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Date: 15 February 2024

Dear Sir/Madam

You are invited to the following meeting:

Special Shetland Islands Council
Council Chamber, Lower Hillhead, Lerwick
Thursday 22 February 2024 at 10.00am

Apologies for absence should be notified to Lynne Geddes, Committee Officer, on 01595 744592, or by email to the above address.

(Please note that this meeting will be webcast live, recorded, and published online for public access after the meeting.)

Yours faithfully

Executive Manager – Governance and Law

Convener: Councillor Andrea Manson
Vice Convener: Councillor Bryan Peterson

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 declaration of interest should be sufficient for those at the meeting to understand why you consider you have a clear and substantial interest. If you are in any doubt about whether you have a declarable interest that would prevent you from participating in discussion or a decision, you should seek the advice of the Monitoring Officer, or the Council's legal officers on his behalf, in advance of the meeting.
- (d) Convener's Opening Remarks.
 - 1. Approval of the Band D Council Tax and Housing Rents and Charges for 2024/25
F-04-24
 - 2. Council Tax – Second Homes and Long-Term Empty Properties
F-18-24
 - 3. Free School Meals and School Clothing Grant – Spring Holiday Payments 2024
CS-04-24
 - 4. Asset Investment Plan - Business Cases
ACP-02-24
 - 5. Notice of Motion – Israel/Palestine: Councillor Alex Armitage
Attached

The following item contains EXEMPT information

- 6. Knab Redevelopment – Project Update
ACP-01-24



Meeting(s):	Shetland Islands Council	22 February 2024
Report Title:	Approval of the Band D Council Tax and Housing Rents and Charges for 2024/25	
Reference Number:	F-04-24-F	
Author / Job Title:	Paul Fraser, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 That the Shetland Islands Council **NOTES** the advice received from the Executive Manager – Finance regarding setting Council Tax in advance of confirmation of the 2024/25 Revenue Budget, as set out in Section 4 of this report.
- 1.2 That the Shetland Islands Council **RESOLVES** to:
 - 1.2.1 **NOTE** the terms of the Local Government Finance Settlement with regard to Council Tax;
 - 1.2.2 **AGREE** to freeze Council Tax rates for the forthcoming financial year at the current 2023/24 rates;
 - 1.2.3 **ADOPT** the formal resolution confirming the Band D Council Tax for the year beginning 1 April 2024 of £1,260.61 (Appendix 3);
 - 1.2.4 **INSTRUCT** the Executive Manager – Finance to bring forward a report to a future meeting of the Council, seeking strategic direction on future Council Tax increases and allocations, as referred to in paragraph 2.6; and
 - 1.2.4 **APPROVE** an increase of 5% to housing rents and charges for both Housing Revenue Account and General Fund (Appendix 4);

2.0 High Level Summary:

Council Tax:

- 2.1 The Local Government Finance Act 1992 (the Act) requires Local Authorities to set Council Tax for the forthcoming financial year by 11 March. The Council Tax set should be sufficient to meet total estimated expenditure for the forthcoming year, after taking into account any other means of funding the Council's total estimated expenditure.
- 2.2 Due to the practicalities involved in Council Tax billing, it is not be possible to wait until the Shetland Islands Council meeting on 27 March 2024 to set Council Tax and issue new bills in sufficient time to enable Council Tax to be collected from 1 April 2024.
- 2.3 The Scottish Government issued the 2024/25 provisional Local Government Financial Settlement ('the Settlement') on 21 December 2023. The settlement outlines the level of funding the Council can expect to receive in return for

complying with the terms and conditions of the Settlement. Following the Settlement, the Scottish Government issued a subsequent financial incentive for Councils to freeze Council Tax at current 2023/24 levels for 2024/25 financial year. The incentive available to Shetland Islands Council is £0.519m (equivalent to a 5% increase on last year's Council Tax revenue).

- 2.4 This financial incentive funding is based on approving a full freeze only with no opportunity to reduce or increase it proportionally. This is a benefit to Council Tax payers, as they will pay less than might otherwise be the case, aside from those whose Council Tax is already subject to reduction, due to eligibility criteria. Simplistically the freeze offer is the better approach; unless the Council proposes a substantial increase in the Council Tax to achieve the same outcome, (10% would generate £1.08m). It would not appear logical to refuse the freeze offer, and ask Council Tax payers to pay this amount, for only a marginal increase in revenue to the Council. Members are, however, able to refuse the freeze offer and make a recommendation of another rate of Council Tax. It is understood the majority of Councils, whilst unhappy with the approach taken, will accept the freeze.
- 2.5 Based on the information available at the time of writing, there is sufficient flexibility for the Council to set Council Tax at today's meeting, and to confirm the final budget on 27 March 2024. This enables the Council to meet its statutory obligation as outlined above in 2.1.
- 2.6 Members may also wish to set some strategic direction on Council Tax rises in future years. Currently Shetland has the lowest Band D Council Tax charge. Other Local Authorities have set a long-term vision of a fixed rate of Council Tax increase with a target to get to the Scottish average. This has the merit of setting out a clear position so that increases are known in advance as a default. Officers could also investigate the concept that the Council Tax increases are clearly earmarked for specific areas so that members of the public can see where the money is spent.

Housing Revenue Account & General Fund Housing Rents & Charges:

- 2.7 Separately to Council Tax, the Council has a statutory obligation to consult with its tenants on any planned changes to services, including increases to rents and charges. The Housing Service engaged in a two-stage process and initially engaged with its register of interested tenants (a focus group of 96 tenants) through a survey to gauge their views on a number of related areas, and to shape the proposed increase to include in the wider all-tenants survey.
- 2.8 The outcome of both consultation exercises supported the proposal to apply an increase of 5% on Housing Revenue Account rents and charges for 2024/25 and correspondingly reduce the amount of planned work undertaken, with the exception of energy efficiency works. A 5% charge is also proposed to be applied to the General Fund rents and charges for 2024/25.
- 2.9 The Council has a statutory obligation to give a minimum of 4 weeks' notice to tenants of planned increases in housing rent charges. Therefore, approval of the proposed increase to housing rents and other charges is requested alongside approval of the Council Tax, enabling the Council to meet this obligation.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Council is legally required to make arrangements for the proper administration of its financial affairs which includes the setting of balanced budgets and having

due regard for its ongoing financial sustainability. The principle of financial sustainability is enshrined in 'Our Ambition':

"We will develop a Medium-Term Financial Plan to help us become more financially sustainable and resilient, safeguarding public funds while achieving value for money. This will ensure we are well placed to respond to the significant funding uncertainties and pressures we face and to target our money to where it can make the most difference. We will continue with disciplined financial monitoring, working towards a smaller base budget from 2022 onwards"

- 3.2 The Medium-Term Financial Plan sets out the guiding principles in which the Council will develop its budgets. Annual revenue budgets summarise how the Council plans to deploy its resources, at service level, to facilitate both day-to-day service delivery but also the delivery of priorities set out in 'Our Ambition'. Achieving the priorities set out in 'Our Ambition' will be key to achieving long-term sustainability for Shetland.

4.0 Key Issues:

Council Tax:

- 4.1 The Council has developed its 2024/25 budget in line with the Medium-Term Financial Plan that was approved in November 2023 (Min ref SIC 72/23). The Council's total estimated expenditure for 2024/25 is £167.6m, with anticipated income of £142m.
- 4.2 The funding gap between total estimated expenditure and total anticipated income in 2024/25 is £25.6m, before considering any changes to Council Tax.
- 4.3 The Medium Term Financial Plan included annual increases to Council Tax of between 2-6%, which would generate an additional income of between £0.216m and £0.648m in 2024/25. A 5% rise would generate £0.540m (a slight increase of £21k due to property number changes which will be achieved regardless whether a council tax freeze or % increase is chosen), than the incentive offered by the Scottish Government).
- 4.4 Meanwhile, the provisional Local Government Financial Settlement, issued on 21 December 2023 contains an indication of the likely level of General Revenue Grant, Non-Domestic Rates and other specific ring-fenced grant funding the Council can expect to receive from the Scottish Government in 2024/25. In addition, the Council also expects to utilise a total of £23m sustainably from its reserves to supplement the General Fund budget.
- 4.5 Appendix 1 contains the latest estimated General Fund budget as at the time of writing this report (12 February 2024).
- 4.6 A funding deficit of £25.6m exists between the level of income the Council anticipates and total planned expenditure in 2024/25, before considering the impact of any increase to Council Tax.
- 4.7 The Scottish Government has made an offer of funding equivalent to a 5% increase in Council Tax based on last year's property numbers, to freeze Council Tax at 2023/24 levels for the next year. The incentive available to Shetland Islands Council is £0.519m, and, if accepted would have the effect of reducing the funding gap to £25.1m, as illustrated in Appendix 1. This funding would not be available if the Council decided to increase Council Tax rates instead. If the

Council decided to accept the terms of the financial incentive and enact a freeze in Council Tax rates, it would therefore be taking advantage of the maximum level of funding available to the authority for the 2024/25 financial year.

