# Shetland Islands Council

Executive Manager: Jan-Robert Riise
**Director of Corporate Services: Christine Ferguson**

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Date: 12 December 2018

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Islands Council**
**Council Chamber, Town Hall, Lerwick**
**Wednesday 19 December 2018 at 2pm**

Apologies for absence should be notified to Leisel Malcolmson at the above number.

*(Please note the time of this meeting)*

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.

(d) Confirm minutes of meetings held on i) 31 October 2018 and ii) 28 November 2018 (attached).

1. Chair's Report - Management Accounts for Environment & Transport Committee: 2018/19 – Projected Outturn at Quarter 2
*P&R&SIC - 1219 – F081*

2. Management Accounts for Community Health and Social Care Directorate 2018/19 – Projected Outturn at Quarter 2
*F-78*

3. SIC Overall Management Accounts 2018/19 - Projected Outturn at Quarter 2
*F-76*

4. External Audit Annual Report 2017/18 - Update on Recommendations
*CRP-21*

5. Active Shetland Strategy – 2018-2023
*CS-44*

6. Shetland College Board – Appointment
*GL-21-18*

7. Risk Assessments Update
*HR-20*

8. Asset Investment Plan – Progress Report
*CPS-10*

9. Asset Investment Plan – Business Case: ICT Virtual Infrastructure
*CPS-12*

10. Asset Investment Plan – Business Case:
Children's Resources, Residential Childcare for Looked After Children
*CPS-11*

11. Council Business Programme 2018/19
*CRP-26*

12. Corporate Risk Register
*CRP-24*

***The following item contains EXEMPT information***

13. Confidential Risk Register
*CRP-23*

14. Asset Investment Plan – Business Case – Staff Travel (Care at Home Service)
*CPS-13*

# Shetland Islands Council

# MINUTES A&B - PUBLIC

**Shetland Islands Council**
**Council Chamber, Town Hall, Lerwick**
**Wednesday 31 October 2018 at 10.00am**

**Present:**

| | |
|---|---|
| M Bell | P Campbell |
| S Coutts | A Duncan |
| J Fraser | C Hughson |
| S Leask | E Macdonald |
| A Manson | R McGregor |
| A Priest | D Sandison |
| I Scott | D Simpson |
| C Smith | G Smith |
| T Smith | R Thomson |
| A Westlake | B Wishart |

**Apologies:**

| | |
|---|---|
| M Burgess | A Cooper |

**In Attendance (Officers):**
M Sandison, Chief Executive
J Manson, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
S Thompson, Executive Manager - Schools
M Smith, Team Leader - Expenditure
C Bain, Treasury Accountant
S Brown Senior Assistant Accountant
A MacIver, Assistant Accountant
B Kerr, Communications Officer
L Adamson, Committee Officer

**Also:**
T Wright, Baillie Gifford
T Gooding, Baillie Gifford

**Chairperson**
Mr Bell, Convener of the Council, presided.

**Circular:**
The circular calling the meeting was held as read.

**Convener's Opening Remarks**

Tribute to the late former Councillor Mr James Henry.

The Council stood while the Convener paid the following tribute to the late Councillor Mr James Henry:

“We were all deeply saddened to hear, in early August, about the passing of our former colleague James Herculson Henry, known to all as Jim. Jim passed away peacefully, in Taing House, having suffered deteriorating health in recent years.

Jim, a native of Hamnavoe in Burra, was born in 1937 and had a long career both at sea and in public service.

On leaving school, he went to the fishing, a common thread through his life and remained in that vocation until 1979, when he came ashore, having served as skipper of the ‘Wavecrest’ (LK276). His years at the fishing were broken only by National Service during which Jim served in the Royal Naval Reserve. During his time as skipper of the ‘Wavecrest’ Jim was a trustee on the then Lerwick Harbour Trust where he represented the fishing industry.

On leaving the fishing, Jim took up employment, on dry land, as fisheries development officer in the Development Department under director the late Jack Burgess.

It is perhaps no surprise that given his background, knowledge and experience in the industry, Jim was, until his retirement in 2002, greatly admired for his work in this role and was involved in many initiatives that greatly helped the industry. It went a long way to making it what it is today.

Now retired from full-time employment, Jim’s desire to serve the public saw him enter elected politics in the 2003 council election when he stood for and won the Lerwick Sound seat. At the next election in 2007, Jim stood this time for the then new and enlarged multi-member ward of Lerwick South. Again, he was returned by the electorate and went on to serve the full five year term until 2012.

As a councillor Jim, as well as working hard for his constituents in the Town, was regarded a champion of rural Shetland and in particular around the issue of new piers and harbours. He represented the council on many external organisations including the Lerwick Port Authority where he returned, this time, as a council representative. He also served on Shetland Amenity Trust, SLAP, Hjaltland Housing Association, the Sound Community Hall Committee and the North Atlantic Fisheries College who recognised him as an excellent ambassador for training and education in the fishing and aquaculture industry.

Jim also represented the council on bodies outside Shetland. It was on one such trip, in 2010, that he was involved in a serious road traffic accident in Glasgow. There were serious concerns about whether or not he would recover. However, although his injuries were life changing, such was his determination and sheer commitment he did get back to the Council and served the remainder of his term as a Councillor.

Jim will be remembered, by all who knew and worked with him, as someone who cared deeply for his community and for the islands fishing industry, which played such a large part in his life. I am sure you will join with me in extending this chamber’s deepest sympathy to his family. I move that an extract of the minute of this meeting be forwarded to Jim’s family”. Members concurred.

The Convener also advised on the sadness at the passing of former Councillor Peter Guy, and he said that a formal tribute would be made at a future meeting.

**Declarations of Interest**
None

**Minutes**
The minutes of the meeting held on 23 May 2018 were approved on the motion of Mr Thomson, seconded by Ms Wishart.

The minutes of the meeting held on 27 June 2018 were approved on the motion of Mr Leask, seconded by Ms Wishart.

Following a request for the circumstances relating to Mr Burgess and Ms Westlake's non-attendance at the meeting to be recorded, subject to the following, the minutes of the meeting held on 7 August 2018 were approved on the motion of Ms Manson, seconded by Mr Scott.

- Sederunt:
  Mr Burgess and Ms Westlake were unable to attend in person, but had indicated a willingness to attend by telephone-link, however this had not been permitted due to the confidential nature of the discussion.

The minutes of the meeting held on 22 August 2018 were approved on the motion of Ms Wishart, seconded by Mr G Smith.

Subject to the following change, the minutes of the meeting held on 29 August 2018 were approved on the motion of Mr J Fraser, seconded by Mr Leask.

- 51/18 - Promoting Shetland as a Location for Large-Scale Events:
  Amend the 7th paragraph to read, "In responding to a question as to why large-scale events would be prioritised over other priorities such as poverty, the Chief Executive advised that while organising large-scale events …….".

The minutes of the meeting held on 19 September 2018 were approved on the motion of Mr Duncan, seconded by Ms Macdonald.

48/18 **Presentation from Baillie Gifford – Fund Manager**

A report by the Executive Manager – Finance (F-075-18-F) introduced a presentation by Fund Manager, Baillie Gifford, which forms part of the governance arrangements in regard to the annual review of the Council's investments. (Copies of the presentation were tabled at the meeting (RECORD Appendix 1A)).

The Treasury Accountant introduced the report, and advised that the presentation from Baillie Gifford provided an annual review on their mandate. In referring to past reporting on Fund Manager's performance, the Treasury Accountant indicated that the Council's findings could range from noting the performance with satisfaction, noting the performance, or to note with dis-satisfaction. He advised that in the case of Baillie Gifford their performance over the past year had been very good, and therefore Members may wish to consider adding 'with satisfaction' to the recommendation.

The Treasury Accountant then introduced Mr Tom Wright and Mr Tim Gooding, from Baillie Gifford. During the presentation, Mr Wright advised on Baillie Gifford's main philosophy being long-term investors, and he reported on the Fund Performance to 30 September 2018. Mr Gooding provided explanation on the Global and UK Equity part of the Fund and the long-term trends, and he advised on the confidence to invest in companies to deliver strong returns to the Council.

In responding to questions, Mr Gooding advised that while Baillie Gifford have very little funds invested in oil and gas companies, investments have been directed to two US fracking companies, and also in companies that are leaders in recycling.

In response to a question regarding the potential impact on economic growth following the UK's exit from the European Union, Mr Wright said that Brexit should not affect the global outlook. There was however uncertainty from a UK perspective in the lead up to Brexit, and while there may well be volatility this was not a huge concern at this time.

There being no further questions from Members, on behalf of the Council the Convener thanked the representatives of Baillie Gifford for the information provided.

(*Mr Wright and Mr Gooding left the meeting*).

During debate, the Leader commented on the good return from Baillie Gifford who manage the principal element of the Council's investment strategy over the longer-term. Mr Coutts moved that the Council note with satisfaction, the performance of Baillie Gifford. Mr Sandison seconded.

**Decision:**

The Council NOTED with satisfaction the performance of Baillie Gifford.

49/18 **Chair's Report - Policy and Resources Committee**
**Addendum to School Transport Policy 2018**

The Council considered a report by the Chair of Policy and Resources Committee (SIC-3110-CS-33) seeking approval of an addendum to the recently approved School Transport Policy 2018.

In introducing the report, the Chair of Policy and Resources Committee said that the addendum deals with an anomaly in the isles, which he advised had received support at each of the three Committees presented. Mr Coutts moved that the Council approve the recommendation in the report. Mr G Smith seconded.

**Decision:**

The Council RESOLVED to approve the addendum to the School Transport Policy 2018.

50/18 **Chair's Report - Policy and Resources Committee**
**Economic Development Strategy 2018-2022**

The Council considered a report by the Chair of Policy and Resources Committee (SIC-3110-DV-33) seeking adoption of the Economic Development Strategy 2018-2022.

In introducing the report, the Chair of Policy and Resources Committee advised from the discussion at Development Committee on the need for further engagement with industry. Mr Coutts moved that the Council approve the recommendation in the report. Mr Leask seconded.

**Decision:**

The Council RESOLVED to adopt the Economic Development Strategy, and agreed that it replaces the Economic Policy Statement within Part A of the Council's Constitution and Policy Framework, to be managed by the Development Committee.

51/18 **Appointments to Committees – Planning, Audit, etc**

A report by the Executive Manager – Governance and Law (GL-19-F) sought appointments to Committees to fill the vacancies caused by the resignation of Councillors C Smith and S Coutts. (Copies of an amended Appendix 1 were tabled at the meeting).

In introducing the report, the Executive Manager – Governance and Law referred to the amended Appendix 1, which correctly informed on the vacancy on Planning Committee in the Shetland West Ward. However, he highlighted an anomaly on the amended Appendix, where he clarified that the Vice Chair of the Community Safety and Resilience Board was Councillor Duncan, rather than Councillor Simpson.

Nominations were sought for a member of the Shetland West Ward to the Planning Committee.

Mrs Hughson was nominated on the motion of Mr Coutts, seconded by Mr T Smith. Mrs Hughson indicated acceptance of the appointment.

Nominations were sought for one member of the Council to the Employees Joint Consultative Committee.

Mr Campbell and Mr Fraser were nominated, however both declined the nominations.

Mr Leask was nominated, on the motion of Mr Coutts, seconded by Mr Sandison. Mr Leask accepted the nomination, and was duly appointed to the Employees Joint Consultative Committee.

Nominations were sought for one member of the Council to the Audit Committee.

Ms Wishart and Ms Westlake were nominated, however both declined the nominations. There being no further nominations, the Council agreed to hold the vacancy to be considered as part of the Governance Review.

Nominations were then sought for one member of the Lerwick South Ward to the Community Safety and Resilience Board.

Ms Wishart was nominated on the motion of Mr Campbell, seconded by Mr C Smith. Ms Wishart indicated acceptance of the appointment.

**Decision:**

The Council:

- APPOINTED one Member from the Shetland West Ward to the Planning Committee, namely Mrs Catherine Hughson;

- APPOINTED one Member of the Council to the Employees Joint Consultative Committee, namely Mr Stephen Leask;

- APPOINTED one Member of the Lerwick South Ward to the Community Safety and Resilience Board, namely Ms Beatrice Wishart;

- NOTED that there being no accepted nominations for Audit Committee, the vacancy was not filled;

- NOTED that a vacancy will remain on the Pension Fund Committee; and

- NOTED that a request for a nominee for appointment to the Joint Staff Forum will be submitted to the EJCC at its next meeting on 23 January, and confirmed by the Council on 20 February 2019.

52/18 **Scottish LGPS Restructure Review**

The Council considered a report by the Executive Manager - Finance (F-077-F), which presented information on the review of the Scottish Local Government Pension Scheme (SLGPS).

In introducing the report, the Treasury Accountant highlighted the four options to be considered as part of the Review as set out in Section 4.5. He advised that while the deadline for the responses to the Review had been set for 7 December 2018, an extension has been sought and granted, which would allow Members to consider the Council's response at its meeting on 12 December 2018. The Treasury Accountant added that the Pension Fund Committee would be responding separately to the Council, in line with its fiduciary duty, with a view to retaining the current structure.

In response to a question regarding the success in England and Wales of the 89 pension funds that have combined into eight larger pooled funds, as referred to in Section 4.11 of the report, the Treasury Accountant advised that from hearsay the process has been a very difficult and costly operation which is still ongoing. He added however that the pooling of investments has been beneficial for some smaller Funds in England, that had lower funding levels.

In response to comments regarding the separate submission to the consultation, as discussed at the recent meeting of the Pension Fund Committee/Pension Board, the Executive Manager – Governance and Law clarified that the Pension Fund Committee, which includes representation from Council Members, and the admitted bodies to the Pension Fund are the decision makers. He advised that the purpose of the Pension Board is to provide oversight of decisions made.

During the discussion, while it was noted that employer and employee representative organisations of SLGPS are being asked to respond to the consultation, the final decision on the future of the SLGPS will be made by Scottish Government Ministers. In that regard, a comment was made as to whether Shetland's views, being only one of the 32 Local Authorities, would in any way influence the final decision. The Chief Executive however stressed the importance for Shetland to take every opportunity to respond to the consultation.

In responding to questions, the Treasury Accountant advised that compared to England and Wales, all pension funds in Scotland are in a strong funding position, ranging from between 80% to over 100% funded, with Shetland being 90% funded at the last actuarial evaluation. The Team Leader - Expenditure added that employer contributions range from 21-23%, and in Shetland the Council's contribution is 20.8%.

During debate, the Leader referred to the Cabinet Secretary's Foreword, at Appendix 1, in terms of the support for the Review of the LGPS to address the post Government recognition on the need for investment in Scotland's infrastructure. Mr Coutts said that while he fully supported the Government's aspiration to ensure infrastructure meets the needs of communities across Scotland, he did not agree with the loss of control of the Pension Fund. He stated that the status quo was the only tenable solution for the LGPS, and that an alternative means should be found for funding infrastructure. Comment was then made on support to the view expressed by the Leader, and to the discussion at the Pension Fund Committee/Pension Board on the opposition to any proposal to lose local control and on support to keep the Pension Fund in house.

On the motion of Mr Duncan, seconded by Mr Campbell, the Council approved the recommendation in the report.

**Decision:**

The Council RESOLVED to:

- NOTE the report; and

- DELEGATE authority to the Executive Manager – Finance, or his nominee, in consultation with the Leader, to prepare a draft response for review and approval by the Council, at their meeting on 12 December 2018.

The meeting concluded at 11.05am.

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Convener

# MINUTES B - PUBLIC

**Shetland Islands Council**
**Council Chamber, Town Hall, Lerwick**
**Wednesday 28 November 2018 at 10 am**

**Present:**

| | |
|---|---|
| M Bell | P Campbell |
| A Cooper | S Coutts |
| A Hawick | C Hughson |
| S Leask | A Manson |
| R McGregor | D Sandison |
| I Scott | C Smith |
| G Smith | T Smith |
| R Thomson | B Wishart |

**Apologies:**
A Duncan
E Macdonald
A Priest
D Simpson

**In Attendance (Officers):**
M Sandison, Chief Executive
J Smith, Director of Infrastructure Services
N Grant, Director of Development Services
J Manson, Executive Manager – Finance
B Robb, Management Accountant
P Sutherland, Solicitor
L Malcolmson, Committee Officer

**Also in Attendance:**
E Mellor – Brodies LLP

**Chairperson**
Mr Bell, Convener of the Council, presided.

**Circular:**
The circular calling the meeting was held as read.

**Declarations of Interest**
Mr Bell declared an interest in item 1 “Request for Consent to the Transfer of SVT Operatorship from EnQuest NNS Limited to EnQuest Heather Limited” as a Director of Sullom Voe Association. He advised that this was a Council non-pecuniary appointment therefore he would remain at the meeting.

Mr Coutts, Ms Manson and Mr Cooper declared an interest in item 1 in the same terms as Mr Bell.

**In order to avoid the disclosure of exempt information, Mr Bell moved, Mr Coutts seconded, and the Council RESOLVED to exclude the public in terms of the relevant legislation during consideration of the following items of business.**

53/18 **Request for Consent to the Transfer of SVT Operatorship from EnQuest NNS Limited to EnQuest Heather Limited**

The Council considered a report by the Director of Infrastructure Services concerning a request for consent to the Transfer of SVT Operatorship from EnQuest NNS Limited to EnQuest Heather Limited.

The Director of Infrastructure Services introduced the report and following a question and answer session and debate, the Council approved the recommendations contained in the report on the motion of Mr Coutts and Mr McGregor seconded.

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**Decision:**

The Council approved the recommendations contained in the report.

The meeting concluded at 10.20 am.

…….
Convener

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# Shetland Islands Council

Agenda Item **1**

| | | |
|---|---|---|
| **Meeting(s):** | Policy & Resources Committee<br>Shetland Islands Council | 19 December 2018<br>19 December 2018 |
| **Report Title:** | Chair's Report<br>Environment and Transport Committee – 11 December 2018<br><br>Management Accounts for Environment & Transport Committee:<br>2018/19 – Projected Outturn at Quarter 2 | |
| **Reference Number:** | P&R&SIC - 1219 – F081 | |

## 1.0 Decisions / Action required:

1.1 That the Policy and Resources Committee recommends that the Council **APPROVE** the proposed new waste disposal charges set out in detail in Appendix 1, with effect from 20 December 2018.

## 2.0 Report:

2.1 The purpose of this report is to consider a recommendation from the Chair of Environment and Transport Committee in relation to a report requiring a decision of Policy and Resources Committee and Shetland Islands Council.

2.2 Since the approval of the 2018/19 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme. Therefore the report presented to Environment and Transport Committee on 11 December 2018 refers to the revised budget that is now in place for each of the services.

2.3 A review of the waste disposal charges at the Energy Recovery Plant has been undertaken in light of new waste enquiries and in line with the Council's Charging Policy. The findings from the review are that new charges should be introduced to cover the additional costs.

2.4 The estimated additional income from the proposed new waste disposal income charges for 2018/19 is £100k, and will contribute to the reduction of the projected overspend position.

## 3.0 Exempt and/or Confidential Information:

3.1 None.

| 4.0 Implications : | | |
|---|---|---|
| 4.1 Detailed information concerning the proposals was contained within the report, which includes the strategic and resources implications for the Council.<br><br>4.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.<br><br>4.3 There are no additional implications to be considered by the Council. | | |
| **Previously considered by:** | Environment and Transport Committee | 11 December 2018 |

For further information please contact:

Mr R Thomson, Chair of Environment and Transport Committee
12 December 2018

**Appendices:**

Appendix 1 - Energy Recovery Plant - Proposed New Income Charges

Background documents:

Report to Environment and Transport Committee – 11 December 2018
http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5850

END

**Energy Recovery Plant**
**Proposed New Income Charges:**

| Item | Unit | Existing Charge £ | New Charge £ |
|---|---|---|---|
| Difficult Waste | per tonne | N/A | 143.95 |
| | minimum charge up to 200kg | N/A | 28.79 |
| Waste Requiring Extra Handling | per tonne | N/A | 116.00 |
| | minimum charge up to 200kg | N/A | 23.20 |
| Fish Waste | per tonne | 56.50 | 205.00 |
| | minimum charge up to 200kg | 11.30 | 41.00 |
| Unacceptable Waste | per load | N/A | 28.79 |
| Weighbridge Cards | per card | N/A | 20.00 |
| Occasional Customers | minimum charge up to 400kg | N/A | 22.60 |
| | minimum charge up to 200kg no longer applies | 11.30 | N/A |

**Details of Requirement for Changes and New Charges:**

**Difficult Waste**
An enquiry has been made from the local NFU about the most suitable disposal route for silage bale wrap and from the NHS for disposal of clinical waste. This type of waste is difficult to incinerate because it has a high calorific value. It could be accepted at the Energy Recovery Plant in small quantities if it was mixed well with other waste prior to incineration. It is proposed to set the charge at £143.95/tonne (minimum charge of £28.79 for loads up to 200 kg). This is the same charge as standard waste being landfilled. If the Plant was unable to accept this waste for operational reasons then the customers could be re-directed to Gremista Waste Management Facility and would be charged the same rate. In future, there may be other waste that can only be accepted at the Plant in controlled quantities and this charge would be applied.

**Waste Requiring Extra Handling**
An enquiry has been made about disposing of waste at the Energy Recovery Plant. The waste normally goes to the sorting shed at Gremista Waste Management Facility in skips where it is mixed with other waste and then transported to the Plant. This waste is not suitable for recycling. The company has proposed using compactor units and taking the waste directly to the Plant. Accepting this waste in compactor units will require assistance from Plant staff when offloading and also extra mixing of waste prior to incineration. It will also involve installing equipment to deal with the compactor units which is estimated to cost £500 and payback would be approximately 2 months. It is proposed to set the same charge as waste going to the sorting shed - £116.00/tonne (minimum charge of £23.20 for loads up to 200 kg). In future, there may be other waste that can be diverted from the sorting shed and this charge would apply.

**Fish Waste**
The Energy Recovery Plant currently limits the quantities of fish waste (mainly salmon) that it accepts. Fish waste has a low calorific value and has to be mixed well with other waste prior to incineration. The calorific value of incoming waste is changing due to factors such as the introduction of kerbside recycling in Shetland. The Plant may accept waste with a higher calorific value in future so the amount of fish waste being incinerated could also be increased. It is proposed to increase the charge from £56.50/tonne to £205.00/tonne (minimum charge £41.00 for loads up to 200 kg). This will increase the income for the Plant but is considerably less than other disposal routes available to local salmon companies.

**Unacceptable Waste**
There are occasions when waste that is unsuitable for incineration is tipped into the bunker. The waste has to be removed by Energy Recovery Plant staff and then disposed of at the Gremista Waste Management Facility. Currently there is no charge applied for unacceptable waste and it is proposed to charge customers £28.79 per load.

**Weighbridge Cards**
Regular users of the Energy Recovery Plant are issued with cards for operating the unmanned weighbridge. Currently there is no charge for the cards and it is proposed to charge £20 per card to cover costs and administration.

**Occasional Customers**
There are businesses and organisations that occasionally dispose of waste at the Plant. This involves administrative time for completing Duty of Care Waste Transfer Notes and operator time for assisting with the weighbridge and offloading waste. It is proposed to increase the minimum charge to £22.60 for loads up to 400 kg (the current minimum charge is £11.30 for loads up to 200 kg). The charge for weights over 400 kg would remain at £56.60/tonne.

# Shetland Islands Council

Agenda Item

**2**

| | | |
|---|---|---|
| **Meeting(s):** | Policy and Resources Committee<br>Shetland Islands Council | Date: 19 December 2018<br>Date: 19 December 2018 |
| **Report Title:** | Management Accounts for Community Health and Social Care Directorate 2018/19 – Projected Outturn at Quarter 2 | |
| **Reference Number:** | F-078 | |
| **Author / Job Title:** | Jamie Manson, Executive Manager - Finance | |

## 1.0 Decisions / Action required:

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

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 £130k, recognising the transfer of Cost Pressure and Contingency budget held by the Council and miscellaneous budget changes, as detailed at 4.2 below. This will increase the payment for 2018/19 to £20.955m.

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 £11.734m. 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 second 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 of £18k was approved to recognise carry-forward funding allocated as per the Council's budget carry-forward scheme. A further increase to the contribution of £130k is now proposed recognising the transfer of Cost Pressure and Contingency budget, which will increase the contribution to the IJB to £20.955m.

4.3 The projected revenue outturn position against revised budgets delegated to the IJB is an overspend of £445k, 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 £289k 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 Contingency budget of £130k has been applied to Community Health and Social Care Directorate's budgets in Quarter 2. This is to cover the increase in costs for sleep ins following a change in legislation on 1st September 2018, which requires that national minimum living wage is paid, instead of a sleep in allowance.

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 at Q2 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 (£4.955m) and an overspend of (£445k) 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 :** | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | None |
| **6.2 Human Resources and Organisational Development:** | The workforce issues referred to in this report are being actively managed and monitored to ensure that there is minimal impact on staff and on services they provide. Recruitment continues to be a priority focus for the management team working closely with HR. |
| **6.3 Equality, Diversity and Human Rights:** | None |
| **6.4 Legal:** | 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. |

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| **6.5**<br>**Finance:** | The 2018/19 Council Budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means.<br><br>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.<br><br>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. |
| **6.6**<br>**Assets and Property:** | None |
| **6.7**<br>**ICT and new technologies:** | None |
| **6.8**<br>**Environmental:** | None |
| **6.9**<br>**Risk Management:** | There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.<br><br>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.<br><br>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.<br><br>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.<br><br>The Recovery Plan in place due to the projected overspends of both parties, poses a risk to the Council. If CH&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 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.<br><br>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.<br><br>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.<br><br>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.<br><br>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.<br><br>The Community Health and Social Care Directorate maintains its own Risk Register.<br><br>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. |
| **6.10**<br>**Policy and Delegated Authority:** | 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.<br><br>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. |

| | | |
|---|---|---|
| **6.11 Previously considered by:** | *n/a* | *n/a* |

**Contact Details:**
Sheila Duncan, Management Accountant, sheila.duncan@shetland.gov.uk, 14 November 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 | Contingency Applied Qtr 2 £000 | Misc Budget Changes Qtr 2 £000 | IJB Service Heading | 2018/19 Revised Delegated Budget £000 | 2018/19 Projected Outturn Qtr 2 £000 | Budget v Projected Outturn Variance Qtr 2 £000 |
|---|---|---|---|---|---|---|
| 618 | | 1 | Mental Health | 619 | 559 | 60 |
| 185 | - | | Substance Misuse | 185 | 178 | 7 |
| 804 | - | (122) | Directorate | 682 | 717 | (35) |
| 78 | - | - | Pensioners | 78 | 78 | - |
| 5,166 | 110 | 32 | Adult Services | 5,308 | 5,235 | 73 |
| 2,520 | | 5 | Adult Social Work | 2,525 | 2,691 | (166) |
| 11,001 | 20 | 72 | Community Care Resources | 11,093 | 11,290 | (197) |
| 27 | | 1 | Criminal Justice | 28 | 40 | (12) |
| 1,463 | - | 11 | Occupational Therapy | 1,474 | 1,449 | 25 |
| 426 | - | - | Government Additionality | 426 | 426 | - |
| (200) | - | - | Redesign - Mental Health | (200) | - | (200) |
| **22,088** | **130** | **-** | **Total Controllable Costs** | **22,218** | **22,663** | **(445)** |

The above table shows the projected outturn variance as at Quarter 2, contingency has been applied in Q2 to cover the increased costs of sleep ins after the change in legislation from 1st September 2018 increasing the overall budget by £130k.

The Council delegated a budget of £22.088m to the IJB in August 2018 as detailed in column 1 of the table. Application of the contingency increases the budget to £22.218m.

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

### 1.1 Adult Services – projected underspend of £73k (1%)

The projected underspend is due to vacant posts at Eric Gray Resource Centre & Supported Living and Outreach in the first half of the year. Recruitment for these posts is at an advanced stage.

## 1.2 Adult Social work – projected overspend of (166k) (7%)

The projected overspend is mainly related to:

- An estimated increase in grants payments to individuals for Self Directed Support, based on the current level of agreed packages (£148k). 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;

- An advised uplift in one of the Off-Island Placements this year (£30k).

## 1.3 Community Care Resources – projected outturn overspend of (£197k) (2%)

The projected overspend is mainly due to:

- Increased costs of Off-Island Placements following the addition of 2 new packages of care this year (136k);

- The cost of employing agency staff to provide cover for long term sickness and recruitment and retention difficulties in areas of the service, (£327k);

- Overall projected underspend in employee costs for the year, £110k. This is related to underspending at various locations, significantly £113k at Care at Home Central due to vacant posts, which it has been possible to manage as a result of current reduced demand for services. North Haven and Overtonlea are also underspending due to difficulties in recruitment and retention, leading to agency staff requirement, and Islehavn have projected underspend as a result of care home capacity being reduced to 7 beds (budgeted 10 beds) due to inability to staff the unit to the correct level. Projected underspending in employee costs is offset by the unbudgeted costs of senior social care workers working off the floor part of their time (£160k), currently under review, together with the overspending at Montfield and Wastview in the early part of the year where the rota was increased for specific packages of care (£55k);

- Board and Accommodation charging income is projected to overachieve against budget by £186k. Charging income can fluctuate significantly during the year, dependent on the individual financial circumstances of those receiving care.

## 1.4 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. It is currently estimated that Self-Directed Support packages in 2018/19 will exceed budget, so this funding is expected to be spent in full.

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.

**1.5 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.

## Community Health and Social Care

## 2. Projected Capital Outturn Position 2018/19

| Service | 2018/19 Revised Budget Qtr 2 £000 | 2018/19 Projected Outturn Qtr 2 £000 | 2018/19 Projected Variance Qtr 2 £000 | Slippage Required in 2019/20 £000 | Overall Projected Outturn Variance Qtr 2 £000 |
|---|---|---|---|---|---|
| Adult Services | 1,724 | 1,402 | 322 | 0 | 322 |
| Community Care Resources | 0 | 33 | (33) | 0 | (33) |
| **Total Controllable Costs** | **1,724** | **1,435** | **289** | **0** | **289** |

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

### 2.1 Adult Services - projected outturn underspend of £322k (19%)

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 (£33k) (100%)

The projected overspend relates to the Edward Thomason and Taing House Final Account being higher than anticipated and Capital Programme time allocated to the 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 2 £000 | Budget v Proj. Outturn Variance (Adv)/ Pos £000 |
|---|---|---|---|---|
| Mental Health | 1,993 | 2,058 | 2,730 | (672) |
| Substance Misuse | 582 | 587 | 580 | 7 |
| Oral Health | 3,177 | 3,124 | 3,124 | - |
| Pharmacy & Prescibing | 6,229 | 6,665 | 6,665 | - |
| Primary Care | 4,405 | 4,356 | 5,460 | (1,104) |
| Community Nursing | 2,591 | 2,849 | 3,005 | (156) |
| Directorate | 1,027 | 753 | 788 | (35) |
| Pensioners | 78 | 78 | 78 | - |
| Sexual Health | 40 | 45 | 45 | - |
| Adult Services | 5,209 | 5,365 | 5,292 | 73 |
| Adult Social Work | 2,489 | 2,525 | 2,691 | (166) |
| Community Care Resources | 10,989 | 11,093 | 11,290 | (197) |
| Criminal Justice | 26 | 28 | 40 | (12) |
| Speech & Language Therapy | 85 | 89 | 89 | - |
| Dietetics | 118 | 116 | 116 | - |
| Podiatry | 234 | 236 | 236 | - |
| Orthotics | 135 | 138 | 138 | - |
| Physiotherapy | 599 | 595 | 595 | - |
| Occupational Therapy | 1,601 | 1,658 | 1,633 | 25 |
| Health Improvement | 212 | 204 | 204 | - |
| Unscheduled Care | 2,800 | 2,903 | 3,789 | (886) |
| Renal | 194 | 201 | 201 | - |
| Intermediate Care Team | 43 | 42 | 42 | - |
| Scottish Government Additionality Funding | 592 | 592 | 592 | - |
| Integrated Care Funding | 410 | 410 | 410 | - |
| Reserve | 541 | 221 | 44 | |
| Recovery Plan | (2,277) | (2,277) | - | (2,277) |
| **Total Controllable Costs** | **44,122** | **44,654** | **49,877** | **(5,400)** |

### 3.1 Projected outturn overspend at 30 September 2018 (£5.400m) (12%)

The current projected outturn at the end of September 2018 for the IJB is an overall adverse variance of £5.400m which represents a projected overspend of (£445k) in the Council arm of the budget, and a projected overspend in NHS Shetland arm of (£4.955m).

**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 | - | - | - |
| **Unachieved savings** | **2,136** | **141** | **2,277** |

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 The draft IJB Strategic Plan 2018-21 was approved for consultation on 21st September. A report on providing sustainable Primary Care services in Shetland will be presented to the IJB on 23rd January 2019 with further redesign projects aligned to the Strategic Plan expected in early 2019/20.

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 implemention 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.

# Shetland Islands Council

Agenda Item

**3**

| | | |
|---|---|---|
| **Meeting(s):** | Policy & Resources Committee<br>Shetland Islands Council | 19 December 2018<br>19 December 2018 |
| **Report Title:** | SIC Overall Management Accounts 2018/19<br>Projected Outturn at Quarter 2 | |
| **Reference Number:** | F-076-F | |
| **Author / Job Title:** | Jamie Manson<br>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 2.

1.1.2 To note that each Director will continue to monitor spend and take actions to mitigate any projected overspends as set out in the service committee reports.

