2018 to 31</b> <b>December</b> <b>2018</b> Continued	<i>PPMF Q2</i> 12 December 2018 10 a.m.		
		SIC Overall Management Accounts 2018/19 – Projected Outturn at Quarter 2	
		Asset Investment Plan – Progress Report – Quarter 2	
		Council Business Programme 2017/18	
		Mid-Year Investment and Treasury Strategy for 2019/20	
		Corporate Risk Register	
		Confidential Risk Register	Exempt
<b>Quarter 4</b> <b>1 January</b> <b>2019</b> <b>to</b> <b>31 March</b> <b>2019</b>	January/February 2019	2019/20 Financial Settlement (TBC possibly Special Meeting?)	
		2019/20 Shetland Islands Council Budget Book (Normally a Special Meeting to be arranged for Mid-February)	
	20 February 2019	Five Year Asset Investment Plan 2019/24	
		2019/20 Housing Revenue Account Budget and Charging Proposals	
	6 March 2019	SIC Overall Management Accounts 2018/19 Projected Outturn at Quarter 3	
		Annual Investment and Treasury Strategy for 2019/20	
		Long-Term Revenue and Capital Planning – Update (TBC)	



**Shetland Islands Council - Meeting Dates and Business Programme 2018/19  
as at Thursday, 23 August 2018**

**Planned Committee business still to be scheduled - as at Thursday, 23 August 2018**

tbc = to be confirmed

PPMF = Planning and Performance Management Framework meetings – no other business to be added

Budget = Budget setting meetings – other items can be added if time permits

Ordinary = Ordinary meetings – other items can be added

Special = Special meetings arranged for particular item(s) – other items can be added if time permits

END OF BUSINESS PROGRAMME as at Thursday, 23 August 2018

DRAFT



<b>Meeting(s):</b>	<b>Policy and Resources Committee Shetland Islands Council</b>	<b>28 August 2018 29 August 2018</b>
<b>Report Title:</b>	<b>Corporate Risk Register</b>	
<b>Reference Number:</b>	<b>IA-24-18-F</b>	
<b>Author / Job Title:</b>	<b>Director Corporate Services</b>	

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

- 1.1 That the Policy & Resources Committee and Council RESOLVE to:
- 1.1.1 NOTE the changes to the Corporate Risk Register;
  - 1.1.2 NOTE key risks facing the Council at this time and the action taken to mitigate those risks; and
  - 1.1.3 COMMENT and ADVISE the Chief Executive and senior managers of their views and any changes required.

### **2.0 High Level Summary:**

- 2.1 The Corporate Risk Register lists the high level risks that could impact upon the organisation’s aims and stated plans. Risks are routinely reviewed by risk owners and relevant management teams. The appended document therefore presents a snapshot of the current, regularly-changing risk environment.

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

- 3.1 The Council’s Corporate Plan states that
- ‘Our approach to managing the risks we face will have resulted in a more risk-aware organisation that avoids high-risk activities’, and
  - ‘We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working’
- as two of its key corporate priorities. The ongoing identification and monitoring of corporate risks are key components of that approach.

### **4.0 Key Issues:**

- 4.1 The Corporate Risk Register lists sixteen risks with the following four considered as standing items in that they are unlikely to be removed from the Corporate Risk Register, despite agreement that all reasonable control measures have been identified and implemented. These include:
- Appendix 1, P1 – ORG025 – risk of harm to a child because of a failure to manage unanticipated crisis.

- Appendix 1, P2 - ORG024 – risk of harm to a vulnerable adult.
- Appendix 1, P6 – ORG029 – Malicious cyber-attack. The Executive Manager – ICT has advised ‘We are constantly alert to the possibility of a cyber-attack, and, as stated [on the risk register] have prepared a Cyber Incident Response Plan, based on documentation from the Scottish Government. We plan to test this plan in conjunction with the Emergency Planning officer, and also have plans to run a cyber-awareness campaign for staff.’ The narrative within the risk has been updated to reflect the current situation.
- Appendix 1, P7 – ORG030 – Uncontrolled release of data/ loss of paperwork or data-storing technology. The narrative within this risk has been updated. (see also 4.1.1)

4.1.1 In relation to the last two risks, 029 and 030, above, consideration has been given to amalgamating or linking them in some way as the risk triggers, the potential consequences and the control measures for each have areas of commonality. Discussions were held with the relevant risk owners. The Team Leader – Administration advised that, “by combining the two risks we would be losing sight of the compulsory and other elements of the Records Management Plan [RMP], and also the specific risks that relate to cyber-attacks, etc. which I think have wider risks than loss or breach of information. The RMP has 15 elements, and ICT security is part of one element only, [relating to Information Security which is a compulsory element]”. Hence it is proposed to link the risks via the narrative but keep them as two separate items.