- 4.8 However, in terms of the 2024/25 budget, a substantial funding gap of £25.5m remains irrespective of whether the Council accepts the financial incentive to freeze Council Tax or rejects it in favour of a locally set increase in Council Tax.
- 4.9 Freezing Council Tax at 2023/24 levels would mean the Band D Council Tax for 2024/25 would remain at £1,260.61 for the year.
- 4.10 For comparison, increasing Council Tax by 5% would mean the Band D Council Tax for 2024/25 would be £1,323.64, an increase of £1.21 a week or £63.03 a year compared to the current 2023/24 Council Tax rate. Appendix 2 summarises the potential rates for each Council tax band.
- 4.11 Unless further savings or increased income are proposed in the draft budget, the budget gap will require to be met from reserves. The Council has reserves to bridge this gap but by using these reserves, this will reduce future investment income earning potential.
- 4.12 The latest budget estimates outlined in Appendix 1 demonstrates that £23m will require to be withdrawn sustainably from the Council's Reserves and £25.1m unsustainably (these figures include using the full £11.2m of Harbour Account surplus for 2024/25).
- 4.13 Based on the information contained in this report, there is sufficient flexibility by using reserves for the Council to set Council Tax at today's meeting, and to confirm the final budget on 27 March 2024. Using reserves unsustainably to balance the budget will have a detrimental impact on investment returns available to support future years' budgets. It does however enables the Council to meet its statutory obligation as outlined above in 2.1

Housing Revenue Account and General Fund Housing:

- 4.14 The Housing Revenue Account (HRA) budget has been developed in line with the HRA 30 year financial model. This included increases to rent of 5% based on the outcome of the tenant survey. The HRA Business Plan will continue to be reviewed and updated during 2024/25. Detailed financial modelling will determine the medium to long-term financial requirements of the HRA to ensure its long-term financial sustainability.
- 4.15 Tenants were consulted on affordability, their concerns with the cost of living, what rent levels options should be and what level of investment should be carried out aligning this with rent levels. The early engagement with the focus group of 96 tenants had a 47% survey return rate. The summary of responses to both consultations is attached as Appendix 5.
- 4.16 The results of the early consultation with the tenant focus group were:
- 27% of focus group were either concerned or had some concerns about affordability of rent, with 67% concerned about future affordability of their rent;
 - most tenants were concerned about energy costs (58%) when asked about the current cost of living with 19% concerned about rent costs;
 - the focus group stated that the majority thought their rent was value for money with 25% stating very good and 62% stating fairly good;

- where investment should be prioritised was closely split between 44% for planned maintenance works, kitchens, bathrooms, doors and windows, with 40% wishing to energy efficiency measures; and
- on what level of rent increase should full tenants be consulted upon, 45% said a 5% increase to mitigate current cost of living impacts and 36% said a 6% increase to allow for more investment to happen, there were alternatives suggestions made between 2% and 8%.

4.17 Following on from the early tenant focus group consultation, a full consultation with all tenants was undertaken. Taking the lead from the focus group, the top options for rent increases were incorporated. The results of the full tenant consultation were:

- 34% of focus group were concerned or somewhat concerned about affordability of rent;
- most tenants were concerned about energy/heating costs (77%) when asked about the current cost of living with 17% concerned about rent/council tax costs;
- when asked if they would prefer to pay a lower rent increase and delay planned works (except efficiency standard works), or pay a higher rent to maintain spend on planned works, the outcome was closely split with 53% for a lower increase and 47% for a higher increase; and
- on what level of rent increase tenants would support, 70% opted for a 5% increase and 30% opted for a 6% increase.

4.18 Ordinarily, any increases to housing rent charges are approved when the Council sets its overall annual revenue budget. This is because housing rents form part of the Council's Schedule of Charges. The Council has a statutory obligation to give a minimum of 4 weeks' notice to tenants of any increase to rents. Deferring approval of housing rent charges would mean the Council could not fulfil this obligation. Therefore, approval of the proposed increases is requested alongside approval of Council Tax, enabling the Council to meet this obligation.

4.19 Appendix 4 contains the proposed 5% increase for HRA and General Fund housing rents and charges for 2024/25 (with a 6% increase set out for information). The additional income generated on the HRA is £0.413m (5% increase) and £0.489m (6% increase). The average property rent per week for a 5% increase is £89.97 and for 6% increase is £90.83.

4.20 There are 14 Local Authorities who provide housing out of 28 who have rent in the £80-£90 per week average rent with the outliers Edinburgh at £105.17 and Moray at £66.36.

5.0 Exempt and/or confidential information:

5.1 None.

6.0 Implications :

6.1 Service Users, Patients and Communities:

Where proposals for service change require it, an equalities impact assessment and relevant consultation are required to be undertaken prior to implementation.

No changes to services are proposed in this report in respect of services funded by Council Tax.

	Tenants are supportive of a lower rent increase at 5%, which will mean a reduction in planned maintenance services, excluding energy efficiency measures.
6.2 Human Resources and Organisational Development:	None arising from this report.
6.3 Equality, Diversity and Human Rights:	Where proposals for service change require it, an equalities impact assessment and relevant consultation are required to be undertaken prior to implementation.
6.4 Legal:	<p>Section 93(2) of the Local Government Finance Act 1992 (the 1992 Act) requires the council tax to be set by 11 March in the previous year.</p> <p>Section 93(3) of the 1992 Act requires the amount of council tax collected to be sufficient to meet the part of the total estimated expenses that falls to be met out of council tax, as well as deficits from previous periods and contingencies.</p> <p>Section 93(4) of the 1992 Act requires councils to take into account how else the total estimated expenses may be met.</p> <p>Section 95 of the Local Government (Scotland) Act 1973 requires each local authority to make arrangements for the proper administration of their financial affairs and that the chief financial officer/Section 95 officer has responsibility for the administration of those affairs.</p> <p>For the reasons outlined in the body of the report, the Council will meet its legal obligations in respect of the Local Government Finance Act 1992 by setting Council Tax before 11 March 2024.</p> <p>The Housing (Scotland) Act 2001 introduced statutory tenant participation principles in services delivered by social landlords. This was further strengthened in the Scottish Government's Scottish Social Housing Charter outcomes, which state the importance of taking account of what customers are likely to be able to afford and to ensure that decisions reflect the views of tenants.</p>
6.5 Finance:	<p>The recommendation to freeze Council Tax at current rates will result in an additional £0.519m of General Revenue Grant funding from the Scottish Government.</p> <p>An alternative to the Council Tax freeze would be for the Council to increase Council Tax by 10%, which would bring in an extra £1.08m net of any result discounts, reliefs or exemptions to achieve the same funding outcome. No additional General Revenue Grant funding would be received if the Council decided to apply any % increase to the Council Tax.</p> <p>The longer-term negative impact (over a 5-year period) of freezing Council Tax is estimated at up to £0.656m (if a 5% increase applied) or £6.591m (if a 10% increase is applied)</p>

	<p>compared to the Council's Medium-Term Financial Plan. This is because the Council will not be able to benefit from increased Council Tax receipts from 2024/25, which the Plan assumes will increase again, annually, in subsequent years. The Council may be able to increase Council Tax by more in future years to offset the potential loss in Council Tax receipts, however there is no guarantee that Local Authorities will be permitted to do this should Scottish Ministers place restrictions on Council Tax in the future.</p> <p>The figures in this report do not take account of any increase in charges for second homes and long-term empty properties. This is being discussed in a separate report to this meeting; the outcome will be included in the Council's 2024/25 Budget Book.</p> <p>Irrespective of the percentage increase in Council Tax, there remains a significant unsustainable funding gap of £25.5m that cannot be met by Council Tax alone.</p> <p>The Council has a strong balance sheet and, as at 31 March 2023 with unallocated General Fund reserve balances of £139m (including unrealised gains). Using reserves unsustainably to balance the budget will have a detrimental impact on investment returns available to support future years' budgets.</p> <p>The Council therefore has sufficient flexibility to set Council Tax on 22 February 2024 and confirm a final budget in March, which satisfies the legal requirements of the Local Government Finance Act 1992 (as set out in section 6.4).</p> <p>The proposal to increase housing rent charges is consistent with the assumptions included in the HRA 30-year financial model. The 5% increase will require a delay in planned maintenance excluding energy efficiency standard works to offset the cost of inflation.</p> <p>The 5% rent increase generates income of £0.413m to the HRA (a 6% increase equates to £0.489m). The average property rent per week for a 5% increase is £89.97 and for 6% increase is £90.83.</p>
6.6 Assets and Property:	The HRA Business Plan sets out an evidence-based approach to managing planned, preventative maintenance of the housing stock. The planned maintenance programme will be delayed to offset the impact of higher inflation costs on expenditure against the level of rent increase proposed.
6.7 ICT and new technologies:	None arising from this report.
6.8 Environmental:	None arising from this report.
6.9 Risk Management:	<p>In determining the level of Council Tax to be levied in the forthcoming financial year, the Council has developed its draft budget (i.e. its total estimated expenditure) for 2024/25, predicated on a number of assumptions that include:</p> <ul style="list-style-type: none"> • Likely demand for services