## 2.0 High Level Summary:

2.1 The report sets out the overall Council projected financial position as at quarter 2.

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 £11.734m. 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, and changes to the Asset Investment Plan this in total amounts to £9.3m resulting an additional budgeted draw on reserves of £7.931m 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 2 the combined revenue and capital outturn projections as set out in detail in Appendices 1,2 and 3 results in a projected overspend after slippage of £613k as follows:

| Fund | Revised Budget £000 | Projected Outturn £000 | Variance under/ (over) £000 | Slippage Required in 2019/20 £000 | Variance under/ (over) £000 |
|---|---|---|---|---|---|
| General Fund incl. Spend to Save | 130,111 | 125,316 | 4,795 | 5,765 | (970) |
| Harbour Account | (9,126) | (10,663) | 1,537 | 1,267 | 270 |
| Housing Revenue Account | 1,290 | 1,078 | 212 | 125 | 87 |
| **TOTAL** | **122,275** | **115,731** | **6,544** | **7,157** | **(613)** |

4.2 From the cost pressures and contingency items budget, £747k has been applied to meet change fund projects, ferry fuel price increase and the new rate for sleep-in payments. This is included in the table above.

4.3 Included in the revenue budget is £1.89m of service redesign savings, of which £570k will not be achieved in 2018/19. Progress on the individual service redesigns are as follows:

| Description | Budget £000 | Saving £000 | Variance £000 | Notes |
|---|---|---|---|---|
| Insurance Redesign | (500) | (537) | 37 | Achieved. |
| Promote Shetland Redesign | (40) | (33) | (7) | Achieved. |
| Accommodation Rationalisation | (750) | (750) | 0 | To be achieved in 2018/19 |
| Mental Health Redesign | (200) | 0 | (200) | Will not be achieved in 2018/19 |
| Tertiary Sector Redesign | (250) | 0 | (250) | Will not be achieved in 2018/19 |
| Waste Recycling Redesign | (150) | 0 | (150) | Will not be achieved in 2018/19 |
| **TOTAL** | **(1,890)** | **(1,320)** | **(570)** | |

4.4 The General Fund revenue expenditure is over by £1.287m whilst capital expenditure is under by £317k (after taking account of slippage). The Harbour Account and the Housing Revenue Account are close to budget for both revenue and capital (after taking account of slippage).

4.5 The 2018/19 projected total draw from reserves on both revenue and capital expenditure is £16.024m which is under the revised budgeted draw of £19.666m by £3.642m (Appendix 4). This is the combined position for the General Fund (including Spend to Save), Harbour Account and Housing Revenue Account.

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.

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

5.1 None.

**6.0 Implications :**

| | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | There are no implications arising from this report. |
| **6.2 Human Resources and Organisational Development:** | There are no implications arising from this report. |
| **6.3 Equality, Diversity and Human Rights:** | There are no implications arising from this report. |
| **6.4 Legal:** | There are no implications arising from this report. |
| **6.5 Finance:** | Overall the Council is projected to be under the 2018/19 revised budget by £6.544m however slippage of £7.157m is required for capital projects. The area of overspending is on the General Fund revenue expenditure which is projecting an overspend of £1.287m.<br><br>The overall draw on reserves at quarter 2 is projected to be £16.4024m which is £3.642m less than the revised draw of £19.666m.<br><br>The projected draw equates to a daily draw on reserves of £44k. |

| | |
|---|---|
| | Directors are continuing to monitor their budget positions and to take action to mitigate their projected overspends as set out in the Service Committee reports. |
| **6.6**<br>**Assets and Property:** | There are no implications arising from this report. |
| **6.7**<br>**ICT and new technologies:** | There are no implications arising from this report. |
| **6.8**<br>**Environmental:** | There are no implications arising from this report. |
| **6.9**<br>**Risk Management:** | There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.<br><br>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.<br><br>The main variable assumptions are around anticipated income levels, returns on investments and cost pressures and demands.<br><br>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.<br><br>The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances. |
| **6.10**<br>**Policy and Delegated Authority:** | 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.<br><br>The Policy & Resources Committee has delegated authority for securing the co-ordination, control and proper management of the financial affairs of the Council, and has referred authority to make recommendations to the Council as to the level of any expenditure not provided for in the annual budgets.<br><br>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. | |
| **6.11 Previously considered by:** | n/a | |

**Contact Details:**
Hazel Tait, Team Leader Accountancy, Hazel.Tait@Shetland.gov,uk, 20 November 2018

**Appendices:**
Appendix 1 - General Fund Projected Revenue and Capital Outturn Position for 2018/19
Appendix 2 - Harbour Account Projected Revenue and Capital Outturn Position for 2018/19
Appendix 3 - Housing Revenue Account Projected Revenue and Capital Outturn Position for 2018/19
Appendix 4 - Use of Reserves 2018/19

**Background Documents:**
SIC Budget Book 2018/19, SIC 14 February 2018
http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=22032

**Shetland Islands Council** F-076 Appendix 1

**General Fund Revenue - Projected Outturn Position for 2018/19**

| 2018/19 Projected Variance Qtr 1 £000 | General/Support | 2018/19 Revised Budget Qtr 2 £000 | 2018/19 Projected Outturn Qtr 2 £000 | 2018/19 Projected Variance Qtr 2 £000 |
|---|---|---|---|---|
| 0 | Chief Executive | 1,795 | 1,760 | 36 |
| (687) | Children's Services | 42,273 | 43,136 | (863) |
| (429) | Community Care | 19,737 | 20,173 | (436) |
| (83) | Corporate Services | 9,676 | 9,681 | (4) |
| (264) | Development | 14,237 | 14,509 | (272) |
| (312) | Infrastructure | 14,554 | 14,941 | (387) |
| 55 | Fund Managers Fees | 895 | 840 | 55 |
| 0 | Energy | 2,609 | 2,660 | (51) |
| 0 | Water | 350 | 350 | 0 |
| 0 | Building Maintenance | 2,304 | 2,303 | 1 |
| 0 | Grass Cutting | 143 | 143 | 0 |
| 0 | Fleet Management Unit | 663 | 646 | 17 |
| 0 | Training | 510 | 556 | (46) |
| 1,720 | Contingencies & Cost Pressures | 1,457 | 974 | 483 |
| | Financing Costs | 1,580 | 1,405 | 175 |
| 0 | Economic Development Investment Income | (1,035) | (1,035) | 0 |
| 0 | Interest on Revenue Balances | (14) | (14) | 0 |
| 0 | Spend to Save (Unallocated) | 149 | 149 | 0 |
| 0 | Net Recharges to Other Fund | (1,731) | (1,735) | 5 |
| 3,488 | Other Investment Income* | 0 | (4,007) | 4,007 |
| (3,488) | Other Investment Income transfer to Reserves* | 0 | 4,007 | (4,007) |
| **0** | **Total Net Expenditure/(Income)** | **110,155** | **111,443** | **(1,287)** |
| | *Funded by:* | | | |
| 0 | Government Grants | (80,451) | (80,451) | 0 |
| 0 | Council Tax | (9,363) | (9,363) | 0 |
| 0 | Spend to Save | (674) | (674) | 0 |
| 0 | Contribution from General Fund Reserve | (19,667) | (20,954) | 1,287 |
| **0** | **Total Funding/Contribution** | **(110,155)** | **(111,443)** | **1,287** |
| | | | | |
| **0** | **Balanced Budget** | **0** | **0** | **0** |

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

**General Fund Capital - Projected Outturn Position for 2018/19**

| Overall Projected Outturn Variance Qtr 1 £000 | General Fund | 2018/19 Revised Budget Qtr 2 £000 | 2018/19 Projected Outturn Qtr 2 £000 | 2018/19 Projected Variance Qtr 2 £000 | Slippage Required in 2019/20 £000 | Overall Projected Outturn Variance Qtr 2 £000 |
|---|---|---|---|---|---|---|
| 0 | Children's Services | 3,192 | 2,247 | 945 | 945 | 0 |
| 307 | Community Care | 1,724 | 1,435 | 289 | 0 | 289 |
| 0 | Corporate Services | 2,351 | 763 | 1,588 | 1,588 | 0 |
| 36 | Infrastructure | 12,688 | 9,428 | 3,260 | 3,232 | 29 |
| **338** | **Total Costs** | **19,955** | **13,873** | **6,082** | **5,765** | **318** |
| | ***Funded by:*** | | | | | |
| 0 | General Capital Grant | (6,612) | (6,612) | 0 | | 0 |
| 0 | Capital Grants Unapplied | (48) | (48) | 0 | | 0 |
| 0 | External Grants | (3,890) | (915) | (2,975) | | (2,975) |
| 0 | External Borrowing | (1,494) | (1,470) | (23) | | (23) |
| 0 | Spend to Save Reserve | (594) | (594) | 0 | | 0 |
| 986 | Capital Fund Reserve | (6,722) | (3,639) | (3,084) | (5,765) | 2,681 |
| (12) | Capital Receipts | (596) | (596) | 0 | | 0 |
| **(338)** | **Total Funding & Financing** | **(19,955)** | **(13,873)** | **(6,082)** | **(5,765)** | **(318)** |
| | | | | | | |
| **0** | **Balanced Budget** | **0** | **0** | **0** | **0** | **0** |

## Harbour Account
## Revenue and Capital- Projected Outturn Position for 2018/19

| 2018/19 Projected Variance Qtr 1 £000 | Harbour Account | 2018/19 Revised Budget Qtr 2 £000 | 2018/19 Projected Outturn Qtr 2 £000 | 2018/19 Projected Variance Qtr 2 £000 | Slippage Required in 2019/20 £000 | 2018/19 Overall Projected Variance Qtr 2 £000 |
|---|---|---|---|---|---|---|
| | **REVENUE:** | | | | | |
| 208 | Sullom Voe | (9,446) | (9,437) | (9) | | (9) |
| (253) | Scalloway | 64 | 70 | (6) | | (6) |
| (91) | Other Piers | (2) | 177 | (179) | | (179) |
| 0 | Jetties & Spur Booms | 0 | 0 | 0 | | 0 |
| 143 | Terminals | (1,427) | (1,620) | 193 | | 193 |
| **8** | **Ports & Harbours Net Expenditure/(Income)** | **(10,811)** | **(10,810)** | **(1)** | | **(1)** |
| 0 | Shetland Gas Plant | (1,024) | (1,300) | 276 | | 276 |
| **0** | **Other Income** | **(1,024)** | **(1,300)** | **276** | | **276** |
| **8** | **Total Net Revenue Expenditure/(Income)** | **(11,835)** | **(12,110)** | **275** | **0** | **275** |
| | **CAPITAL:** | | | | | |
| 1,312 | Capital Expenditure | 13,654 | 12,461 | 1,193 | 1,267 | (74) |
| 323 | Capital Receipts | (21) | (21) | 0 | 0 | 0 |
| 0 | External Borrowing | (10,924) | (10,993) | 69 | 0 | 69 |
| **1,635** | **Total Net Capital Expenditure/(Income)** | **2,709** | **1,447** | **1,262** | **1,267** | **(5)** |
| (1,643) | Contribution to/(from) Reserve Fund | 9,126 | 10,663 | (1,537) | (1,267) | (270) |
| **0** | **Balanced Budget** | **0** | **0** | **0** | **0** | **0** |

## Housing Revenue Account
## Revenue and Capital- Projected Outturn Position for 2018/19

| 2018/19 Projected Variance Qtr 1 £000 | Housing Revenue Account | 2018/19 Revised Budget Qtr 2 £000 | 2018/19 Projected Outturn Qtr 2 £000 | 2018/19 Projected Variance Qtr 2 £000 | Slippage Required in 2019/20 £000 | 2018/19 Overall Projected Variance Qtr 2 £000 |
|---|---|---|---|---|---|---|
| | **REVENUE:** | | | | | |
| 23 | Supervision & Management | 854 | 818 | 35 | | 35 |
| 24 | Repair & Maintenance | 2,164 | 2,160 | 4 | | 4 |
| (10) | Void Rents & Charges | 167 | 188 | (20) | | (20) |
| 0 | Garages | 31 | 31 | 0 | | 0 |
| 0 | Capital Charges - Dwellings | 1,330 | 1,268 | 62 | | 62 |
| **36** | **Total: Expenditure** | **4,545** | **4,465** | **80** | | 80 |
| 0 | Interest on Revenue Balances | (1) | (1) | 0 | | 0 |
| 0 | Rents - Dwellings | (6,730) | (6,730) | 0 | | 0 |
| 2 | Rents - Other ie garages/sites etc | (229) | (236) | 6 | | 6 |
| **2** | **Total: Income** | **(6,960)** | **(6,966)** | **6** | | 6 |
| **39** | **Total Net Revenue Expenditure/(Income)** | **(2,415)** | **(2,501)** | **87** | **0** | **87** |
| | **CAPITAL:** | | | | | |
| 0 | Capital Expenditure | 3,735 | 3,610 | 125 | 125 | 0 |
| 1 | Capital Receipts | (31) | (31) | 0 | 0 | 0 |
| **1** | **Total Net Capital Expenditure/(Income)** | **3,704** | **3,579** | **125** | **125** | **0** |
| (40) | Contribution to(from) HRA Reserve | (1,290) | (1,078) | (212) | (125) | (87) |
| **0** | **Balanced Budget** | **0** | **0** | **0** | **0** | **0** |

**Use of Reserves in 2018/19**
**(included General Fund/Harbour Account/Housing Revenue Account/Spend to Save reserves)**

| 2018/19 Projected Variance Qtr 1 £000 | Draw on Reserves | 2018/19 Original Budgeted £000 | 2018/19 C/Forwards from 2017/18 Revisions £000 | 2018/19 Capital Budget Revisions £000 | 2018/19 Revised Budgeted Qtr 2 £000 | 2018/19 Projected Outturn Qtr 2 £000 | 2018/19 Projected Variance Qtr 2 £000 |
|---|---|---|---|---|---|---|---|
| 3,972 | Revenue & Capital Draw on Reserves | 11,734 | 6,571 | 1,361 | 19,666 | 16,024 | 3,642 |
| **3,972** | **Total Budgeted Draw on Reserves** | **11,734** | **6,571** | **1,361** | **19,666** | **16,024** | **3,642** |

# Shetland Islands Council

Agenda Item

**4**

| | | |
|---|---|---|
| **Meeting(s):** | Audit Committee<br>Policy & Resources Committee<br>Shetland Islands Council | 13 December 2018<br>19 December 2018<br>19 December 2018 |
| **Report Title:** | External Audit Annual Report 2017/18<br>Update on Recommendations | |
| **Reference Number:** | CRP-21-18-F | |
| **Author / Job Title:** | Christine Ferguson, Director of Corporate Services | |

## 1.0 Decisions / Action required:

1.1 That the **Council's Audit Committee**:

1. CONSIDERS the information presented in this report and in the appendices attached below;

2. ADVISES the Director of Corporate Services of any additional information required in order for the Committee to be able to provide assurance to the Council regarding the issues covered in this report; and

3. ADVISES Policy and Resources Committee and the Council of the Committee's views in this regard

1.2 That the **Policy & Resources Committee**

1. CONSIDERS the information presented in this report, in the appendices attached below and the views of the Council's Audit Committee in this regard; and

2. ADVISES the Council accordingly.

1.3 That the **Council**

1. CONSIDERS the information presented in this report, in the appendices attached and the views of the Committees in this regard.

## 2.0 High Level Summary:

2.1 The audited Annual Accounts 2017/18 for Shetland Islands Council were approved by the Council on 19 September 2018. The Council's external auditor, Deloitte LLP, also presented their Annual Audit Report 2017/18 to the Council on 19 September 2018 confirming their unmodified opinion on the accounts. (Min Ref SIC 57/18).

2.2 The Annual Audit Report included an Action Plan containing a number of recommendations for improvement and a copy of the Action Plan is attached at Appendix 1. The Council approved the Action Plan noting the management responses to the recommendations (Min Ref SIC 57/18).

2.3 An update on progress made to address each recommendation is included in Appendix 2.

2.4 Many of the recommendations are being addressed by the planned activities in the Council's Business Transformation Programme (BTP), which is the subject of a separate report on the Policy and Resources Committee agenda.

## 3.0 Corporate Priorities and Joint Working:

3.1 The preparation and presentation of the Audited Annual Accounts is a key element of the Council's overall governance and reporting arrangements.

3.2 The Council has a duty to ensure Best Value across all its activities. The Annual Audit Report makes a number of recommendations in this regard.

## 4.0 Key Issues:

4.1 The Annual Audit Report summarises Deloitte's findings and conclusions in relation to:

- The audit of the financial statements;
- Consideration of the four audit dimensions -
  - Financial sustainability
  - Financial Management
  - Governance and transparency
  - Value for money; and
- Best Value.

4.2 Deloitte LLP's findings confirm their unmodified opinion of the Council's annual accounts.

4.3 Deloitte's detailed findings are presented in their Annual Audit Report, which was presented to the Council on 19 September 2018. The Annual Audit Report includes an Action Plan comprising a number of recommendations for improvement categorised using the four audit dimensions listed in paragraph 4.1 above.

4.4 The recommendations reflect actions from the 2016/17 Action Plan where the recommendations have not been fully implemented, for example with regard to aligning the Council's corporate and strategic plans with the Shetland Partnership Plan.

4.5 The Action Plan is included below at Appendix 1. Following discussions with the Chief Executive and senior managers, the updates on the recommendations at Appendix 2 show:

- Changes in the named responsible officer reflecting the delegation and / or reassignment of responsibility;
- Links to the relevant work streams in the Business Transformation Programme; and
- Progress in completing the management responses.

| 5.0 Exempt and/or confidential information: | |
|---|---|
| None | |
| **6.0 Implications :** | |
| **6.1 Service Users, Patients and Communities:** | Service users and their communities have an expectation that the Council will make best use of resources while continuing to deliver high quality services.<br>The proposals in this report will support the work of the Council and maintain a focus on Best Value. |
| **6.2 Human Resources and Organisational Development:** | None arising directly from this report. |
| **6.3 Equality, Diversity and Human Rights:** | None arising directly from this report. |
| **6.4 Legal:** | The Council has a duty of Best Value.<br>The Annual Audit Report and Action Plan provide important information and recommendations in this regard. |
| **6.5 Finance:** | The pressure on public sector finance is increasing.<br>The Council's Medium Term Financial Plan has challenging targets for a reduction in spend over the lifetime of this Council<br>The level of change required to meet the Council's targets is significant and Deloitte's report and Action Plan reflect this and the need for the pace of change to increase in order to secure a sustainable future for the level of services that the community require. |
| **6.6 Assets and Property:** | There are no assets and property implications arising directly from this report. The specific recommendation in the Action Plan with regard to valuations is being addressed following the successful recruitment to vacant posts in Corporate Services. |
| **6.7 ICT and new technologies:** | There are no ICT implications arising directly from this report. |
| **6.8 Environmental:** | There are no environmental implications arising directly from this report. |
| **6.9 Risk Management:** | There is a risk that the recommendations in the Action Plan will not be followed through, however, there will be regular updates to CMT so that progress can be monitored. |

| | | |
|---|---|---|
| **6.10**<br>**Policy and Delegated Authority:** | The remit of the Council's Audit Committee includes consideration of audit matters; overseeing and reviewing any actions taken in relation to audit activity and providing assurance to the Council in this regard.<br><br>Policy and Resources Committee has referred authority for advising the Council in the development of its priorities. The Committee also has delegated authority for ensuring the Council's work, standards and levels of service are discharged in accordance with Best Value.<br><br>The Council has reserved authority for the approval of any plan which is part of the Council's Planning and Performance Management Framework. | |
| **Previously considered by:** | N/A | |

**Contact Details:**
Christine Ferguson, Director of Corporate Services, christine.ferguson@shetland.gov.uk
6 December 2018

**Appendices**
Appendix 1: Deloitte's Annual Audit Action Plan 2017/18
Appendix 2 Annual Audit 2017/18 Action Plan – progress update

# Action plan

## Recommendations for improvement

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| Valuation of property assets | The Council should ensure that the post of Valuer, independent of the Team Leader of Estates and Assets, is filled for 2018/19 and that sufficient segregation of duties exist between the person carrying out the valuation of property assets and the person carrying out the technical review of that work.<br><br>(Refer to page 15 for details) | Management have confirmed that the post has been filled for 2018/19. | Executive Manager – Capital Programmes | 31 December 2018 | High |
| *Financial Sustainability:* Workforce planning | The Council should develop a Council-wide workforce plan. This should include details on succession planning, recruitment and retentions.<br><br>(Refer to page 30 for details) | The Council has confirmed that a facilitated session on workforce planning is to be held with the senior management team in September 2018. | Executive Manager – HR | 31 December 2019 | High |
| *Financial Sustainability:* Savings target | Additional work needs to be done to determine the feasibility of the Council savings target of 3.4% across the board and how these savings will be delivered.<br>Business Transformation and Service Redesign projects need to include clear targets and milestones against which to measure performance.<br>In addition, progress on these projects and against savings targets in general should be clearly reported to Members as part of the quarterly monitoring reports.<br><br>(Refer to page 26 for details) | Management has confirmed the Business Transformation and Service Redesign projects are to continue to be reported regularly to monitor and measure performance. Members had been asked where focus and priorities should be in the medium term and management will continue to work with members to deliver these projects. | Executive Manager – Finance | 31 March 2019 | High |

# Action plan

## Recommendations for improvement (continued)

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| *Financial Sustainability:* Transformation programme | The Council needs to consider how it delivers services as a whole through a single, unified transformation programme which includes a medium-term plan for addressing the funding gap, rather than taking an ad-hoc approach to transformation. This must involve a high level of community and Member engagement given the nature of services in Shetland.<br>The Council is in the fortunate position of having a high level of reserves and should use the existence of this 'buffer' to take the necessary steps to change its service delivery model so that it is fit for the future given anticipated demographic and financial changes.<br>The Council must further consider the infrastructure in place to deliver such a programme, including significant Member involvement, a PMO, its change management approach and access to relevant tools and templates to assess performance.<br>(Refer to page 26 for details) | The Policy and Resources Committee receives updates on the Business Transformation and Service Redesign programmes quarterly. The programmes are linked and seen as inter-dependent rather than as one programme. The programmes and individual projects are managed using PRINCE2 methodologies. There are Sounding Boards for each programme with elected members as core members. The Corporate Management Team regularly reviews performance and savings targets. The Council is currently exploring ways of providing additional staffing resources to take forward projects using Spend to Save and Service Change budgets established for this purpose. | Director – Corporate Services | 31 March 2019 | High |
| *Value for Money:* Local government benchmarking | The Council should consider its priority areas compared with it's areas of poor performance in the LGBF and compare what is being carried out locally with what is being done at other Councils which sit at the higher end of the scale. The Council has far greater resources available to it than other Councils nationally, and should have the ability to carry out the necessary changes to improve performance in the areas which are historically poor performing.<br>(Refer to page 42 for details) | LGBF data is reported to the Council and functional Committees. One of the priority areas in the Service Redesign Programme is the consideration of "outliers" where the Council's LGBF data is at odds with similar Council's data this includes fully understanding the data and whether the service outcomes being delivered explain the difference in Shetland's data. | Chief Executive | 31 March 2019 | High |

# Action plan

## Recommendations for improvement (continued)

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| *Financial Sustainability:* Long-term financial planning | In line with best practice, the Long-Term Financial Plan should include additional detail on how the Council can continue to provide services and deliver outcomes in line with its current and anticipated objectives, given anticipated longer-term demographic and technological changes. This should include a long-term capital plan (with this clearly linked to the Business Transformation Programme).<br><br>The Council should also consider at the next revision of the LTFP whether community engagement would result in better information for Members on the longer-term aspirations and expectations of the community (in line with best practice), as we have noted that there was no community engagement in the development of the current LTFP.<br><br>(Refer to page 28 and 29 for details) | The current LTFP covers a 35-year period to 2050. Work on the next iteration of the LTFP is expected to commence in 2019/20 and community engagement will be considered as part of this process. | Executive Manager - Finance | 31 August 2019 | High |
| *Governance & Transparency:* Health and social care integration | There is a need to improve integration of the IJB budget, rather than viewing it as two separate budgets from the Council and NHS. Steps also need to be taken to close the funding gap at the IJB.<br><br>Given the lessons learned in the previous number of years, the Council (in conjunction with the NHS) should consider reviewing the Integration Scheme to ensure it is fit for purpose.<br><br>Separately, the Council also needs to consider whether its internal mechanisms for identifying disputes at an early stage and implementing appropriate remedies are sufficient. We have also found that there is scope for the governance arrangements between the Council and IJB to be improved to ensure that the respective roles and responsibilities are clear.<br><br>(Refer to page 38 for details) | Work has commenced on a self-evaluation of the IJB's governance framework and production of a Code of Corporate Governance. This evaluation will consider the recommendations made, including the need for a review of the Integration Scheme and its supporting governance and reporting arrangements. | Executive Manager – Governance & Law | 31 March 2019 | High |

# Action plan

## Recommendations for improvement (continued)

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| *Financial Management:* Budget setting | The Council should adopt a priority-based approach to budget setting, whereby resources are focused on the Council's priority areas. Applying a 4.5% savings target across the board (a 'salami slice' approach) is difficult to put into practice and not achievable in the long term, is vague in how savings will actually be achieved and does not protect priority areas.<br><br>The Council should carry out self-evaluation on completion of projects, to confirm whether the project achieved its stated aims, delivered value for money, and how it performed against budget (in terms of cost and time).<br><br>As highlighted in 'Best Value' audits conducted at other councils, the Council needs to demonstrate how its actions actually make a difference to the lives of residents - the Council should ensure such a section is included on any post-completion evaluation of projects.<br><br>(Refer to page 29 and 32 for details) | Management recognise the difficulty with this approach and promotes that a more selective approach in line with Council priorities is the way forward. | Executive Manager – Finance | 31 March 2019 | High |
| *Value for Money:* Performance reporting | The Annual Performance Report should be clearly linked to the Council's strategic priorities and the Partnership Plan, with appropriate analysis given - especially in areas of poor performance (including the impact this has on achievability of the objective and remedial work taken).<br><br>The Council also needs to reconsider how the report is presented in future years to ensure that the message presented to the public is fair and balanced.<br><br>(Refer to page 41 for details) | A recent Council Customer First survey asked the public for views on how the Council provides performance information. Executive Services will ensure that feedback from that exercise, together with the recommendations in this Action Plan, is taken into account in producing the next annual public performance report. | Executive Manager – Executive Services | 31 March 2019 | High |

# Action plan

## Recommendations for improvement (continued)

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| *Financial Management:* Reporting calendar | The Council should reconsider its reporting calendar for reporting to Committee and Council, narrowing the gap between the time the monitoring reports are prepared and when they are presented to Members.<br>We also recommend that the Council consider reporting on a more risk-based approach, with higher risk areas being reported more regularly and lower risk areas less frequently.<br>(Refer to page 32 for details) | Work is due to commence on the reporting calendar for 2019/20. This will take account of the recommendations made in relation to performance and financial reporting timescales, alongside the needs of other business and reporting requirements and timescales. | Executive Manager – Governance & Law | 31 March 2019 | Medium |
| *Governance & Transparency:* Partnership planning | As the Council is currently refreshing the Council Plan, we recommend that it is made clear within the Council Plan how the strategic priorities and plans of the Council align with and help achieve the priorities in the Partnership Plan.<br>Further, it is important that comprehensive delivery plans are developed in the near future to ensure that the aims of the Partnership Plan are achieved. These delivery plans need to include measurable milestones to allow monitoring of performance.<br>(Refer to page 36 for details) | The Shetland Partnership is commencing the development of delivery plans. The Partnership is also developing the governance structure to ensure the plans are monitored against the milestones for changing individual and community outcomes. The Council's Corporate Plan halfway review is being reported to the Council in September. Directorate Performance reports now refer to both the Corporate Plan performance and the Directorate's links to the partnership plan. This will be made clearer in the revised Directorate plans developed as part of the budget preparation process between September 2018- February 2019. | Chief Executive | 31 March 2019 | Medium |

# Action plan

## Recommendations for improvement (continued)

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| *Governance & Transparency:* Committee framework | The Council should consider rationalising its Committee structure to ensure that there are enough Committees to provide effective governance and scrutiny, but no more than that as additional Committees require additional Member and management time and detract from time which can be spent elsewhere.<br>As part of this rationalisation, the Council should consider if the responsibilities of any Committees can be merged to reduce the number of Committees whilst maintaining the overall responsibilities, given that this will reduce the administrative time in preparing papers for and attending differing Committees without the loss of any scrutiny.<br><br>(Refer to page 36 for details) | Work has commenced on a self-evaluation of the Council's governance framework. This evaluation will consider the recommendations made, recognising the need to reduce Member and management time at meetings, but will balance this with the overall need to ensure the decision-making framework supports sound and effective corporate governance. | Executive Manager – Governance & Law | 31 March 2019 | Medium |
| *Governance & Transparency:* Performance monitoring | Performance monitoring reports should give more qualitative descriptions, which highlight and draw out what the challenges are.<br>Further, although performance reports are generally sufficiently detailed, they should include comparative information by benchmarking to other Councils.<br><br>(Refer to page 37 for details) | Benchmarking data is already reported as part of Performance reports- APSE reports, LGBF, audit reports. Performance Management is a key strand in the Business Transformation Programme and this issues will be picked up by targeted work during the next 6 months. | Chief Executive | 31 March 2019 | Medium |

# Action plan

## Recommendations for improvement (continued)

| Area | Recommendation | Management Response | Responsible person | Target Date | Priority |
|---|---|---|---|---|---|
| *Value for Money:* Participatory budgeting | The Council is not currently on track to meet the 1% target for 2020 set by the Scottish Government. More emphasis needs to be placed on this area in 2018/19 to identify areas where participatory budgeting can be improved in order to achieve, or exceed, the national target by 2020.<br><br>(Refer to page 39 for details) | Management note that there is a Council desire to improve engagement with the community, with Members considered to be on board, however there are currently capacity issues in making this the highest priority. As and when services are reviewed, the relevance of community consultation will be considered. | Executive Manager – Finance | 31 March 2019 | Medium |
| *Governance & Transparency:* Community engagement | Given the findings in the Partnership Plan - that 41% of residents want to be more involved in decision making, while only 27% feel they can currently influence local decisions - there is scope for improvement in community engagement.<br><br>This is a new way of delivering local government and will require a change in mindset from Members and management to allow the community to drive decisions, rather than the Council.<br><br>(Refer to page 39 for details) | Participation is a key strand in in the Partnership Plan and the Corporate Plan which are focused on Community Empowerment. A number of initiatives have been developed to enhance participation, including the "Voices for Equity" mentoring scheme and promotion of Community Council roles through a film and publicity programme. The Council supports Participatory Budgeting. Opportunities for community engagement are built into the Service redesign projects. The Council continues to explore the appropriate balance between participatory and representative democracy in its decision making processes. | Chief Executive | 31 March 2019 | Medium |