4.2 There are a number of risks that are currently significant but are likely to be removed once the risk has been managed, reduced or no longer exists:

- Appendix 1, P2 – ORG022 – STERT/ College merger – date for the business case has been pushed back from January this year to October. It should be noted that a project manager has been appointed to lead the work of the project team in developing the Full Business Case. He has advised that ‘This work will take place from July-September 2018, with the completed Full Business case to be presented for approval to Education and Families Committee (01 Oct 2018), Shetland College Board (03 Oct 2018) and Policy and Resources Committee (08 Oct 2018).’
- Appendix 1, P5 – ORG035 – Old AHS campus plans and works. Initially due by May 2018, the risk owner has revised the risk details to clarify that ‘Work on the masterplan is ongoing and it’s hoped 7N (the organisation carrying out the master-planning work) will have substantially completed their work by the end of August 2018. There will then be a period of statutory consultation. It is hoped the project will be complete by the end of October.’
- Appendix 1, P10 – ORG037 – Brexit and its impact.

4.3 A number of risks relate to finances and financial planning, some of which are anticipated to remain on the Corporate Risk Register for the foreseeable future:

- Appendix 1, P4 – ORG039 – Medium term financial planning, continued reductions to Government grant of an unanticipated or unknown magnitude
- Appendix 1, P7 – ORG021 – The need for investment in Shetland’s infrastructure

- Appendix 1, P8 – ORG034 – Liabilities arising from the pension fund
- Appendix 1, P9 – ORG042 – Failure of long term financial planning

4.4 The remaining risks could be viewed as inherent to the business of the Council at this time:

- Appendix 1, P3 – ORG032 – Increased workload, impact on planned work, conflicting demands. The next Risk Board aims to focus upon Workforce Planning as one of its themes. This also relates to risk no ORG018 below, which focuses on the external factors that impact upon staffing and recruitment.
- Appendix 1, P4 – ORG040 – Risks relating to partnerships
- Appendix 1, P5 – ORG018 – Challenges around workforce change and demographics
- Appendix 1, P6 – ORG031 – Missed opportunities from Viewpoint surveys
- Appendix 1, P8 – ORG044 – Implications of the Equal Pay Audit

4.5 This report is complemented by the exempt report on the confidential risk register.

## 5.0 Exempt and/or confidential information:

5.1 None

## 6.0 Implications :

<p><b>6.1 Service Users, Patients and Communities:</b></p>	<p>While the content of this report may not have any direct impact on Shetland's people, the continual monitoring of risks including ones that relate to children and vulnerable adults, ensures that any risks that may impact on service users, services or on partner organisations, are identified, considered, understood and managed appropriately.</p>
<p><b>6.2 Human Resources and Organisational Development:</b></p>	<p>Periodic consideration and analysis of Personal Incident Notification (PIN) data ensures that the Council's management team are cognisant of risks, controls and any additional measures that may be required to protect people. Workforce issues are highlighted on the Corporate Risk Register.</p>
<p><b>6.3 Equality, Diversity and Human Rights:</b></p>	<p>An Equalities Impact Assessment is not required in connection with this report but the issue of the gender pay gap is recognised and highlighted on the Corporate Risk Register.</p>
<p><b>6.4 Legal:</b></p>	<p>Many risks have a legislative element. The Executive Manager, Governance and Law sits on the Risk Board and legal considerations are highlighted in risks on the Corporate Risk Register as necessary.</p>

<b>6.5 Finance:</b>	All risks have a direct or indirect financial cost, whether in terms of the impact or the cost of preventing a risk from happening. All risks can affect the service that the Council seeks to deliver, and risks are managed appropriately in order to ensure that those services are protected within constrained budgets.	
<b>6.6 Assets and Property:</b>	Buildings and equipment are significant assets, without which services could not be delivered. The prudent identification and management of risks helps protect those assets.	
<b>6.7 ICT and new technologies:</b>	While this report has no direct implications for ICT, the monitoring and management of risk registers is done on an ICT based system.	
<b>6.8 Environmental:</b>	This report has no direct environmental implications.	
<b>6.9 Risk Management:</b>	Risks are measured on the agreed risk matrix.	
<b>6.10 Policy and Delegated Authority:</b>	<p>Policy &amp; Resources Committee requires the Corporate Risk Register to be reported periodically [<i>Min. ref. 43/17</i>]. Risk Management Board reviews its Corporate Risk Register on a quarterly basis, as required by its Terms of Reference. 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 proper management of the Corporate Risk Register is therefore a delegated matter for the Policy and Resources Committee.</p> <p>However, the Council instructed that the Corporate Risk Register be reported to the Council quarterly as part of the Planning and Performance Management Framework (PPMF) cycle [<i>Min.Ref. SIC 20/16</i>] so that all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information.</p>	
<b>6.11 Previously considered by:</b>	None	