	<ul style="list-style-type: none"> • Anticipated income from a variety of sources • Cost pressures arising internally or externally <p>These assumptions have been updated to reflect the latest information, data and trends, but there is a risk these assumptions may prove incorrect as actual demand, income and expenditure may fluctuate through the year.</p> <p>The Council's anticipated income – which is a key consideration in arriving at the level of Council Tax to be set – has been determined from a Scottish Government incentive offer to freeze Council Tax.</p> <p>The Council's provisional allocation may change as the Scottish Government Budget Bill passes through the Scottish Parliament, however, the risk that the settlement will change significantly and/or sufficiently to warrant a reduction in the rate of Council Tax is considered extremely low.</p> <p>There is a significant risk of the Council failing to demonstrate financial sustainability as the Council continues to draw more from its reserves than deemed to be sustainable. To do so will erode the investment base and jeopardise future investment income, which ultimately affects future anticipated income levels in the longer term.</p> <p>The Council has a strong balance sheet and, as at 31 March 2023, has an unallocated General Fund reserve balance of £139m (including unrealised gains) available to meet any unforeseen or significant cost pressures.</p> <p>There is a risk to the long-term sustainability of the HRA through applying rent increases, which are below inflation and therefore are not keeping pace with costs to provide services. Continued use of reserves to fund expenditure not met by rents will deplete the HRA reserve faster than anticipated in the 30-year financial model.</p> <p>There is also a continued pressure to meet various housing quality and energy efficiency standards, which requires further and increased investment in the housing stock.</p>	
6.10 Policy and Delegated Authority:	The decisions required in this report may only be determined by the Council in accordance with Section 2.1.3 of the Council's Scheme of Administration and Delegations; including the power to fix the Council Tax and the power to fix HRA council house rent and charges and General Fund housing properties rents and charges.	
6.11 Previously considered by:	<i>n/a</i>	<i>n/a</i>

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Appendices:

Appendix 1 - Latest estimated General Fund budget summary (as of 12 February 2024)

Appendix 2 - Effect of Freezing Council tax versus an Increase to Council Tax

Appendix 3 - Formal Resolution to confirm Council Tax Band D for the year commencing 1 April 2024

Appendix 4 - Housing Rents/Other Charges – Proposed Schedule of Charges

Appendix 5 – Summary of Tenants' Consultation

Background Documents:

[Medium Term Financial Plan 2023-2028](#)

Draft 2024/25 Revenue Budget	As at 12 February 2024 £
Directorate:	
Corporate & Executive Services	14,669,293
Children's Services	59,391,708
Community Health & Social Care Services	31,578,635
Development Services	18,507,551
Infrastructure Services	41,824,763
Total Service Expenditure	165,971,950
Valuation Joint Board	501,200
Cost Pressure & Contingency	6,000,000
Fund Manager Fees	1,560,000
Crown Estate Income & Economic Development Investment Income	(4,400,000)
Financing Costs & Recharges to Other Funds	(1,991,701)
Total Estimated General Fund Expenditure	167,641,449
Funded by:	
General Revenue Grant	(61,032,000)
Specific Grants	(23,718,071)
Non-Domestic Rates	(27,263,000)
Council Tax95	(10,795,382)
Specific Reserves (to Crown Estate & Others)	3,756,583
Sustainable Contribution from Reserves	(23,004,000)
Total Anticipated Income	(142,055,870)
Funding Gap	25,585,579
Additional Scottish Government 5% (Council Tax Freeze)	(519,000)
Funding Gap after Council Tax Additional Funding	25,066,579

Financial Impact of a Council Tax Freeze:

Band	Band Value	Multiplier	No. Properties in Band	Annual Increase	Weekly Increase	2024/25 Council Tax
A	£0 – £27,000	240/360	3,010	0	0	£840.41
B	£27,000 - £35,000	280/360	1,893	0	0	£980.47
C	£35,000 - £45,000	320/360	2,920	0	0	£1,120.54
D	£45,000 - £58,000	360/360	1,921	0	0	£1,260.61
E	£58,000 - £80,000	473/360	1,537	0	0	£1,656.30
F	£80,000 - £106,000	585/360	320	0	0	£2,042.49
G	£106,000 - £212,000	705/360	72	0	0	£2,468.69
H	£212,000 +	882/360	2	0	0	£3,088.49

No. Chargeable Properties	11,675
Total Estimated Council Tax Net of discounts & exemptions	£10,795,382
Additional Council Tax raised from additional properties , this will be achieve if a freeze is approved or not.	20,769
Additional General Revenue Grant available	519,000
Net increase in total available funding	539,769

Financial Impact of a 5% Increase to Council Tax:

Band	Band Value	Multiplier	No. Properties in Band	Annual Increase	Weekly Increase	2024/25 Council Tax
A	£0 – £27,000	240/360	3,010	£41.49	£0.80	£882.43
B	£27,000 - £35,000	280/360	1,893	£49.03	£0.94	£1,029.50
C	£35,000 - £45,000	320/360	2,920	£56.03	£1.08	£1,176.57
D	£45,000 - £58,000	360/360	1,921	£63.03	£1.21	£1,323.64
E	£58,000 - £80,000	473/360	1,537	£82.82	£1.59	£1,739.12
F	£80,000 - £106,000	585/360	320	£102.43	£1.97	£2,150.92
G	£106,000 - £212,000	705/360	72	£123.44	£2.37	£2,592.13
H	£212,000 +	882/360	2	£154.43	£2.97	£3,242.92

No. Chargeable Properties	11,675
Total Estimated Council Tax Net of discounts & exemptions	11,335,151
Additional Council Tax raised (compared to 2023/24)	539,769
Additional General Revenue Grant available	(519,000)
Additional Council Tax income from additional properties	(20,769)
Net increase in total available funding	0

Financial Impact of a 10% Increase to Council Tax:

Band	Band Value	Multiplier	No. Properties in Band	Annual Increase	Weekly Increase	2024/25 Council Tax
A	£0 – £27,000	240/360	3,010	£84.04	£1.62	£924.45
B	£27,000 - £35,000	280/360	1,893	£98.05	£1.89	£1,078.52
C	£35,000 - £45,000	320/360	2,920	£112.06	£2.15	£1,232.60
D	£45,000 - £58,000	360/360	1,921	£126.06	£2.42	£1,386.67
E	£58,000 - £80,000	473/360	1,537	£165.63	£3.19	£1,821.93
F	£80,000 - £106,000	585/360	320	£204.85	£3.94	£2,253.34
G	£106,000 - £212,000	705/360	72	£246.87	£4.75	£2,715.56
H	£212,000 +	882/360	2	£308.85	£5.94	£3,397.34

No. Chargeable Properties	11,675
Total Estimated Council Tax Net of discounts & exemptions	11,874,920
Additional Council Tax raised (compared to a Council Tax Freeze)	1,079,538

Impact over 5 years on Council Tax of:

Freeze (then next 4 years at 5% per annum)

£10,795,382 x 0% x 5% x 5% x 5% x 5% = £13,121,854, growth of £2,326,472.

Band D in 5 years' time = £1,532.28

5% Increase each year for 5 years

£10,795,382 x 5% x 5% x 5% x 5% x 5% = £13,777,947, growth of £2,982,565.

Band D in 5 years' time = £1,608.89

10% Increase each year for 5 years

£10,795,382 x 10% x 10% x 10% x 10% x 10% = £17,386,071, growth of £6,590,689.

Band D in 5 years' time = £2,030.23

Summary of Impacts

By freezing the Council Tax and not increasing it by 5% over 5 years is a shortfall in revenue generated of £656,093.

By increasing the Council Tax by 10% provides additional revenue of £6,590,689.

The 2023/24 Scottish Average Band D Council Tax rate is £1,417. Shetland Islands Council charge is 12% less than the Scottish Average for a Band D property.

Shetland Islands Council – Budget Estimates 2024/25**The Formal Resolutions Required:****Recommendation**

It is recommended that to provide for the expenses foreseen in the Budget Estimates for 2024/25, the Council RESOLVE THAT:-

1. they IMPOSE and LEVY the following assessments for the period from 1 April 2024 to 31 March 2025.

NON DOMESTIC RATES

- (a) **THE SHETLAND ISLANDS COUNCIL DO DECERN AND ORDAIN** the whole occupiers in Shetland Islands liable for the aforesaid assessments, to make payment thereof to the Executive Manager - Finance, either by ten instalments, as near equal amounts as practicable, the first on or before 1 April 2024 and at monthly intervals thereafter, or in a single payment on or before 30 September 2024.