# External Audit - List of Audit Actions

Shetland Islands Council

**Generated on:** 03 December 2018

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP01 Valuation of property assets | The Council should ensure that the post of Valuer, independent of the Team Leader of Estate and Assets, is filled for 2018/19 and that sufficient segregation of duties exist between the person carrying out the valuation of property assets and the person carrying out the technical review of that work. | Management have confirmed the post has been filled for 2018/19. | 30-Dec-2018 | High | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Robert Sinclair | | | | 0% | Posts filled and work is in hand |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP02 Financial sustainability: Workforce Planning | The Council should develop a Council-wide workforce plan. This should include details on succession planning, recruitment and retentions. | The Council confirmed that a facilitated session on workforce planning is to be held with the senior management team in September 2018. | 31-Dec-2019 | High | 03-Dec-2018 |
| Lead | | | | Progress | Latest Update |
| Denise Bell | | | | 25% | Following the facilitated session in September, HR staff are working with management teams across the Council to develop service specific and strategic plans to meet workforce needs into the future. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP03 Financial sustainability: Savings Target | Additional work needs to be done to determine the feasibility of the Council savings target of 3.4% across the board and how these savings will be delivered. Business transformation and Service Redesign projects need to include clear targets and milestones against which to measure performance. In addition, progress on these projects and against savings targets in general should be clearly reported to Members as part of the quarterly monitoring reports. | Management has confirmed the business transformation and service Redesign programmes will continue to be reported regularly to monitor and measure performance. Members had been asked where focus and priorities should be in the medium term and management will continue to work with Members to deliver these projects. | 31-Mar-2019 | High | 03-Dec-2018 |
| Lead | | | | Progress | Latest Update |
| Jamie Manson | | | | 25% | On-going<br><br>The BTP and SRP have been refreshed and used as part of the background to seminars with Members on budget setting and sustainability. BTP and SRP updates will be reported to Policy and Resources Committee in December 2018. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP04 Financial Sustainability: Transformatio n programme | The Council needs to consider how it delivers services as a whole through a single, unified transformation programme which includes a medium-term plan for addressing the funding gap, rather than taking an ad-hoc approach to transformation. This must involve a high level of community and Member engagement given the nature of services in Shetland. The Council is in the fortunate position of having a high level of reserves and should use the existence of this "buffer" to take the necessary steps to change its service delivery model so that it is fit for the future given anticipated demographic and financial changes. The Council must further consider the infrastructure in place to deliver such a programme, including significant Member, a PMO, its change management approach and access to relevant tools and templates to assess performance. | The Policy and Resources Committee receives updates on the Business Transformation and Service Redesign programmes quarterly. The programmes are linked and seen as inter-dependent rather than as one programme. The programmes and individual projects are managed using PRINCE2 methodologies. There are Sounding Boards for each programme with elected Members as core members. The Corporate Management Team regularly reviews performance and savings targets. The Council is currently exploring ways of providing additional staffing resources to take forward projects using Spend to Save and Service Change budgets established for this purpose. | 31-Mar-2019 | High | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 20% | PMO established in Corporate Services through the Director's office. Graduate Placement Scheme due to go live in January 2019 together with secondments and backfill to resource the programme using Spend to Save and Service Change budgets. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP05 Value for Money: Local Government Benchmarking | The Council should consider its priority areas compared with its areas of poor performance in the LGBF and compare what is being carried out locally with what is being done at other Councils which sit at the higher end of the scale. The Council has far greater resources available to it than other Councils nationally, and should have the ability to carry out the necessary changes to improve performance in the areas which are historically poor performing. | LGBF data is reported to the Council and functional Committees. One of the priority areas in the Service Redesign Programme is the consideration of "outliers" where the Council's LGBF data is at odds with similar Council's data this includes fully understanding the data and whether the service outcomes being delivered explain the difference in Shetland's data. | 31-Mar-2019 | High | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 20% | Comparisons for high level outcomes are in the new Shetland Partnership Plan and will feature in SIC plans and strategies. The BTP workstreams on Commissioning & Procurement, Performance Management & Reporting and Information Governance will establish systems and practices that use comparative data to inform decisions ensuring best value outcomes delivery. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP06 Financial Sustainability: Long-term financial planning | In line with best practice, the Long-Term Financial Plan should include additional detail on how the Council can continue to provide services and deliver outcomes in line with its current and anticipated objectives, given anticipated longer-term demographic and technological changes. This should include a long-term capital plan (with this clearly linked to the Business Transformation Programme). The Council should also consider at the next revision of the LTFP whether community engagement would result in better information for Members on the longer-term aspirations and expectations of the community (in line with best practice), as we have noted that there was no community engagement in the development of the current LTFP. | The current LTFP covers a 35-year period to 2050. Work on the next iteration of the LTFP is expected to commence over the next 12-18 months and community engagement will be considered as part of this process. | 31-Aug-2019 | High | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Jamie Manson | | | | 10% | Participation is a priority in community planning. Community Choices project is established, looking at including the scope of participatory budgeting beyond the Scottish Government target looking to the long term and Shetland Partnership outcomes and targets. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP07 Governance and Transparency: Health and social care integration | There is a need to improve integration of the IJB budget, rather than viewing it as two separate budgets from the Council and NHS. Steps also need to be taken to close the funding gap at the IJB. Given the lessons learned in the previous number of years, the Council (in conjunction with the NHS) should consider reviewing the Integration Scheme to ensure it is fit for purpose. Separately, the Council also needs to consider whether its internal mechanisms for identifying disputes at an early stage and implementing appropriate remedies are sufficient. We have also found that there is scope for the governance arrangements between the Council and IJB to be improved to ensure that the respective roles and responsibilities are clear. | Work has commenced on a self-evaluation of the IJB's governance framework and production of a Code of Corporate Governance. This evaluation will consider the recommendations made, including the need for a review of the Integration Scheme and its supporting governance and reporting arrangements. | 31-Mar-2019 | High | 03-Dec-2018 |
| **Lead** | | | | **Progress** | **Latest Update** |
| Jan-Robert Riise | | | | 10% | The Council is contributing to the RoLG at national level. Development session for the IJB and meetings of Liaison Group will discuss the challenges and opportunities. The Local Partnership Finance Team will continue to work on simplifying joint budget management. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP08 Financial management: Budget setting | The Council should adopt a priority-based approach to budget setting, whereby resources are focused on the Council's priority areas. Applying a 4.5% savings target across the board (a 'salami slice' approach) is difficult to put into practice and not achievable in the long term, is vague in how savings will actually be achieved and does not protect priority areas. The Council should carry out self-evaluation on completion of projects, to confirm whether the project achieved its stated aims, delivered value for money, and how it performed against budget (in terms of cost and time). As highlighted in 'Best Value' audits conducted at other councils, the Council needs to demonstrate how its actions actually make a difference to the lives of residents -the Council should ensure such a section is included on any post-completion evaluation of projects. | Management recognise the difficulty with the 'salami slice' approach and promotes that a more selective approach in line with Council priorities is the way forward. Evaluation on completion of projects is an integral part of the Building Better Business Cases methodology being applied to the Service Redesign programme. | 31-Mar-2019 | High | 03-Dec-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 20% | Evaluation of performance on outcomes is a key area of work for the Shetland Partnership. Review and monitoring are key elements in the Commissioning and Procurement cycle. This work will be taken forward by Workstreams 2 and 9 in the BTP; Commissioning & Procurement Framework and Performance Management Reporting respectively. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP09 Value for Money: Performance reporting | The Annual Performance Report should be clearly linked to the Council's strategic priorities and the Partnership Plan, with appropriate analysis given - especially in areas of poor performance (including the impact this has on achievability of the objective and remedial work taken). The Council also needs to reconsider how the report is presented in future years to ensure that the message presented to the public is fair and balanced. | A recent Council Customer First survey asked the public for views on how the Council provides performance information. Executive Services will ensure that feedback from that exercise, together with the recommendations in this Action Plan, is taken into account in producing the next annual public performance report. | 31-Mar-2019 | High | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 30% | Performance Management and Reporting is the theme of BTP workstream 9. The Review report being prepared by Executive Services is one aspect of performance reporting and will inform work in this area. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP10 Financial Management: Reporting calendar | The Council should reconsider its reporting calendar for reporting to Committee and Council, narrowing the gap between the time the monitoring reports are prepared and when they are presented to Members. We also recommend that the Council consider reporting on a more risk-based approach, with higher risk areas being reported more regularly and lower risk areas less frequently. | Work is due to commence on the reporting calendar for 2019/20. This will take account of the recommendations made in relation to performance and financial reporting timescales, alongside the needs of other business and reporting requirements and timescales. | 31-Mar-2019 | Medium | 03-Dec-2018 |
| Lead | | | | Progress | Latest Update |
| Jan-Robert Riise | | | | 60% | The reporting calendar for 2019/20 has been drafted taking account of this recommendation. Risk Management reports are exception based and show priority risk in areas for discussion at Risk Board and are included in the PPMF review. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP11 Governance and Transparency: Partnership planning | As the Council is currently refreshing the Council Plan, we recommend that it is made clear within the Council Plan how the strategic priorities and plans of the Council align with and help achieve the priorities in the Partnership Plan. Further, it is important that comprehensive delivery plans are developed in the near future to ensure that the aims of the Partnership Plan are achieved. These delivery plans need to include measurable milestones to allow monitoring of performance. | The Shetland Partnership is commencing the development of delivery plans. The Partnership is also developing the governance structure to ensure the plans are monitored against the milestones for changing individual and community outcomes. The Council's Corporate Plan halfway review is being reported to the Council in September. Directorate Performance reports now refer to both the Corporate Plan performance and the Directorate's links to the partnership plan. This will be made clearer in the revised Directorate plans developed as part of the budget preparation process between September 2018-February 2019. | 31-Mar-2019 | Medium | 03-Dec-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 20% | PPMF & PPR are features of BTP Workstream 9.<br><br>This is a shared priority with the other four statutory partners. Work is being taken forward through four shared project teams each taking one of the Shetland Partnership Plan priorities: participation, people, money and place.<br><br>Work in progress. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP12 Governance and Transparency: Committee framework | The Council should consider rationalising its Committee structure to ensure that there are enough Committees to provide effective governance and scrutiny, but no more than that as additional Committees require additional Member and management time and detract from time which can be spent elsewhere. As part of this rationalisation, the Council should consider if the responsibilities of any Committees can be merged to reduce the number of Committees whilst maintaining the overall responsibilities, given that this will reduce the administrative time in preparing papers for and attending differing Committees without the loss of any scrutiny. | Work has commenced on a self-evaluation of the Council's governance framework. This evaluation will consider the recommendations made, recognising the need to reduce Member and management time at meetings, but will balance this with the overall need to ensure the decision-making framework supports sound and effective corporate governance. | 31-Mar-2019 | Medium | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Jan-Robert Riise | | | | 20% | Review of committees planned.<br><br>Audit Committee self-assessment completed. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP13 Governance & Transparency: Performance monitoring | Performance monitoring reports should give more qualitative descriptions, which highlight and draw out what the challenges are. Further, although performance reports are generally sufficiently detailed, they should include comparative information by benchmarking to other Councils. | Benchmarking data is already reported as part of Performance reports-APSE reports, LGBF, audit reports. Performance Management is a key strand in the Business Transformation Programme and this issues will be picked up by targeted work during the next 6 months. | 31-Mar-2019 | Medium | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 40% | PPMF being reviewed as part of BTP workstream 9.<br><br>Draft frameworks currently being evaluated. |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP14 Value for Money: Participatory budgeting | The Council is not currently on track to meet the 1% target for 2020 set by the Scottish Government. More emphasis needs to be placed on this area in 2018/19 to identify areas where participatory budgeting can be improved in order to achieve, or exceed, the national target by 2020. | Management note that there is a Council desire to improve engagement with the community, with Members considered to be on board, however there are currently capacity issues in making this the highest priority. As and when services are reviewed, the relevance of community consultation will be considered. | 31-Mar-2019 | Medium | 03-Dec-2018 |
| Lead | | | | Progress | Latest Update |
| Jamie Manson | | | | 0% | In hand through change programmes, seeking to involve communities in more than 1% e.g. SRP projects on transport |

| Code & Area | Recommendation | Management Response | Target Date | Priority | Update Date |
|---|---|---|---|---|---|
| AAAP15 Governance & Transparency: Community Engagement | Given the findings in the Partnership Plan -that 41% of residents want to be more involved in decision making, while only 27% feel they can currently influence local decisions -there is scope for improvement in community engagement. This is a new way of delivering local government and will require a change in mindset from Members and management to allow the community to drive decisions, rather than the Council. | Participation is a key strand in in the Partnership Plan and the Corporate Plan which are focused on Community Empowerment. A number of initiatives have been developed to enhance participation, including the "Voices for Equity" mentoring scheme and promotion of Community Council roles through a film and publicity programme. The Council supports Participatory Budgeting. Opportunities for community engagement are built into the Service redesign projects. The Council continues to explore the appropriate balance between participatory and representative democracy in its decision making processes. | 31-Mar-2019 | Medium | 29-Nov-2018 |
| Lead | | | | Progress | Latest Update |
| Christine Ferguson | | | | 10% | Participation Priority Delivery Plan is being developed. The Council's Director of Corporate Services is the lead officer for the Shetland Partnership. |

# Shetland Islands Council

Agenda Item **5**

| | | |
|---|---|---|
| **Meeting(s):** | **Education and Families Committee**<br>**Policy and Resources Committee**<br>**Shetland Islands Council** | **18th December 2018**<br>**19th December 2018**<br>**19th December 2018** |
| **Report Title:** | **Active Shetland Strategy – 2018 -2023** | |
| **Reference Number:** | **CS-44-18-F** | |
| **Author / Job Title:** | **Executive Manager – Sport and Leisure** | |

## 1. Decisions / Action required:

1.1 That the Education and Families Committee RECOMMENDS that the Policy and Resources Committee RECOMMENDS that the Council approve the proposed Active Shetland Strategy 2018-2023, and agrees that it replaces the Sports and Physical Activity Strategy within Part A of the Council's Constitution and Policy Framework, to be managed by the Education and Families Committee.

## 2. High Level Summary:

2.1 The purpose of this report is to present the Active Shetland Strategy 2018-2023, and seek approval of its contents from Shetland Islands Council. The strategy is attached as Appendix A to this report.

2.2 If approved this strategy will supersede the previous Shetland Sports Strategy 2012-2017 and the Active Lives Strategy 2012-2022 referred to as the Sports and Physical Activity Strategy within the Council's policy framework.

## 3. Corporate Priorities and Joint Working:

3.1 The vision, priorities for action and outcomes to be achieved through the Active Shetland Strategy will make a significant contribution towards the outcomes of the Shetland Partnership Plan 2018 - 2028 and Shetland Islands Council's Our Plan 2016 -2020:

**Shetland Partnership Plan 2018 -2028**:

- People - Individuals and families thrive and reach their full potential
- Participation - People participate and influence decisions on services and the use of resources
- Place – Shetland is an attractive place to live, work, study and invest

**Shetland Islands Council's Our Plan (2016-2020)**:

- Young People – making Shetland the best place for children and young people to grow up

- Community Strength – building the strength of individuals and communities with increased levels of volunteering across Shetland

3.2 The Active Shetland Strategy partners will come together regularly as a Forum to agree on projects and focus areas, and assemble appropriate working groups tasked with achieving desired outcomes. These working groups will consist of partner members and wider members of the community where appropriate.

## 4. Key Issues:

4.1 The Active Shetland Strategy has been created by a partnership of local and national organisations including Shetland Islands Council, NHS Shetland, Shetland Recreational Trust, ZetTrans, **sport**scotland, and Scottish Natural Heritage. The over-arching purpose of the Strategy is to create a positive vision for the future in Shetland, where all partners and the community are working well together to "make Shetland the most active community in Scotland".

4.2 For many years evidence has been growing about the positive contribution that physical activity and sport can have on an individual physical health and mental wellbeing.

4.3 This strategy therefore seeks to ensure that all partners and the wider community work effectively together to ensure that barriers to participation are identified and reduced in order to ensure that more people in Shetland become physically active and gain from the benefits identified above.

4.4 The strategy sets out the vision, strategic context, and priorities for actions and outcome indicators that will be monitored over the lifetime of the strategy.

## 5. Exempt and/or confidential information.

5.1 There are no issues concerning exempt or confidential information in this report.

## 6.0 Implications:

| | | |
|---|---|---|
| **6.1** | **Service Users, Patients and Communities:** | In order to develop the Active Shetland Strategy a public consultation exercise was undertaken, which included reviewing the previous Shetland Sports Strategy and identifying the priorities for the new Active Shetland Strategy. The finding of this review and proposed priorities for action were initially presented to the Shetland Partnership Board and a Shetland Sports Forum to ensure that they were consistent with the wider agenda in Shetland.<br><br>The agreement of this strategy should support positive outcomes for individuals and communities in Shetland by helping individuals to thrive and reach their full potential and supporting communities to become attractive places to live, work, study and invest. |

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| **6.2** | **Human Resources and Organisational Development:** | The management and monitoring of the Active Shetland Strategy will not require any additional staffing. |
| **6.3** | **Equality, Diversity and Human Rights:** | An Equalities Impact Assessment has been carried out on the Active Shetland Strategy and no negative impacts have been identified. Alternatively the Assessment identifies significant positive impacts in a range of factors including: Health, Economy Environment and those vulnerable to fall into poverty.<br><br>Part of the vision of the Active Shetland Strategy is to tackle inequalities and make long-lasting changes that enable everyone in Shetland to access physical activity and sporting opportunities. |
| **6.4** | **Legal:** | There are no legal implications arising from this report. |
| **6.5** | **Finance:** | There are no financial implication arising from this report. |
| **6.6** | **Assets and Property:** | There are no assets or property implications arising from this report. |
| **6.7** | **ICT and new technologies:** | There are no ICT implications arising from this report. |
| **6.8** | **Environmental:** | There are no environmental implications arising from this report and an environmental impact assessment is not required. |
| **6.9** | **Risk Management:** | Failure to agree this strategy and implement the actions could lead to a number or risks for Shetland, which may not be immediately evident but could lead to major difficulties in the future. For example, these include a general reduction in opportunities for young people to get involved in healthy activities and develop confidence, thus potentially leading to increased levels of obesity and reduced volunteering. Another potential consequence is an increase in criminal activities because of a lack of more productive alternatives, and a decline in Shetland population because of dissatisfaction with the opportunities available locally. |
| **6.10** | **Policy and Delegated Authority:** | In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, all matters relating to leisure and sport come under the remit of the Education and Families Committee.<br><br>Functional Committees also have the responsibility of advising the Policy and Resources Committee in the development of new strategies, policies and plans concerned with service delivery. |

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| | The Active Shetland Strategy 2018-23 will be a specific plan contained within the Council's Policy Framework set out in the Council's constitution (Part A – 3(2)) to be prepared and performance managed by the Education and Families Committee, replacing the current Sports and Physical Activity Strategy. Approving, adapting or amending any plan within the policy framework is reserved to the Council (Part A – 3(1)), taking advice from the Policy and Resources Committee, in accordance with Section 2.2.1 of the Council's Scheme of Administration and Delegations.<br><br>The Council has reserved authority for the determination of new or variations to existing strategies and policies. |
| **6.11 Previously considered by:** | None |

For further information please contact:

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Report Finalised: 06 December 2018

**List of Appendices**

Appendix A – Active Shetland Strategy 2018-2023

**Background Documents:**

None

END

# ACTIVE SHETLAND STRATEGY

2018 - 2023

Shetland Islands Council

NHS Shetland

ZeTrans
SHETLAND'S TRANSPORT PARTNERSHIP

shetland recreational trust
Scottish Charity SC002179

sportscotland
the national agency for sport

Scottish Natural Heritage
Dualchas Nàdair na h-Alba
nature.scot

# FOREWORD

'If a medication existed which had a similar effect to physical activity, it would be regarded as a 'wonder drug' or a 'miracle cure'.

Chief Medical Officer, England 2010

Our quality of life in Shetland is regarded as among the best in the United Kingdom. Lots of things add together to make for a good quality of life, and for us, our wonderful outdoor environment is certainly a major factor.

Physical activity, whatever form it takes – from light leisure activity, to active travel, to community sport, to representative sport at Shetland level and beyond - is massively important for a great number of reasons.

## The evidence

Physical activity is an important tool for improving mental health and wellbeing, developing strong communities, increasing participation amongst disadvantaged and hard to reach groups, increasing attainment in schools, providing diversionary activities for people with chaotic lifestyles, promoting sustainable forms of transport, increasing volunteering and stimulating the local economy and tourist industry.

To make the most of these potential benefits it is important to have a strategy to help Shetland to be more active, and to give those involved in physical activity and sport the opportunity to meet their potential, excel and be involved to whatever level they can.

The biggest gain we can make is to help the least active to get more active, to give the couch potatoes amongst us a helping hand to start moving, to get us all on the path to health, wellbeing and productivity. That way we will see benefits at a personal level, and for the whole community of Shetland.

Being active is everyone's business – me, you, our families, neighbours and friends. The challenge is how we can help ourselves and other people we care about to get active – whether that's through our jobs, volunteering with a formal sports club for football or netball, or an informal group for working or jogging, taking up golf or swimming, dancing or 'keep fit', or taking a few more steps ourselves with the dog, the neighbour, the kids.

## Shetland's Partnership Plan 2018 – 2028

Vision: ***"Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges"***

The Community Empowerment Act 2015 Act requires each Community Planning Partnership to produce and publish a Local Outcomes Improvement Plan (LOIP). The LOIP is a high level action plan agreed between agencies and their communities and provides a unifying document based on agreed local priorities. The LOIP seeks to ensure community planning partners are delivering impact for communities, developing new and improved methods of delivering services and making sure the right people are working together under strong governance and accountability.

The key focus of the plan is to reduce inequality of outcome in Shetland, and moderate demand for future crisis services. Physical activity and sport can play a vital role in this: see page 5 for more detail.

The Active Shetland Strategy 2018-2023 contributes to the following Shetland Partnership Plan priorities:

| |
|---|
| **People**<br>Individuals and families can thrive and reach their full potential |
| **Participation**<br>People can participate and influence decisions on services and use of resources |
| **Place**<br>Shetland is an attractive place to live, work, study and invest |
| **Money**<br>All households can afford to have a good standard of living |

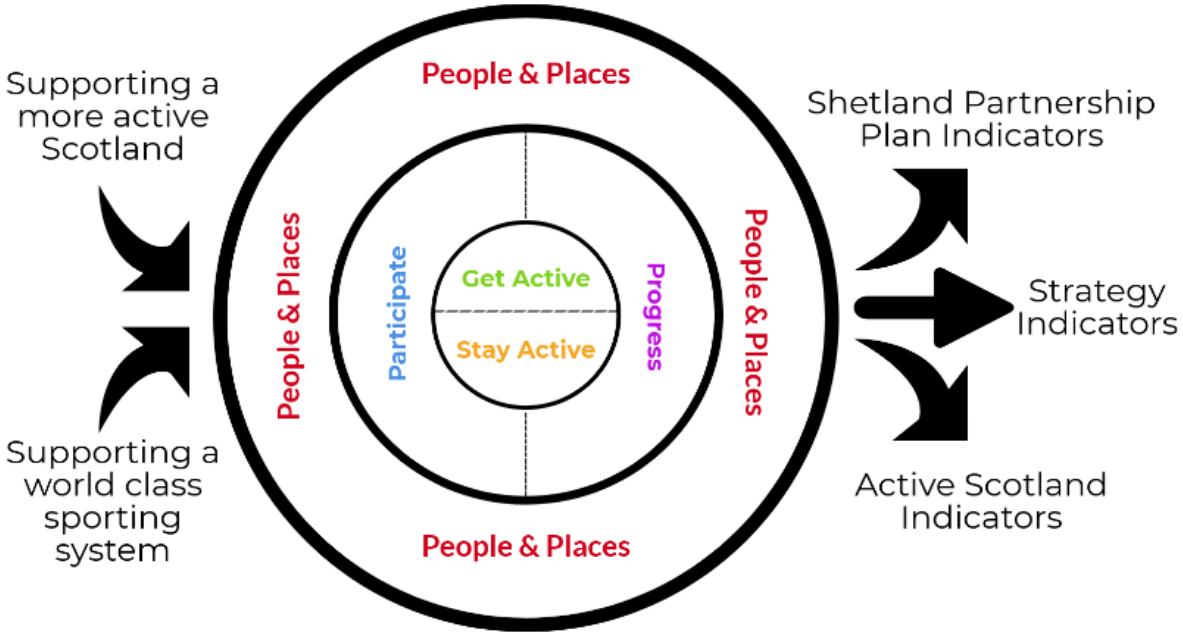
***Vision:***

***We aim to make Shetland the most Active Community in Scotland***

We want people to be active from an early age and remain active throughout their lifetime. People will be active in a number of different ways and we recognise the power of community and culture in shaping people's lifestyles – seeing others be active, hearing about sporting success, and seeing activity and sporting events happening locally all have an influence on people's behaviour.

To achieve such wide reaching benefit and change requires more than a single approach, we must work effectively together as professionals and as communities to meet these challenging targets. Working to help people be more active, providing leisure, activity and sporting facilities and opportunities is not new, but we must be rigorous in monitoring our work to ensure our strategic approach is working, and that we are making progress in the right areas.

With this in mind, the strategy incorporates Active Scotland Indicators, Shetland Partnership Plan Indicators and Shetland physical activity and sport indicators as determined by the Active Shetland Strategic Group.




To make long-lasting changes that work for Shetland we must be aware of the wider needs of our communities, tackle inequalities and build community capacity. We must not lose sight of the bigger picture, recognising the massive impact physical activity and sport can have on raising attainment and improving wider academic achievement, population productivity, employability and the attractiveness of Shetland as a place to live, work and visit.

Our "People & Places" are integral to this strategy. In a time of limited resources we must work ever more closely together to maximise resources and efficiencies AND capitalise on the existing built and natural physical activity and sport environments.

## Foundations of the Strategy

**Tackling Inequalities**
We must increase people's understanding of the inequality challenge in Shetland and work together to target resources. We will use good quality data to identify those most in need, and work to address their needs first. This will shift resources towards prevention of poorer outcomes.

**Community wellbeing and resilience**
Physical activity and sport can be a means to develop wider social outcomes in communities. We will harness the power of physical activity and sport to enhance education, develop employability skills, improve resilience in communities and offer alternatives to crime and anti-social behaviour.

**Early intervention and Prevention**
We will identify negative trends and problems before they become deep rooted. We will achieve this by working collaboratively with communities to help them find solutions to their own challenges, investing in community leaders and delivering bespoke services based on community needs.

**Attainment and Achievement**
We will demonstrate the role physical activity and sport can play in raising attainment and wider academic achievement. We will work to ensure that everyone can fulfil their potential and achieve their aspirations in being physically active.

## Priorities for Action

### Get Active

**Increase physical activity levels in Shetland, particularly supporting the least active to get active**

### Stay Active

**Make physical activity and sport part of the daily lives of everyone who lives in Shetland**

### Participate

**Support children and young people to develop physical competence and confidence from the earliest age and encourage lifelong involvement. Support people who find it difficult to be physically active or access sport to overcome these challenges.**

### Progress

**Improve opportunities for anyone to progress and achieve in physical activity and sport, meeting their potential and overcoming any barriers to progress.**

### Places

**Provide the people of Shetland with the best facilities and infrastructure possible to let them lead active lives.**

### People

**Develop the volunteer and professional education pathway that is essential to continue to develop and enhance quality physical activity and sporting opportunities in Shetland.**

## Keys to Success

**Collaboration and Partnership**
We will need to work together ever more closely and share expertise, information and resources to deliver the best services to Shetland's communities. The partners are committed to these principles and hold them as essential cornerstones of how we will deliver the strategy.

**Building Collaboration**
We will build strong partnerships by linking physical activity and sport outcomes to organisational goals. We will achieve this by developing clear roles and remits, a shared understanding of organisational needs and demonstrating passion and commitment to the strategy and each other.

**Organising Resources**
We will do this by bringing the right people together to share knowledge and expertise and deliver shared outcomes. We will streamline digital and physical communication and make sure we reach those who need it most.

**Understanding, Using and Sharing Data**
We will put data at the centre of everything we do. This will enable us to identify needs and gaps, recognise trends and produce robust and reliable data which tells the story of people's engagement with physical activity and sport in Shetland. We will use this information to ensure decision makers can see the benefits of being active and engaged in sport.

## Get Active

### To increase physical activity levels in Shetland, particularly supporting the least active to get moving

We know that many people in Shetland are active but we also know that we have high levels of inactivity. This inactivity contributes to adult and childhood obesity and other preventable diseases such as Type II Diabetes. The risk of being inactive is not evenly spread across all groups in the population. The groups who are more at risk of being physically inactive are those with a disability and/or long-standing poor health; older age groups; women and teenagers.

Evidence around why people are inactive points to a range of factors at individual, social and environmental levels. Some reasons are common across different inactive groups: lack of confidence, time or interest; transport; cost of some leisure activities; lack of suitable activities.

| Active Scotland Outcome | We encourage and enable the inactive to be more active |
|---|---|
| **World Class Sporting System** | We want to increase participation through improving physical activity and sport to ensure that we are providing equal opportunities and an inclusive programme in the aim of building a world class sporting system in Scotland |
| **Shetland's Partnership Plan** | **People**<br>Individuals and families can thrive and reach their full potential<br>**Place**<br>Shetland is an attractive place to live, work, study and invest |

### Commitments:

**We Will:**

- Make physical activity interventions and conversations throughout health and social care the norm, in order to increase the number of people being supported to become active
- Ensure that increasing physical activity is a priority in partner strategies and development plans, reflecting the great benefits to be gained
- Utilise data and research across services, to ensure that there is a consistent and coordinated approach to tackling inactivity
- Develop targeted programmes of support and engagement for recognised inactive groups and people who are socially or economically isolated
- Co-ordinate and deliver public education, including media campaigns that raise awareness of the benefits of increased physical activity and living a healthy, active lifestyle

## Stay Active

### Make physical activity and sport part of the daily lives of everyone who lives in Shetland

We know that the amount of physical activity we do varies greatly across our life course. This outcome is about sustaining physical activity habits through key transitions in life and encouraging those who do some physical activity to do more activity, more often. We need to focus on people moving through transitions such as changes in employment status, education to work or work to retirement, where people live, family relationships, physical health status and social networks, as we know these changes can make people more vulnerable and it is common for physical activity to decrease.

| Active Scotland Outcome | We encourage and enable the inactive to be more active |
|---|---|
| **World Class Sporting System** | We want to ensure that a clear pathway exists from schools to communities in the provision of sporting opportunities to ensure that people continue to participate in sport at whatever level and are part of a world class sporting system in Scotland |
| **Shetland's Partnership Plan** | **People**<br>Individuals and families can thrive and reach their full potential<br>**Place**<br>Shetland is an attractive place to live, work, study and invest |

**Commitments:**

**We Will:**

- Support families in becoming physically active and maintaining physical activity throughout their lives
- Implement guidelines for obesity management in children, including appropriate physical activity interventions
- Ensure every child receives at least 2 hours (Primary) or 2 periods (Secondary) of quality P.E. per week
- Encourage and support every school in Shetland to self evaluate and implement a plan to increase physical activity opportunities and improve their provision of PE & Sport
- Support every child to be able to swim by the time they leave primary school.
- Develop programmes which reduce the fall in participation at key transition points throughout an individual's life
- Investigate the barriers to participation such as cost and transport and develop solutions to maintain participation
- Maintain the range of sports and physical activity opportunities across Shetland
- Support public participation events which encourage people to get back in to sport or to get active
- Ensure that physical activity and sport is included in the development of locality planning in Shetland, building on the work of Community Sport Hubs and Health Improvement links with communities
- Target programmes that promote active living for older people, including falls prevention programmes, in order to maintain activity and independence

## Participation:

**Support children and young people to develop physical competence and confidence from the earliest age and encourage lifelong involvement. Support people who find it difficult to be physically active or access sport to overcome these challenges.**

We want our children and young people to experience the joy of movement and develop positive attitudes to active living and sport. We want to ensure all Shetland's children and young people develop the physical confidence and competence required as a foundation for lifelong participation in physical activity and sport.

We want our children to move from school to community sport and benefit from the social, emotional and physical benefits of sports clubs who need to be well organised, connected and high profile in their local community. They should have high quality people supporting the club and be operating out of quality facilities.

School and community sport should be equal and inclusive for everyone. Likewise, we want adults to participate in sport for longer and to continue an involvement in sport as volunteers who feel valued for their contribution.

| **Active Scotland Outcome** | **We develop physical confidence and competence from the earliest age** |
|---|---|
| **World Class Sporting System** | We want to encourage and enable participation in sport within the each environment of the world class sporting system in Scotland |
| **Shetland's Partnership Plan** | **People**<br>Individuals and families can thrive and reach their full potential<br>**Place**<br>Shetland is an attractive place to live, work, study and invest |

### Commitments:

**We Will:**

- Ensure that children have access to more and higher quality physical activity and sport opportunities in and out of school wherever they live in Shetland
- Encourage children and adults to connect with their natural environment and provide opportunities to participate in outdoor activity
- Develop programmes aimed at developing the physical literacy of young children
- Support clubs to increase the number of children, young people and adults who are active members
- Assist clubs to be well organised, connected, promoted, inclusive, and sustainable and provide safe and welcoming environments for people to participate
- Develop physical activity pathways in Shetland for people with a physical, sensory or learning disability
- Ensure that those who face multiple barriers, discrimination or inequalities are supported to participate in physical activity and sport

## Progression:

**Improve opportunities for anyone to progress and achieve in sport, to meet their potential and overcome any barriers to progress.**

This objective is about developing and supporting a world class sporting system at all levels, motivating more organisations and individuals to get involved, and enabling the broadest range possible of people to participate, progress and achieve in sport.

| Active Scotland Outcome | We improve opportunities to participate, progress and achieve in sport |
|---|---|
| **World Class Sporting System** | We want to ensure that people within the sporting system are able to progress to a level that is solely determined by their ability |
| **Shetland's Partnership Plan** | **People**<br>Individuals and families can thrive and reach their full potential<br>**Participation**<br>People can participate and influence decisions on services and use of resources<br>**Place**<br>Shetland is an attractive place to live, work, study and invest |

### Commitments:

**We Will:**

- Link school and community sport opportunities to provide better connections between young people progressing from school participation to club participation
- Ensure that there are opportunities, training and support for athletes, coaches and officials to allow them to reach their full potential at local, national and international competition
- Provide support to clubs and associations to host on Island competitions and events
- In partnership with Shetland Island Games Association, support a bid to host the International Island Games in 2027 or as soon as possible thereafter.

## Places (Active Infrastructure)

**Provide the people of Shetland with the best facilities and infrastructure possible to let them lead active lives.**

Over the lifetime of this strategy there may be changes to the type of and access to facilities in Shetland and the ways that these facilities are funded. Local and national research shows that people feel that facilities are well used, respected and valued by the community, however they are not being used to their maximum potential and more work needs to be done to address facility gaps.

Shetland has an abundance of natural active spaces and there are exciting opportunities ahead if we can work collaboratively with partners to promote existing areas and engineer new spaces to facilitate more active travel opportunities, encouraging walking and cycling to be part of people's daily lives. Maximising the use of the built and natural environments in Shetland and smarter use of facilities underpin the four priority areas within the strategy.

| Active Scotland Outcome | We will improve our Active Infrastructure – People & Places |
|---|---|
| **World Class Sporting System** | We see People & Places as key enablers in the aim of building a world class sporting system in Scotland |
| **Shetland's Partnership Plan** | **People**<br>Individuals and families can thrive and reach their full potential<br>**Participation**<br>People can participate and influence decisions on services and use of resources<br>**Place**<br>Shetland is an attractive place to live, work, study and invest |

**Commitments:**

**We Will:**

- Ensure that our built spaces such as leisure centres, games halls, golf courses, parks, play areas and multi-courts are maintained and continue to be safe, attractive places to visit, play sport and be active
- Improve outdoor access by promoting the development of paths and outdoor amenity areas /greenspace
- Engage with decision makers including community councils to prioritise active living/active travel through the design of roads, footpaths and transport policies that promote walking, cycling and public transport

## People (Workforce Development)

**Develop the volunteer and professional education pathway that is essential to continue to develop and enhance quality physical activity and sporting opportunities in Shetland.**

Much of Shetland's strength is in the people who live and work here and make up our communities. Workforce Development is about harnessing this to drive our strategy forward. Developing people is central to our success. This includes teachers, coaches, volunteers, professional staff, referees, umpires and officials. Our workforce also includes young people and wider health professionals. Managing and developing our people resource from the public, private and third sectors will create the platform for developing a more active population where physical activity and sport are central to our community, culture and identity.

| Active Scotland Outcome | We will improve our Active Infrastructure – People & Places |
|---|---|
| **World Class Sporting System** | We see People & Places as key enablers in the aim of building a world class sporting system in Scotland |
| **Shetland's Partnership Plan** | **People**<br>Individuals and families can thrive and reach their full potential<br>**Participation**<br>People can participate and influence decisions on services and use of resources<br>**Place**<br>Shetland is an attractive place to live, work, study and invest |

### Commitments:

**We Will:**

- Ensure that our volunteer and paid workforces in Shetland are trained, knowledgeable and confident in:
  - understanding the importance of physical activity
  - supporting people who are currently inactive in becoming active
  - supporting people to maintain and increase physical activity levels
- Ensure that our clubs have the appropriate number of coaches, officials and volunteers with the correct skills
- Support coaches and volunteers to develop and ensure they are valued and recognised for their contribution
- Create opportunities for young people to be actively involved as leaders and decision makers in local and national sport
- Develop links with Further Education around the opportunity to progress learning in sport and exercise beyond the school environment in Shetland

## Delivering the Strategy

The Active Shetland Strategic Partnership will provide overall strategic direction and report to the Shetland Partnership Board on an annual basis. Short or longer term operational groups will be established as necessary to deliver elements of the strategy. An Active Shetland Forum will be established to enable all interested partners and stakeholders to engage with the process of implementing the strategy.