**Contact Details:**

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9 August 2018

**Appendices:**

Appendix 1 – Corporate Risk Register

END

# Risk Register - Shetland Islands Council

Risk & Details	Current			Current and Planned Control Measures	Target			Responsible Officer
	Likelihood	Impact	Risk Profile		Probability	Impact	Risk Profile	
<b>Corporate</b>								
<i>Corporate Plan</i>								
<i>A2. Young People - Vulnerable Children and young people's opportunities</i>								
<p>Child Protection - Children's Services deliver a range of services across a wide geographic area and all service users need to be safe. Children's Social Work manage high risk, complex situations in their work with families. Often it requires significant resource provision to mitigate risks and ensure the safety of a child or young person. The most significant current example of this risk relates to the failure to appropriately accommodate looked-after children, off-island placement. There are circumstances when the Children &amp; Families Team is required to accommodate children and young people away from home. Currently, there is a shortage of foster placements and residential placements in Shetland. On occasion this results in placements being sought away from Shetland, which is undesirable and which comes at a high cost to the Local Authority.</p> <p><b>Trigger</b> : Crisis or escalation of complex situation, usually unanticipated and which puts child at increased risk of harm. Shortage of foster placements and residential placements in Shetland. There are situations whereby the assessed needs of a child or young person are such that they require a specialist service that is not available in Shetland, such as secure accommodation or a parenting assessment unit.</p> <p><b>Consequences</b> : 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. Placements have to be sought away from Shetland, which come at a high cost to the Local Authority.</p> <p><b>Risk type</b> : Physical - People / Property - Other</p> <p><b>Reference</b> - ORG0025</p>	Possible	Major	High	<p>• Robust systems and procedures in place. Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly.</p> <p>The Child Protection Committee's Training Strategy, and the training sub-committee, ensure that a range of Child protection training is delivered to frontline staff. This Inter-agency training is led by Shetland Islands Council and training activity is reported quarterly to the Child Protection Committee.</p> <p>Children's Services is working to increase capacity in Shetland to provide accommodation for looked after children, where required. This includes growth in the Family Placement and Residential Childcare services, to reduce demand for more expensive out of area/off island placements.</p>	Unlikely	Major	Medium	Helen Budge Shetland Islands Council
<i>Corporate Plan</i>								
<i>B2. Older People - Independent Living</i>								

<p>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.</p> <p><b>Trigger :</b> 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</p> <p><b>Consequences :</b> 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.</p> <p><b>Risk type :</b> Communications failure</p> <p><b>Reference - ORG0024</b></p>	Possible	Major	High	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	Unlikely	Major	Medium	Simon Bokor-Ingram Shetland Islands Council
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<b>Corporate Plan</b>								
<b>F1. Our "20 by '20" - Leadership &amp; Management</b>								
<p>Failure to deliver the College merger would result in an unsustainable tertiary sector. An in-house project team has been established with the aim of preparing a Full Business Case by 31 October 2018.</p> <p><b>Trigger :</b> Project management failure, partner failure, project resources</p> <p><b>Consequences :</b> Failure to deliver a sustainable and affordable model for Tertiary Education, training and Research.</p> <p><b>Risk type :</b> Professional - Other</p> <p><b>Reference - ORG0022</b></p>	Unlikely	Significant	Medium	<ul style="list-style-type: none"> <li>• University of Highlands &amp; Islands(UHI) has been funded by Scottish Funding Council (SFC) to lead the business case development of a merged, single governance organisation for Tertiary Education, research and training. Discussions with the UHI and SFC are ongoing with respect to a Business Case for Colleges Merger with a revised due date of 31 October 2018.</li> </ul>	Unlikely	Minor	Low	Neil Grant Shetland Islands Council

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.

**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.

Governance and law workload includes governance reviews and organisation-wide project work. Service redesign work also requires significant staff time.