COUNCIL TAX

- (b) **Council Tax:** Council Tax of £1260.61 – Band D equivalent, on all chargeable dwellings in Shetland and to be paid by the persons liable therefor under the Local Government Finance Act 1992, as amended by the Local Government etc. (Scotland) Act 1994.
- (c) **THE SHETLAND ISLANDS COUNCIL DO DECERN AND ORDAIN** the persons liable as described in the Local Government Finance Act 1992, in respect of chargeable dwellings referred to in paragraph 1 (b) for the aforesaid assessments to make payment thereof to the Executive Manager - Finance, either by 10 monthly instalments, as near equal in amount as practicable, the first on or before 1 April 2024 and at intervals thereafter, or in a single payment before 1 June 2024.

2. NON DOMESTIC RATES APPEALS

- (a) The Council adopt the following regulations with regard to the lodging and hearing of appeals against rates, in terms of Section 238 of the Local Government (Scotland) Act 1947, viz:
 - (b) persons complaining that they have been improperly charged, must lodge their appeals with the Executive Manager - Finance not later than 28 days after receipt of a rates demand note and these appeals will be heard by Council on a date to be notified to appellants. Appellants may appeal personally in support of their appeals or be represented by an agent.
 - (c) no appeal against the valuation entered in the valuation roll is competent.
3. The de minimis sum (used to establish whether expenditure of a capital nature should be charged to capital or revenue) for the year commencing 1 April 2024 should be set equal to £10,000.

ALL CHARGES ARE EXCLUSIVE OF VAT, WHERE APPLICABLE

Directorate	Service	Director or Executive Manager	Activity	Charge	Unit	2023/24 Charge £	2024/25 Charge £	Variance %
Development	HRA	EM - Housing	Garages	Garage rents (no electricity)	per week	12.44	13.06	5.0
Development	HRA	EM - Housing		Garage rents (electricity)	per week	17.77	18.66	5.0
Development	HRA	EM - Housing		Double garage (electricity)	per week	26.60	27.93	5.0
Development	HRA	EM - Housing		Garage site rent	per week	5.65	5.93	5.0
Development	HRA	EM - Housing	Council	4 bedroom - Lerwick	per week	118.99	124.94	5.0
Development	HRA	EM - Housing		3 bedroom - Lerwick	per week	102.12	107.23	5.0
Development	HRA	EM - Housing		2 bedroom - Lerwick	per week	84.79	89.03	5.0
Development	HRA	EM - Housing		1 bedroom - Lerwick	per week	73.87	77.56	5.0
Development	HRA	EM - Housing		Bedsit - Lerwick	per week	56.56	59.39	5.0
Development	HRA	EM - Housing		7 bedroom - non Lerwick	per week	161.54	169.62	5.0
Development	HRA	EM - Housing		5 bedroom - non Lerwick	per week	129.49	135.96	5.0
Development	HRA	EM - Housing		4 bedroom - non Lerwick	per week	113.04	118.69	5.0
Development	HRA	EM - Housing		3 bedroom - non Lerwick	per week	97.01	101.86	5.0
Development	HRA	EM - Housing		2 bedroom - non Lerwick	per week	80.56	84.59	5.0
Development	HRA	EM - Housing		1 bedroom - non Lerwick	per week	70.44	73.96	5.0
Development	HRA	EM - Housing		Bedsit - non Lerwick	per week	54.01	56.71	5.0
Development	HRA	EM - Housing	Other	Housing repairs		variable	variable	n/a
Development	Housing Services	EM - Housing	Homeless Persons	Shared accommodation - standard occupancy charge	per week	61.60	64.68	5.0
Development	Housing Services	EM - Housing		Shared accommodation - furniture charge	per week	14.21	14.92	5.0
Development	Housing Services	EM - Housing		Shared accommodation - electricity charge	per week	22.05	23.15	5.0
Development	Housing Services	EM - Housing		Shared accommodation - service charge	per week	18.97	19.92	5.0
Development	Housing Services	EM - Housing		89 St Olaf Street - room 5 - occupancy charge	per week	81.14	85.20	5.0
Development	Housing Services	EM - Housing		Electricity in communal areas (12a North Road)	per week	6.12	6.43	5.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 1 apt - occupancy charge	per week	61.60	64.68	5.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 2 apt - occupancy charge	per week	82.35	86.47	5.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 3 apt - occupancy charge	per week	101.00	106.05	5.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 4 apt - occupancy charge	per week	120.91	126.96	5.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 5 apt - occupancy charge	per week	139.77	146.76	5.0
Development	Housing Services	EM - Housing		Lerwick chalets - homeless lets - 1 bed - occupancy charge	per week	42.74	44.88	5.0
Development	Housing Services	EM - Housing		Lerwick chalets - homeless lets - 2 bed - occupancy charge	per week	53.40	56.07	5.0
Development	Housing Services	EM - Housing		Landward chalets - homeless lets - 1 bed - occupancy charge	per week	38.67	40.60	5.0
Development	Housing Services	EM - Housing		Landward chalets - homeless lets - 2 bed - occupancy charge	per week	48.80	51.24	5.0
Development	Housing Services	EM - Housing		Homeless persons - general needs stock & chalets - B&B accommodation - adult aged 16 or over	per week	138.83	145.77	5.0
Development	Housing Services	EM - Housing		Homeless persons - general needs stock & chalets - B&B accommodation - child under 16	per week	69.34	72.81	5.0
Development	Housing Services	EM - Housing		Storage charges (storage of property in Gremista store)	per week	7.32	7.69	5.0
Development	Housing Services	EM - Housing	Caravan Site/ Pitch Rents	Caravan site/pitch rents - Hoofields	per week	17.56	18.44	5.0
Development	Housing Services	EM - Housing		Caravan site/pitch rents - Other	per week	12.12	12.73	5.0
Development	Housing Services	EM - Housing	Education & Other Properties	5 bedroom - Lerwick	per week	139.70	146.69	5.0
Development	Housing Services	EM - Housing		4 bedroom - Lerwick	per week	121.96	128.06	5.0
Development	Housing Services	EM - Housing		3 bedroom - Lerwick	per week	104.67	109.90	5.0
Development	Housing Services	EM - Housing		2 bedroom - Lerwick	per week	86.91	91.26	5.0
Development	Housing Services	EM - Housing		1 bedroom - Lerwick	per week	75.72	79.51	5.0
Development	Housing Services	EM - Housing		Bedsit - Lerwick	per week	57.97	60.87	5.0
Development	Housing Services	EM - Housing		7 bedroom - non Lerwick	per week	165.58	173.86	5.0
Development	Housing Services	EM - Housing		5 bedroom - non Lerwick	per week	132.72	139.36	5.0
Development	Housing Services	EM - Housing		4 bedroom - non Lerwick	per week	115.87	121.66	5.0
Development	Housing Services	EM - Housing		3 bedroom - non Lerwick	per week	99.43	104.40	5.0
Development	Housing Services	EM - Housing		2 bedroom - non Lerwick	per week	82.58	86.71	5.0
Development	Housing Services	EM - Housing		1 bedroom - non Lerwick	per week	72.20	75.81	5.0
Development	Housing Services	EM - Housing		Bedsit - non Lerwick	per week	55.35	58.12	5.0