## Active Shetland Indicators

| Active Shetland | Sub Heading | Data Source | Shetland |
|---|---|---|---|
| Active Infrastructure | **Walking as recreational activity** | Scottish Household Survey (legacy indicator) | https://www2.gov.scot/Topics/Statistics/16002/LATables2017/Shetland2017<br>**Walking in Shetland (at least 30 Minutes) - 76%**<br>**National: 70%** |
| Active Infrastructure | **Active travel to school** | Sustrans – Hands Up Survey | https://www.sustrans.org.uk/scotland/schools/hands-scotland<br>**Active Travel to School in Shetland (Walk/Cycle/Scooter/Skate/Park & Stride) – 21.8%**<br>**National: 48.8%** |
| Active Infrastructure | **Accessibility to the Outdoors** | Scottish Household Survey | https://www2.gov.scot/Topics/Statistics/16002/LATables2017/Shetland2017<br>**Frequency of visits to Outdoors in Shetland (One or more times a week) – 62%**<br>**National: 52%** |
| Workforce Development | **Volunteering in Sport & Exercise** | Scottish Household Survey | https://www2.gov.scot/Topics/Statistics/16002/LATables2017/Shetland2017<br>**Percentage providing unpaid help to groups/organisations involved with sport & Exercise in Shetland – 23%**<br>**National: 17%** |
| Workforce Development | **Volunteering in Active Schools** | Active Schools Monitoring | Shetland Islands Council – Sport & Leisure<br>**Number of Volunteer Deliverers within Active Schools in Shetland - 226**<br>**Nationally: 20,018**<br>**1.13% contribution from 0.4% of the population** |
| Get Active | **Distinct Participants (Children)** | Active Schools Monitoring | Shetland Islands Council – Sport & Leisure<br>**Number of children taking part in Active Schools Activity in Shetland – 57%**<br>**National: 45%** |

| | | | |
|---|---|---|---|
| Get Active | **Frequency of active participation (sport & walking)** | Scottish Household Survey | https://www2.gov.scot/Topics/Statistics/16002/LATables2017/Shetland2017<br><br>**Participation in Shetland within the past 4 weeks – 84%**<br>**National: 81%** |
| Get Active | **Children Weight** | NHS Shetland | http://www.isdscotland.org/Health-Topics/Child-Health/Publications/data-tables2017.asp (Primary 1 Statistics for BMI: Epidemiological Categories -Table B1)<br><br>**Number of Overweight/Obese Children in Shetland - Primary 1 – 26.1% in 2016/17**<br>**National: 22.9% in 2016/17** |
| Stay Active | **Active recreation in older people (sport & walking)** | Scottish Household Survey | https://www2.gov.scot/Topics/Statistics/16002/LATables2017/Shetland2017<br><br>**Participation by adults 60+ in Shetland - 74%**<br>**National: 67%** |
| Stay Active | **Attendance at leisure facilities** | Shetland Recreational Trust | Shetland Recreational Trust<br>**Attendance Numbers in 2017-18 – 773,629** |
| Stay Active | **PE provision** | Healthy Living Survey | **https://www.gov.scot/publications/summary-statistics-attainment-leaver-destinations-healthy-living-8-2018-edition/pages/7/**<br><br>**2 Hours of PE in Primary Schools – 100%**<br>**2 Periods of PE in Secondary Schools – 86%**<br>**National: 99% Primary, 94% Secondary** |
| Participation | **Sports participation (sport only, no walking)** | Scottish Household Survey | https://www2.gov.scot/Topics/Statistics/16002/LATables2017/Shetland2017<br><br>**Percentage of adults participating in sport (excludes walking) in Shetland – 52%**<br>**National: 53%** |
| Participation | **Active School Participation** | Active Schools Monitoring | Shetland Islands Council – Sport & Leisure<br>**Number of Active Schools participant sessions in Shetland – 48,157 participant sessions**<br>**Nationally: 7.25 Million participant sessions**<br>**0.67% contribution from 0.4% of the population** |
| Participation | **Club Membership** | Shetland Islands Council | Shetland Islands Council<br>**Membership Numbers of Sports Clubs in Shetland 2017/18 - 1400** |
| Progression | **Team Scotland performance** | Commonwealth Games records (legacy indicator) | **https://www.teamscotland.scot/gold-coast-2018-facts/**<br>**Number of Team Scotland Commonwealth Games Members born or living in Shetland in Commonwealth Games – Gold Coast 2018 - 0** |
| Progression | **Team Shetland** | Island Games Records | http://islandgames2017results.com/medal.aspx<br>**Number of medals won by Team Shetland at the International Island Games - 14 (4 Gold, 5 Silver, 5 Bronze)** |

**Active Scotland Outcomes Framework**

**Vision: A More Active Scotland**

Physical activity is about getting people moving. Daily walking, playing in a park, going to a gym, training with a team or aspiring to win a gold medal- it doesn't really matter how people get active, it just matters that we do.

Being physically active contributes to our personal, community and national wellbeing.

Our vision is of a Scotland where more people are more active, more often.

**National Outcomes**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Business | Employment | Research and Innovation | Young People | Early Years | Healthier | Inequalities Tackled | Life Chances |
| Safe from Crime | Sustainable Places | Resilient Communities | Environment Valued | National Identity | Impact on Environment | Older People Supported | Public Services |

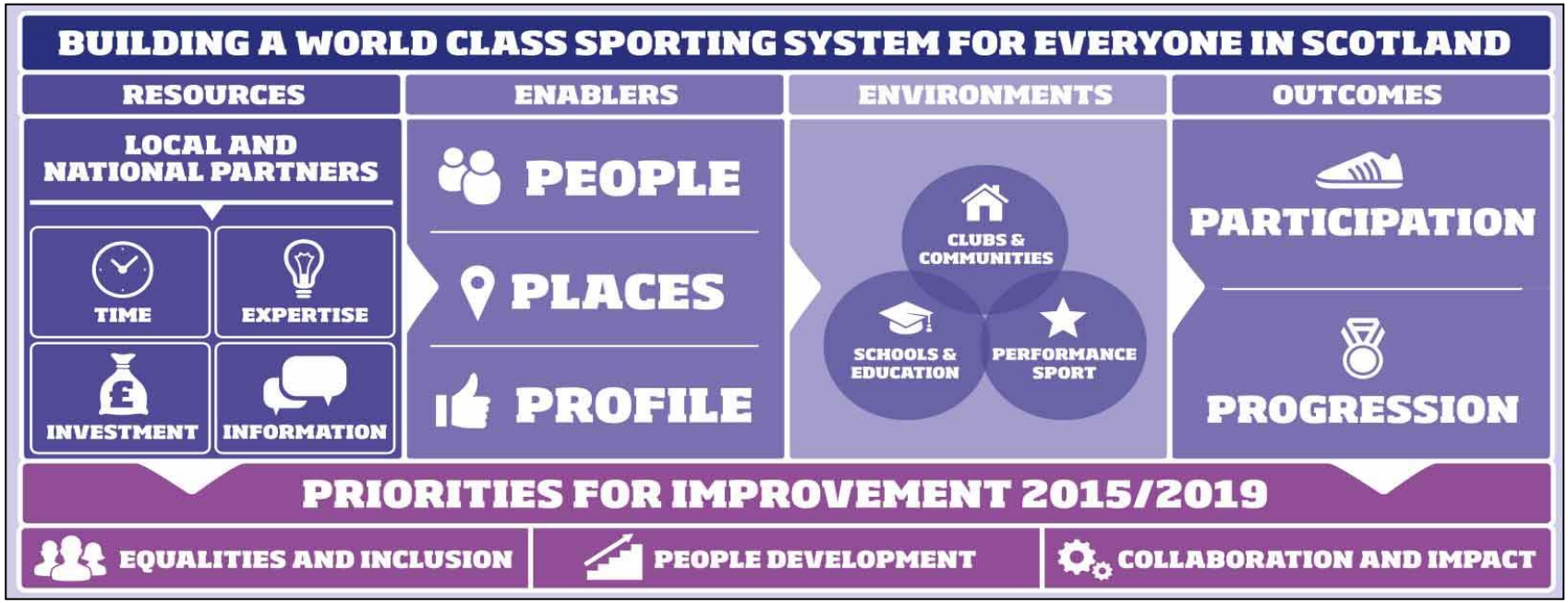
**Active Scotland Outcomes**

| | | |
|---|---|---|
| We encourage and enable the inactive to be more active | We encourage and enable the active to stay active throughout life | We develop physical confidence and competence from the earliest age |
| We improve our active infrastructure – people and places | We support wellbeing and resilience in communities through physical activity and sport | We improve opportunities to participate, progress and achieve in sport |

**Equality – Our commitment to equality underpins everything we do**

This Framework describes Scotland's ambitions for physical activity and sport. Active Scotland Outcomes contribute to the delivery of National Outcomes and ultimately to the Scottish Government's overarching purpose of creating a more successful country, with opportunities for all to flourish. The framework has been developed collectively with partners through the National Strategic Group for Sport and Physical Activity (NSG), chaired by the Cabinet Secretary for Health, Wellbeing and Sport.

While **sport**scotland's focus is on the development of sport, the national agency work alongside those who have a greater focus on other types of physical activity to ensure people in Scotland find it easy to lead an active life. In particular they recognise that people have sporting lives, throughout which they may stay involved in or dip in and out of sport and sports, whether they participate recreationally or competitively, volunteer or spectate. They want to ensure everyone in Scotland has positive experiences at all stages of their sporting lives, whether they are being introduced to sport for the first time, developing, progressing, or achieving success.



# Shetland Islands Council

Agenda Item **6**

| | | |
|---|---|---|
| **Meeting(s):** | **Shetland College Board**<br>**Shetland Islands Council** | **17 December 2018**<br>**19 December 2018** |
| **Report Title:** | **Shetland College Board - Appointment** | |
| **Reference Number:** | **GL-21-18-F** | |
| **Author / Job Title:** | **Jan-Robert Riise, Executive Manager - Governance and Law** | |

## 1.0 Decisions / Action required:

1.1 That Shetland College Board RECOMMEND that Shetland Islands Council:

- RESOLVES to appoint Mrs Wendy Sinclair as the nominated student representative on the Shetland College Board, with full voting rights, with her term of appointment being the duration of the time that she remains a student of Shetland College.

## 2.0 High Level Summary:

2.1 At its meeting on 28 June 2017, the Council agreed that one student representative with voting rights should be included in the membership of Shetland College Board. It was further agreed that the nomination should be sought from the Highlands and Islands Student Association (HISA) – Shetland College, and that the term of appointment should be the duration of time that the nominee was a student (Min Ref: SIC 50/17).

2.2 The Council accordingly appointed a student representative to the Board at its meeting on 30 August 2017 (Min Ref: SIC 60/17). Following his resignation in February 2018, a new nomination from HISA – Shetland College was sought, and Mrs Wendy Sinclair has now been nominated for appointment to the Board.

## 3.0 Corporate Priorities and Joint Working:

3.1 HM Inspectors expressed the view that the learner voice in college decision-making would be enhanced by representation on the Shetland College Board. Shetland College Board considered the issue of student representation, and recommended to the Council that its membership should include one student representative with voting rights. The Council agreed to this recommendation.

## 4.0 Key Issues:

4.1 In accordance with the Council's decision, the Highlands and Islands Student Association – Shetland College was asked to nominate a representative for appointment, and the Council made this appointment at its meeting on 30 August 2017. Following the resignation of the appointee from Shetland College Board in

February 2018, a new nomination was sought from HISA – Shetland College, and Mrs Sinclair has now been nominated for appointment.

4.2 Mrs Sinclair has provided me with her personal details, and her appointment is recommended. Should her appointment be approved, she will become a full voting member of Shetland College Board, and will be required to complete a public Register of Interests.

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

5.1 None.

**6.0 Implications:**

| | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | None. |
| **6.2 Human Resources and Organisational Development:** | None. |
| **6.3 Equality, Diversity and Human Rights:** | None. |
| **6.4 Legal:** | None. |
| **6.5 Finance:** | Non-councillor appointments to the Board are unpaid, but incidental expenses will be met from Executive Services - Council Members approved revenue budget. |
| **6.6 Assets and Property:** | None. |
| **6.7 ICT and new technologies:** | None. |
| **6.8 Environmental:** | None. |
| **6.9 Risk Management:** | None. |
| **6.10 Policy and Delegated Authority:** | The appointment of non-councillor members is provided for within the Council's Constitution, and is a matter reserved to the Council. |

| | | |
|---|---|---|
| | The Shetland College Board is responsible for monitoring progress against objectives which have been set by the Council. | |
| **6.11 Previously considered by:** | N/A | |

**Contact Details:**
Anne Cogle, Team Leader - Administration
Anne.cogle@shetland.gov.uk
6 December 2018

**Appendices:**
None

**Background Documents:**
None

END

# Shetland Islands Council

Agenda Item

**7**

| | | |
|---|---|---|
| **Meeting(s):** | Audit Committee<br>Policy & Resources Committee<br>Shetland Islands Council | 13 December 2018<br>19 December 2018<br>19 December 2018 |
| **Report Title:** | Risk Assessments Update | |
| **Reference Number:** | HR-20-18 F | |
| **Author / Job Title:** | Denise Bell, Executive Manager Human Resources | |

## 1.0 Decisions / Action required:

That the Audit Committee:

1.1 NOTES the information set out in this report and the Appendices;

1.2 ADVISES the Director of Corporate Services of any additional information required in order for the Committee to be able to provide assurance to the Council regarding the issues covered in the report; and

1.3 ADVISES Policy and Resources Committee and the Council of the Committee's views in this regard.

## 2.0 High Level Summary:

2.1 During the discussions at the Audit Committee meeting held on 12th June 2018 (min. ref. 08/18) Members asked for an update on Risk Assessments including Fire Risk Assessments across the Council.

2.2 There are a range of formal arrangements in place across the Council to ensure that risks are identified at all levels of the Councils activities in order to protect services, service users, staff and assets. The Corporate Management Team carries out the role of a Risk Management Board to ensure that risk management activity within the organisation is carried out in an effective, consistent and cooperative manner.

2.3 A risk assessment is about identifying sensible measures to control the risks in the workplace to protect our employees and customers and to comply with health and safety law. This work is informed by the Council's Risk Management Strategy, Risk Management Policy, Premises Management Guide and Building Managers Guide. These activities are supported and monitored by programmes of risk and health and safety checks carried out by both Risk Management and Health and Safety.

2.4 A revised automated system of recording and monitoring Fire Risk Assessments is now in place. That system is managed and administered by Building Services in partnership with Health and Safety to ensure that all relevant council owned premises have an up to date Fire Risk Assessment in place.

2.5 Following the work carried out by the external service provider to review and update all fire risk assessments where required, all Council premises have in place an up to date and suitable fire risk assessment (Appendix 1).

## 3.0 Corporate Priorities and Joint Working:

3.1 The Council's Corporate Plan 2016-2020 includes as one if its key corporate priorities that "Our approach to managing the risks we face will have resulted in a more risk aware organisation that avoids high-risk activities".

3.2 The Council's Corporate Risk Register includes a risk that reflects the significance of partnership working to the council and the controls in place to avoid partnership failure.

3.3 The Joint Safety Forum in place across services within Health and Care provides an opportunity to share information and discuss issues and concerns relating to the management of health, safety and risk within the department.

## 4.0 Key Issues:

4.1 There are a number of strategies and policies in place in the Council that describe the framework of statutory and management responsibilities that exist. The Council's Risk Management Strategy and Policy describes the processes in place to ensure that risk management is "an integral part of all organisational processes". Directors are responsible for ensuring that these are fully implemented and complied with.

4.2 The Strategy for Effective Health and Safety Management and Health, Safety and Welfare Policy describes how risks relating to health and safety will be managed with a view to creating a positive safety culture amongst the workforce. To support this there is a system of health and safety consultation forums across the Council attended by staff and trades union representatives that is overseen by the Central Safety Consultative Committee which is chaired by the Director of Corporate Services.

4.3 The Premises Management Guide has been in place since 2015 and provides a comprehensive guide to the range of tasks involved in ensuring that a workplace premises is a safe environment for employees and others. This guidance includes information on premises risk assessments, health and safety inspections, fire safety management, premises, plant and equipment and shared use of premises. The Executive Manager, HR is currently leading work to update and refresh this Handbook which will then be promoted across the Council as well as forming part of a new Induction Training Programme for all Council managers.

4.4 All Executive Managers and/or Team Leaders are responsible for identifying and assessing risks to health and safety associated with all Council activities with the aim of eliminating or controlling those risks, so far as is reasonably practicable. They do this by completing a Health and Safety Risk Assessment for all work related activities which must be reviewed at least annually.

4.5 In common with many other Councils, this is a manual process with paper or electronic copies held in service areas and work locations. This means that monitoring services compliance with the need to have a suitable risk assessment in

place can only be carried out manually. A recent improvement has been the creation of a SharePoint site on the Council's intranet where these forms can be stored electronically and therefore accessible across the council.

4.6 However, work is now underway locally to explore and develop the possibility of using the Council's JCAD CORE system (which is currently used for risk registers) to automate the preparation and review of health and safety risk assessments. This will enable regular, remote digital monitoring of and reporting on risk assessments which will make a huge difference to the Councils ability to assure itself of the control measures in place to effectively manage health and safety risks.

4.7 Improving the Council's system of recording and monitoring Fire Risk Assessments has been a priority for Building Services and Health and Safety this year. The Fire Risk Assessment template ensures a comprehensive review of fire safety is carried out and is attached at Appendix 2. Building Services facilities and maintenance system, called Technology Forge (TF) stores information for all council owned property excluding council houses which is managed by the Housing Service. TF Is used to record and monitor Fire Risk Assessments and Action Plans. The Council has 116 buildings that require Fire Risk Assessments. Each building is assigned one of four Building Maintenance Officers who acts as the key contact person for all building related matters and who is responsible for carrying out the Fire Risk Assessment accompanied by either the Health and Safety Manager or the Health and Safety Officer.

4.8 Fire Risk Assessments can only be completed by a trained and competent person and the training to achieve the legally acceptable level requires several days classroom attendance and successful completion of exams. As a result there are approximately 12 people in the Council who are accredited Fire Risk Assessors.

Each building is now categorised as 1, 2 or 3 depending on the level of risk associated with its use.

Category 1 = All residential properties including care homes and the AHS Hostel
Reviewed annually
Category 2 = All schools, nurseries and ASN workplaces
Reviewed every 2 years
Category 3 = All office locations
Reviewed every 3 years

4.9 In setting up this new system, work was commissioned from an external service provider to review and update all fire risk assessments where required. This means that all Council premises have in place an up to date and suitable fire risk assessment (Appendix 1). The Council has been congratulated on the quality of its fire risk assessment and health and safety management during an annual audit visit of Edward Thomason and Taing House by Scottish Fire and Rescue.

4.10 There have been some concerns raised in the past regarding the lack of automatic life safety fire suppression systems, such as sprinkler systems, in our residential care homes. Since May 2005, new or altered residential care buildings are provided with one of these systems to comply with Building Regulations. The Scottish Government document *Practical Fire Safety Guidance for Care Homes 2014* advises that retrofitting such systems in existing buildings may be an appropriate solution where other fire safety measures cannot be improved. In the case of the Council's residential care homes , all have adequate fire safety

measures already in place, such as limitation of surface spread of fire, appropriate structural protection and sufficient compartmentation (separation of rooms within each building). This enables staff to achieve an effective evacuation if required and as such, automatic life safety fire suppression systems are not necessary. These measures enable staff to carry out a progressive evacuation of residents, where vulnerable clients are moved to places of safety within the building rather than an immediate evacuation of the premises. In addition, all staff in residential care homes receive comprehensive training, including all being trained as fire wardens.

4.11 Other control measures in place include the requirement for all residents to have a Personal Emergency Evacuation Plan (PEEP) which is reviewed at least annually, or following any change in circumstances regarding the individuals' condition or change in the building that might affect the PEEP.

4.12 In addition to the council led risk checks and health and safety inspections, Scottish Fire and rescue carry out regular liaison visits and complete annual fire safety audits of residential care homes.

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

5.1 None

| **6.0 Implications :** | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | Identifying and controlling the risks in the Council's workplaces enables us to identify what might harm our service users and to take reasonable steps to prevent that harm. |
| **6.2 Human Resources and Organisational Development:** | The Council provides a wide range of health and safety courses and risk assessment training to enable and ensure managers and staff understand their responsibilities, managed and supported through the Council's Workforce Development service. Risk management staff and health and safety staff also carry out workplace visits throughout the year to provide face to face coaching and support as well as reviewing and monitoring the risk assessments in place across service areas and work locations. |
| **6.3 Equality, Diversity and Human Rights:** | None arising from this report. |
| **6.4 Legal:** | The Management of Health and Safety at Work Act places a duty on the Council to provide a safe environment for all employees and members of the public who interact with our services and activities or have cause to access our premises. |
| **6.5 Finance:** | There are no financial implications arising directly from this report. |

| | | |
|---|---|---|
| **6.6**<br>**Assets and Property:** | Risk Registers and Risk Assessments are completed to ensure that the Council's workplaces and premises are safe and that any potential risks are identified and measures taken to remove or reduce and control those risks. | |
| **6.7**<br>**ICT and new technologies:** | Digital solutions are being actively sought to improve the ways in which the Council manage and administer its risk management processes. | |
| **6.8**<br>**Environmental:** | None arising from this report | |
| **6.9**<br>**Risk Management:** | Risks are identified and recorded on the Council's dedicated risk register system with the agreed risk matrix used to rate those risks, in line with the Risk management Policy and Risk management Strategy. A comprehensive range of control measures are in place in order as part of the Risk Assessment process. | |
| **6.10**<br>**Policy and Delegated Authority:** | The SIC Constitution Part C, Scheme of Administration and Delegations parts 1 & 2 sets out the remit of the Audit Committee. The remit comprises, "*To promote good internal control, financial management, risk, governance and performance management, in order to provide reasonable assurance of effective and efficient operation, and compliance with laws and regulations, including the Council's Code of Corporate Governance, Financial Regulations, Contract Standing Orders and accounting codes of practice*" and includes specifically, "*To monitor the effective development and operation of risk management and corporate governance in the Council….*".<br><br>Policy and Resources Committee has delegated authority and responsibility for health and safety matters.<br><br>As part of the Planning and Performance Management Framework (PPMF) cycle, this report is presented to Council to ensure all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information. | |
| **6.11**<br>**Previously considered by:** | NONE | |

**Contact Details:**
Denise Bell, Executive Manager, Human Resources (includes Health and Safety & Risk Management) 30.11.2018

**Appendices:**
Appendix 1: Fire Risk Assessment Register
Appendix 2: Fire Risk Assessment

**Background Documents:**

Risk management Strategy – http://intranet2.shetland.gov.uk/Policy/Shared Documents/Risk Management Strategy July 2015.doc

Risk Management Policy - http://intranet2.shetland.gov.uk/Policy/Shared Documents/Risk Management Policy.doc

Premises Management Guide - http://intranet2.shetland.gov.uk/Policy/Shared Documents/PremisesManagersHandbook.pdf

Building Managers Guide - http://intranet2.shetland.gov.uk/Policy/Shared Documents/Building Manager guide Dec13.doc

Corporate Management Team Risk Board Terms of reference - http://intranet2.shetland.gov.uk/Policy/Shared Documents/Risk Board Terms of Reference 1.1 2017.docx

# FIRE (SCOTLAND) ACT 2005
# FIRE SAFETY (SCOTLAND) REGULATIONS 2006

## FIRE RISK ASSESSMENT

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Employer or Person having control of the premises:

Address of Premises:

Person(s) Consulted:

Assessor(s):

Date of Fire Risk Assessment:

Date of Previous Fire Risk Assessment:

Suggested Date for Review[1]:

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The purpose of this report is to provide an assessment of the risk to life from fire, and, where appropriate, to make recommendations to ensure compliance with fire safety legislation. The report does not address the risk to property or business continuity from fire.

[1] This fire risk assessment should be reviewed by a competent person by the date indicated above or at such earlier time as there is reason to suspect that it is no longer valid, or if there has been a significant change in the matters to which it relates, or if a fire occurs.

# GENERAL INFORMATION

## 1. THE PREMISES

1.1 Number of floors:

1.2 Approximate floor area:

1.3 Brief details of construction:

1.4 Level of Fire Detection System:

1.5 Occupancy:

## 2. THE OCCUPANTS

2.1 Approximate maximum number:

2.2 Approximate number of employees at any one time:

2.3 Maximum number of members of public at any one time:

## 3. OCCUPANTS ESPECIALLY AT RISK FROM FIRE

3.1 Sleeping occupants:

3.2 Disabled occupants:

3.3 Occupants in remote areas:

3.4 Young persons:

3.5 Others:

## 4. FIRE LOSS EXPERIENCE

## 5. OTHER RELEVANT INFORMATION

## 6. RELEVANT FIRE SAFETY LEGISLATION

6.1 The following fire safety legislation applies to these premises:

6.2 The above legislation is enforced by:

6.3 Other legislation that makes significant requirements for fire precautions in these premises (other than the Building (Scotland) Regulations 2004):

6.4 The legislation to which 6.3 makes reference is enforced by:

6.5 Comments:

# FIRE HAZARDS AND THEIR ELIMINATION OR CONTROL

## 7. ELECTRICAL SOURCES OF IGNITION

7.1 Reasonable measures taken to prevent fires of electrical origin? Yes ☐ No ☐

7.2 More specifically:

Fixed installation periodically inspected and tested? Yes ☐ No ☐

Portable appliance testing carried out? Yes ☐ No ☐

Suitable policy regarding the use of personal electrical appliances? N/A ☐ Yes ☐ No ☐

Suitable limitation of trailing leads and adapters? Yes ☐ No ☐

7.3 Comments and hazards observed:

- Staff and pupils are discouraged from taking personal electrical equipment into the school

## 8. SMOKING

8.1 Reasonable measures taken to prevent fires as a result of smoking? Yes ☐ No ☐

8.2 More specifically:

Smoking prohibited in the building? Yes ☐ No ☐

Smoking prohibited in appropriate areas? N/A ☐ Yes ☐ No ☐

Suitable arrangements for those who wish to smoke? Yes ☐ No ☐

This policy appeared to be observed at time of inspection? Yes ☐ No ☐

8.3 Comments and hazards observed:

- Smoking is banned within the school grounds

## 9. WILFUL FIRE RAISING

9.1 Does basic security against wilful fire raising by outsiders appear Reasonable? [2] Yes ☐ No ☐

9.2 Is there an absence of unnecessary fire load in close proximity to the premises or available for ignition by outsiders? Yes ☐ No ☐

9.3 Comments and hazards observed:

**[2] Note: Reasonable only in the context of this fire risk assessment. If specific advice on security (including security against wilful fire raising) is required, the advice of a security specialist should be obtained.**

## 10. PORTABLE HEATERS AND HEATING INSTALLATIONS

10.1 Is the use of portable heaters avoided as far as practicable? Yes ☐ No ☐

10.2 If portable heaters are used,

is the use of the more hazardous type (e.g. radiant bar fires or lpg appliances) avoided? N/A ☐ Yes ☐ No ☐

are suitable measures taken to minimize the hazard of ignition of combustible materials? N/A ☐ Yes ☐ No ☐

10.3 Are fixed heating installations subject to regular maintenance? N/A ☐ Yes ☐ No ☐

10.4 Comments and hazards observed:

## 11. COOKING

11.1 Are reasonable measures taken to prevent fires as a result of cooking? N/A ☐ Yes ☐ No ☐

11.2 More specifically:

Filters changed and ductwork cleaned regularly? N/A ☐ Yes ☐ No ☐

Suitable extinguishing appliances available? Yes ☐ No ☐

11.3 Comments and hazards observed:

## 12. LIGHTNING

12.1 Does the building have a lightning protection system? Yes ☐ No ☐

12.2 Comments and deficiencies observed:

## 13. HOUSEKEEPING

13.1 Is the standard of housekeeping adequate? Yes ☐ No ☐

13.2 More specifically:

| | | | |
|---|---|---|---|
| Combustible materials appear to be separated from ignition sources? | | Yes ☐ | No ☐ |
| Avoidance of unnecessary accumulation of combustible materials or waste? | | Yes ☐ | No ☐ |
| Appropriate storage of hazardous materials? | N/A ☐ | Yes ☐ | No ☐ |
| Avoidance of inappropriate storage of combustible materials? | | Yes ☐ | No ☐ |

13.3 Comments and hazards observed:

## 14. HAZARDS INTRODUCED BY OUTSIDE CONTRACTORS AND BUILDING WORKS

14.1 Are fire safety conditions imposed on outside contractors? Yes ☐ No ☐

14.2 Is there satisfactory control over works carried out in the building by outside contractors (including "hot work" permits)? Yes ☐ No ☐

14.3 If there are in-house maintenance personnel, are suitable precautions taken during "hot work", including use of hot work permits? N/A ☐ Yes ☐ No ☐

14.4 Comments:

## 15. DANGEROUS SUBSTANCES

15.1 If dangerous substances are, or could be, used, has a risk assessment been carried out, as required by the Dangerous Substances and Explosive Atmospheres Regulations 2002? N/A ☐ Yes ☐ No ☐

15.2 Comments:

## 16. OTHER SIGNIFICANT FIRE HAZARDS THAT WARRANT CONSIDERATION

16.1 Hazards:

16.2 Comments and deficiencies observed:

# FIRE PROTECTION MEASURES

## 17. MEANS OF ESCAPE FROM FIRE

17.1 It is considered that the building is provided with reasonable means of escape in case of fire. Yes ☐ No ☐

17.2 More specifically:

Adequate design of escape routes? Yes ☐ No ☐

Adequate provision of exits? Yes ☐ No ☐

Exits easily and immediately openable where necessary? Yes ☐ No ☐

Fire exits open in direction of escape where necessary? Yes ☐ No ☐

Avoidance of sliding or revolving doors as fire exits where necessary? Yes ☐ No ☐

Satisfactory means for securing exits? Yes ☐ No ☐

Reasonable distances of travel:

- Where there is a single direction of travel? Yes ☐ No ☐
- Where there are alternative means of escape? Yes ☐ No ☐

Suitable protection of escape routes? Yes ☐ No ☐

Suitable fire precautions for all inner rooms? Yes ☐ No ☐

Escape routes unobstructed? Yes ☐ No ☐

17.3 It is considered that the building is provided with reasonable arrangements for means of escape for disabled people. Yes ☐ No ☐

17.4 Comments and deficiencies observed:

## 18. MEASURES TO LIMIT FIRE SPREAD AND DEVELOPMENT

18.1 It is considered that there is:

compartmentation of a reasonable standard. [3] Yes ☐ No ☐

reasonable limitation of linings that may promote fire spread. Yes ☐ No ☐

18.2 As far as can reasonably be ascertained, fire dampers are provided as necessary to protect critical means of escape against passage of fire, smoke and combustion products in the early stages of a fire? [4,5] N/A ☐ Yes ☐ No ☐

18.3 Comments and deficiencies observed:

## 19. EMERGENCY ESCAPE LIGHTING

19.1 Reasonable standard of emergency escape lighting system provided? [6] Yes ☐ No ☐

19.2 Comments and deficiencies observed:

## 20. FIRE SAFETY SIGNS AND NOTICES

20.1 Reasonable standard of fire safety signs and notices? Yes ☐ No ☐

20.2 Comments and deficiencies observed:

[3] Based on visual inspection of readily accessible areas, with a degree of sampling where appropriate.
[4] Based on visual inspection of readily accessible areas, with a degree of sampling where appropriate.
[5] A full investigation of the design of HVAC systems is outside the scope of this fire risk assessment.
[6] Based on visual inspection, but no test of illuminance levels or verification of full compliance with relevant British Standards carried out.

## 21. MEANS OF GIVING WARNING IN CASE OF FIRE

| | | | | |
|---|---|---|---|---|
| 21.1 | Reasonable manually operated electrical fire alarm system Provided? [6] | | Yes ☐ | No ☐ |
| 21.2 | Automatic fire detection provided? | Yes (throughout building) ☐ | Yes (part of building only) ☐ | No ☐ |
| 21.3 | Extent of automatic fire detection generally appropriate for the occupancy and fire risk? | N/A ☐ | Yes ☐ | No ☐ |
| 21.4 | Remote transmission of alarm signals? | | Yes ☐ | No ☐ |
| 21.5 | Comments and deficiencies observed? | | | |

## 22. MANUAL FIRE EXTINGUISHING APPLIANCES

| | | | |
|---|---|---|---|
| 22.1 | Reasonable provision of portable fire extinguishers? | Yes ☐ | No ☐ |
| 22.2 | Hose reels provided? | Yes ☐ | No ☐ |
| 22.3 | Are all fire extinguishing appliances readily accessible? | Yes ☐ | No ☐ |
| 22.4 | Comments and deficiencies observed: | | |

[6] Based on visual inspection, but no audibility tests or verification of full compliance with relevant British Standard carried out.