**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.

**Risk type :** Corporate/Community plan - failure to meet

**Reference - ORG0032**

Possible  
Significant

Medium

• The effects of the move from 8 North Ness are being monitored and adjustments made where possible to ensure minimal disruption to services.  
□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.

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% and 16% over the next 5 years. The MTFP scenario assumes grant reduction at 7.4% 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	<ul style="list-style-type: none"> <li>• Impact of 2018/19 financial settlement. The settlement is better than had been expected and this provides the Council with a period of time to address the underlying challenges of falling government grant and rising costs. A revised Medium Term Financial Plan covering the period from 2018 to 2024 will be presented to the Council on the 22nd August.</li> <li>□Service redesign across all areas to identify and implement sustainable levels of service going forward. Implementation of business transformation programme to support service redesign.</li> </ul>	Unlikely	Major	Medium	Jonathan Belford Shetland Islands Council
<p>Shetland Islands Council and specific Directorates, Services and sections are in a number of partnerships. Some have a legislative element and have a strategic directing role (the Community Planning Partnership, SADP, etc), some are entered into for the purpose of delivering services (Community Health and Social Care/ IJB, SIC Housing Service and Hjaltland Housing Association). Many are contractual but for some, the partnership may exist only through an informal agreement. There is no formal list of the council's partnership arrangements or agreements.</p> <p>Trigger : Partner fails (legally, financially, is wound up, becomes insolvent or goes into administration) or is no longer able to provide their part of the partnership. Grant or funding is cut to partner. Board resignation, difficulty in recruiting board members, failure to achieve buy-in from essential partners, volunteer fatigue.</p> <p>Consequences : If a partner fails, the responsibility to deliver service or function for which the partnership was formed, may fall to Shetland Islands Council. Contractual obligations such as leases may become the (moral or financial) responsibility of Shetland Islands Council. Financial responsibilities such as for pensions, may fall to Shetland Islands Council. Civil liabilities such as through claims, may fall to Shetland Islands Council in the event that joint liability exists.</p> <p>Risk type : Partnership working failure</p> <p>Reference - ORG0040</p>	Possible	Extreme	High	<ul style="list-style-type: none"> <li>• Various controls in place.All new admitted bodies comply with current requirements, all contracts are scrutinised by Legal Services / Governance and Law/ Finance staff.</li> <li>Assurance required that managers engage with Corporate Services BEFORE commencing service redesign programmes. Managers must adhere to Commissioning and Procurement framework.</li> </ul>	Unlikely	Major	Medium	Maggie Sandison Shetland Islands Council

<p>The Council is required to manage changes and challenges in its workforce and in some services across the organisation there are considerable challenges in recruitment, such as social work, teaching and other technical and professional posts. These difficulties are not limited to Shetland. Services must review the demands on services, consider strategies to attract and retain employees and they need accurate and timely data and analysis from the council's HR system to inform their decision making. Human Resources must ensure that effective use is made of information management and reporting to support services to enable effective workforce and succession planning. HR and Council services must work together to develop and review policies, procedures and the employment offer from the Council to minimise the risks of having insufficient staff to deliver council services.</p>	Likely	Minor	Medium	<ul style="list-style-type: none"> <li>• 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 develop 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.</li> </ul>	Unlikely	Minor	Low	Denise Bell Shetland Islands Council
<p><b>Trigger :</b> Increase in staff turnover and inability to recruit staff to vacant posts .</p> <p><b>Consequences :</b> Posts remaining unfilled due to failure to recruit which places strain on services to deliver and increases pressure on existing workforce. The relocation and interview expenses budget increases with the increasing need to recruit from outwith Shetland. We are also having to advertise more frequently with teaching posts in particular being difficult to fill. Services must engage proactively with HR in order to analyse the reasons why staff leave to minimise staff turnover. Working patterns, and terms and conditions of service should also be reviewed by services to remove any unnecessary barriers to employment.</p> <p><b>Risk type :</b> Employment issues</p> <p><b>Reference - ORG0018</b></p>								

<i>Corporate Plan</i>		<i>F15. Our "20 By '20" - Assets</i>						
<p>The current Anderson High School 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 was vacated in Sept/ Oct 2017 when the service/ staff/ pupils, etc moved to the new build at the Clickimin.</p>	Unlikely	Extreme	High	<ul style="list-style-type: none"> <li>• The Council is undertaking a master-planning exercise for this site. It is hoped this will be complete by October 2018.</li> </ul>	Unlikely	Significant	Medium	Robert Sinclair Shetland Islands Council
<p><b>Trigger :</b> Failure to properly plan for the future of the site</p> <p><b>Consequences :</b> 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><b>Risk type :</b> Missed opportunities</p> <p><b>Reference - ORG0035</b></p>								