Charges 2024/25 - 6% increase

F-04-24 Appendix 4

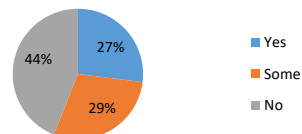
ALL CHARGES ARE EXCLUSIVE OF VAT, WHERE APPLICABLE

Directorate	Service	Director or Executive Manager	Activity	Charge	Unit	2023/24 Charge £	2024/25 Charge £	Variance %
Development	HRA	EM - Housing	Garages	Garage rents (no electricity)	per week	12.44	13.19	6.0
Development	HRA	EM - Housing		Garage rents (electricity)	per week	17.77	18.84	6.0
Development	HRA	EM - Housing		Double garage (electricity)	per week	26.60	28.20	6.0
Development	HRA	EM - Housing		Garage site rent	per week	5.65	5.99	6.0
Development	HRA	EM - Housing	Council Houses	4 bedroom - Lerwick	per week	118.99	126.13	6.0
Development	HRA	EM - Housing		3 bedroom - Lerwick	per week	102.12	108.25	6.0
Development	HRA	EM - Housing		2 bedroom - Lerwick	per week	84.79	89.88	6.0
Development	HRA	EM - Housing		1 bedroom - Lerwick	per week	73.87	78.30	6.0
Development	HRA	EM - Housing		Bedsit - Lerwick	per week	56.56	59.95	6.0
Development	HRA	EM - Housing		7 bedroom - non Lerwick	per week	161.54	171.23	6.0
Development	HRA	EM - Housing		5 bedroom - non Lerwick	per week	129.49	137.26	6.0
Development	HRA	EM - Housing		4 bedroom - non Lerwick	per week	113.04	119.82	6.0
Development	HRA	EM - Housing		3 bedroom - non Lerwick	per week	97.01	102.83	6.0
Development	HRA	EM - Housing		2 bedroom - non Lerwick	per week	80.56	85.39	6.0
Development	HRA	EM - Housing		1 bedroom - non Lerwick	per week	70.44	74.67	6.0
Development	HRA	EM - Housing		Bedsit - non Lerwick	per week	54.01	57.25	6.0
Development	HRA	EM - Housing	Other	Housing repairs		variable	variable	n/a
Development	Housing Services	EM - Housing	Homeless Persons	Shared accommodation - standard occupancy charge	per week	61.60	65.30	6.0
Development	Housing Services	EM - Housing		Shared accommodation - furniture charge	per week	14.21	15.06	6.0
Development	Housing Services	EM - Housing		Shared accommodation - electricity charge	per week	22.05	23.37	6.0
Development	Housing Services	EM - Housing		Shared accommodation - service charge	per week	18.97	20.11	6.0
Development	Housing Services	EM - Housing		89 St Olaf Street - room 5 - occupancy charge	per week	81.14	86.01	6.0
Development	Housing Services	EM - Housing		Electricity in communal areas (12a North Road)	per week	6.12	6.49	6.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 1 apt - occupancy charge	per week	61.60	65.30	6.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 2 apt - occupancy charge	per week	82.35	87.29	6.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 3 apt - occupancy charge	per week	101.00	107.06	6.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 4 apt - occupancy charge	per week	120.91	128.16	6.0
Development	Housing Services	EM - Housing		General needs stock used for homeless persons - 5 apt - occupancy charge	per week	139.77	148.16	6.0
Development	Housing Services	EM - Housing		Lerwick chalets - homeless lets - 1 bed - occupancy charge	per week	42.74	45.30	6.0
Development	Housing Services	EM - Housing		Lerwick chalets - homeless lets - 2 bed - occupancy charge	per week	53.40	56.60	6.0
Development	Housing Services	EM - Housing		Landward chalets - homeless lets - 1 bed - occupancy charge	per week	38.67	40.99	6.0
Development	Housing Services	EM - Housing		Landward chalets - homeless lets - 2 bed - occupancy charge	per week	48.80	51.73	6.0
Development	Housing Services	EM - Housing		Homeless persons - general needs stock & chalets - B&B accommodation - adult aged 16 or over	per week	138.83	147.16	6.0
Development	Housing Services	EM - Housing		Homeless persons - general needs stock & chalets - B&B accommodation - child under 16	per week	69.34	73.50	6.0
Development	Housing Services	EM - Housing		Storage charges (storage of property in Gremista store)	per week	7.32	7.76	6.0
Development	Housing Services	EM - Housing	Caravan Site/ Pitch	Caravan site/pitch rents - Hoofields	per week	17.56	18.61	6.0
Development	Housing Services	EM - Housing		Caravan site/pitch rents - Other	per week	12.12	12.85	6.0
Development	Housing Services	EM - Housing	Education & Other Properties	5 bedroom - Lerwick	per week	139.70	148.08	6.0
Development	Housing Services	EM - Housing		4 bedroom - Lerwick	per week	121.96	129.28	6.0
Development	Housing Services	EM - Housing		3 bedroom - Lerwick	per week	104.67	110.95	6.0
Development	Housing Services	EM - Housing		2 bedroom - Lerwick	per week	86.91	92.12	6.0
Development	Housing Services	EM - Housing		1 bedroom - Lerwick	per week	75.72	80.26	6.0
Development	Housing Services	EM - Housing		Bedsit - Lerwick	per week	57.97	61.45	6.0
Development	Housing Services	EM - Housing		7 bedroom - non Lerwick	per week	165.58	175.51	6.0
Development	Housing Services	EM - Housing		5 bedroom - non Lerwick	per week	132.72	140.68	6.0
Development	Housing Services	EM - Housing		4 bedroom - non Lerwick	per week	115.87	122.82	6.0
Development	Housing Services	EM - Housing		3 bedroom - non Lerwick	per week	99.43	105.40	6.0
Development	Housing Services	EM - Housing		2 bedroom - non Lerwick	per week	82.58	87.53	6.0
Development	Housing Services	EM - Housing		1 bedroom - non Lerwick	per week	72.20	76.53	6.0
Development	Housing Services	EM - Housing		Bedsit - non Lerwick	per week	55.35	58.67	6.0

Early Consultation with Register of Interested Tenants (96 tenants)

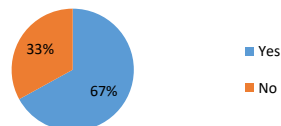
Do you have concerns about the current affordability of your rent? (please select one)

Answer Choice	Response Percent
1 Yes	27%
2 Some	29%
3 No	44%



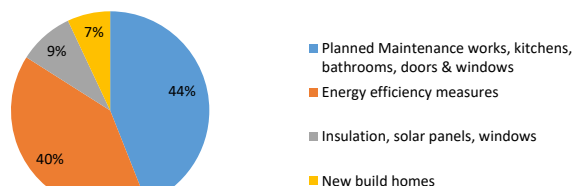
Do you have concerns about the future affordability of your rent

Answer Choice	Response Percent
1 Yes	67%
2 No	33%



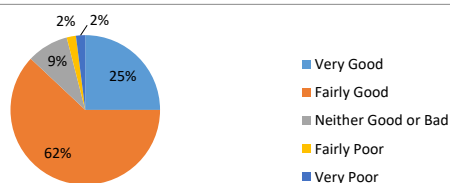
Where would you like to see investment prioritised?

Answer Choice	Response Percent
1 Planned Maintenance works, kitchens, bathrooms, doors & windows	44%
2 Energy efficiency measures	40%
3 Insulation, solar panels, windows	9%
4 New build homes	7%



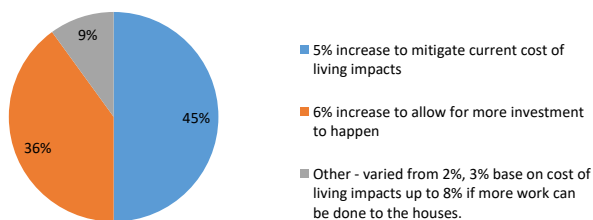
Do you think that the rent you pay represents good value of money?

Answer Choice	Response Percent
1 Very Good	25%
2 Fairly Good	62%
3 Neither Good or Bad	9%
4 Fairly Poor	2%
5 Very Poor	2%



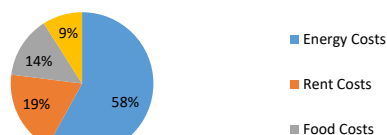
What level of increase do you think we should consult on - based on explanation of 5% being an inflationary increase, stand-still position or 6% based on additional 1% for investment in housing stock? Also given an option to suggest an alternative increase with free text.

Answer Choice	Response Percent
1 5% increase to mitigate current cost of living impacts	45%
2 6% increase to allow for more investment to happen	36%
3 Other - varied from 2%, 3% base on cost of living impacts up to 8% if more work can be done to the houses.	9%



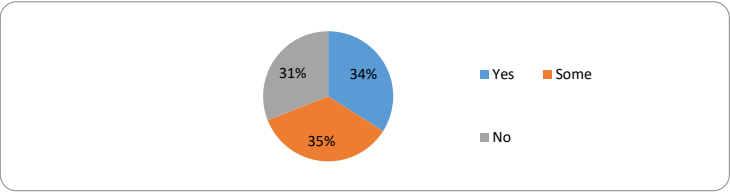
What are you most concerned about in current cost of living?

Answer Choice	Response Percent
1 Energy Costs	58%
2 Rent Costs	19%
3 Food Costs	14%
4 Other (transport or combination of factors)	9%

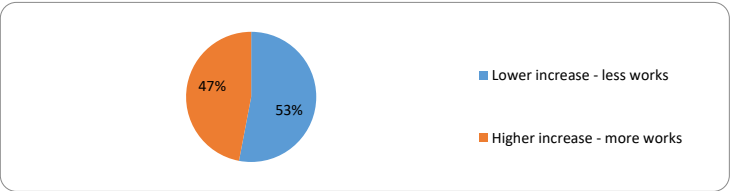


Full Tenant Consultation Survey

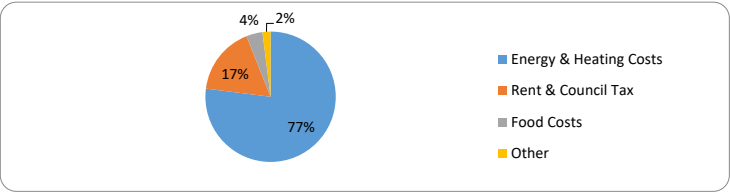
Do you have concerns about the affordability of your rent?		
Answer Choice		Response Percent
1	Yes	34%
2	Some	35%
3	No	31%



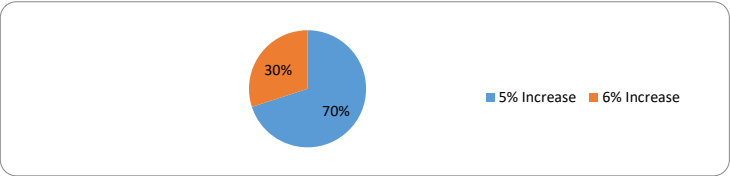
Would you prefer to pay a lower rent increase and delay planned works (except energy efficiency standard works) or pay higher rent increase to maintain spend on planned works?		
Answer Choice		Response Percent
1	Lower increase - less works	53%
2	Higher increase - more works	47%



What do you have most concerned about with the current cost of living?		
Answer Choice		Response Percent
1	Energy & Heating Costs	77%
2	Rent & Council Tax	17%
3	Food Costs	4%
4	Other	2%



Which rent increase option do you support?		
Answer Choice		Response Percent
1	5% Increase	70%
2	6% Increase	30%





Meeting(s):	Shetland Islands Council	22 February 2023
Report Title:	Council Tax – Second Homes and Long-Term Empty Properties	
Reference Number:	F-18-24-F	
Author / Job Title:	Paul Fraser, Executive Manager - Finance	

1.0 Decisions / Action required:

1.1 That the Shetland Islands Council **RESOLVES** to:

- 1.1.1 **AGREE** to increase the Council Tax charge for long-term empty properties by 110% to 200% from 1 April 2024; and
- 1.1.2 **AGREE** to increase the Council Tax charge for second homes by 110% to 200% from 1 April 2024; and
- 1.1.3 **AGREE** not to extend the statutory 6-month relief timescale for properties undergoing repairs or renovations as set out in Appendix 1.