## 23. RELEVANT[8] AUTOMATIC FIRE EXTINGUISHING SYSTEMS

23.1 Type of system:

23.2 Comments:

## 24. OTHER RELEVANT[8] FIXED SYSTEMS AND EQUIPMENT

24.1 Type of fixed system:

24.2 Comments:

24.3 Suitable provision of fire-fighters switch(es) for high voltage luminous tube signs, etc N/A ☐ Yes ☐ No ☐

24.4 Comments:

[8] Relevant to life safety and this risk assessment (as opposed purely to property protection).

# MANAGEMENT OF FIRE SAFETY

## 25. PROCEDURES AND ARRANGEMENTS

25.1 Fire safety is managed by: [9]

25.2 Competent person(s) appointed under Regulation 17 of the Fire Safety (Scotland) Regulations 2006 to assist the duty holder to implement fire safety measures is: Yes ☐ No ☐

Comments:

Mrs F. Johnson, Health & Safety Manager, Shetland Islands Council
Jane Evans, Health & Safety Officer, Shetland Islands Council

25.3 Is there a suitable record of the fire safety arrangements? Yes ☐ No ☐

Comments:

25.4 Appropriate fire procedures in place? Yes ☐ No ☐

More specifically:

| | | | |
|---|---|---|---|
| Are procedures in the event of fire appropriate and properly documented? | N/A ☐ | Yes ☐ | No ☐ |
| Are there suitable arrangements for summoning the fire and rescue service? | | Yes ☐ | No ☐ |
| Are there suitable arrangements to meet the fire and rescue service on arrival and provide relevant information, including that relating to hazards to fire-fighters? | N/A ☐ | Yes ☐ | No ☐ |
| Are there suitable arrangements for ensuring that the premises have been evacuated? | N/A ☐ | Yes ☐ | No ☐ |
| Is there a suitable fire assembly point(s)? | N/A ☐ | Yes ☐ | No ☐ |
| Are there adequate procedures for evacuation of any disabled people who are likely to be present? | N/A ☐ | Yes ☐ | No ☐ |

[9] This is not intended to represent a legal interpretation of responsibility, but merely reflects the managerial arrangement in place at the time of this risk assessment.

Comments:

25.5 Persons nominated and trained to use fire extinguishing appliances? N/A ☐ Yes ☐ No ☐

Comments:

25.6 Persons nominated and trained to assist with evacuation, including evacuation of disabled people? N/A ☐ Yes ☐ No ☐

Comments:.

25.7 Appropriate liaison with fire and rescue service (e.g. by fire and rescue service crews visiting for familiarization visits)? N/A ☐ Yes ☐ No ☐

Comments:

25.8 Routine in-house inspections of fire precautions (e.g. in the course of health and safety inspections)? N/A ☐ Yes ☐ No ☐

Comments:

## 26. TRAINING AND DRILLS

26.1 Are all staff given adequate fire safety instruction and training on induction? Yes ☐ No ☐

Comments:

•

26.2 Are all staff given adequate periodic "refresher training" at suitable intervals? Yes ☐ No ☐

Comments:

26.3 Does the above training and instruction provide information, instruction or training on the following

| | | |
|---|---|---|
| Fire risks in the premises? | Yes ☐ | No ☐ |
| The fire safety measures in the building? | Yes ☐ | No ☐ |
| Action in the event of a fire? | Yes ☐ | No ☐ |
| Action on hearing the fire alarm? | Yes ☐ | No ☐ |
| Method of operation of manual call points? | Yes ☐ | No ☐ |
| Location and use of fire extinguishers? | Yes ☐ | No ☐ |
| Meaning of fire safety signs? | Yes ☐ | No ☐ |
| Means of summoning the fire and rescue service? | Yes ☐ | No ☐ |
| Identity of persons nominated to assist with evacuation? | Yes ☐ | No ☐ |
| Identity of persons nominated to use fire extinguishing appliances? | Yes ☐ | No ☐ |

26.4 Are staff with special responsibilities (e.g. fire wardens) given additional training? N/A ☐ Yes ☐ No ☐

Comments:

26.5 Are fire drills carried out at appropriate intervals? Yes ☐ No ☐

Comments:

26.6 When the employees of another employer work in the premises:

| | | | |
|---|---|---|---|
| Is their employer given appropriate information (e.g. on fire risks and fire safety measures)? | N/A ☐ | Yes ☐ | No ☐ |
| Is it ensured that the employees are provided with adequate instructions and information? | N/A ☐ | Yes ☐ | No ☐ |

Comments:

## 27. TESTING AND MAINTENANCE

27.1 Adequate maintenance of relevant premises? Yes ☐ No ☐

Comments and deficiencies observed:

27.2 Weekly testing and periodic servicing of fire detection and alarm system? Yes ☐ No ☐

Comments and deficiencies observed:

27.3 Monthly and annual testing routines for emergency escape lighting? Yes ☐ No ☐

Comments and deficiencies observed:

27.4 Annual maintenance of fire extinguishing appliances? Yes ☐ No ☐

Comments and deficiencies observed:

27.5 Periodic inspection of external escape staircases and gangways? N/A ☐ Yes ☐ No ☐

Comments and deficiencies observed:

27.6 Six-monthly inspection and annual testing of rising mains? N/A ☐ Yes ☐ No ☐

Comments and deficiencies observed:

27.7 Weekly and monthly testing, six monthly inspection and annual testing of fire-fighting lifts? N/A ☐ Yes ☐ No ☐

Comments and deficiencies observed:

27.8 Weekly testing and periodic inspection of sprinkler installations? N/A ☐ Yes ☐ No ☐

Comments:

27.9 Routine checks of final exit doors and/or security fastenings? N/A ☐ Yes ☐ No ☐

Comments:

27.10 Annual inspection and test of lightning protection system? N/A ☐ Yes ☐ No ☐

Comments:

27.11 Other relevant inspections or tests:

Comments:

## 28. RECORDS

28.1 Appropriate records of:

| | | | |
|---|---|---|---|
| Fire drills? | N/A ☐ | Yes ☐ | No ☐ |
| Fire training? | | Yes ☐ | No ☐ |
| Fire alarm tests? | N/A ☐ | Yes ☐ | No ☐ |
| Emergency escape lighting tests? | N/A ☐ | Yes ☐ | No ☐ |
| Maintenance and testing of other fire protection systems? | N/A ☐ | Yes ☐ | No ☐ |

28.2 Comments:

# FIRE RISK ASSESSMENT

The following simple risk level estimator is based on a more general health and safety risk level estimator of the type contained in BS 45001:2018

| **Potential consequences of fire ⇒**<br><br>**Likelihood of fire ⇓** | **Slight harm** | **Moderate harm** | **Extreme harm** |
|---|---|---|---|
| **Low** | Trivial risk | Tolerable risk | Moderate risk |
| **Medium** | Tolerable risk | Moderate risk | Substantial risk |
| **High** | Moderate risk | Substantial risk | Intolerable risk |

Taking into account the fire prevention measures observed at the time of this risk assessment, it is considered that the hazard from fire (likelihood of fire) at these premises is:

**Low** ☐ **Medium** ☐ **High** ☐

In this context, a definition of the above terms is as follows:

**Low:** Unusually low likelihood of fire as a result of negligible potential sources of ignition.

**Medium:** Normal fire hazards (e.g. potential ignition sources) for this type of occupancy, with fire hazards generally subject to proper controls (other than minor shortcomings).

**High:** Lack of adequate controls applied to one or more significant fire hazards, such as to result in significant increase in likelihood of fire.

Taking into account the nature of the building and the occupants, as well as the fire protection and procedural arrangements observed at the time of this fire risk assessment, it is considered that the consequences for life safety in the event of fire would be:

**Slight harm** ☐ **Moderate harm** ☐ **Extreme harm** ☐

In this context, a definition of the above terms is as follows:

**Slight harm:** Outbreak of fire unlikely to result in serious injury or death of any occupant (other than an occupant sleeping in a room in which a fire occurs).

**Moderate harm:** Outbreak of fire could foreseeably result in injury (including serious injury) of one or more occupants, but it is unlikely to involve multiple fatalities.

**Extreme harm:** Significant potential for serious injury or death of one or more occupants.

Accordingly, it is considered that the risk to life from fire at these premises is:

**Trivial** ☐ **Tolerable** ☐ **Moderate** ☐ **Substantial** ☐ **Intolerable** ☐

Comments:

A suitable risk-based control plan should involve effort and urgency that is proportional to risk. The following risk-based control plan is based on one advocated by BS 8800 for general health and safety risks:

| **Risk Level** | **Action and timescale** |
|---|---|
| **Trivial** | No action is required and no detailed records need be kept. |
| **Tolerable** | No major additional controls required. However, there might be a need for improvements that involve minor or limited cost. |
| **Moderate** | It is essential that efforts are made to reduce the risk. Risk reduction measures should be implemented within a defined time period.<br><br>Where moderate risk is associated with consequences that constitute extreme harm, further assessment might be required to establish more precisely the likelihood of harm as a basis for determining the priority for improved control measures. |
| **Substantial** | Considerable resources might have to be allocated to reduce the risk. If the building is unoccupied, it should not be occupied until the risk has been reduced. If the building is occupied, urgent action should be taken. |
| **Intolerable** | Building (or relevant area) should not be occupied until the risk is reduced. |

**(Note that, although the purpose of this section is to place the fire risk in context, the above approach to fire risk assessment is subjective and for guidance only. All hazards and deficiencies identified in this report should be addressed by implementing all recommendations contained in the following action plan. The fire risk assessment should be reviewed regularly.)**

# ACTION PLAN

It is considered that the following recommendations should be implemented in order to reduce fire risk to, or maintain it at, the following level:

**Trivial** ☐ **Tolerable** ☐

**† Priorities:**
**1. Breach of legislation, having the potential for serious injury to relevant persons.**
**2. Breach of legislation, but not considered to constitute a serious threat to relevant persons.**
**3. Bad practice, but unlikely to constitute a serious threat to relevant persons.**

**†† Suggested Timescale:**
**A. Immediately or as soon as reasonably practicable. In the case of items that require capital work, steps should be taken as soon as reasonably practicable to progress the work.**
**B. Short term. In the case of items that require capital expenditure, steps should be taken in the short term to progress the work.**
**C. Medium term.**
**D. Long term (e.g. at time of upgrading or refurbishment).**

| | Action Required | †Priority | †† Timescale | Responsible Person | Date Completed |
|---|---|---|---|---|---|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |

## REFERENCES

**Fire Detection and Fire Alarm Systems**
BS 5839-1: 2002. *Fire detection and fire alarm systems for buildings - Code of practice for system design, installation, commissioning and maintenance.*
BS 5839-8: 1998. *Fire detection and alarm systems for buildings - Code of practice for the design, installation and servicing of voice alarm systems.*
BS 5839-9: 2003. *Fire detection and fire alarm systems for buildings - Code of practice for the design, installation, commissioning and maintenance of emergency voice communication systems.*

**Fire Extinguishing Appliances**
BS 5306-1: 2006. *Code of practice for fire extinguishing installations and equipment on premises - hose reels and foam inlets.*
BS 5306-3: 2003. *Fire extinguishing installations and equipment on premises - Code of practice for the inspection and maintenance of portable fire extinguishers.*
BS 5306-8: 2000. *Fire extinguishing installations and equipment on premises - Selection and installation of portable fire extinguishers - Code of practice.*
BS EN 3. *Portable fire extinguishers.*

**Emergency Escape Lighting**
BS 5266-1: 2005. *Emergency lighting - Code of practice for the emergency lighting of premises.*
BS 5266-7: 1999 (BS EN 1838: 1999). *Lighting applications - Emergency lighting.*
BS 5266-8: 2004 (BS EN 50172: 2004). *Emergency escape lighting systems.*

**Fire Safety Signs**
BS 5499-1: 2002. *Graphical symbols and signs - Safety signs, including fire safety signs. Specification for geometric shapes, colours and layout.*
BS 5499-4: 2000. *Safety signs, including fire safety signs. Code of practice for escape route signing.*

BS 5499-5: 2002. *Graphical symbols and signs - Safety signs, including fire safety signs. Signs with specific safety meanings.*
BS 5499-10: 2006. *Safety signs, including fire safety signs. Code of practice for the use of safety signs, including fire safety signs.*

**Lightning**
BS 6651: 1999. *Code of practice for protection of structures against lightning.* (Being withdrawn August 2008.)
BS EN 62305-1: 2006. *Protection against lightning. General principles.*
BS EN 62305-2: 2006. *Protection against lightning. Risk management.*
BS EN 62305-3: 2006. *Protection against lightning. Physical damage to structures and life hazard.*
BS EN 62305-4: 2006. *Protection against lightning. Electrical and electronic systems within structures.*

**Fixed Fire Extinguishing Systems and Equipment**
BS 5306-2: 1990. *Fire extinguishing installations and equipment on premises - Specification for sprinkler systems.*
BS 9990: 2006. *Code of practice for non-automatic fire fighting systems in buildings.*
BS EN 12845: 2004. *Fixed firefighting systems - Automatic sprinkler systems - Design, installation and maintenance.*

**Fire Safety Management**
BS 5588-12: 2004. *Fire precautions in the design, construction and use of buildings - Managing fire safety.*

**Miscellaneous**
BS 476-7: 1997. *Fire tests on building materials and structures - Method of test to determine the classification of the surface spread of flame of products.*
BS 5588-8: 1999. *Fire precautions in the design, construction and use of buildings - Code of practice for means of escape for disabled people.*
BS 7176: 1995. *Specification for resistance to ignition of upholstered furniture for non-domestic seating by testing composites.*
BS 7273-4: 2007. *Code of practice for the operation of fire protection measures - Actuation of release mechanisms for doors.*
BS 7671: 2001. *Requirements for electrical installations. IEE Wiring Regulations. Sixteenth edition.*
PAS 79: 2007. *Fire risk assessment - Guidance and a recommended methodology.*

| Instruction ID | Location | Description | Status | Print Date | Due Date | Target Date |
|---|---|---|---|---|---|---|
| PM23573 | Wastview Care Centre (Walls) - 1106028950 | Fire Risk Assessment (yearly) | Carry out anc Closed | 09/08/2018 | 31/07/2018 | 20/08/2018 00:00 |
| PM23572 | Seaview - 11080027920 - Seaview | Fire Risk Assessment (yearly) | Carry out anc Printed | 11/07/2018 | 05/12/2018 | 25/12/2018 00:00 |
| PM23571 | Nordalea Rural Care Centre - 11010245002 - | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 29/06/2018 | 19/07/2018 00:00 |
| PM23570 | New Craigielea - 11207360305 - New Craigie | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 21/05/2018 | 08/06/2018 00:00 |
| PM23569 | Isleshavn Rural Care Home (Yell) - 11020319 | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 29/06/2018 | 19/07/2018 00:00 |
| PM23565 | Laburnum House - 11201150573 - Laburnun | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 19/07/2018 | 08/08/2018 00:00 |
| PM23564 | 37 Haldane Burgess Crescent - 1120373057 | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 25/07/2018 | 14/08/2018 00:00 |
| PM23563 | 30 St Sunniva Street (SL&O) - 11207300270 | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 02/08/2018 | 22/08/2018 00:00 |
| PM23562 | Anderson High School Campus - 112078509 | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 08/02/2019 | 28/02/2019 00:00 |
| PM23561 | Whiteness Primary School - 11100235001 - | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 18/01/2019 | 07/02/2019 00:00 |
| PM23560 | Whalsay Secondary School - 11090193002 - | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 08/02/2019 | 28/02/2019 00:00 |
| PM23559 | Whalsay Primary & Nursery School - 110901 | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 08/02/2019 | 28/02/2019 00:00 |
| PM23558 | Urafirth Primary School - 11040282509 - Ura | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 25/01/2019 | 14/02/2019 00:00 |
| PM23557 | Tingwall Primary School - 11100100002 - Tin | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 30/11/2018 | 20/12/2018 00:00 |
| PM23556 | Scalloway Primary School - 11100680006 - S | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 17/01/2019 | 06/02/2019 00:00 |
| PM23555 | Sandwick Junior High School - 11140605914 | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 22/02/2019 | 14/03/2019 00:00 |
| PM23554 | Ollaberry Primary School - 11040151001 - O | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 25/01/2019 | 14/02/2019 00:00 |
| PM23553 | North Roe Primary School - 11040038007 - N | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 25/01/2019 | 14/02/2019 00:00 |
| PM23552 | Mid Yell School (New) - 11020319351 - Mid | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 23/01/2019 | 12/02/2019 00:00 |
| PM23551 | Lunnasting Primary School - 11080198000 - | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 08/02/2019 | 28/02/2019 00:00 |
| PM23550 | Dunrossness Primary School - 11140150201 | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 18/01/2019 | 07/02/2019 00:00 |
| PM23549 | Brae Secondary School - 11050184082 - Bra | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 25/01/2019 | 14/02/2019 00:00 |
| PM23548 | Brae Primary School - 11050184082_A - Bra | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 25/01/2019 | 14/02/2019 00:00 |
| PM23547 | Bells Brae Primary School - 11203452884 - B | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 10/01/2019 | 30/01/2019 00:00 |
| PM23546 | Baltasound School - 11010229004 - Baltasou | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 18/01/2019 | 07/02/2019 00:00 |
| PM23545 | Aith Junior High School - 11070134201 - Aith | Fire Risk Assessment (2 yearly) | Carry out a Printed | 11/07/2018 | 30/01/2019 | 19/02/2019 00:00 |
| PM23544 | Anderson High School Campus - 112078509 | Fire Risk Assessment (yearly) | Carry out anc Printed | 11/07/2018 | 01/11/2018 | 21/11/2018 00:00 |
| PM23543 | Windybrae - 11140129740 - Windybrae | Fire Risk Assessment (yearly) | Carry out anc Printed | 11/07/2018 | 23/11/2018 | 13/12/2018 00:00 |
| PM23542 | Taing House - 11207363003 - Taing House | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 11/07/2018 | 31/07/2018 00:00 |
| PM23541 | Rudda Park (SL&O) - 11207120112 - Rudda F | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 22/06/2018 | 12/07/2018 00:00 |
| PM23540 | Overtonlea Rural Care Home (Levenwick) - 1 | Fire Risk Assessment (yearly) | Carry out anc Printed | 11/07/2018 | 15/11/2018 | 05/12/2018 00:00 |
| PM23539 | Edward Thomason House - 11207362004 - E | Fire Risk Assessment (yearly) | Carry out anc Closed | 11/07/2018 | 11/07/2018 | 31/07/2018 00:00 |
| PM23538 | Banksbroo (ILP) - 11207850853 - Banksbroo | Fire Risk Assessment (yearly) | Carry out anc Printed | 11/07/2018 | 07/11/2018 | 27/11/2018 00:00 |
| PM23537 | 78 North Lochside - 11205862104 - 78 North | Fire Risk Assessment (yearly) | Carry out anc Printed | 11/07/2018 | 24/07/2018 | 13/08/2018 00:00 |
| PM23536 | North Haven Rural Care Centre (Brae) - 1105 | Fire Risk Assessment (yearly) | Carry out anc Closed | 13/06/2018 | 25/05/2018 | 14/06/2018 00:00 |
| PM23535 | Fernlea Rural Care Centre (Whalsay) - 11090 | Fire Risk Assessment (yearly) | Carry out anc Closed | 13/06/2018 | 24/05/2018 | 13/06/2018 00:00 |

# Shetland Islands Council

Agenda Item

**8**

| | | |
|---|---|---|
| **Meeting(s):** | **Policy and Resources Committee<br>Shetland Islands Council** | **19 December 2018<br>19 December 2018** |
| **Report Title:** | **Asset Investment Plan – Progress Report** | |
| **Reference Number:** | **CPS-10-18-F** | |
| **Author / Job Title:** | **Robert Sinclair, Executive Manager – Capital Programme** | |

## 1.0 Decisions / Action required:

1.1 That the Policy and Resources Committee RECOMMENDS that the Council notes the progress and budget re-profiling of 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.

2.3 This report also informs the Committee and Council of the powers exercised by the Chief Executive in authorising the re-profile of the Vehicle & Plant Replacement Programme budget in delivery of Best Value.

## 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.

4.5 Vehicle & Plant Replacement Programme

There is a requirement to reprofile the Vehicle & Plant Replacement Programme budget in order to maximise resale values while negating the need to increase revenue maintenance budgets, and to ensure that the fleet can meet critical service needs.

The table below details the reprofile of the capital expenditure budget from £6.376m to £7.254m, which will be offset by the projected £835k increase in resale receipts and additional cost of avoidance of £190k on vehicle maintenance.

| | Capital Expenditure | | | | | | Resale receipts/ maintenance cost avoidance | Total |
|---|---|---|---|---|---|---|---|---|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total | | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Current Budget** | **1,350** | **1,257** | **1,257** | **1,256** | **1,256** | **6,376** | | **6,376** |
| **Reprofiled Budget** | **3,055** | **1,552** | **682** | **1,294** | **671** | **7,254** | **(1,025)** | **6,229** |

## 5.0 Exempt and/or confidential information:

5.1 None.

## 6.0 Implications :

| | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | Upon completion, the projects described in the appendix to this report will either enhance the quality and / or condition of the assets available to the people of Shetland, or add to them. |
| **6.2 Human Resources and Organisational Development:** | No implications arising directly from this report. |
| **6.3 Equality, Diversity and Human Rights:** | No implications arising directly from this report. |
| **6.4 Legal:** | No implications arising directly from this report. |
| **6.5 Finance:** | The Asset Investment Plan projects, which are currently underway in 2018/19, are detailed in Appendix A and are projected to be £1.1m under budget, resulting in a projected outturn cost of £125.1m. Of the total cost, £59.8m will be funded externally, with £65.3m to be funded by the Council. |

| | |
|---|---|
| | The budget re-profiling referred to in paragraph 4.5 of this report results in an increase in total expenditure budget of £878k, offset by the projected increase of £835k in resale receipts and additional cost avoidance of £190k on vehicle maintenance. |
| **6.6**<br>**Assets and Property:** | Upon completion, the projects described in the appendix to this report will either enhance the quality and / or condition of the Council's existing asset base, or add to it. |
| **6.7**<br>**ICT and new technologies:** | No implications arising directly from this report. |
| **6.8**<br>**Environmental:** | All maintenance and new-build projects seek to address climate change and carbon management for example by embedding energy saving measures and environmentally friendly materials in their design. Where possible, assets are repaired and maintained where this reduces the carbon footprint associated with new-build. Environmental Impact Assessments are carried out where the nature or scale of the project dictates; the only such project(s) detailed in the programme are the new AHS and associated Halls of Residence. |
| **6.9**<br>**Risk Management:** | The main areas of risk are financial in terms of over or under-spend. Regular progress reports to Committee and the Council enable Members to monitor the investment plan. |
| **6.10**<br>**Policy and Delegated Authority:** | The Council's Scheme of Administration and Delegations provides the functions, powers and duties delegated to the Chief Executive. The Chief Executive is principal advisor to the Council on all matters of policy and strategy direction and is responsible for the implementation of Council aims and priorities, including leading the delivery of Best Value and Community Planning.<br><br>Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from the Policy and Resources Committee. |
| **6.11**<br>**Previously considered by:** | N/A |

**Contact Details:**
Robert Sinclair, Executive Manager – Capital Programme
robert.sinclair@shetland.gov.uk
23 November 2018

**Appendices:**
Appendix A - Asset Investment Plan – Progress Report

**Background Documents:** None
END

## Capital Projects - Full Life Project Costs

## CPS-10-18 Appendix A

| | | Budget | | | Funding | |
|---|---|---|---|---|---|---|
| **Directorate** | **Service Area** | **Approved Budget £** | **Predicted Project Outturn £** | **Under (Over) Budget £** | **External Funding £** | **Cost to SIC £** |
| | | | | | | |
| **Children's Services** | Schools | 23,910,727 | 23,649,135 | 261,592 | 3,991,500 | 19,657,635 |
| | Childrens Resources | 670,000 | 670,000 | 0 | 0 | 670,000 |
| | | **24,580,727** | **24,319,135** | **261,592** | **3,991,500** | **20,327,635** |
| | | | | | | |
| | | | | | | |
| **Corporate Service** | Capital Programme Service | 3,753,204 | 3,825,107 | (71,903) | 310,696 | 3,514,411 |
| | | **3,753,204** | **3,825,107** | **(71,903)** | **310,696** | **3,514,411** |
| | | | | | | |
| **Community Care Services** | Adult Service | 9,555,312 | 8,480,382 | 1,074,930 | 0 | 8,480,382 |
| | | **9,555,312** | **8,480,382** | **1,074,930** | **0** | **8,480,382** |
| | | | | | | |
| **Development Services** | Economic Development | 0 | 0 | 0 | 0 | 0 |
| | Housing | 160,000 | 260,595 | (100,595) | 0 | 260,595 |
| | | **160,000** | **260,595** | **(100,595)** | **0** | **260,595** |
| | | | | | | |
| **Infrastructure Services** | Environmental Services | 1,856,450 | 1,869,359 | (12,909) | 0 | 1,869,359 |
| | Estate Operations | 950,000 | 1,181,999 | (231,999) | 0 | 1,181,999 |
| | Ferry & Air Operations | 59,552,065 | 59,540,860 | 11,205 | 54,250,000 | 5,290,860 |
| | Roads | 4,161,172 | 4,036,771 | 124,401 | 86,807 | 3,949,964 |
| | Ports & Harbours | 21,656,699 | 21,627,699 | 29,000 | 1,200,000 | 20,427,699 |
| | | **88,176,386** | **88,256,688** | **(80,302)** | **55,536,807** | **32,719,881** |
| | | | | | | |
| | **Total All Funds** | **126,225,629** | **125,141,907** | **1,083,722** | **59,839,003** | **65,302,904** |

| | Budget | | | Funding | | |
|---|---|---|---|---|---|---|
| Project Name | Approved Budget £ | Predicted Project Outturn £ | Under (Over) Budget £ | External Funding £ | Cost to SIC £ | Update |
| Early Learning (General) | 2,771,000 | 2,494,065 | 276,935 | 2,494,065 | 0 | Ongoing funding for next two years held within this code until budgets transferred to individual project codes. |
| Brae Early Learning Extension | 90,000 | 60,139 | 29,861 | 60,139 | 0 | Works complete. |
| Dunrossness Early Learning Extension | 25,000 | 93,087 | (68,087) | 93,087 | 0 | Phase 1 complete, phase 2 progressing . |
| Happyhansel Early Learning Extension | 50,000 | 260,058 | (210,058) | 260,058 | 0 | Phase 1 complete. Phase 2 extension tender awarded and works on site. |
| Whiteness Early Learning Extension | 23,000 | 51,651 | (28,651) | 51,651 | 0 | Phase 1 works complete, phase 2 at planning stage. |
| Anderson High School Replacement | 3,094,803 | 3,094,803 | 0 | 25,000 | 3,069,803 | Works complete and school in operation. Officer time will not be processed until year end. |
| Anderson High Clickimin Path Upgrade | 1,015,000 | 753,408 | 261,592 | 507,500 | 245,908 | SIC / Sustrans funded project. Rugby pitch completed in August, retention will be released next year. |
| 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, SIC funding complete. 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. |
| **Total** | **24,580,727** | **24,319,135** | **261,592** | **3,991,500** | **20,327,635** | |

| | Budget | | | Funding | | |
|---|---|---|---|---|---|---|
| Project Name | Approved Budget £ | Predicted Project Outturn £ | Under (Over) Budget £ | External Funding £ | Cost to SIC £ | Update |
| Market Street Store Redevelopment | 323,204 | 395,107 | (71,903) | 0 | 395,107 | Project complete and final account processed. CPS officer time on final account will not be processed until year end. |
| Lerwick Library Refurbishment | 900,000 | 900,000 | 0 | 0 | 900,000 | Original tender package ready for issue but anticipated final costs had increased since budget was set. Project on hold awaiting further report linked to service requirements and Asset Strategy. |
| 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. |
| **Total** | **3,753,204** | **3,825,107** | **(71,903)** | **310,696** | **3,514,411** | |

| | Budget | | | Funding | | |
|---|---|---|---|---|---|---|
| **Project Name** | **Approved Budget £** | **Predicted Project Outturn £** | **Under (Over) Budget £** | **External Funding £** | **Cost to SIC £** | **Update** |
| Eric Gray Replacement | 6,055,312 | 6,055,312 | 0 | 0 | 6,055,312 | Building handed over with practical completion issued 14/11/18. Building Standards completion certificate issued on 16/11/18. Contract payment due, with retention being held for a year. Additional moveable equipment being ordered. |
| ET & Taing House Extension (Spend to Save) | 3,500,000 | 2,425,070 | 1,074,930 | 0 | 2,425,070 | Phases 1 & 2 complete. Final account will be processed by end of December 2018. Officer time on final account will not be processed until year end. |
| **Total** | **9,555,312** | **8,480,382** | **1,074,930** | **0** | **8,480,382** | |

| | Budget | | | Funding | | |
|---|---|---|---|---|---|---|
| Project Name | Approved Budget £ | Predicted Project Outturn £ | Under (Over) Budget £ | External Funding £ | Cost to SIC £ | Update |
| 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 | 1,016,500 | 1,029,409 | (12,909) | 0 | 1,029,409 | Enabling ground works completed but cost more than anticipated. Construction works started on site. |
| 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 responses 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 | 122,838 | 105,162 | 0 | 122,838 | 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 | Contract awarded and works have commenced. |
| Tingwall Hangar | 100,000 | 88,795 | 11,205 | 0 | 88,795 | Door fitted and operational, works complete within budget |
| Ferry Replacement Programme | 54,250,000 | 54,250,000 | 0 | 54,250,000 | 0 | The Scottish Government Fair Funding (for ferries) process is already one year behind the original programme and it seems likely that it could take a further year to get to a point of establishing a programme. 2018/19 budget of £250k, for Fair Isle design fees, will slip into next year. |
| Ferry Life Extension Works Contract | 5,202,065 | 5,202,065 | 0 | 0 | 5,202,065 | Revised outline business case (OBC) being progressed covering all vessels. Business case being carried out in consideration of / conjunction with Transport Planning activities, Scottish Government funding and other OBCs. |
| Ferry Terminal Life Extension Works | 1,990,683 | 1,990,683 | 0 | 0 | 1,990,683 | Contract entered with Mott MacDonald for project management activates, surveys, review histories, etc. Works contract to be published on PCS in the next few weeks, anticipate contract award in March '19. Work on site to commence approx April/May '19. |

| | Budget | | | Funding | | |
|---|---|---|---|---|---|---|
| **Project Name** | **Approved Budget £** | **Predicted Project Outturn £** | **Under (Over) Budget £** | **External Funding £** | **Cost to SIC £** | **Update** |
| 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 | Contractor continues to try and resolve outstanding issues before a Site Acceptance Test can take place. Completion date is unclear at present while discussions continue. |
| Scalloway Fishmarket Rebuild | 5,672,000 | 5,672,000 | 0 | 0 | 5,672,000 | Tender awarded with works planned to start on 3/12/18. External funding application has been unsuccessful. Works completion estimated for spring 2020. |
| 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 | 7,935,000 | (35,000) | 0 | 7,935,000 | Second tug purchase complete. |
| Hamarsness/Ulsta Wind Turbine | 128,000 | 64,000 | 64,000 | 0 | 64,000 | Hamarsness turbine has planning permission. Ulsta not going ahead, so Spend to Save and planning application for turbine at Baltasound Junior High submitted instead. |
| Toft Pier (New) | 2,400,000 | 2,400,000 | 0 | 1,200,000 | 1,200,000 | EMF grant application has been deferred for future consideration, timescale for this is unclear at present. Current tender exercise on hold pending information on possible further funding opportunity. No report to Council until grant situation is confirmed. |
| **Total** | **88,176,386** | **88,256,688** | **(80,302)** | **55,536,807** | **32,719,881** | |

| | Budget | | | Funding | | |
|---|---|---|---|---|---|---|
| Project Name | Approved Budget £ | Predicted Project Outturn £ | Under (Over) Budget £ | External Funding £ | Cost to SIC £ | Update |
| 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. |
| **Total** | **160,000** | **260,595** | **(100,595)** | **0** | **260,595** | |

Shetland Islands Council

Agenda Item **9**

| | | |
|---|---|---|
| **Meeting(s):** | **Policy and Resources Committee**<br>**Shetland Islands Council** | **19 December 2018**<br>**19 December 2018** |
| **Report Title:** | **Asset Investment Plan – Business Case – ICT Virtual Infrastructure** | |
| **Reference Number:** | **CPS-12-18-F** | |
| **Author/ Job Title:** | **Robert Sinclair, Executive Manager – Capital Programme** | |

## 1.0 Decisions / Action required:

1.1 That the Policy and Resources Committee RECOMMENDS that the Council RESOLVES to;

1.1.1 Approve the proposal described in Section 4.3 of this report.

## 2.0 High Level Summary:

2.1 This report presents an asset investment proposal for approval, which has been considered by the Council's Asset Investment Group (AIG) based on the submission of a Business Justification Case. The AIG has assessed the submission for completeness and confirmed that a sound business case has been made.

2.2 This proposal is provisionally funded within the Council's Asset Investment Plan (AIP) 2018-23, which was approved by the Council on 14 February 2018 (Min Ref: 4/18). If approved, it will commit an additional £40k per annum of capital funding to the Shetland Public Sector Network budget on an ongoing basis, beginning in 2019/20.

2.3 The business case is provided as Appendix A to this report.

## 3.0 Corporate Priorities and Joint Working:

3.1 The Gateway Process for the Management of Capital Projects supports our 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 On 29 June 2016 the Council adopted a new Gateway Process for the Management of Capital Projects, drawing on national and best practice guidance, to ensure the robustness of all capital projects.