<i>Corporate Plan</i>		<i>F2. Our "20 By '20" - Staff Value &amp; Motivation</i>						
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<p>An organisation-wide Staff Viewpoint Survey was carried out in January 2015 and again in late 2017 for the purpose of gauging staff opinions. The returns were analysed with the issues prioritised, and that information was reported to Directors, Managers and staff. Managers and Directors were then tasked with putting in place a range of measures to address the specific issues raised. The comments made reflect concerns about the Council, recent changes, and the impact of those changes. In general you suggested things such as: •better communication, •listening more, •being clear about Council strategy and sticking to it, •having better training for Managers, •Senior Leaders spending more time on the “shop floor”.</p> <p><b>Trigger :</b> 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 dis-satisfaction.</p> <p><b>Consequences :</b> Disillusioned/ unhappy / disengaged staff, increased disillusionment following the expectation that the survey would make a difference, no confidence in manager or organisation, demotivated staff, poor commitment to Service, impact on Service and/or productivity. Staff retention issues - Increased turnover of staff with resulting recruitment costs and service impacts. Reputational damage, staff more likely to raise grievances. Stress, increase in sickness absence, perception that the whole exercise was a waste of public money.</p> <p><b>Risk type :</b> Missed opportunities</p> <p><b>Reference - ORG0031</b></p>	Possible	Significant	Medium	<p>• Check and ensure good communication between staff and management. 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. 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. The 2015 Viewpoint Action Plan has led to the launch of a new set of Council Values &amp; Behaviours which have been launched and promoted council-wide. The second Viewpoint Survey was completed in January 2018 that shows improvement in all factors. Action planning is now underway to inform the next Council-wide Viewpoint Plan.</p> <p>☐ Check and ensure good communication between staff and management. ERD's and training needs are implemented All 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 2015 Viewpoint Action Plan has led to the launch of a new set of Council Values &amp; Behaviours which have been launched and promoted council-wide. An on-going publicity campaign is in place to make sure there is continuing awareness. New Directorate Consultation Forums have been put in place to bring together senior managers and staff representatives at least 4 times a year to exchange information and maintain communication throughout the organisation.</p>	Rare	Significant	Low	Denise Bell Shetland Islands Council
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*Corporate Plan* **F4. Our "20 By '20" - It Equipment & Systems**

<p>Malicious cyber attack could happen at any time. ICT and SIC have a host of security systems and approaches in place. However, an attack, successful or otherwise, can always happen. It may be impossible to tell whether there has been an attack, or what any attack has looked at/ taken/ copied. Any attack could result in compromise /damage to systems or reputation, data leak, loss of data or system downtime.</p> <p><b>Trigger :</b> Attack on the Council's network resulting in compromise/damage to systems or reputation, data leak, etc</p> <p><b>Consequences :</b> Loss of data, system downtime</p> <p><b>Risk type :</b> Malicious damage/ vandalism/sabotage</p> <p><b>Reference - ORG0029</b></p>	Unlikely	Major	Medium	<p>• Anti-virus and firewall defences, ICT security policy,, boundary appliance scan all incoming e-mail; Corporate anti-virus installed on all servers and workstations; Corporate firewalls, Systems support team ensure software and hardware are patched to the latest secure versions; Annual penetration testing resulting in security remediation actions, PSN and Cyber Essentials Plus certification; Regular internal system scans and reviews to ensure systems are up to date and secure. System monitoring for unusual activity, which may be linked to a cyber-attack Fortnightly Security Review meetings discuss and evaluate threats; Active participation in national Security forum CiSP, and implementation of advice from government bodies such as Secure Email Blueprint, Webcheck, and Secure DNS. Documentation of a Cyber Incident Response plan, including escalation points of contact at central government level, including Netcraft.</p>	Rare	Significant	Low	Susan Msalila Shetland Islands Council
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*Corporate Plan* **F5. Our "20 by '20" - Standards of Governance**