2.0 High Level Summary:

- 2.1 Local Authorities have a statutory discretion to charge up to 200% Council Tax on long-term empty properties. This report recommends that the Council should now use their statutory discretion and introduce a policy to charge 200% Council Tax on long-term empty properties with effect from 1 April 2024.
- 2.2 Legislation comes into force on 1 April 2024 which allows Local Authorities the power to introduce a maximum increase on Council Tax of 200% (up to double the standard charge) on second homes. This brings the powers available to Local Authorities in relation to second homes in line with long-term empty properties.
- 2.3 There are currently 221 second homes and 437 long-term empty properties within Shetland, which are charged 90% Council Tax. Introducing both the Second Homes Policy and the Long-Term Empty Homes policy as a 200% Council Tax charge could generate an additional income in the region of £0.7m (see Appendix 1). The number of properties affected by 1.1.3 are small and therefore the overall financial impact would not be significant.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Council is legally required to make arrangements for the proper administration of its financial affairs which includes the setting of balanced budgets and having

due regard for its ongoing financial sustainability. The principle of financial sustainability is enshrined in ‘Our Ambition’:

“We will develop a Medium-Term Financial Plan to help us become more financially sustainable and resilient, safeguarding public funds while achieving value for money. This will ensure we are well placed to respond to the significant funding uncertainties and pressures we face and to target our money to where it can make the most difference. We will continue with disciplined financial monitoring, working towards a smaller base budget from 2022 onwards”

- 3.2 The Medium-Term Financial Plan sets out the guiding principles in which the Council will develop its budgets. Annual revenue budgets summarise how the Council plans to deploy its resources, at service level, to facilitate both day-to-day service delivery but also the delivery of priorities set out in ‘Our Ambition’. Achieving the priorities set out in ‘Our Ambition’ will be key to achieving long-term sustainability for Shetland.

4.0 Key Issues:

- 4.1 Table 1 in Appendix 1 sets out the background legislation and powers for charging Council Tax for second homes and long-term empty lets and what has been applied to date.
- 4.2 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013, as amended in 2016 and 2023 makes provision for local authorities to increase the Council Tax charge for long-term empty properties (along with exemptions) and second homes.
- 4.3 Definition and exemptions for a long-term empty property and second homes is set out in Appendix 1.
- 4.4 In preparation for the new legislation coming into force, a review of second homes and long-term empty properties has been carried out. Currently the Council is not applying the full powers available under relevant legislation to raise additional Council Tax income from long-term empty properties.
- 4.5 There is a significant funding gap on the General Fund. The proposed increase in Council Tax charges would assist in bridging the gap to support service delivery but, more importantly, it is expected that by using this discretion to increase charges, more second homes and long-term empty properties would become a main residence. This would have the positive impact on the local economy by meeting local housing needs.
- 4.6 It is recommended that the Council make full use of the statutory powers available to introduce a 200% charge for all second homes and long term empty properties in Shetland. This would raise up to £0.7m (see Table 2 in Appendix 1 for details). As with normal Council Tax charges, not all additional charges will be collected and provision will require to be made for mandatory discounts and an allowance for bad debt write off. Any new income received from charging 200% rather than 90% for both long-term empty properties and second homes is not ring-fenced and can be used to support General Fund revenue expenditure.
- 4.7 It is recommended that these charges are implemented commencing on 1st April 2024. Officers would stress the importance of a consistent position being taken across these two categories.

4.8	As stated in Appendix 1, protection has been introduced there is a 50% discount on Council Tax for purchasers of dwellings that require repair or renovation works for a mandatory 6 month period. The new legislation coming into force on 1 st April 2024 also gives local authorities the discretionary power to extend that 6 month period up to a maximum of 12 months. It is proposed that the statutory 6 month timescale be accepted as standard with no further period of discretion being considered. Officers believe that such extended discretion on a case-by-case basis would cause an increased administrative burden on the service as well as a loss of income.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	The change in policy to charge 200% Council Tax on second homes and long-term empty properties is expected to bring more second homes and long-term empty properties back into use as main residences. We would expect this to have a positive impact on the local economy, by helping to meet local housing needs, support communities, and provide additional funding to support service delivery. An Island Communities Impact Assessment has been carried out as part of the preparation for the change in policy. Therefore a full Island Communities Impact Assessment has been carried out. (Appendix 2) The documentation and impact assessment will continue to be reviewed and updated as necessary. It would be proposed that a review is brought back to members reflecting on 12 months of any proposed implementation.
6.2 Human Resources and Organisational Development:	None arising from this report.
6.3 Equality, Diversity and Human Rights:	Where proposals for service change require it, an equalities impact assessment and relevant consultation are required to be undertaken prior to implementation. Therefore, an Integrated Impact Assessment has been carried out as part of the preparation for the change in policy. The initial assessment is that there was no requirement for a full Equality or Socio-economic Impact Assessment because the proposals are unlikely to impact on people with protected characteristics, or those people experiencing or vulnerable to socio-economic disadvantage. The documentation and any additional impact assessments will continue to be reviewed and updated as necessary.
6.4 Legal:	The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 as amended in 2016 and 2023 allows Local Authorities, subject to certain exemptions, to increase the Council Tax charge for long-term empty properties and second homes.

6.5 Finance:	<p>It should be noted that the impetus here is not for income generation but to potentially see additional properties becoming available for use by individuals currently struggling to find accommodation.</p> <p>Assuming no changes, the increase to 200% Council Tax charge for second homes and long-term empty properties will potentially provide for up to an additional £0.7m of income based on current property numbers.</p> <p>The level of income may reduce if the number of second homes and long-term empty become sole or main residences or if the level of bad debts increase with respect to the increased charge.</p> <p>This additional income will reduce the funding gap on the General Fund as presented earlier on today's agenda.</p> <p>There are no additional costs arising from the administration or collection of the increased Council Tax. The existing Revenues and Benefits team within the Finance Service will carry this out.</p>	
6.6 Assets and Property:	None arising from this report.	
6.7 ICT and new technologies:	None arising from this report.	
6.8 Environmental:	None arising from this report.	
6.9 Risk Management:	There is a risk the changes will result in an increase in non-payment of the additional balance due however this is mitigated by debt recovery arrangements in place.	
6.10 Policy and Delegated Authority:	The decisions required in this report may only be determined by the Council in accordance with Section 2.1.3 of the Council's Scheme of Administration and Delegations; including the power to fix the Council Tax.	
6.11 Previously considered by:	<i>n/a</i>	<i>n/a</i>

Contact Details:

Judy Fraser
Team Leader Revenues & Benefits
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01595 744664

Appendices:

Appendix 1 - Background on Second Homes and Long-Term Properties
Appendix 2 - Island Communities Impact Assessment

Background Documents:

Background – Second Homes and Long-Term Empty Properties Council Tax

Definitions of Second Homes and Long-Term Empty Properties and Second Homes

A second home is a home which is furnished and lived in for at least 25 days in a 12 month period, but is not someone's sole or main residence.

A long-term empty dwelling is a dwelling which is both unoccupied and substantially unfurnished for a continuous period of at least 1 year. The furnishing or occupation of a dwelling for 1 or more periods of 6 weeks or less during the year will not affect its status as a long-term empty dwelling.

A mandatory 50% discount remains in place for purpose built holiday homes or job related dwellings.

Properties which have been purchased and are undergoing repairs or renovations will also receive a mandatory 50% discount where:

- It is undergoing repairs or renovations that contribute to the improvement of the property; and
- It was purchased by the person who is liable to pay the Council Tax in respect of it less than 6 months ago or such longer period as may be agreed by the Local Authority.