4.2 This revised process is based on the process developed by the Office of Government Commerce (OGC) and is in common use throughout the public sector. It applies 'Prince 2' principles to the process and is aligned with the '5-Case Model' that has been promoted to both Officers and Members through recent 'Building Better Business Case' training. A key principle in that procedure is that the Council's AIP is re-prioritised on an annual basis, however business cases can be processed at any time. By approving a Full Business Case or Business Justification Case, Members are agreeing that the project should progress to the implementation stage, subject to being prioritised and included in the Council's Asset Investment Plan.

4.3 A summary of the business case referred to in Appendix A to this report is set out below, along with recommendations from the AIG:

4.3.1 Appendix A - Business Justification Case – ICT Virtual Infrastructure

- Replacement of end of life equipment and addressing increased demand on resources;
- Will require increase to the annual Shetland Public Sector Network capital budget;
- Recurring annual capital cost increase from £155,800 to £195,800 from 2019/20;
- AIG recommended approval.

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

5.1 None.

**6.0 Implications:**

| | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | Upon completion, the proposal described in the appendix to this report will enhance the quality of the infrastructure used by the Council in its delivery of services. |
| **6.2 Human Resources and Organisational Development:** | No implications arising directly from this report. |
| **6.3 Equality, Diversity and Human Rights:** | No implications arising directly from this report. |
| **6.4 Legal:** | Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report. |
| **6.5 Finance:** | The capital proposal in this report has been budgeted for in the 2018-23 Asset Investment Plan pending approval of the attached business case.<br><br>The capital cost and ongoing revenue implications of the project is: |

| | | |
|---|---|---|
| | Capital - This project represents capital replacement and upgrading of existing infrastructure and is projected to cost an additional £40k per annum, beginning in 2019/20.<br><br>Revenue - The ongoing revenue cost is included in the approved revenue budgets for ICT Service in the Council's 2018/19 Budget Book (Min Ref: SIC 5/18). | |
| **6.6 Assets and Property:** | No implications arising directly from this report. | |
| **6.7 ICT and new technologies:** | The proposal described in Appendix A to this report, will improve the capacity and reliability of the Council's ICT infrastructure. | |
| **6.8 Environmental:** | No implications arising directly from this report. | |
| **6.9 Risk Management:** | Failure to approve this expenditure in the AIP may result in failure or reduced performance to the Council's ICT infrastructure in the future. | |
| **6.10 Policy and Delegated Authority:** | Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from Policy and Resources Committee. | |
| **6.11 Previously considered by:** | N/A | |

**Contact Details:**
Robert Sinclair, Executive Manager – Capital Programme
robert.sinclair@shetland.gov.uk
18 December 2018

**Appendices:**
Appendix A – Business Justification Case – ICT Virtual Infrastructure

**Background Documents:** None
END

# BUSINESS JUSTIFICATION CASE (BJC)

Project Title:

ICT Virtual Infrastructure - Shetland Public Sector Network

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Version no:

Issue date:

**Purpose of this document**

This document provides a template for a Business Justification Case (BJC) in support of small and medium size investments – typically below £250k, and very straight-forward in nature.

The SOP or SOC templates should be used to progress business cases for significant procurements, in excess of £250k, which are not straight-forward or routine. Guidance should be sought from the Capital Programme Service.

Please note that this template is for guidance purposes only. Where the template does not allow you to adequately explain the case for change, or the impacts, additional sections should be included.

**VERSION HISTORY**

| Version | Date Issued | Brief Summary of Change | Owner's Name |
|---|---|---|---|
| Draft | 06.08.18 | First draft version. For approval and review by Susan Msalila | James Cunningham |
| V1 | 08.08.18 | Approved by Susan Msalila | James Cunningham |
| V2 | 18.09.18 | Implemented changes requested by Robert Sinclair | James Cunningham |
| | | | |
| | | | |

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## CONTENTS – BUSINESS JUSTIFCATION CASE

## TEMPLATE AND SUPPORTING GUIDANCE

1. Purpose
2. Strategic context and alignment with corporate priorities
3. Case for change
4. Available options
5. Preferred option
6. Procurement route
7. Funding and affordability
8. Management arrangements

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# BUSINESS JUSTIFCATION CASE AND SUPPORTING GUIDANCE

## 1. Purpose

This is to seek approval of Shetland Public Sector Network budget of £40,000 from 2019/20 onwards to support the replacement of the Shetland Islands Council Virtualised Infrastructure.

## 2. Strategic Context and Alignment with Corporate Priorities

This investment will be made to support the ICT Strategy. The investment will secure the infrastructure required to support the digital transformation programme work for all services in the Council. The investment will ensure a long term secure and reliable infrastructure to support the Council's ICT into the future.

## 3. Case for Change

### A. Business needs

The Council invested in a Virtualised infrastructure in 2013, in order to enhance the ability to support applications and servers within ICT. This infrastructure, a bank of computer disk and processing elements allows individual servers to be created 'virtually', without the need for a separate physical server for each application. The advantage is that each server can be allocated resources from the bank appropriate to the need of the application, dramatically reducing waste. There is also a considerable saving in power consumption from individual servers to a virtualised model.

Due to increasing demand for resources and reliability, and existing infrastructure reaching end of life, investment in this infrastructure in now required:

Investment Objectives:

- Increase in storage and computing capacity to handle increased demand from SIC Services and Service Partners.
- Replacement of aging hardware in line with the expected lifecycle of Hardware and Software Maintenance cycles.
- Increased opportunity to support service redesign by being able to quickly respond and adapt to system requirements.
- The current infrastructure is of an age which means that additional capacity cannot be procured, and software is entering its 'enhanced lifecycle', meaning that new features are no longer being developed.

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**B. Benefits**

- Investment in securing and future proofing the ICT Virtualised Infrastructure
- Increasing the capacity to ensure systems can be quickly and efficiently commissioned and managed
- Ability to take on additional systems to support individual Service's business transformation strands
- Ensure the Council can adapt quickly to changes, and support additional service partners as required.

**C. Risks**

Please provide a summary of the **main** risks associated with the investment, distinguishing between business and service risks during the design, build and operational phases of the project, as appropriate.

| Description of Risk | Prob (1-5) | Impact (1-5) | Risk (Prob x Impact) |
|---|---|---|---|
| Current infrastructure is not replaced in a timely manner, and replacement hardware for failures cannot be procured, leading to extended downtime of critical council systems. | 3 | 5 | 15 |
| Capacity of the current infrastructure is reached, and opportunities to deliver services are missed or delayed. | 2 | 4 | 8 |
| Procurement and design shows an investment required which is greater than the available budget. The mitigation for this would be to split the investment over multiple financial years. | 3 | 2 | 6 |

**4. Available Options**

Please provide a description of the main options (or choices) for investment, together with their relative advantages and disadvantages (a SWOT analysis).

Please bear in mind:

1. Do Nothing
    - Strength: no additional budget required
    - Weakness: ageing infrastructure becomes less reliable, secure, and reaches capacity

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- Opportunities: can wait to see what direction the market moves, and investigate other avenues such as cloud computing
- Threats: the Council is not able to complete service transformation or take on additional service partners due to the limitations of existing infrastructure.

2. Investment in additional Storage and Computing to complement existing systems

   - Strength: Ability to supplement the existing investment in infrastructure to provide additional computing and storage on new kit. Old kit can then be replaced as it reaches end-of-life on a scheduled replacement programme.
   - Weakness: Running with a mixture of old and new technology may mean that we do not get the maximum performance from the latest infrastructure. Over time as old kit is replaced, this will become less of an issue.
   - Opportunities: Ability to specify additional computing and storage requirements to meet the needs of upcoming transformation projects.
   - Threats: The requirements to be interoperable with existing infrastructure kit may limit the solutions available to procure.

3. Investment in replacement virtual infrastructure with additional capacity

   - Strength: Replacement with the latest in virtual infrastructure technology would mean being able to make use of the latest features and functionality available.
   - Weakness: The budget required to replace current infrastructure would be several times more than in specified in this business case.
   - Opportunities: The ability to look at the entire marketplace to procure a solution which will maximise the investment opportunity, without the need to rely on interoperability with existing kit.
   - Threats: Replacing the infrastructure will likely lead is to be in a similar position in another five years or so, and we would be replacing equipment before the end of its useful life.

4. Phased removal of virtual infrastructure, replacing with physical servers where required

   - Strength: This would allow new systems to be installed with physical servers, ensuring the hardware meets with the recommended requirements. Single hardware failure would not cause council wide outage.
   - Weakness: This solution would increase costs to the ICT Service, as we would need to procure, power, manage and maintain servers on a 1:1 basis, rather than the many to one we have just now.

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- Opportunities: This would allow us to assess each individual system and determine its current value and specifications and whether or not it is fit for purpose.
- Threats: The costs of £4000-5000 per server for over 150 currently virtualised servers (a total upwards of £600-750k) to manage this solution would not be sustainable and would mean the ability quickly to add additional capacity to support new and improved services is greatly reduced.

## 5. Preferred Option

The preferred option is option 2 - the investment in additional storage and computing to complement existing systems.

- This option optimises value for money, buy ensuring we make use of our existing equipment until the end of useful life, while investing in the latest technology which can be used to increase capacity, while providing a stable future baseline that can be used as equipment becomes gradually end of life.
- ICT staff resources will be utilised to procure and implement this proposed solution.

## 6. Procurement Route

The recommended assets will be procured using existing Crown Commercial Framework Agreements. This will be carried out alongside members of the Council's Procurement team.

## *7.* Funding and Affordability

- the capital and revenue costs of the proposed investment:
  - £40k per year capital investment and revenue costs consistent with existing systems.
- how the investment will be funded:
  - Additional £40k in the Shetland Public Sector Network ICT budget for a period of 5 years will allow the capital costs to be covered
  - Revenue will be met from within existing ICT budgets
- any affordability gap (as appropriate):
  - N/A

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| | | | | | |
|---|---|---|---|---|---|
| | Yr 1 | Yr 2 | Yr 3 | Yr 4 | 5 Yr Total |
| Capital expenditure | £40k | £40k | £40k | £40k | £200k |
| Revenue expenditure | £6k | £6k | £6k | £6k | £30k |

## 8. Management Arrangements

The investment will be managed as an ICT infrastructure project using:

- PRINCE2 project management
- Benefits realisation monitoring
- Risk management
- Post project evaluation

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Shetland Islands Council

Agenda Item **10**

| | | |
|---|---|---|
| **Meeting(s):** | **Education and Families Committee**<br>**Policy and Resources Committee**<br>**Shetland Islands Council** | **18 December 2018**<br>**19 December 2018**<br>**19 December 2018** |
| **Report Title:** | **Asset Investment Plan – Business Case – Residential Childcare** | |
| **Reference Number:** | **CPS-11-18-F** | |
| **Author/ Job Title:** | **Robert Sinclair, Executive Manager – Capital Programme** | |

## 1.0 Decisions / Action required:

1.1 That the Education and Families Committee:

1.1.1 NOTES the information set out in this report and its Appendix;

1.1.2 CONSIDERS the impact on the services and functions reporting to the Education and Families Committee; and,

1.1.3 Makes a recommendation to Policy and Resources Committee as to how the proposal described in Appendix A to this report should be taken forward.

1.2 That the Policy and Resources Committee:

1.2.1 Considers the recommendation from Education and Families Committee; and,

1.2.2 RECOMMENDS that the Council RESOLVES to instruct the Director of Children's Services to develop a Full Business Case in relation to Residential Childcare for Looked After Children, as described in Appendix A to this report for consideration at the next available committee cycle.

## 2.0 High Level Summary:

2.1 This report presents an asset investment proposal for approval, which has been considered by the Council's Asset Investment Group (AIG) based on the submission of a Strategic Outline Case. The AIG has assessed the submission for completeness and confirmed that due to reporting timescales and the deadline for decision making relating to the preferred option set out in Appendix A, a Full Business Case should now be developed in line with the Council's Gateway Process for the Management of Capital Projects.

2.2 This proposal is provisionally funded within the Council's Asset Investment Plan (AIP) 2018-23, which was approved by the Council on 14 February 2018 (Min Ref: 4/18).

2.3 The Strategic Outline Case is provided as Appendix A to this report.

## 3.0 Corporate Priorities and Joint Working:

3.1 The Gateway Process for the Management of Capital Projects supports our 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 On 29 June 2016 the Council adopted a new Gateway Process for the Management of Capital Projects, drawing on national and best practice guidance, to ensure the robustness of all capital projects.

4.2 This revised process is based on the process developed by the Office of Government Commerce (OGC) and is in common use throughout the public sector. It applies 'Prince 2' principles to the process and is aligned with the '5-Case Model' that has been promoted to both Officers and Members through recent 'Building Better Business Case' training. A key principle in that procedure is that the Council's AIP is re-prioritised on an annual basis, however business cases can be processed at any time. By approving a Full Business Case or Business Justification Case, Members are agreeing that the project should progress to the implementation stage, subject to being prioritised and included in the Council's Asset Investment Plan.

4.3 A summary of the business case documents referred to in this report are set out below, along with recommendations from the AIG:

4.3.1 <u>Appendix A – Strategic Outline Case – Residential Childcare for Looked After Children</u>

- New build residential childcare service to meet the needs of Looked After Children;
- Responds to the increase in demand for residential care arising from legislative changes;
- Will reduce the need for out of authority placements
- Capital costs estimated at £870k between 2019/20 and 2020/21;
- To be progressed as a Spend to Save project;
- Preferred option has the potential for early delivery by procuring in partnership with Hjaltland Housing Association, subject to Council decision to proceed by March 2019;
- AIG recommended approval.

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

5.1 None.

**6.0 Implications:**

| | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | Upon completion, the proposals described in the appendix to this report would enhance the quality and condition of the assets used by the Council in its delivery of services. |
| **6.2 Human Resources and Organisational Development:** | No implications arising directly from this report. |

| | | |
|---|---|---|
| **6.3 Equality, Diversity and Human Rights:** | No implications arising directly from this report. | |
| **6.4 Legal:** | Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report. | |
| **6.5 Finance:** | The capital project proposal in this report has been budgeted in the 2018-23 Asset Investment Plan pending approval of a Full Business Case.<br><br>There are no direct financial implications resulting from approval of this report. | |
| **6.6 Assets and Property:** | On completion, the proposals described in the appendix to this report would enhance the quality of the Council's asset base and improve the efficiency and cost of operation. | |
| **6.7 ICT and new technologies:** | No implications arising directly from this report. | |
| **6.8 Environmental:** | All maintenance and new-build projects seek to address climate change and carbon management, for example by embedding energy saving measures and environmentally friendly materials in their design. The projects described in the appendix to this report would contribute directly to that objective. | |
| **6.9 Risk Management:** | Failure to make adequate provision for Looked After Children creates the risk that more children and young people will be placed outwith Shetland due to a shortage of appropriate residential care places locally, and/or that needs will not be met, leading to poorer outcomes for some of the most vulnerable people in our community. | |
| **6.10 Policy and Delegated Authority:** | Matters relating to children and families are delegated to Education and Families Committee.<br><br>Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from Policy and Resources Committee. | |
| **6.11 Previously considered by:** | N/A | |

**Contact Details:**
Robert Sinclair, Executive Manager – Capital Programme
robert.sinclair@shetland.gov.uk
18 December 2018

**Appendices:**
Appendix A – Strategic Outline Case – Residential Childcare for Looked After Children

**Background Documents:** None
END

# STRATEGIC OUTLINE CASE (SOC)

Project Title:

Children's Resources, Residential Childcare for Looked After Children (Spend to Save)

## CONTENTS – STRATEGIC OUTLINE CASE TEMPLATE AND SUPPORTING GUIDANCE

1. Executive summary
2. Strategic case
3. Economic case
4. Commercial case
5. Financial case
6. Management case

## APPENDICES

- Strategic plans

# 1. Executive Summary

## 1.1 Introduction

This SOC seeks approval to invest an estimated **£870k** in 2019/20 and 2020/21 to increase residential childcare capacity for Looked After Children (LAC) and young people, including those leaving care, up to the age of 26 who continue to be supported by the Council.

## 1.2 Strategic case

### 1.2.1 The Strategic Context

The Council has a statutory duty to provide care and support for children and young people in need. Key **legislation** in this regard includes:

- Social Work (Scotland) Act 1968
- Children (Scotland) Act 1995
- Adoption and Children (Scotland) Act 2007
- Children & Young People (Scotland) Act 2014

Children and young people in need of care and support from the Council is a priority theme in the Council's Corporate Plan, "**Our Plan 2016-2020**".

Support and protection for vulnerable people of all ages are priorities in the **Shetland Partnership Plan**. The Shetland Partnership Plan has a key focus on prevention, early intervention and tackling inequalities.

Shetland's **Strategic Housing Investment Plan** (SHIP) identifies the need for more affordable/social housing and this is a priority in Our Plan 2016-2020 and in the LOIP.

A target outcome from the **Children's Services Directorate Plan** is that:
*"We have improved the life chances for children, young people and families at risk".*

The target outcomes of the **Children's Resources Service** are to strengthen families and improve capacity within families to care for children and young people and where this is not possible, as corporate parent, to provide high quality nurturing out of family care and support.

**Long Term Strategic Goal**

The ultimate target outcome would be that there are no children or young people in Shetland in need of care, support or protection from the Council. This would require a generational change that would see prevention and early intervention achieving the priorities and outcomes of Shetland's strategic planning partners.

At this point in time, we are a long way from achieving our goal and we need to address issues with the existing local residential care services for looked after children if we are to avoid increasing the numbers of residential care placements outwith Shetland and poorer outcomes for some individuals.

For children and young people who are looked after by the local authority, our aim is to provide stable, secure, and permanent accommodation with the minimum disruption to the young person's life.

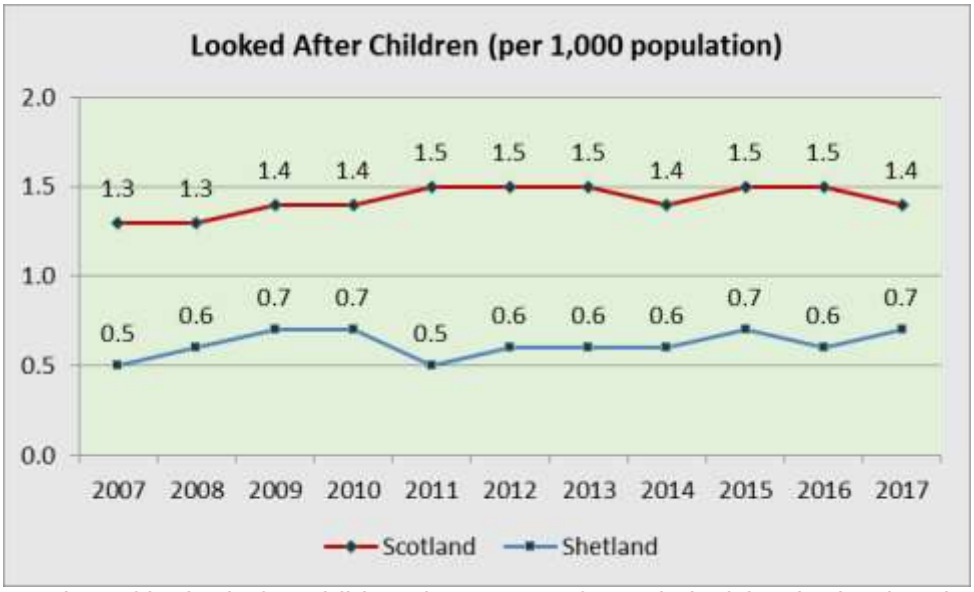
### 1.2.2 The case for change

**Current Situation**

The numbers of vulnerable children looked after by the Council have been fairly constant for over 20 years. There are, at any one time, around 30 looked after children, most of whom are supported at home, in kinship care or foster care with a small number in residential care. Residential care provision on Shetland has changed during that time with smaller, more homely residential care facilities developed at Grodians and Windybrae.

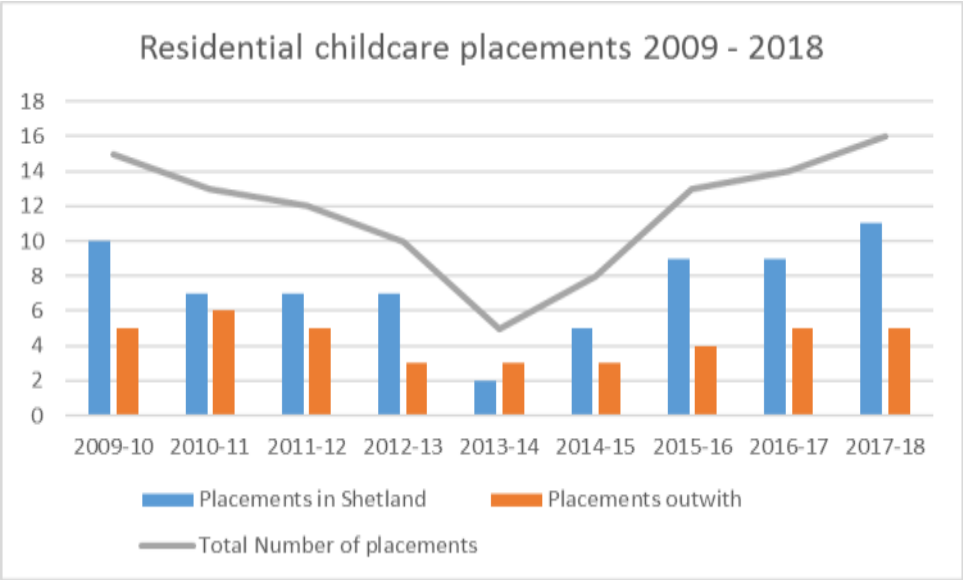
There are a range of non-residential support services including services provided by Family Support Workers and the Bruce Family Centre.

The graphs and tables below summarise the numbers of looked after children over the last 10 years showing the type of placement, and the numbers in residential childcare for the same period. The above statistics are reported to the Scottish Government based on a snapshot on 31st July each year. As such, these figures do not represent the total number of young people who require residential childcare each year.




*Total number of looked after children (per 1,000 of population) in Shetland and Scotland*

*Number of young people in residential accommodation in Scotland and Shetland (on 31st July of each year)*




*The above graph shows the total number of residential childcare placements provided each year, including short term/emergency care.*

The numbers of young people accommodated in residential care has increased since 2013-14, and we anticipate that this increase in demand will continue in the short to medium term following the implementation of the Children and Young People (Scotland) Act 2014, in particular the Continuing Care duty, which gives young people the right to remain in their care placement until the age of 21.

The numbers of secure placements commissioned by the Council are included in the figures above, so the table below is included to show the number of secure placements commissioned each year:

Table 1. Number of Secure Placements commissioned by Shetland Islands Council

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No .Secure Placements | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

The need for secure care is infrequent. There are only four providers of secure care in Scotland, and it may therefore be necessary to commission placements outwith Shetland where a young person requires this type of specialist support. However, increasing quality residential childcare capacity locally, may mitigate against the need for secure care in the future.

In the longer term, our work in relation to prevention, early intervention and tackling inequalities will focus on working with families so that the number of children and young people in the care system is reduced. In the meantime, however, existing residential care provision will be insufficient to meet the level of need anticipated.

**Business needs**

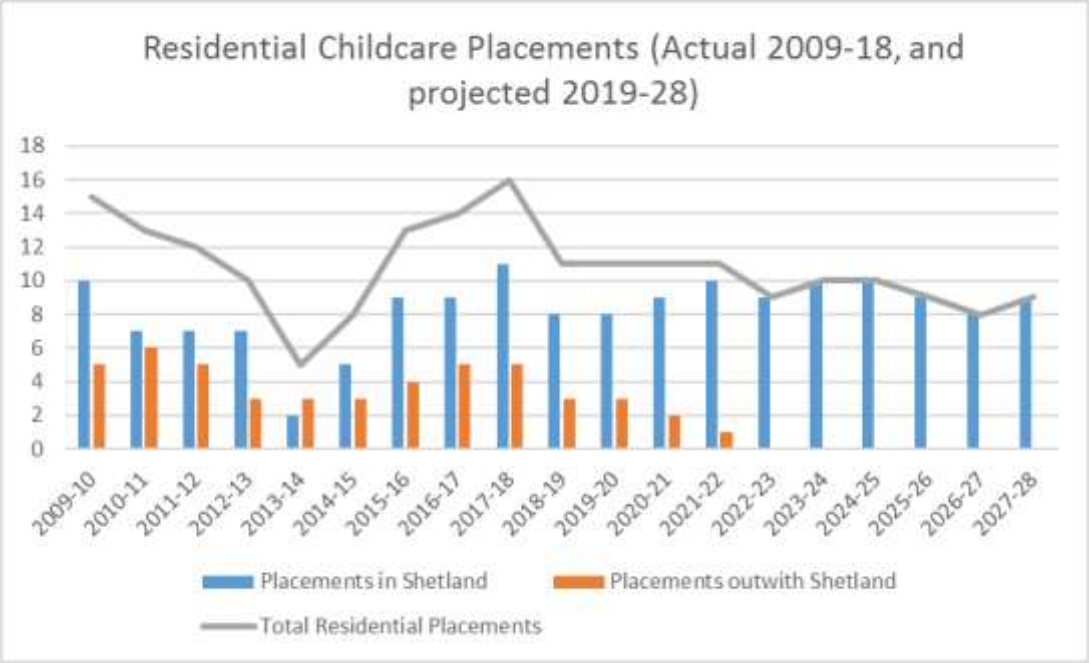
Currently, there is a shortage of placements in Shetland for young people who require residential childcare placements. This was highlighted during the Joint Inspection of Children's Services in 2015, and despite reopening Windybrae during 2016, there remains a shortfall in placements in Shetland.

There is a risk that more children and young people will be placed outwith Shetland due to a shortage of appropriate residential care places locally, and/or that needs will not be met, leading to poorer outcomes for some of the most vulnerable people in our community.

In the longer term, developing and strengthening early intervention and preventative approaches is a key part of the bigger picture along with the development of more coordinated family support services.

The graph below shows the actual number of residential childcare placements over the past ten years, and gives a projection of the anticipated number of children and young people requiring residential care over the next 10 years. These projections are built on a number of assumptions, including:

- An increase in capacity in Shetland to provide residential childcare
- Consolidating our existing single placements services into a larger service, reducing the unit cost of current provision
- By operating from three units, we will have greater flexibility in our on-island residential childcare services to match young people into homely settings suited to their individual needs
- We will reduce reliance on out of authority placements where needs could be met in Shetland, and off island provision will only be required where specialist input, such as secure care, is required




**Scope for this Scheme**

On the basis of this analysis, the potential scope for the scheme is as follows:

- Expanding residential care services for looked after and accommodated children in Shetland, to reduce reliance on out of authority placements

A separate linked project is being undertaken to consider options for:

- Family support services provision as part of a whole systems approach focussing on prevention, early intervention and tackling inequalities

## 1.3 Economic case

### 1.3.1 The long list

Within the potential scope of reconfiguring residential care services for looked after children, the following options were considered using the options framework (note that respite and Short Breaks for children with complex additional support needs is not in scope for this project).

Table 2. Long List of Options

| | Long List Option | Reason not to Progress |
|---|---|---|
| **Option 1** | **Do nothing**<br><br>The Council retains and operates all the existing properties used for residential childcare in Shetland and purchases additional places outwith Shetland as required to meet increasing numbers, and to meet specialist requirements e.g. secure accommodation.<br><br>Building maintenance would be the minimum required to meet standards required for residential care. | The do nothing option is required to be considered further by the Building Better Business Cases methodology adopted by the Council.<br><br>This option would mean continuing the current arrangement of commissioning additional residential childcare places on the Scottish mainland which is not the best value option for the Council.<br><br>SHORTLISTED |
| **Option 2** | **Modernise/Refurbish all current facilities**<br><br>As Option 1 however, all facilities would be improved through a comprehensive programme of refurbishment, adaptation and expansion where possible to create additional places. | This would result in disruption to existing services, and there are limitations in what could be achieved within the existing buildings, so cannot provide sufficient capacity to meet demand.<br><br>SHORTLISTED |
| **Option 3** | **New Build residential care facility for looked after children and young people**<br><br>Build a new facility to meet the placement needs of children at risk of harm/neglect. Retain and refurbish all other children's residential care provision locally for looked after children. All local services continue to be operated by the Council. | Some off island places may be needed for peaks in demand, and for specialist care (e.g. secure care) which are not provided locally due to the low numbers of individuals requiring this type of care.<br><br>SHORTLISTED |
| **Option 4** | **New Build residential care facility for children and young people operated by the independent sector**<br><br>As Option 3 however, the new service would be outsourced.<br>All other local services would continue to be operated by the Council. | High employment in the local labour market mean an outsourced service would need to be competitive with the Council's existing services in order to attract staff, and it is unlikely this option would be cost effective.<br><br>DISCOUNTED |
| **Option 5** | **New Build residential care facility for children and young people and general needs housing allocations for longer term/permanent placements** | Not dissimilar to the current model although there would be no dedicated housing provision for looked after children as such. |

| | | |
|---|---|---|
| | Build a new facility to meet the placement needs of looked after children requiring short term or emergency care.<br><br>Develop a housing allocations programme to use existing and new housing stock as required to meet the need for longer term and potentially permanent accommodation options for vulnerable children and young people. Retain and refurbish other children's residential care provision locally where this can fit with the new model and dispose of other properties.<br>All local services continue to be operated by the Council. | This option would be challenging for housing allocations systems in terms of the priority that would be needed for this client group.<br><br>The short term care aspect of this proposal is not in keeping with Continuing Care statutory guidance, and best practice guidance in securing permanency and minimising placement moves for young people.<br><br>DISCOUNTED |
| **Option 6** | **New Build Short Stay residential care facility for children and young people and general needs housing allocations for longer term/permanent placements. Support/care services provided by the independent sector**<br><br>As Option 5 however, the care and support services in the new service model would be outsourced.<br>All local services for children and young people with disabilities would continue to be operated by the Council. | As for option 5, plus risk of market failure/potential high cost for outsourcing.<br><br>Staffing issues including TUPE.<br><br>DISCOUNTED |
| **Option 7** | **New build residential children's home which incorporates self-contained flats to enable young people to have a graduated transition out of care and develop independent living skills before moving on to their own accommodation**<br><br>This option would provide additional long term residential childcare capacity and two more independent self-contained flats within the building footprint, to allow young people to experience greater independence as they prepare to leave care. | The inclusion of self-contained flats would work well for those progressing to independence from the service, but this would perhaps be underutilised at times and there would be a degree of inflexibility with this design.<br><br>SHORTLISTED |
| **Option 8** | **Refurbish an existing building provide a residential school for looked after and accommodated children in Shetland**<br><br>Refurbish an existing building (e.g. Quarff School and school house or Janet Courtney Hostel) to provide a residential care and education facility for looked after children. | The Council is committed to inclusive mainstream education locally, so the numbers of young people who require this sort of provision are low, and consequently such a service may be underutilised leading to unsustainable operating costs. |

| | | |
|---|---|---|
| | All other local services would continue to be operated by the Council. | DISCOUNTED |
| **Option 9** | **New Build residential school for looked after and accommodated children**<br><br>Design and build a new residential school facility to provide residential care and education for looked after and accommodated children and young people.<br><br>All other local services would continue to be operated by the Council. | The numbers of young people who require this sort of provision are low, and consequently such a service may be underutilised leading to increased operating costs<br><br>DISCOUNTED |
| **Option 10** | **New build residential school facilities for looked after and accommodated children and young people run by the independent sector.**<br><br>As option 8, but the running of the facility would be outsourced to a<br><br>All other services would continue to be operated by the Council. | As for option 9, plus risk of market failure<br><br>DISCOUNTED |
| **Option 11** | **New build residential care service, plus refurbish an existing building to provide a residential school for those who required specialist education**<br><br>A combination of options 3 and 9.<br><br>New build residential care service plus refurbish an existing building to provide residential school for children and young people who require specialist care education. | Risk of under use due to low numbers of young people requiring residential school. Does not reduce the number of buildings, and may be challenging to staff.<br><br>DISCOUNTED |
| **Option 12** | **Close all current facilities and outsource all children's residential care**<br><br>Dispose of all properties currently in use. Undertake a market facilitation exercise. Invite tenders for the provision of new, modern facilities and services to meet the projected needs of looked after children in the longer term. | Radical change to Shetland's approach to service needs.<br><br>Currently there are no independent sector providers of residential care for children in Shetland.<br><br>Risks would include market failure, high costs and workforce issues including TUPE.<br><br>DISCOUNTED |

| | | |
|---|---|---|
| **Option 13** | **Develop specialist residential care services for children locally including options for secure accommodation**<br><br>This option could be considered alongside and in addition to any of the 12 long list options. | The numbers of individuals requiring this sort of care are so small that it has not viable in terms of recruiting and retaining suitably qualified staff, or cost effective due to potential down time and diseconomies of scale.<br><br>DISCOUNTED |

### 1.3.2 The short list

On the basis that the preferred way forward is agreed, we recommend the following options for further, more detailed evaluation within the Outline Business Case (OBC). Consequently, the preferred option will be identified and recommended for approval within the OBC.

- **Option 1 – Status quo,**
- **Option 2 – Refurbish/modernise existing facilities**
- **Option 3 – New Build residential care facility for looked after children and young people, including learning room and bedsit, consolidating current singleton placements into a larger facility.**
- **Option 7 – New build residential childcare facility for looked after children and young people, including learning room and up to six beds incorporating self-contained flats to support young people to develop independent living skills and prepare for leaving care.**

All options that would see local services outsourced are considered to be high risk as there are no local suppliers and therefore a risk of market failure; there are also issues of continuity and management overheads/costs.

### 1.3.3 The preferred way forward

On the basis of the above analysis, the preferred and recommended way forward is **Option 3 – a new build residential care facility for looked after children and young people incorporating bedsit and learning room.**

This would provide modern accommodation, supporting us to achieve our aim of providing settled, secure, and permanent places to live for looked after children quickly, and with minimum disruption in their lives.