<p>The Council invested heavily in infrastructure at the time when the oil industry was taking off. This infrastructure was funded from income generated from the oil industry. That infrastructure is now ageing and will need to be replaced, however, the financial situation is now tighter which will mean that it will be challenging to finance this.</p> <p><b>Trigger :</b> Need for Investment in Shetland's infrastructure  <b>Consequences :</b> Challenge to finance the maintenance and/or replacement of existing infrastructure  <b>Risk type :</b> Physical - People / Property - Other  <b>Reference - ORG0021</b></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 &amp; 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><b>Trigger :</b> 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><b>Consequences :</b> 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><b>Risk type :</b> Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc  <b>Reference - ORG0030</b></p>	Unlikely	Major	Medium	<p>• Current and planned controls -&gt; Current and planned controls -Current: There are already robust systems and procedures in place to prevent the loss of data and information. To date, over 600 staff have accessed training in basic Data Protection and Freedom of Information principles, including attendance at a conference provided by the Assistant Information Commissioner in 2015, and by the Office of the Scottish Information Commissioner in 2016, and by accessing online training through iLearn/Brightwave.</p> <p>Planned: Information management and improvement is a strand of the Business Transformation Programme 2016-2020. This is supported by an Information Management Strategy, which provides a framework for improvement and development of information management policies and procedures to ensure our services can work together in a smarter way. The Improvement Programme includes a number of work streams, including information security, business continuity, culture and training, all of which will contribute to further reducing the risks inherent with maintaining and processing large amounts of information, and will aim to keep these considerations at the forefront of business transformation projects. Governance, accountability and strategic direction for the Information Improvement Programme is provided by the Information Governance Board. The Board includes those who have management responsibility, accountability and ownership of information assets and this will be supplemented by the continued raising of awareness amongst, and further training of, managers, administrators and other staff in the proper handling of information.</p>	Rare	Major	Medium	Christine Ferguson 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 than 5% is of concern and action should be taken to address the gap.</p> <p><b>Trigger :</b> Failure to address the identified issues, public / media scrutiny, equal pay claim from a member of staff, scrutiny by EHRC.</p> <p><b>Consequences :</b> 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 are likely.</p> <p><b>Risk type :</b> Economic - Other <b>Reference -</b> ORG0044</p>	Possible	Major	High	<p>• The Equal pay Statement 2017-2021, approved at P&amp;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 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 challenges 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
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<i>Corporate Plan</i>	<i>F6. Our "20 By '20" - Financial Management</i>							
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<p>The SIC Pension Fund is currently not 100% funded. At 31 March 2017 triennial evaluation the Fund was 90% 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><b>Trigger :</b> Any circumstance that triggers a liability to crystallise</p> <p><b>Consequences :</b> Financial impact, significant long term obligations on pension fund employers</p> <p><b>Risk type :</b> Customer / Citizen - Other <b>Reference -</b> ORG0034</p>	Almost Certain	Major	High	<p>• The 2017 Triennial valuation has been completed, along with a revised Funding Strategy Statement (FSS). This provides an up-to-date funding position for the SIC Pension Fund along with a revised FSS to ensure the Funds deficit can be met over the long term. Deficits are estimated to be recovered over a period of less than 20 years.</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 to the Fund in relation to new employers.</p>	Rare	Extreme	High	Jonathan Belford Shetland Islands Council
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<i>Corporate Plan</i>	<i>F8. Our "20 by '20" - Efficient</i>							
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<p>Long term financial planning - fulfilling 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><b>Trigger :</b> 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. A trend in the one-off use of reserves to balance revenue budgets. Use of invested capital for one-off or recurring expenditure and failing to recognise the cost of that capital and the impact on future budgets.</p> <p><b>Consequences :</b> If the Council operates unsustainably and without intervention it will have to increasingly rely on its reserve, the compounding effects of this eventually resulting in the depletion of reserves/investments and being no longer able to provide additional funds to support services in the General Fund budget. Reputational damage, the current expectations of customers not met and the Council outcomes not achieved.</p> <p><b>Risk type :</b> Economic / Financial - Other</p> <p><b>Reference - ORG0042</b></p>	Rare	Extreme	High	<p>• Strong financial management arrangements in place, with MTFP refreshed and the LTFP assumptions reviewed and reported to Council in March 2017. A clear and robust financial cycle of annual budget process, regular monitoring and annual accounts in place, with positive feedback from external auditors.</p> <p>Long term financial planning assumptions have been tested and capital expenditure has reduced from historic levels.</p>	Unlikely	Major	Medium	Jonathan Belford Shetland Islands Council
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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 council's 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

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 2016 meeting, and will meet regularly to help inform the Council and Community Partners of opportunities and risks.

Possible

Minor

Medium

Maggie Sandison  
Shetland Islands Council