Summary of Legislation and Implementation in relation to Second Homes and Long-Term Empty Properties

Table 1 - Summary of Legislation and Implementation of Options				
Legislation	Applies to:	Powers	Charge Applied/ To Be Applied	New Discretionary Powers Applied (Yes/No)
The Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2005.	Second homes.	Vary discounts on second homes between 10%-50%. 40% additional income is ring fenced for affordable housing.	90% Council Tax Charge applied.	Yes
The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.	Second homes.	Vary the level of discount for unoccupied dwellings and those that are second homes so that: a) a different level of discount is applied b) no discount is applied or c) an increased amount of council tax is payable.	Continued to charge Council Tax at 90%.	No
	Long term empty dwellings.		Continued to charge Council Tax at 90%.	No
The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016.	Long term empty dwellings.	The discount for dwellings which have been unoccupied for a continuous period of more than 12 months can be varied between 0% and 50% or the amount of council tax payable can be varied with an increase of up to a maximum of 100%.	Recommend that powers are agreed to charge 200% Council Tax on long term empty dwellings from 01/04/24.	No (to date) but recommended in this report
The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023.	Second homes.	Discretionary powers from 01/04/24 to charge an increase in council tax (a 'premium') on second homes of up to 100%. 40% additional income is ring fenced for affordable housing.	Recommend that powers are agreed to charge 200% Council Tax on second homes from 01/04/24.	Recommended in this report

Proposed Increase in Charges to Second Homes and Long-Term Empty Properties

It is recommended that the Council make full use of the current legislation and introduce a 200% charge for all second homes and long term empty properties in Shetland, excluding those categories given specific protection through the regulations.

It is recommended that such charges are implemented commencing on 1st April 2024.

This would generate an annual sum of up to £705,626 (see Table 2 below). Any new income received from charging 200% rather than 90% for both long-term empty properties and second homes is not ring-fenced and can be used to support General Fund revenue expenditure.

As noted earlier, protection has been introduced for purchasers of dwellings that require repair or renovation works. This would prevent the imposition of any variation in the Council Tax charge from the statutory position of 50% discount. The 2023 regulations also allow Councils to agree whether this should be extended for a further period beyond 6 months. It is proposed that the statutory 6 month timescale be accepted as standard with no further period of discretion being considered. Officers believe that such extended discretion on a case by case basis would cause an increased administrative burden on the service and loss of income.

Statistics of Current Second Homes and Long-Term Empty Properties

Based on our records as at 26 January 2024, there were 437 long term empty properties in Shetland and 221 second homes.

To give an indication of the result that applying the discretionary powers as set out in the Council Tax (Variation for Unoccupied Dwellings) Amendment Regulations 2016 and 2023, the Table 2 below shows how applying 200% Council Tax charge, based on 2023/24 levels, could impact the Council Tax payable for current second homes and long term empty properties. The change does not affect water or sewerage charges.

We would expect by using this discretion more second homes and long-term empty properties will become a main residence, which we would expect to have a positive impact on the local economy, by helping to meet local housing needs, support communities, and providing additional funding to support service delivery.

It is also important to note that not all additional charges will be collected and provision should be made for mandatory discounts. An allowance must also be made for non-payment and debt write off. Additional debt write-off will require to be factored into the Shetland Islands Council's bad debt provision.

Band	No of Properties	No of long term empty properties	Annual Increase	Potential New Income	No of second homes	Annual Increase	Potential New Income	Maximum Total (based on 26 January 2024 data)
A	3010	256	924.44	236,657	130	924.44	120,177	
B	1893	76	1078.55	81,970	33	1078.55	35,592	
C	2920	56	1232.55	69,023	25	1232.55	30,814	
D	1921	32	1386.66	44,373	19	1386.66	26,347	
E	1537	15	1821.93	27,329	10	1821.93	18,219	
F	320				4	2253.35	9013	
G	77	1	2715.57	2,716				
H	2	1	3397.35	3,397				
Total		437		465,464	221		240,162	705,626

NEW Island Communities Impact Assessments

Template form

May 2022



Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

PRELIMINARY CONSIDERATIONS	Responses
<p>Please provide a brief description or summary of the policy, strategy or service under review for the purposes of this assessment.</p>	<p>The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016 allows Councils to set a Council Tax charge of 200% on long term empty properties from 01/04/2017.</p> <p>The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 allows Councils in Scotland to set a Council Tax charge of 200% on second homes from 1st April 2024.</p> <p>Further, the 2023 legislation introduces a new mandatory exemption from the LTE levy where dwellings purchased by the Council Tax payer less than 6 months ago (or up to 12 months) which are undergoing repairs or renovations that contribute to the improvement of the property, subject to evidence being provided.</p> <p>A report will be presented to Council during February 2024 to seek approval for a 200% Council Tax charge on both long term empty properties and second homes from 01/04/2024, and also to set the mandatory exemption period from the long term empty levy at 6 months.</p>

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

STEP 1 - Develop a clear understanding of your objectives	
What are the objectives of the policy, strategy or service?	Responses
	<p>Both long term empty properties and second homes will be liable for 200% Council Tax charge in line with The Council Tax (Variations for Unoccupied Dwellings) (Scotland) 2016 & 2023 Amendment Regulations.</p> <p>The long term empty levy will not be applied to dwellings purchased by the Council Tax payer less than 6 months ago which are undergoing repairs or renovations that contribute to the improvement of the property, subject to evidence being provided.</p>
Do you need to consult?	<p>A review has taken place of all affected properties to ensure they are identified in the correct category. The review form advises the payer of the possibility of a 200% charge on long-term empty properties and second homes from 01/04/2024.</p> <p>There is no distinction made for islands. The charge will apply regardless of the geographic location.</p>
How are islands identified for the purpose of the policy, strategy or service?	
What are the intended impacts/outcomes and how do these potentially differ in the islands?	<p>The intended impact/outcome is to encourage long term empty properties and second homes back into occupation and used for permanent domestic occupation. The availability of more homes for rent or sale will allow more people to stay or settle in Shetland.</p>
Is the policy, strategy or service new?	Yes

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

STEP 2 - Gather your data and identify your stakeholders				Responses		
What data is available about the current situation in the islands?				There are currently 437 long term empty properties and 221 second homes across Shetland.		
Do you need to consult?				A review has taken place of all affected properties to ensure they are identified in the correct category. The review form advises the payer of the possibility of a 200% charge on long-term empty properties and second homes from 01/04/2024.		
How does any existing data differ between islands? The following is the data split into parish areas.						
Area	Second Homes	Long Term Empty	Total Empty	Correspondence Address Outwith Shetland	Total Properties	% Empty
Unst	30	55	85	36	413	20.58
Yell	19	36	55	10	516	10.66
Fetlar	6	7	13	2	55	23.64
North Mavine	17	29	46	7	407	11.30
Delting	7	31	38	6	928	4.09
Walls/Sandness	14	14	28	8	295	9.49
Foula	4	3	7	1	20	35.00
Papa Stour	3	2	5	0	12	41.67
Sandsting/Aithsting	14	28	42	10	535	7.85
Lunnasting/Nesting	3	15	18	0	322	5.59
Whalsay	5	15	20	1	453	4.42
Skerries	4	10	14	0	38	36.84
Tingwall/Scalloway/Whit eness	17	40	57	6	1538	3.71
Bressay	8	7	15	3	190	7.89
Gulberwick/Quarff	3	1	4	1	331	1.21
Burra	7	20	27	6	420	6.43

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

Cunningburgh and South	25	45	70	13	1576	4.44
Fair Isle	1	3	4	2	29	13.79
Lerwick	34	76	110	18	3599	3.06
	221	437	658	130	11677	5.64
Are there any existing design features or mitigations in place?						
<p>Unst has previously had a lot of housing development in the past due to the RAF base and associated staff accommodation, which will increase the figures for this area.</p> <p>Responses</p> <p>The Scottish Government opened an on-line consultation on Council Tax on second and empty homes/Non domestic rates from 17th April 2023 until 11th July 2023, this consultation was advertised through the Shetland Islands Council website where the analysis is also available.</p> <p><u>Executive Summary - Council tax for second and empty homes, and thresholds for non-domestic rates: consultation analysis - gov.scot (www.gov.scot)</u></p>						
Who do you need to consult with?						
How will you carry out your consultation and in what timescales?						
Scottish Government provided an on-line consultation between 17 th April 2023 and 11 th July 2023.						