The main benefits to stakeholders, customers/ users are as follows:

- Ability to meet the increase in needs anticipated in the short and medium term including the new statutory duties from the Children and Young People (Scotland) Act 2014.

- The accommodation would be flexible and responsive to peaks in demand whilst maintaining permanent and stable accommodation as the norm for those young people requiring longer term care and support
- There will be a presumption against residential placements outwith in Shetland unless specialist services which are not available on island are required e.g. for complex medical needs, secure care.
- Service provision would be retained in house ensuring continuity of service with existing residential childcare provision and reducing the risk of market failure

**1.4 Commercial case**

**1.4.1 Procurement strategy**

Subject to further analysis at FBC stage, we would envisage procuring this scheme as follows in accordance with the Government Procurement Agreement (WTO) and the EU Consolidated Public Sector Procurement Directive (2004).

- Explore partnership options with local housing providers
- Open tender process for new build care facility

**1.4.2 Required services**

The required products and services in relation to the preferred way forward are briefly as follows:

- New build facilities in the central Shetland, ideally in Lerwick to be near full range of support services and local amenities
- Project resources to develop detailed plans and take the scheme forward

**1.4.3 Potential for risk transfer and potential payment mechanisms**

There are no unusual risks to consider at this stage in the process, and the detail of potential risk transfer will be developed further and could potentially be tied down contractually within the deal when the procurements strategy is further developed during the OBC stage.

**1.5 Financial case**

**1.5.2 Overall affordability and balance sheet implications**

The proposed capital cost of the project is £870k over the 2 year construction period. The approved Asset Investment Plan 2018-2023 includes a potential project budget for Children's Supported Accommodation New Build of £670k for this project subject to approval of the Full Business Case, however revised plans indicate a higher budget of £870k will be required.

Table 3. Financial Case

| | | | | Ongoing per year from |
|---|---|---|---|---|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| | £000 | £000 | £000 | £000 |
| Capital Expenditure | 0 | 435 | 435 | 0 |
| Net Revenue Cost | 846 | 1041 | 1041 | 630 |
| **Total Expenditure** | **846** | **1476** | **1476** | **630** |
| | | | | |
| **Funded by:** | | | | |
| Spend to Save | 0 | 435 | 435 | 0 |
| | | | | |
| **Total Funding** | **0** | **435** | **435** | **0** |
| | | | | |
| **Overall Net Total** | **846** | **1041** | **1041** | **630** |
| | | | | |

The reduction in ongoing revenue costs which could be realised from the implementation of this project, indicates that it would meet the criteria for 'Spend to Save' funding. However, depending on the progress of other projects in the Asset Investment Plan, it may be advantageous to fund from other means e.g. General Capital Grant.

Once the capital project is complete, the impact on the Income and Expenditure Account will be a reduction in revenue costs for Children's Services of £411k per annum.

There will be an increase in the value of Long Term Assets on the Balance Sheet of approximately £870k.

The organisation's commissioners/ stakeholders have expressed their support as follows:

- Multi-agency stakeholder event - June 2016
- Children's Services Management - June 2016
- Education and Families Committee - January 2017
- Education and Families Committee – June 2018

## 1.6 Management case

### 1.6.1 Project management arrangements

The scheme is an integral part of the Children's Services Directorate Plan 2017-2020 which comprises a portfolio of projects for the delivery of a whole systems approach to prevention, early intervention and tackling inequalities in through children's social work and social care services.

PRINCE 2 project management arrangements will be put in place to ensure the successful development of the scheme and production of the OBC.

### 1.6.2 Gateway reviews arrangements

A Gate 0 (strategic fit) has been undertaken on the programme in that the scheme sits within the Children's Services Directorate Plan, which has been approved by the Council.

A Gate 1 (business justification) will be undertaken on the project, in conjunction with the submission of this SOC.

### 1.7 Recommendation

The preferred way forward, as outlined at 1.3.3 above, is option 3 – a new build residential care facility for looked after children and young people, including learning room and bedsit, consolidating current singleton placements into a larger facility.

It is recommended that the project proceed to the Outline Business Case stage, for further detailed analysis of the possible and preferred options.

## 2. The Strategic Case

### 2.1 Introduction

This Strategic Outline Case (SOC) is for investment of £870k on a new build residential childcare service to meet the needs of looked after children.

The aim is to ensure a sustainable model for the provision of services in Shetland for looked after children who require residential childcare. The main benefits are to relinquish smaller properties leased from the Council's housing stock for the provision of single placements, and replace with a larger service, reducing unit costs and reducing reliance on out of authority placements.

The strategic outline case has been prepared using the agreed standards and format for business cases, which is a Five Case Model comprising the following key elements:

- The **strategic case** section. This sets out the strategic context and the case for change, together with supporting investment objectives.
- The **economic case** section. This demonstrates that the organisation has selected a preferred way forward, which best meets the existing and future needs of the service and is likely to optimise value for money (VFM)
- The **commercial case** section. This outlines what any potential deal might look like.
- The **financial case** section. This highlights the likely funding and affordability issues and the potential balance sheet treatment of the scheme.
- The **management case** section. This demonstrates that the scheme is achievable and can be successfully delivered in accordance with accepted best practice.

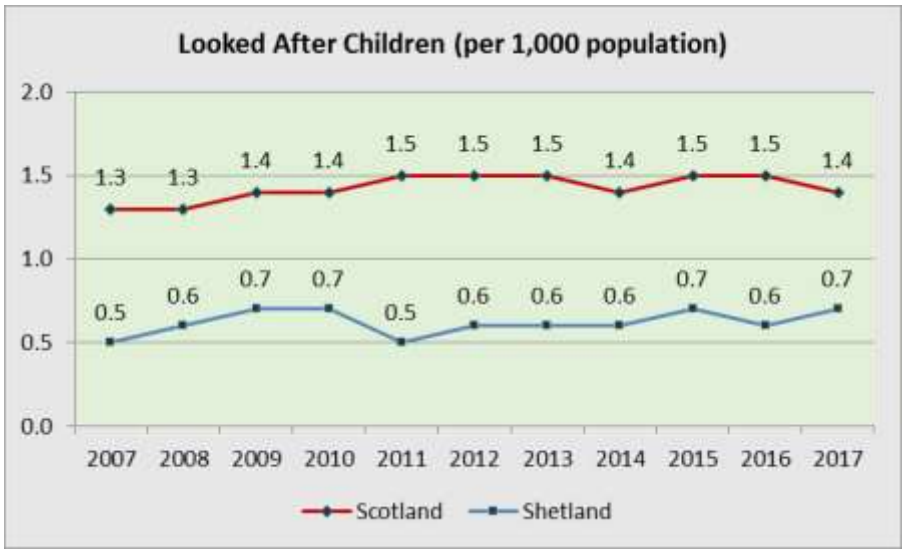
### Part A: The strategic context

### 2.2 Organisational overview

Under the Children (Scotland) Act 1995, the Council has responsibility for the provision of services to 'looked after children.' A child or young person may be looked after at home, or away from home in a kinship care, foster care, or residential childcare setting, and it is the responsibility of the Social Work service to determine which placement will best meet the needs of each 'Looked After Child' (LAC) or young person.

The Council currently has capacity to provide eight residential childcare placements in Shetland, and we commission additional placements on mainland Scotland through the Scotland Excel framework for Residential Childcare.

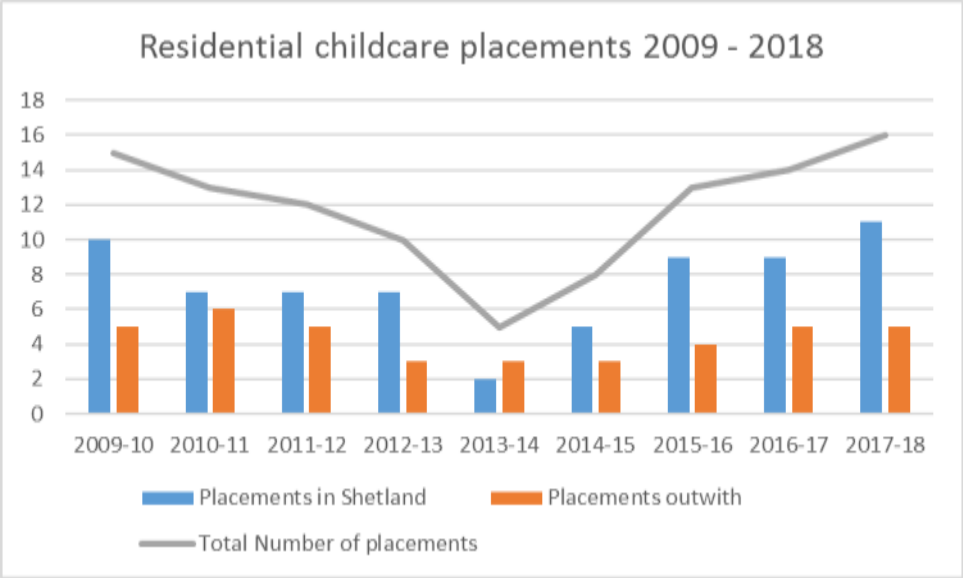
Shetland's numbers of looked after and accommodated children has remained fairly consistent over the last ten years. This data is reported annually to the Scottish Government – see below graphs:




*Total number of looked after children (per 1,000 of population) in Shetland and Scotland (snapshot taken on 31 July each year)*

*Total number of children accommodated in residential care settings*

Note – these figures are based on a snapshot taken on 31st July of each year, and does not represent all the children and young people who may be placed in a residential care setting during any given year. See graph below for the total number of residential placements over the same period.




*The above graph shows the total number of residential childcare placements provided from 2009-10 until 2017-18, including short term/emergency care. The graph includes a breakdown of placements within and outwith Shetland.*

The numbers of young people accommodated in residential care has increased since 2013-14, and we anticipate that this increase in demand will continue in the short to medium term following the implementation of the Children and Young People (Scotland) Act 2014, in particular the Continuing Care duty, which gives young people the right to remain in their care placement until the age of 21.

The numbers of secure placements commissioned by the Council are included in the figures above, so the table below is included to show the actual number of secure placements commissioned each year:

Table 4. Number of Secure Placements commissioned by Shetland Islands Council

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. Secure Placements | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

The need for secure care is infrequent. There are only four providers of secure care in Scotland, and it may therefore be necessary to commission placements outwith Shetland where a young person requires this type of specialist support. However, increasing quality residential childcare capacity locally, may mitigate against the need for secure care in the future.

In the longer term, our work in relation to prevention, early intervention and tackling inequalities will focus on working with families so that the number of children and young people in the care system is reduced. In the meantime, however, existing residential care provision will be insufficient to meet the level of need anticipated.

### 2.3 Business strategies

The Children's Resources Service plan highlights a lack of capacity in the current residential childcare provision in Shetland, which was a finding of the Joint Inspection of Children's Services carried out by the Care Inspectorate in 2015.

The Children and Young People (Scotland) Act 2014 introduced the concept of 'Continuing Care' into legislation, giving young people a statutory right to remain in their placement until the age of 21. This has been viewed as good practice nationally, and locally, for a number of years, but places increased pressure on the small number of placements we have available locally. The act also places a duty on local authorities to provide Aftercare services for young people leaving care, until their 26th birthday.

This project links to the following corporate priorities:

Children and young people in need of care and support from the Council is a priority theme in the Council's Corporate Plan, "**Our Plan 2016-2020**".

Support and protection for vulnerable people of all ages are priorities in the **Shetland Partnership Plan**. The Shetland Partnership Plan has a key focus on prevention, early intervention and tackling inequalities.

Shetland's **Strategic Housing Investment Plan** (SHIP) identifies the need for more affordable/social housing and this is a priority in Our Plan 2016-2020 and in the LOIP.
A target outcome from the **Children's Services Directorate Plan** is that:
*"We have improved the life chances for children, young people and families at risk".*

The target outcomes of the **Children's Resources Service** are to strengthen families and improve capacity within families to care for children and young people and where this is not possible, as corporate parent, to provide high quality nurturing out of family care and support.

### 2.4. Other organisational strategies

There are a number of linked projects and strategies, which address the need to develop and strengthen preventative services and other options for looked after children, including:

- Foster Care Recruitment Strategy
- Emotional Wellbeing and Resilience 'Spend to Save' project
- Anchor Early Action and Systems Change Project

Strengthening our approach to early intervention will support our overall aim to reduce the need for young people to be accommodated away from home.

## Part B: The case for change

The current residential childcare provision is delivered from:

- Grodians, which is a three bed service in Lerwick
- Windybrae, which is a three bed service in Dunrossness
- Lochside, which is a single placement for one young person in Lerwick, and
- Brae, another single placement supporting one young person.

The table below shows the actual spend for the provision of local residential childcare services over the past 10 years:

Table 5. Actual Spend on Residential Childcare (provided by SIC)

| Employee Costs | 2009/ '10 | 2010/ '11 | 2011/ '12 | 2012/ '13 | 2013/ '14 | 2014/ '15 | 2015/ '16 | 2016/ '17 | 2017/ '18 | 2018/ '19 | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | **£000** |
| Employee Costs | 641 | 766 | 895 | 921 | 789 | 763 | 785 | 1008 | 1097 | 1321 | **8,986** |
| Operating Costs | 166 | 180 | 133 | 153 | 101 | 141 | 212 | 353 | 231 | 228 | **1,898** |
| **Total** | **807** | **946** | **1,028** | **1,074** | **890** | **904** | **997** | **1,361** | **1,328** | **1,549** | **10,884** |

Since 2007, the Council has consistently used out of authority placements to meet need for residential childcare, including spend on specialist services such as secure care. The annual spend is summarised in the table below.

Table 6. Spend on out of authority placements 2007-2018

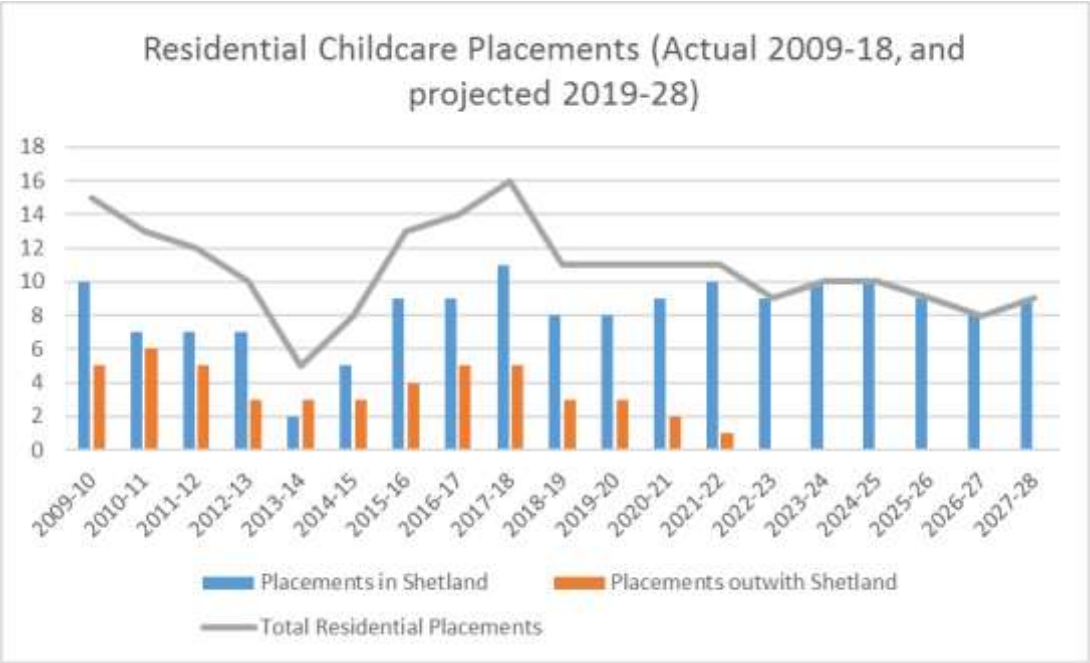
| **Year** | **Total Spend on Out of Authority Placements £'000** | **Comments** |
|---|---|---|
| 2007-08 | 306 | |
| 2008=09 | 449 | |
| 2009-10 | 817 | Includes: Travel £31k |
| 2010-11 | 956 | Includes: Travel £23k |
| 2011-12 | 510 | Includes: Travel £12k |
| 2012-13 | 481 | Includes: Travel £22k |
| 2013-14 | 486 | Includes: Travel £26k |
| 2014-15 | 550 | Includes: Travel £21k |
| 2015-16 | 506 | Includes: Travel £24k |
| 2016-17 | 520 | Includes: Travel £23k |
| 2017-18 | 775 | Includes Travel £32k |

The above does not account for the cost of staff time travelling to the mainland to support these young people, as Social Workers and Reviewing Officers must visit to conduct regular reviews of the care and support provided. From 01 April – 31 August 2018, including time spend travelling, this equated to 26 working days.

The graph bellow shows the number of residential childcare placements over the last ten years, and gives a prediction of the number of placements required over the next 10 years. These projections are built on a number of assumptions, including:

- By 2022, we will have additional residential childcare capacity in Shetland to meet need, reducing our use of out of authority placements to zero by 2022.

- Early intervention and prevention will be well established by 2023-24, which will counteract an anticipated increase in demand for residential childcare placements




On the basis of this analysis, the potential scope for the scheme is as follows:

- To increase capacity in Shetland to provide residential childcare
- To consolidate our existing single placements services into a larger service, reducing the unit cost of current provision
- By operating from three units, we will have greater flexibility in our on-island residential childcare services to match young people into homely settings suited to their individual needs
- We will reduce reliance on out of authority placements where needs could be met in Shetland, and off island provision will only be required where specialist input, such as secure care, is required

### 2.5 Investment objectives

The investment objectives for this project are as follows:

- IO1 – We will reduce the number of buildings we currently occupy by consolidating single placement services into one larger service by 2021
- IO2 – We will reduce the unit cost of delivering residential childcare placements
- IO3 – By increasing capacity of in local residential childcare, the service will have greater flexibility to meet the needs of young people in Shetland
- IO4 – Modern, energy efficient building, which supports the Council in reducing its carbon emissions
- IO5 – Future proof the service for change in demand/need

### 2.6 Existing arrangements

This section describes the existing situation with regard to the investment – the status quo. The existing arrangements are as follows:

Shetland currently has provision for up to eight residential childcare placements across four buildings, including two buildings providing single placements for young people.

The authority also commissions places on the Scottish mainland through the Scotland Excel framework for residential childcare on an ad hoc basis. There are currently two young people in such placements on the Scottish mainland. The Council also commissions specialist provision for young people such as secure care, where necessary, on the Scottish mainland.

**2.7 Business needs**

The Council has insufficient residential childcare capacity to meet the needs of young people who require this provision. The Council has therefore been reliant on commissioning out of authority placements to meet need, with spend consistently above £480k per annum over the last 10 years (see table 6).

The Children and Young People (Scotland) Act 2014 introduced the concept of 'Continuing Care' into legislation, giving young people a statutory right to remain in their placement until the age of 21. This has been viewed as good practice nationally, and locally, for a number of years, but the new duty places increased pressure on the small number of placements we have available locally. It is therefore necessary to grow the number of placements available locally.

It is proposed that the Council consolidate our smaller residential services (currently provided in Brae and Lochside) into one larger 4 or 5 bed facility that would provide sufficient capacity to meet current demand for placements within Shetland. This makes best use of our current staffing and will result in an overall reduction in revenue spend on residential childcare.

It is important to note, however, that the Council may still be reliant on out of authority placements for specialist services, such as secure care, or specialist medical care (in conjunction with NHS).

**2.8 Potential business scope and key service requirements**

This section describes the potential business scope and key service requirements for the project in relation to the above business needs.

The scope for this project is to address the shortage of residential childcare placements for Looked After Children (LAC) who require this provision, as assessed by Social Work. Some LAC young people may also be placed in foster care, however those other types of provision are not within the scope of this project.

The Council also provides residential childcare for children and young people who have complex additional support needs (e.g. learning and physical disabilities or autism). The legislative context for the provision of these services is different, and as such is not within the scope of this project.

Key service requirements:

The project needs to ensure:

- We have capacity to meet the needs of young people now and into the future
- Needs to be within a reasonable distance of Lerwick

- Needs to have space to allow young people to develop their independent living skills (e.g. a bedsit to allow more autonomy from care staff for those in Continuing Care placements)

The options within these ranges are considered within the economic case.

Minimum scope
Provide an additional residential childcare facility in Shetland

Intermediate Scope
A residential children's home which incorporates a learning room for young people who cannot attend mainstream education, and a bedsit to support young people prepare for independent living

Maximum Scope
A residential school and provision of additional residential care capacity in Shetland, and incorporates supported accommodation to support young people leaving care.

**2.9 Main benefits criteria**

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs.

The main benefits of placing children locally include that they maintain some continuity in their lives. This would enable them to continue attending the same school, and to maintain contact with their wider support network of family, friends, clubs etc.

Local placements would also ensure better use of social worker time and reduce spend on travel.

**2.10 Main risks**

The main business and service risks associated with the potential scope for this project are shown below, together with their counter measures.

Table 7: Risks and Counter Measures

| Main Risk | Counter Measures |
|---|---|
| Design | Look at best practice models in other areas to inform the design of a new build service<br>Ensure we recruit an architect who has designed this sort of building before. Alternatively we could base the local design on a similar service elsewhere. |
| Development<br>• supplier<br>• specification<br>• timescale | The detailed specification for the build will be developed during the OBC and FBC stages. This work will be done internally within the Council, and there is sufficient knowledge, skills and capacity to deliver the requirements for this project. |

| | |
|---|---|
| Operational risks<br>• supplier<br>• availability<br>• performance<br>• operating cost<br>• project management | The Council has adopted the PRINCE2 project management methodology, which will be utilised to run the project.<br><br>Once completed, the overall operating costs for residential childcare should reduce, however there is a risk that we may require specialist placements which are not covered in this scheme and the costs would need to be met within existing budgets.<br><br>The directorate is underway with projects to strengthen our approaches to early action and preventative work, which should mitigate against these risks in the longer term, and ultimately reduce demand for long term residential childcare. |

**2.11 Constraints**
The project is subject to the following constraints:

The project must be completed as soon as possible to ensure the Council has sufficient resources on island to prevent the continued use of out of authority placements.

We need to ensure the Council has sufficient resources internally to design and build the project

**2.12 Dependencies**

The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

- Decommissioning of properties at Brae and Lochside to release staff to run the new service, and result in more efficient operation of the service.

- Staffing is a risk, and we need to ensure that we have sufficient numbers of trained staff. The Scottish Social Services Council has indicated that the qualification requirement for residential care staff may change, and we must also factor this in to workforce planning.

- The Scottish Government is underway with a review of the care system, and we must therefore be cognisant of any learning from the review as it progresses.

## 3. The Economic Case

### 3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the SOC documents the wide range of options that have been considered in response to the potential scope identified within the strategic case.

### 3.2 Critical Success Factors (CSFs)

The key CSFs for the project were initially developed following a stakeholder workshop held in June 2016, and were subsequently reviewed by the project team who developed this strategic outline case in September 2018.

- **CSF1** - The Council is able to accommodate increase in demand for residential care services arising from legislative change, ensuring we provide sufficient residential childcare capacity in Shetland for all young people who require this provision now, and in the future
- **CSF2** - The project will reduce the overall revenue spend on the provision of residential childcare services, by reducing our reliance on expensive out of authority placements (excluding some specialist provision, which used infrequently and will continue to be commissioned when required)
- **CSF3** - Must be aligned with the Council's objectives as set out in Our Plan, in particular:
    - "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"; and,
    - "More money will be going towards 'spend to save' initiatives, providing resources to fund innovative ways of working that save money but help us achieve our desired outcomes".
- **CSF4** - The project supports the Council in delivering its Corporate Parenting aspirations by providing a modern homely environment to meet the needs of our young people

These CSFs have been used alongside the investment objectives for the project to evaluate the long list of possible options.

### 3.3 The long-listed options

The long list of options was generated by the workshop and project team in accordance with best practice contained in the Capital Investment Manual.

Table 8. Long List of Options

| | Long List Option | Reason not to Progress |
|---|---|---|
| **Option 1** | **Do nothing**<br><br>The Council retains and operates all the existing properties used for residential childcare in Shetland and purchases additional places outwith Shetland as required to meet increasing numbers, and to meet specialist | The do nothing option is required to be considered further by the Building Better Business Cases methodology adopted by the Council. |

| | | |
|---|---|---|
| | requirements e.g. secure accommodation.<br><br>Building maintenance would be the minimum required to meet standards required for residential care. | This option would mean continuing the current arrangement of commissioning additional residential childcare places on the Scottish mainland which is not the best value option for the Council.<br><br>SHORTLISTED |
| **Option 2** | **Modernise/Refurbish all current facilities**<br><br>As Option 1 however, all facilities would be improved through a comprehensive programme of refurbishment, adaptation and expansion where possible to create additional places. | This would result in disruption to existing services, and there are limitations in what could be achieved within the existing buildings, so cannot provide sufficient capacity to meet demand.<br><br>SHORTLISTED |
| **Option 3** | **New Build residential care facility for looked after children and young people**<br><br>Build a new facility to meet the placement needs of children at risk of harm/neglect. Retain and refurbish all other children's residential care provision locally for looked after children. All local services continue to be operated by the Council. | Some off island places may be needed for peaks in demand, and for specialist care (e.g. secure care) which are not provided locally due to the low numbers of individuals requiring this type of care.<br><br>SHORTLISTED |
| **Option 4** | **New Build residential care facility for children and young people operated by the independent sector**<br><br>As Option 3 however, the new service would be outsourced.<br>All other local services would continue to be operated by the Council. | High employment in the local labour market mean an outsourced service would need to be competitive with the Council's existing services in order to attract staff, and it is unlikely this option would be cost effective.<br><br>DISCOUNTED |
| **Option 5** | **New Build residential care facility for children and young people and general needs housing allocations for longer term/permanent placements**<br><br>Build a new facility to meet the placement needs of looked after children requiring short term or emergency care.<br><br>Develop a housing allocations programme to use existing and new housing stock as required to meet the need for longer term and potentially permanent accommodation options for vulnerable children and young | Not dissimilar to the current model although there would be no dedicated housing provision for looked after children as such.<br><br>This option would be challenging for housing allocations systems in terms of the priority that would be needed for this client group.<br><br>The short term care aspect of this proposal is not in keeping with Continuing Care statutory guidance, and best practice guidance in securing |

| | | |
|---|---|---|
| | people. Retain and refurbish other children's residential care provision locally where this can fit with the new model and dispose of other properties.<br>All local services continue to be operated by the Council. | permanency and minimising placement moves for young people.<br><br>DISCOUNTED |
| **Option 6** | **New Build Short Stay residential care facility for children and young people and general needs housing allocations for longer term/permanent placements. Support/care services provided by the independent sector**<br><br>As Option 5 however, the care and support services in the new service model would be outsourced.<br>All local services for children and young people with disabilities would continue to be operated by the Council. | As for option 5, plus risk of market failure/potential high cost for outsourcing.<br><br>Staffing issues including TUPE.<br><br>DISCOUNTED |
| **Option 7** | **New build residential children's home which incorporates self-contained flats to enable young people to have a graduated transition out of care and develop independent living skills before moving on to their own accommodation**<br><br>This option would provide additional long term residential childcare capacity and two more independent self-contained flats within the building footprint, to allow young people to experience greater independence as they prepare to leave care. | The inclusion of self-contained flats would work well for those progressing to independence from the service, but this would perhaps be underutilised at times and there would be a degree of inflexibility with this design.<br><br>SHORTLISTED |
| **Option 8** | **Refurbish an existing building provide a residential school for looked after and accommodated children in Shetland**<br><br>Refurbish an existing building (e.g. Quarff School and school house or Janet Courtney Hostel) to provide a residential care and education facility for looked after children.<br><br>All other local services would continue to be operated by the Council. | The Council is committed to inclusive mainstream education locally, so the numbers of young people who require this sort of provision are low, and consequently such a service may be underutilised leading to unsustainable operating costs.<br><br>DISCOUNTED |
| **Option 9** | **New Build residential school for looked after and accommodated children**<br><br>Design and build a new residential school facility to provide residential care and edu- | The numbers of young people who require this sort of provision are low, and consequently such a service may be underutilised leading to increased operating costs |

| | | |
|---|---|---|
| | cation for looked after and accommodated children and young people.<br><br>All other local services would continue to be operated by the Council. | DISCOUNTED |
| **Option 10** | **New build residential school facilities for looked after and accommodated children and young people run by the independent sector.**<br><br>As option 8, but the running of the facility would be outsourced to a<br><br>All other services would continue to be operated by the Council. | As for option 9, plus risk of market failure<br><br>DISCOUNTED |
| **Option 11** | **New build residential care service, plus refurbish an existing building to provide a residential school for those who required specialist education**<br><br>A combination of options 3 and 9.<br><br>New build residential care service plus refurbish an existing building to provide residential school for children and young people who require specialist care education. | Risk of under use due to low numbers of young people requiring residential school. Does not reduce the number of buildings, and may be challenging to staff.<br><br>DISCOUNTED |
| **Option 12** | **Close all current facilities and outsource all children's residential care**<br><br>Dispose of all properties currently in use. Undertake a market facilitation exercise. Invite tenders for the provision of new, modern facilities and services to meet the projected needs of looked after children in the longer term. | Radical change to Shetland's approach to service needs.<br><br>Currently there are no independent sector providers of residential care for children in Shetland.<br><br>Risks would include market failure, high costs and workforce issues including TUPE.<br><br>DISCOUNTED |
| **Option 13** | **Develop specialist residential care services for children locally including options for secure accommodation**<br><br>This option could be considered alongside and in addition to any of the 12 long list options. | The numbers of individuals requiring this sort of care are so small that it has not viable in terms of recruiting and retaining suitably qualified staff, or cost effective due to potential down time and diseconomies of scale. |

| | | |
|---|---|---|
| | | DISCOUNTED |

The evaluation was undertaken in accordance with how well each option met the investment objectives and CSFs.

### 3.4 Analysis of Shortlisted Options

#### 3.4.1 Introduction

In accordance with the Treasury Green Book and Capital Investment Manual, the status quo has been considered as a benchmark for potential VFM.

An infinite number of options and permutations are possible; however, within the broad scope outlined in the strategic case the following options have been shortlisted for detailed consideration:

- Option 1 – status quo. The Council continues to operate its existing services, and use external providers to provide additional services on an ad hoc basis.
- Option 2 – Some improvements. Existing buildings are refurbished and modernised, and we seek to create additional capacity within the existing building footprint.
- Option 3 – Intermediate improvement. New build residential children's home, providing 4 or 5 additional beds, incorporating a bedsit to support young people developing independent living skills within the residential setting as they prepare for adulthood.
- Option 7 – Maximum improvement. New build residential children's home, providing six additional beds, incorporating self-contained flats for young people preparing for independent living.

**Option 1: status quo**

Description:
This option maintains the status quo, which means we continue to provide some residential childcare placements in Shetland, and commission any additional placements on the Scottish mainland using via the Scotland Excel framework for Residential Childcare. This option is required by the Building Better Business cases framework, and determines value for money (VFM)

Advantages:
This option describes the current situation, so there are no additional benefits which arise from this option.

Disadvantages:
This option does not support the investment objectives and critical success factors for the project. The cost of operating the current model could be reduced if the Council consolidated single placement services in one larger service. The consistent use of out of authority placements over the last 10 years are higher than providing residential childcare 'in house.'

**Option 2: do minimum – marginal improvements.**

Description:
This option suggests refurbishing existing buildings and seeking to create additional capacity within the existing buildings.

Advantages:
This would result in improvements to the environment within our existing buildings, and may create some additional capacity within the constraints of the existing footprint.

Disadvantages:
There is limited work that could be done to create capacity, and any proposal would have to be approved by the Care Inspectorate, as all services are registered with them and must comply with their standards. This option does not make best use of our staffing resources, nor does it effectively address the high unit costs of single placements.

**Option 3: intermediate scope for improvements**

Description
This option proposes a purpose built facility increasing residential capacity, and disposing of single placement services by consolidating them into one larger service which makes more efficient use of staffing. The design of the new build would include a bedsit to allow young people who are preparing to leave care, to begin developing their independent living skills within the residential setting before moving on.

Advantages
This option would reduce the unit cost of residential childcare, and would provide additional capacity in Shetland, reducing reliance on out of authority placements. The inclusion of a bedsit environment is in line with the Continuing Care duty.

Disadvantages
If our approach to early intervention is not effective, we could create additional on island capacity, as we do currently. The main disadvantages are that there may still be a need to commission some placements (e.g. secure care) on the Scottish mainland, however improvements in early intervention and prevention and the provision of more responsive, quality residential care provision in Shetland, will mitigate against this risk.

**Option 7: maximum scope for improvements**

Description
This option provides increased residential childcare capacity and the scheme would include self-contained flats within the overall building footprint, allowing young people who are preparing to leave care to begin developing their skills and preparing for adulthood before moving on.

Advantages
This option provides additional residential capacity and is in keeping with the Continuing Care duty.

Disadvantages

The provision of self-contained flats within the accommodation would reduce the flexibility of the space, and may lead to it being underutilised. There may be challenges in staffing larger service like this, and there may also be difficulties in matching young people who could live together in such a scheme. A building of this size would need to be carefully designed to ensure if retains a homely feel, and does not feel like and institutional environment.

### 3.4.2 Funding Options

The project will be publically funded.

### 3.5 Overall conclusion: Shortlisted options

The table below summarises the assessment of each option against the investment objectives and CSFs. These shortlisted options will be carried forward to the outline business case stage, and more detailed analysis carried out to assess the suitability of each option.

Table 9: Summary Assessment of Shortlisted Options

| **Shortlisted option:** | Option 1 | Option 2 | Option 3 | Option 7 |
|---|---|---|---|---|
| | | | | |
| **Investment objectives** | | | | |
| IO1 | X | X | ✓ | ✓ |
| IO2 | X | X | ✓ | X |
| IO3 | X | ✓ | ✓ | X |
| IO4 | X | X | ✓ | ✓ |
| IO5 | X | X | ✓ | ✓ |
| **Critical success factors** | | | | |
| CSF1 | X | ✓ | ✓ | ✓ |
| CSF3 | X | X | ✓ | X |
| CSF3 | X | X | ✓ | ✓ |
| CSF4 | ✓ | ✓ | ✓ | X |
| **Summary** | **(Discounted)** | **(Discounted)** | **Preferred** | **Possible** |

## 4. The Commercial Case

### 4.1 Introduction

This section of the SOC outlines the proposed deal in relation to the preferred option, as outlined in the economic case. The commercial case will be considered in detail at the Full Business Case stage.

The Council has the option to procure this from Hjaltland Housing Association, as part of an ongoing development. If this option is not pursued, or is no longer available, the Council will need to identify its own site and the project timeline will need to factor in additional time for this.

### 4.2 Required services

This is a relatively straightforward domestic scale building project, and the services required are readily available locally.

### 4.3 Potential for risk transfer

There are no unusual risks to consider. A detailed analysis of risk transfer will be undertaken at the FBC stage.

### 4.4 Proposed contract lengths

It is anticipated that the project will commence during 2019-20 and conclude during 2020-21. The detail of this will be developed during the FBC stage.

### 4.5 Procurement strategy and implementation timescales

Subject to agreement of the SOC, it is anticipated that the implementation milestones to be agreed for the scheme with the service provider. It is anticipated that the build will commence during 2019-20, and the project will be completed during 2020-21.

### 4.6 FRS 5 accountancy treatment

The preferred option detailed above would result in the completed asset being held on the Council's Balance Sheet as a non-current asset under International Accounting Standard (IAS) 16 – Property, Plant & Equipment and International Public Sector Accounting Standards Board (IPSAS) 17 – Property, Plant & Equipment.

## 5.0 The Financial Case

### 5.1 Introduction

The financial implications of the preferred option are as follows:

Table 10. Financial Case

| | | | | Ongoing per year from |
|---|---|---|---|---|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| | £000 | £000 | £000 | £000 |
| Capital Expenditure | 0 | 435 | 435 | 0 |
| Net Revenue Cost | 846 | 1041 | 1041 | 630 |
| **Total Expenditure** | **846** | **1476** | **1476** | **630** |
| | | | | |
| **Funded by:** | | | | |
| Spend to Save | 0 | 435 | 435 | 0 |
| | | | | |
| **Total Funding** | **0** | **435** | **435** | **0** |
| | | | | |
| **Overall Net Total** | **846** | **1041** | **1041** | **630** |

### 5.2 Revenue Implications

The revenue savings which would be realised are due to:

- ending the requirement for costly out of authority placements (except where specialist services were required e.g. secure accommodation);
- ending the requirement for costly singleton placements;
- efficient use of staff in a fit for purpose building;
- efficiencies in relation to energy and other property costs of a new fit for purpose building;
- More efficient use of Social Worker time due to not having to travel to the mainland to support young people being accommodated out of authority.

### 5.3 Capital Implications and Cost Breakdown

It is anticipated that the overall project cost will be £870k, currently there is a proposed project budget in the Asset Investment Plan of £670k.

It is likely that the works will be done over a 2-year period with £435k spent in each year. A detailed analysis of the capital implications and cost breakdown will be provided in the Full Business Case.

### 5.5 Balance Sheet Implications

There will be an increase in the value of Long Term Assets of approximately £870k on the Council's Balance Sheet.

### 5.6 Overall Affordability

The proposed capital cost of the project is £870k over the 2-year construction period. The approved Asset Investment Plan 2018-2023 includes a potential project budget for Children's Supported Accommodation New Build of £670k for this project subject to approval of the Full Business Case, however revised plans indicate a higher budget of £870k will be required.

The reduction in ongoing revenue costs which could be realised from the implementation of this project, indicates that it would meet the criteria for 'Spend to Save' funding. However, depending on the progress of other projects in the Asset Investment Plan, it may be advantageous to fund from other means e.g. General Capital Grant.

Once the capital project is complete, the impact on the Income and Expenditure Account will be a reduction in revenue costs for Children's Services of £411k per annum.

## 6. The Management Case

### 6.1 Introduction

This section of the SOC addresses the 'achievability' of the scheme. Its purpose is to set out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

### 6.2 Programme management arrangements

The scheme is an integral part of the Children's Resources service plan and Children's Services Directorate Plan, which comprises a portfolio of projects for the delivery of services for Shetland's vulnerable children, young people and their families.

### 6.3 Project management arrangements

The project will be managed in accordance with PRINCE 2 methodology, which has been adopted by the Council.

#### *6.3.1 Outline project reporting structure*

The Senior Responsible Owner for the project is the Director of Children's Services. A project team will be established to develop the outline and full business cases.

#### 6.3.2 Outline project plan

Table 11: Milestones

| Milestone activity | Week no. |
|---|---|
| Final draft of SOC to be completed | By End November 2018 |
| Present to Education and Families and Policy and Resources committees | By 18 December 2018 |
| Development of FBC | By End February 2019 |
| | |

### 6.4 Gateway review arrangements

A Gate 0 (strategic fit) has been undertaken on the programme in that the scheme sits within the Children's Services Directorate Plan, which has been approved by the Council.

A Gate 1 (business justification) will be undertaken on the project, in conjunction with the submission of this SOC.

**Signed:**
**Date:**

**Senior Responsible Owner**
**Project Team**

# Shetland Islands Council

Agenda Item
**11**

| | | |
|---|---|---|
| **Meeting(s):** | Shetland Islands Council | 19 December 2018 |
| **Report Title:** | Council Business Programme 2018/19 | |
| **Reference Number:** | CRP-26-18-F | |
| **Author / Job Title:** | Christine Ferguson, Director of Corporate Services | |

## 1.0 Decisions / Action required:

1.1 That the Council considers its business planned for the remaining quarter 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 quarter 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 :** | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | 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. |
| **6.2 Human Resources and Organisational Development:** | None |
| **6.3 Equality, Diversity and Human Rights:** | None |
| **6.4 Legal:** | None |
| **6.5 Finance:** | There are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time. |
| **6.6 Assets and Property:** | None |

| | |
|---|---|
| **6.7**<br>**ICT and new technologies:** | None |
| **6.8**<br>**Environmental:** | None |
| **6.9**<br>**Risk Management:** | 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. |
| **6.10**<br>**Policy and Delegated Authority:** | 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. |
| **6.11**<br>**Previously considered by:** | The last Business Programme was presented to this Council on 29 August 2018 (Min. Ref. SIC 52/18). |

**Contact Details:**
Christine Ferguson
Director of Corporate Services
Tel Ext: 3824
Email: christine.ferguson@shetland.gov.uk
10 December 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 Wednesday, 12 December 2018

| Shetland Islands Council | | | |
|---|---|---|---|
| **Quarter 1**<br>**1 April 2018**<br>**to**<br>**30 June 2018** | **Date of Meeting** | **Business** | **Notes** |
| | *Statutory*<br>*23 May 2018*<br>*10 a.m.* | 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 | |
| | | Confidential Corporate Risk Register Update (EXEMPT) | |
| | *Ordinary*<br>*27 June 2018*<br>10 a.m. | 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 | |
| | | Property Matter – Office Accommodation (EXEMPT) | |

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# Shetland Islands Council - Meeting Dates and Business Programme 2018/19
## as at Wednesday, 12 December 2018

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

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# Shetland Islands Council - Meeting Dates and Business Programme 2018/19
## as at Wednesday, 12 December 2018

| Shetland Islands Council (continued) | | | |
|---|---|---|---|
| | | | *D= Delegated R=Referred* |
| **Quarter 3 1 October 2018 to 31 December 2018** | **Date of Meeting** | **Business** | **Notes** |
| | *Ordinary* 31 October 2018 10 a.m. | Presentation from Baillie Gifford – Fund Manager | |
| | | Chair's Report – Addendum to School Transport Policy | |
| | | Chair's Report – Economic Development Strategy 2018 – 2022 | |
| | | Appointments to Committees – Planning, Audit, etc. | |
| | | Scottish LGPS Restructure Review | |
| | *PPMF Q2* 19 December 2018 10 a.m. | SIC Overall Management Accounts 2018/19 - Projected Outturn at Quarter 2 | |
| | | Chair's Report - Management Accounts for Environment & Transport Committee: 2018/19 – Projected Outturn at Quarter 2 | |
| | | Management Accounts for Community Health and Social Care Directorate 2018/19 – Projected Outturn at Quarter 2 | |
| | | External Audit Annual Report 2017/18 - Update on Recommendations | |
| | | Active Shetland Strategy – 2018-2023 | |
| | | Shetland College Board – Appointment | |
| | | Partial Exemption from Council Standing Orders | |
| | | Asset Investment Plan – Progress Report | |
| | | Asset Investment Plan – Business Case: ICT Virtual Infrastructure | |
| | | Asset Investment Plan – Business Case: Children's Resources, Residential Childcare for Looked After Children | |
| | | Risk Assessments Update | |
| | | Council Business Programme 2018/19 | |
| | | Corporate Risk Register | |
| | | Confidential Risk Register (EXEMPT) | |
| | | Asset Investment Plan – Business Case: Staff Travel (Care at Home Services) (EXEMPT) | |

## Shetland Islands Council - Meeting Dates and Business Programme 2018/19
## as at Wednesday, 12 December 2018

| Shetland Islands Council (continued) | | | |
|---|---|---|---|
| | | | *D= Delegated R=Referred* |
| | **Date of Meeting** | **Business** | |
| **Quarter 4 1 January 2019 to 31 March 2019** | *Special* 16 January 2019 10 a.m. | 2019/20 Financial Settlement | |
| | | Fund Manager Appointments | |
| | *Budget setting* 20 February 2019 10 a.m. | 2019/20 Shetland Islands Council Budget Book | |
| | | Five Year Asset Investment Plan 2019/24 | |
| | *PPMF Q3* 6 March 2019 2 p.m. | 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) | |

**Planned Committee business still to be scheduled - as at Wednesday, 12 December 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 Wednesday, 12 December 2018

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# Shetland Islands Council

Agenda Item **12**

| | | |
|---|---|---|
| **Meeting(s):** | **Policy and Resources Committee**<br>**Shetland Islands Council** | **19 December 2018**<br>**19 December 2018** |
| **Report Title:** | **Corporate Risk Register** | |
| **Reference Number:** | **CRP-24-18-D1** | |
| **Author / Job Title:** | **Christine Ferguson, Director – Corporate Services** | |

## 1.0 Decisions / Action required:

1.1 That the Policy and Resources Committee and Council consider and discuss the content of this report and appendix, and advise on any preferred updates.

## 2.0 High Level Summary:

2.1 This report presents the current Corporate Risk Register, and highlights recent changes and current relevant information.

## 3.0 Corporate Priorities and Joint Working:

3.1 The Council states that 'Our approach to managing the risks we face will have resulted in a more risk-aware organisation that avoids high-risk activities'.

## 4.0 Key Issues:

4.1 The Corporate Risk Register lists sixteen long-standing risks. In addition, one existing risk has been escalated from Development Directorate's risk register (4.2) and two new risks have been added (see 4.3 and 4.4). All are shown in Appendix 1. Please note that, to aide understanding, the risks in Appendix 1 appear in the same order as they appear in this report.

4.2 Risk no. ORG0045 has been escalated from Development Directorate and will be considered further at the February 2019 meeting of the Risk Board. The Risk Board has indicated that it may be appropriate at that time to consider escalating this risk to the Shetland Planning Partnership.

4.3 Risk no. ORG046 relates to risks around transport at a time when the external transport contract is about to be let. Details of the risk around funding for internal ferries is included in ORG 0021.

4.4 Risk no ORG 047 relates to potential fluctuation of activities at Sullom Voe terminal.

4.5 The following four risks can be considered as standing items in that they are likely to remain on the Corporate Risk Register for management and monitoring purposes. The narratives around each set of risks and controls have been reviewed and updated where necessary to reflect the current situation.

- ORG024 – risk of harm to a vulnerable adult.

- ORG025 – risk of harm to a child because of a failure to manage unanticipated crisis.

- ORG029 – Malicious cyber-attack.

- ORG030 – Uncontrolled release of data/ loss of paperwork or data-storing technology.

4.6 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:

- ORG022 – STERT/ College merger – A project manager has been appointed to lead the project team in developing the Full Business Case, which will be presented to Employees and Colleges Lecturers Joint Consultative Committee (both 06 December 2018) Shetland College Board (10 Dec 2018), Education and Families Committee (10 December 2018) and Policy and Resources Committee (11 December 2018), before a decision by the Council on 12 December 2018. A further decision will be sought from Shetland Fisheries Training Centre Trust on 17 December 2018

- ORG035 – Old AHS campus plans and works. The risk owner has revised the risk details to clarify that 'Work on the masterplan is ongoing and it is hoped 7N (the organisation carrying out the master-planning work) will have substantially completed their work by the end of December 2018. There will then be a period of statutory consultation. It is hoped the Masterplan will be complete by the end of March 2019'.

- ORG037 – Brexit and its impact.

4.7 A number of risks relate to finances and financial planning. These are expected to remain on the Corporate Risk Register for the foreseeable future. The narratives for these risks have been regularly revised, and Risk Board has asked for the financial parameters on the risk matrix are to be reviewed prior to consideration at its February 2019 meeting.

- ORG021 – The need for investment in Shetland's infrastructure

- ORG034 – Liabilities arising from the pension fund

- ORG039 – Medium term financial planning, continued reductions to Government grant of an unanticipated or unknown magnitude.

- ORG042 – Failure of long term financial planning

4.8 The remaining risks could be viewed as inherent to the business of the Council at this time. Director – Children's Services advised that Children's Services continue to deliver a range of services against a background where recruitment to some sectors is challenging. However, staff shortages are being actively addressed in a number of ways, and hence are anticipated to reduce. Efforts to address recruitment challenges include offering career-graded posts and trainee Social Worker positions. Agency staff have also been used in some areas to ensure specialist posts are covered until recruitment is completed.

- ORG018 – Challenges around workforce change and demographics
- ORG031 – Missed opportunities from Viewpoint surveys
- ORG032 – Increased workload, impact on planned work, conflicting demands. This also relates to risk no ORG018 below, which focuses on the external factors that impact upon staffing and recruitment.
- ORG040 – Risks relating to partnerships
- PORG044 – Implications of the Equal Pay Audit

4.9 This report complements the Confidential Corporate Risk Register report.

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

None

**6.0 Implications :**

| | |
|---|---|
| **6.1 Service Users, Patients and Communities:** | The escalation of ORG 0045 demonstrates that the Risk Board is cognisant of threats to fragile communities. |
| **6.2 Human Resources and Organisational Development:** | Various risks to, and challenges for, the workforce are highlighted on the Corporate Risk Register. Increased workload and conflicting deadlines are some of the causes highlighted in the risks listed in 4.5 and 4.7. |
| **6.3 Equality, Diversity and Human Rights:** | An Equalities Impact Assessment is not required in connection with this report. The gender pay gap is recognised and highlighted on the Corporate Risk Register. |
| **6.4 Legal:** | 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. |
| **6.5 Finance:** | All risks have a direct or indirect financial cost, whether in terms of the impact or of the cost of preventing a risk from happening. All risks can affect the services that the Council seeks to deliver, and risks are managed appropriately in order to ensure that those services are protected within constrained budgets. |
| **6.6 Assets and Property:** | The identification and management of risks to premises and equipment contributes to the protection of those assets. |
| **6.7 ICT and new technologies:** | This report has no direct implications for the ICT service. |
| **6.8** | This report has no direct environmental implications. |

| | | |
|---|---|---|
| **Environmental:** | | |
| **6.9**<br>**Risk Management:** | The Risks are measured on the agreed risk matrix. | |
| **6.10**<br>**Policy and Delegated Authority:** | Policy & Resources Committee requires the Corporate Risk Register to be reported periodically [*Min. ref. 43/17*]. 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.<br><br>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 [*Min.Ref. SIC 20/16*] so that all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information. | |
| **6.11**<br>**Previously considered by:** | None | |

**Contact Details:**
Christine Ferguson, christine.ferguson@shetland.gov.uk, Director - Corporate Services
3 December 2018.

**Appendices:**
Appendix 1 – Corporate Risk Register

END

# Risk Register - Shetland Islands Council

| Risk & Details | Current Likelihood | Current Impact | Current Risk Profile | Current and Planned Control Measures | Target Probabilty | Target Impact | Target Risk Profile | Responsible Officer |
|---|---|---|---|---|---|---|---|---|
| **Category** | | | | | | | | |
| *Corporate Plan* | *F5. Our "20 by '20" - Standards of Governance* | | | | | | | |
| One or more communities fail to be sustainable<br>**Trigger :** Demographic and socio-economic problems on remote communities<br>**Consequences :** Depopulation of remote areas, sudden impact on development services<br>**Risk type :** Economic climate<br>Reference - ORG0045 | Possible | Significant | Medium | Planned control measures include Impact of connectivity from broadband and transport links; working with communities to develop sustainable plans; Progressing 'Islands with small populations' project. | Unlikely | Significant | Medium | Neil Grant Shetland Islands Council |
| Transport Scotland periodically review, tender and let the contract for Northern Isles external ferry services (freight and passengers). The Sheland economy and society rely to a great extent on that service. Freight relies entirely on the service. Issues are around capacity, timetabling, suitability of vessels, cost etc, but decisions can appear to be driven by financial constraints.<br>**Trigger :** Reletting of the contract or the need to adapt an existing contract. SIC doesn't have confidence that Transport Scotland has the depth of understanding of Shetland's most up to date social and economic objectives - so there is low confidence that Transport Scotland can make the correct decisions in relation to the transport needs of Shetland.<br>**Consequences :** Transport Scotland don't take account of established needs. The contracted service does not meet the needs of Shetland, can't support the economic growth of Shetland and could trigger economic stagnation and decline. An opportunity to address societal inequalities is missed. Significant societal and economic impact is experienced in Shetland<br>**Risk type :** Partnership working failure<br>Reference - ORG0046 | Possible | Extreme | High | • Time and effort is being put into being proactive in engaging with Transport Scotland in a process to explore and thus ensure that they understand the fundamental requirements for supporting economic and social wellbeing in Shetland. | Unlikely | Major | Medium | Michael Craigie Shetland Islands Council |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| There is a challenge to sustain current business and developing new business activity at Sullom Voe Terminal.<br>Sullom Voe Terminal employs some 400 staff directly and many more indirectly. Exports from SVT through the Port of Sullom Voe (PoSV) earn c£6m - £8m contribution to Council reserves annually, an income level which is a key component of the Councils MTFP.<br>**Trigger :** SVT processes Oil received through pipeline from East of Shetland (Brent & Ninian Pipeline Systems) and West of Shetland (Clair Pipeline System). East of Shetland volumes are in long term decline but West of Shetland is forecast to increase significantly over the coming years and be sustainied for a considerable period pof time, c2050-60. There are however evaluations and negotiations ongoing between Clair system owners and SVT operator and owners about whether a long term contract for Clair/SVT can be agreed, or whether some by-pass option might be preferred. Without Clair volumes the medium / long term future of SVT would be in some jeopardy.<br>**Consequences :** If SVT cannot secure long term business on a satisfactory commercial basis then there is a risk that the terminal would close in the medium term perhaps around 2025. A significant decline or cessation of Oil & Gas activity at SVT would have very considerable economic, financial and social consequences.<br>**Risk type :** Loss of revenue/income<br>Reference - ORG0047 | Possible | Extreme | High | • The Council has recognised that there is a significant review processbeing carried out at the moment between Clair and SVT. Discussions have been held with both parties and further discussions sought with the UK Oil & Gas Authority (OGA). A specialised consultant has been appointed to focus on this issue and specific items of technical advice are being considered with legal, financial and technical advisors. Engagement has been initiated through the Sullom Voe Association and Council SVA directors are being kept informed of developments as a sounding board. Further reports on progress and plans will be brought to Council through appropriate channels to ensure commercial confidentiality.” | Unlikely | Major | Medium | John Smith Shetland Islands Council |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 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.<br>**Trigger :** Statutory services fail to identify and take account of all vulnerable adults within their remit, systems failure means that information is not fully collated and/or shared<br>**Consequences :** Vulnerable adult is not given access to full range of services that they need, delay in access to services leads to harm to vulnerable adult, reputational risk to organisation, potential for HSE action, Care Commission/ external advisors' negative report, civil action.<br>**Risk type :** Communications failure<br>Reference - ORG0024 | Possible | Major | High | • There are well established mechanisms in place to support the detection of risk with an active Adult Protection Committee overseeing the work. There is good multi-agency working within formal arenas to discuss individual cases causing concern. Transitions group in place for Learning Disability Services to manage childhood support to adult support. Ongoing work to review services to make effective use of limited and reducing budgets. Chief Officers Group provides assurrance on the effectiveness of the Adult Protection Committee. | Unlikely | Major | Medium | Simon Bokor-Ingram Shetland Islands Council |
| 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 & 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.<br>**Trigger :** 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.<br>**Consequences :** Failure to act quickly or to the extent that is required because of restricted resources can result in child being exposed to potentially more harm or to harm for a longer period of time, harm to child, impact on services, financial impact. Placements have to be sought away from Shetland, which come at a high cost to the Local Authority.<br>**Risk type :** Physical - People / Property - Other<br>Reference - ORG0025 | Possible X Major | High | • Robust systems and procedures in place. Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly.<br><br>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.<br><br>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. | Unlikely | Major | Medium | Helen Budge Shetland Islands Council |

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| 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.<br>**Trigger :** Attack on the Council's network resulting in compromise/damage to systems or reputation, data leak, etc<br>**Consequences :** Loss of data, system downtime<br>**Risk type :** Malicious damage/ vandalism/sabotage<br>Reference - ORG0029 | Unlikely | Major | Medium | • Anti-virus and firewall defences, ICT security policy,,<br>boundary appliance scan all incoming e-mail;<br>Corporate anti-virus installed on all servers and workstations;<br>Corporate firewalls, Systems support team ensure software and hardware are patched to the latest secure versions;<br>Annual penetration testing resulting in security remediation actions, PSN and Cyber Essentials Plus certification;<br>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<br>Fortnightly Security Review meetings discuss and evaluate threats;<br>Active participation in national Security forum CiSP, and implementation of advice from government bodies such as Secure Email Blueprint, Webcheck, and Secure DNS.<br>Documentation of a Cyber Incident Response plan, including escalation points of contact at central government level, including Netcraft. | Rare | Significant | Low | Susan Msalila Shetland Islands Council |
| 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.<br>**Trigger :** Data is released in an uncontrolled manner, accidentally or deliberately, and potentially without the knowledge of the organisation, because of a lack of training/ understanding, poor security, loss of paperwork or data-storing technology.<br>**Consequences :** Release results in reputational damage or action against the organisation by the Information Commissioner. Financial loss/ fine. Negative media coverage and reputational damage. Possible disciplinary action, stress for staff. Loss of confidence in Services.<br>**Risk type :** Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc<br>Reference - ORG0030 | Unlikely | Major | Medium | • Current and planned controls -• Current and planned controls -<br>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.<br><br>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. | Rare | Major | Medium | Christine Ferguson Shetland Islands Council |

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| 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 for decision by Shetland Islands Council on 12 December 2018.<br>**Trigger :** Project management failure, partner failure, project resources<br>**Consequences :** Failure to deliver a sustainable and affordable model for Tertiary Education, training and Research.<br>**Risk type :** Professional - Other<br>Reference - ORG0022 | Unlikely | Significant | Medium | • STERT/ College merger – the date for Council decision on the business case has been pushed back from January this year with to December 2018. 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 the work on developing the business case will take place from July-November 2018, with the completed Full Business case to be presented to Employees and Colleges Lecturers Joint Consultative Committee (both 06 December 2018) Shetland College Board (10 Dec 2018), Education and Families Committee (10 December 2018) and Policy and Resources Committee (11 December 2018), before decision by the Council on 12 December 2018. A further decision will be sought from Shetland Fisheries Training Centre Trust on 17 December 2018 | Unlikely | Minor | Low | Neil Grant Shetland Islands Council |
| 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.<br>**Trigger :** Failure to properly plan for the future of the site<br>**Consequences :** A failure to plan for the future of the site could lead to missed opportunities to capitalise on this asset, . There will be on-going costs associated with the site, rates, maintenance etc. and a risk of vandalism or other damage. There is also a risk of reputational damage if the site is not developed.<br>**Risk type :** Missed opportunities<br>Reference - ORG0035 | Unlikely | Unlikely X Extreme | High | • The Council is undertaking a master-planning exercise for this site. It is hoped this will be complete by March 2019. | Unlikely | Significant | Medium | Robert Sinclair 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 finding for a number of purposes.<br>Trigger : Referendum result, post referendum political and economic uncertainty or change<br>Consequences : Short-term - Withdrawal of funding, political and economic uncertainty, potential impact on recruitment, uncertainty for non-UK EU nationals employed by SIC/ in Shetland - the potential impact on the councils workforce planning of the uncertainties that Brexit creates, will add to the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working. There is much speculation about the impact on employment in the UK which HR are monitoring to ensure the council responds appropriately. Impact on partner organisations and partner-funded bodies. Does the SIC have a lobbying role?; Medium term: Withdrawal of funding, political and economic uncertainty, legislative change, regulatory uncertainty, impact on pension fund and Council investments, issues round fish quotas/ market/ pelagic fleet, economic impact, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, potential impact on recruitment (of staff/ students),/ on SIC's workforce planning particularly given the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working potential for further legislative, political and structural change, opportunity to influence direction and shape of new legislation, impact on partner organisations and partner-funded bodies, requirement to consider risks around capital expenditure. What is the SIC's role and priorities?; Long-term: Uncertainty, impact on longer term planning for organisation, potential for further legislative, political and structural change.<br>Risk type : Political - Other<br>Reference - ORG0037 | Likely X Major | High | • Development Services are providing regular updates, preparing regular update papers to Committee and Community Planning board. An EU Engagement and Brexit Sounding Board has been agreed by the Development Committee as its 12 June 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 |

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| 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.<br>**Trigger :** Need for Investment in Shetland's infrastructure<br>**Consequences :** Challenge to finance the maintenance and/or replacement of existing infrastructure<br>**Risk type :** Physical - People / Property - Other<br>Reference - ORG0021 | Likely | Extreme | High | • 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.<br>Other measures in place include: MTFP, budget monitoring and scrutiny, clear and robust roles and responsibilities for managers and financial procedures & regs. A report on Long Term Asset Investment planning has been prepared and presented to the Council. It identifies the extent of future programmes, which will inform funding options. LTAI planning highlights the significant challenges - for example fair funding for ferries is a challenge that is larger than is manageable by the SIC and requires national input and support. Lobbying of Scottish Govt to be undertaken. | Likely | Major | High | Christine Ferguson Shetland Islands Council |
| 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.<br>**Trigger :** Any circumstance that triggers a liability to crystalise<br>**Consequences :** Financial impact, significant long term obligations on pension fund employers<br>**Risk type :** Customer / Citizen - Other<br>Reference - ORG0034 | Almost Certain | Major | High | • 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. A review of the Pension Fund strategy was approved by the Pension Committee and Board on 22nd May 2018 and has now commenced, this will assess if the current strategy will achieve the objective of meeting deficits.<br><br>For Bodies seeking admission to the Pension Fund, if they are not a scheduled body with tax raising powers, they must provide a guarantee and/or bond to meet any liabilities should they default in the future. This mitigates the risk to the Fund in relation to new employers. | Rare | Extreme | High | Jamie Manson Shetland Islands Council |

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| The Medium Term Financial Plan covers the period from 2018/19 to 2023/24 and as an instrument to direct the organisation's budget setting and expenditure is prudent and in line with available resources. Over 75% of the Council budget is funded by the Scottish Govt. The local authority's annual grant from the Scottish Govt is expected to reduce in the short and medium term but is currently un-quantified, a reduction of 7.29% has been assumed in the MTFP. This amount has been estimated based on a best case scenario of a possible growth of 2.7% and a worst case scenario of a reduction of 14.4% over the next 5 years.<br>**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.<br>**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.<br>**Risk type :** Economic climate<br>Reference - ORG0039 | Possible X Extreme | High | • 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.<br>Service redesign across all areas to identify and implement sustainable levels of service going forward. Implementation of business transformation programme to support service redesign.<br>•Service redesign across all areas to identify and implement sustainable levels of service going forward. Implementation of business transformation programme to support service redesign. | Unlikely | Major | Medium | Jamie Manson Shetland Islands Council |

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| 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.<br>**Trigger :** Failure to prepare and take account of longer term scenario planning and to make informed assumptions about the impact of those on services and finance. 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.<br>**Consequences :** 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.<br>**Risk type :** Economic / Financial - Other<br>Reference - ORG0042 | Rare | Extreme | High | • Strong financial management arrangements in place, with MTFP refreshed and reported to Council in August 2018. A clear and robust financial cycle of annual budget process, regular monitoring and annual accounts in place, with positive feedback from external auditors.<br><br>Work to review the LTFP is expected to commence over the next 12 - 18 months.<br><br>Service redesign across all areas to identify and implement sustainable levels of service going forward. Implementation of business transformation programme to support service redesign. | Unlikely | Major | Medium | Jamie Manson Shetland Islands Council |

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| The Council is required to manage changes and challenges in its workforce and in some services across the organsiation 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.<br>**Trigger :** Increase in staff turnover and inability to recruit staff to vacant posts .<br>**Consequences :** 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 minimse staff turnover. Working patterns, and terms and conditions of service should also be reviewed by services to remove any unnecessary barriers to employment.<br>**Risk type :** Employment issues<br>Reference - ORG0018 | Likely X Minor | Medium | • 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. | Unlikely | Minor | Low | Denise Bell Shetland Islands Council |

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| 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".<br>**Trigger :** Perception (real or imagined) that organisation, senior management or specific manager(s) will not/ have not acted upon the findings of the survey. No change evidenced, status quo despite assurances or promises to the contrary. Failure to communicate change to front-line staff, failure to embed change, so situation reverts to that which led to dis-satisfaction.<br>**Consequences :** Disillusioned/ unhappy / disengaged staff, increased disillusionment following the expectation that the survey would make a difference, no confidence in manager or organisation, demotivated staff, poor commitment to Service, impact on Service and/or productivity. Staff retention issues - Increased turnover of staff with resulting recruitment costs and service impacts. Reputational damage, staff more likely to raise grievances. Stress, increase in sickness absence, perception that the whole exercise was a waste of public money.<br>**Risk type :** Missed opportunities<br>Reference - ORG0031 | Possible X Significant | Medium | • 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 & 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.<br>•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 & 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. The launch of the council's new values with posters and video available council-wide is supporting work to embed these values and every opportunity is taken to encourage staff to reflect on the values and particpate in focus groups. A new staff recognition scheme is also being intorduced and led by the Chief executive. | Rare | Significant | Low | Denise Bell Shetland Islands Council |

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| 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.<br>**Trigger :** Main triggers include:<br>revised budget post Scottish Govt settlement, budget setting challenges - the requirement to make savings now and in the future,<br><br>implementing various pay and conditions requirements plus 3rd edition of JE scheme,<br>specific problems associated with CHRIS 8 transition (Payroll, HR, ICT),<br>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.<br>Governance and law workload includes governance reviews and organisation-wide project work. Service redesign work also requires significant staff time.<br>**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.<br>**Risk type :** Corporate/Community plan - failure to meet<br>Reference - ORG0032 | Possible X 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.<br>• 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.<br>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 |

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| 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.<br>**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.<br>**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.<br>**Risk type :** Partnership working failure<br>Reference - ORG0040 | Possible X Extreme | High | • Various controls in place.All new admitted bodies comply with current requirements,<br>all contracts are scrutinised by Legal Services / Governance and Law/ Finance staff.<br>Assurance required that managers engage with Corporate Services BEFORE commencing service redesign programmes.<br>Managers must adhere to Commissioning and Procurement framework. | Unlikely | Major | Medium | Maggie Sandison Shetland Islands Council |

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| 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 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.<br>**Trigger :** Failure to address the identified issues, public / media scrutiny, equal pay claim from a member of staff, scrutiny by EHRC.<br>**Consequences :** There is a risk that not addressing the equal pay gap identified in the Equal Pay Audit 2016 could lead to equal pay claims being made where pay inequalities exist. There is a risk that recruitment and retention of staff is detrimentally impacted by a failure to address barriers from gender, disability and race inequalities, and that this will impact on service delivery. A failure to realise the benefits of greater diversity in employment represents a waste of talent and an opportunity to address workforce and skills shortages. Occupational segregation means the clustering of employees with a particular protected characteristic into particular occupations or different levels of work. The published Equal Pay Statement 2017-2021 provides analysis that shows 97% of employees in the Marine occupational category are men, while 89% of employees in the Care occupational category are female. The data also shows an under representation of male employees in lower grades relative to their share of total employees, and an over representation at higher grades, with the reverse that case for female employees.<br><br>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.<br>**Risk type :** Economic - Other<br>Reference - ORG0044 | Possible X Major | High | • The Equal pay Statement 2017-2021, approved at P&R 7 March 2017 describes the Council's commitment to the principle of equal pay for all employees. It sets out how, regardless of protected characteristic, employees should receive equal pay for the same or broadly similar work, work rated as equivalent and for work of equal value. It also describes how the Council operates a pay and grading system which is transparent, based on objective criteria and is free from bias, by using an analytical Job Evaluation system for SJC staff, and teaching promoted staff are subject to job sizing. It notes 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.<br><br>The Council's Workforce Strategy 2016-2020 underlines the priority given to Equality and Diversity, and the HR service will work with trades union representatives and stakeholders to identify and address inequalities. | Unlikely | Significant | Medium | Denise Bell Shetland Islands Council |