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

What questions will you ask when considering how to address island realities?	<p>Question 23 of consultation asked: Please tell us how you think the changes identified might affect island communities. There were 615 responses to Question 23 which are available at the link above.</p>
What information has already been gathered through consultations and what concerns have been raised previously by island communities?	The demand for second homes, particularly in rural and/or island areas, can result in an increase in house prices, reducing access to affordable housing to meet local needs, and making it more difficult for young people and those on lower incomes to find homes to live in. A lack of affordable homes can also have a negative impact on areas looking to attract workers to settle there.
Is your consultation robust and meaningful and sufficient to comply with the Section 7 duty?	Yes
STEP 4 - Assessment	
Does your assessment identify any unique impacts on island communities?	Yes
Does your assessment identify any potential barriers or wider impacts?	Yes
How will you address these?	See step 5 below
<p>You must now determine whether in your opinion your policy, strategy or service is likely to have an effect on an island community, which is significantly different from its effect on other communities (including other island communities).</p> <p>If your answer is NO to the above question, a full ICIA will NOT be required and <u>you can proceed to Step SIX.</u></p> <p>If the answer is YES, an ICIA must be prepared and <u>you should proceed to Step FIVE.</u></p>	

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

<p>To form your opinion, the following questions should be considered:</p> <ul style="list-style-type: none"> Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as different levels of satisfaction, or different rates of participation)? Are these different effects likely? Are these effects significantly different? Could the effect amount to a disadvantage for an island community compared to the mainland or between island groups? 	
STEP 5 – Preparing your ICIA	Responses
<p>In Step Five, you should describe the likely significantly different effect of the policy, strategy or service:</p> <p>Assess the extent to which you consider that the policy, strategy or service can be developed or delivered in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it.</p>	<p>Shetland Islands Council staff will be able to advise and support people who may have below standard properties, regarding what requirements will be needed in order to bring the property to a standard suitable for renting purposes.</p> <p>Alternatively, people wishing to actively market their properties for sale or rent can receive exemption from the levy with the following legislation.</p>
<p>Consider alternative delivery mechanisms and whether further consultation is required.</p>	<p>Investigate the possibility that Shetland Islands Council has powers to decide to charge different amounts of Council Tax in different parts of their local area.</p>
<p>Describe how these alternative delivery mechanisms will improve or mitigate outcomes for island communities.</p>	<p>Potential for more second homes being made available for sale, and more empty homes being brought back into use, will</p>

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

	help with the need to address depopulation and the sustainability of communities and economies across some of the small islands. Could also help curb house price inflation.
Identify resources required to improve or mitigate outcomes for island communities.	<ul style="list-style-type: none"> • <u>Discounts and Exemptions – Shetland Islands Council</u> • <u>Economic Development grant scheme – Shetland Islands Council</u> • <u>Energy efficiency grants – Shetland Islands Council</u> • There may be a future possibility of allocating funding from the income generated from this new policy to resources that may be required to further support our communities.
STEP 6 - Making adjustments to your work	
Should delivery mechanisms/mitigations vary in different communities?	No
Do you need to consult with island communities in respect of mechanisms or mitigations?	No consultation is planned. Keep new policy under review and may consult in the future.
Have island circumstances been factored into the evaluation process?	Yes
Have any island-specific indicators/targets been identified that require monitoring?	Please see table at step 2 will continue to monitor
How will outcomes be measured on the islands?	Information will be obtained from the Council Tax system and reviewed at regular periods by issuing review forms to affected properties.
How has the policy, strategy or service affected island communities?	Aim is to bring properties within islands communities back into full occupation, which is expected to have a positive impact on the local economy, by helping to meet local housing needs, support communities, and providing additional funding to support service delivery.

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes

How will lessons learned in this ICIA inform future policy making and service delivery?	Reliance on Scottish Government consultation – in the future may be beneficial to consult with islands communities direct
STEP 7 - Publishing your ICIA	
Have you presented your ICIA in an Easy Read format?	Responses Yes
Does it need to be presented in Gaelic or any other language?	N/A
Where will you publish your ICIA and will relevant stakeholders be able to easily access it?	Shetland Islands Council website
Who will sign-off your final ICIA and why?	

ICIA completed by:	Judy Fraser
Position:	Team Leader – Revenues & Benefits
Signature:	<i>J Fraser</i>
Date complete:	15/12/24

ICIA approved by:	Paul Fraser
Position:	Executive Manager - Finance
Signature:	<i>Paul Fraser</i>
Date approved:	15/02/2024

Island Communities Impact Assessment

Proposal to charge 200% Council Tax Charge on long term empty properties and second homes



Meeting(s):	Shetland Islands Council	22 February 2024
Report Title:	Free School Meals and School Clothing Grant –Spring Holiday Payments 2024	
Reference Number:	CS-04-24-F	
Author / Job Title:	Brenda Leask, Acting Executive Manager – Schools	

1.0 Decisions / Action required:

- 1.1 That Shetland Islands Council APPROVE Free School Meal payments for the Spring Holiday period (from Friday 29 March to Friday 12 April 2024) to the following groups of pupils:
- Primary and secondary aged pupils in receipt of locally extended Free School Meals; and
 - Early learning and childcare aged pupils, including eligible two year olds ('Eligible 2s') who are in receipt of Scottish Government Free School Meals or locally extended Free School Meals.

2.0 High Level Summary:

- 2.1 Shetland Islands Council on 22 June 2022 (Min Ref 51/22) approved the allocation of £213,000 for direct payments to low income households, targeting those households with children. The funding was from the Local Authority COVID Economic Recovery (LACER) fund and was agreed for an 18 month period, ending December 2023. The funding was to:
- enable the Scottish Government's Free School Meal Holiday support to be extended to those in receipt of a School Clothing Grant and those who are eligible for Free School Meals and/or School Clothing Grant in Early Learning and Childcare settings, including 'Eligible 2s'.
 - extend Scottish Child Payments to families in receipt of a School Clothing Grant.
- 2.2 Shetland Island Council on 22 February 2023 (Min Ref 05/23) agreed to align the criteria for Free School Meals and School Clothing Grants in 2023/2024, and agreed that there should be annual reviews. A review of this criteria will be presented to Education and Families Committee on 4 March 2024, Policy and Resources Committee on 20 March 2024 and Shetland Islands Council on 27 March 2024 for consideration.
- 2.3 As consideration of this matter will be too late for any payments for the Spring Holiday period (commencing Friday 29 March 2024) to be processed, it is

proposed that Members should agree a one-off payment for this period, prior to further consideration of the matter in March 2024.

3.0 Corporate Priorities and Joint Working:

- 3.1 This report is in line with the aims of Our Ambition 2021/26; in particular, “Fairer Shetland”.
- 3.2 The information in this report will contribute to priorities in Shetland’s Partnership Plan 2018/28 in relation to all four priorities, but with particular reference to Money and People:
- Money: all households can afford to have a good standard of living.
 - People: individuals and families thrive and reach their full potential.
- 3.3 Scottish Government policy is to phase introduction of Universal Free School Meals to all primary pupils in Local Authority Schools. All Local Authorities are awaiting the settlement from the Scottish Government before further roll out of the expansion. The expansion is expected in the parliamentary term of this administration. However currently there are no specific, external funds for the action proposed here.
- 3.4 Shetland’s Partnership Plan which describes a vision where 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 future solutions.
- 3.5 This vision aligns with the context of national and local policy in education by supporting all children and young people to fulfil their potential, cultivating strong relationships between school and community and facilitating collaboration between schools, partners, staff, parents and pupils in influencing the life and work of the school.

4.0 Key Issues:

- 4.1 For the year 2023/24 families of children and young people in receipt of Free School Meals through locally extended criteria, and families of children in receipt of Free School Meals who attend Early Learning and Childcare settings, including ‘Eligible 2s’ have received Free School Meal holiday payments for the 2023 Summer, October and Christmas holiday periods through the LACER funding.
- 4.2 The LACER funding was for an 18 month period and came to an end in December 2023. This has created a gap for the Spring Holiday period, until the review is considered in March 2024.
- 4.3 Free School Meal holiday provision is a payment of £2.50 per day for each eligible child or young person.
- 4.4 There are currently 265 children and young people who qualify for Free School Meals through the locally extended criteria. Providing Free School Meal payments for the Spring Holiday period to these children would cost £7,288.

4.5	There are currently 65 children attending Early Learning and Childcare settings, including 'Eligible 2s' who qualify for Free School Meals. Providing Free School Meal payments for the Spring Holiday period to these children would cost £1,788.
4.6	As the annual review will only be taking place in March 2024, approval is required to enable payments to be made to parents ahead of the Spring Holiday (starting on Friday 29 March 2024). Therefore this report is being presented only to Shetland Islands Council due to the timescales involved.
5.0 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:	The decision made would help to mitigate the impact of the rising costs of living on households with children, particularly those on lower income. This will allow continuity for parents for this academic year.
6.2 Human Resources and Organisational Development:	No implications for Human Resources, the payments will be administered within existing administration staffing in Children's Services and Finance.
6.3 Equality, Diversity and Human Rights:	Equalities impact assessments were undertaken for the implementation of the Shetland Free School meals and Clothing Grant schemes.
6.4 Legal:	<p>Shetland Islands Council ("the Council") has a statutory duty to provide Free School Meals to pupils whose parents are in receipt of certain benefits as specified in the Education (Scotland) Act 1980 (the 1980 Act) and any yearly stage(s) of pupils identified by Scottish Ministers (currently P1-P5).</p> <p>Currently, the Council has exercised its statutory discretion under the 1980 Act to extend the provision of Free School Meals to those in receipt of a School Clothing Grant.</p> <p>The Council has a further statutory discretion under the 1980 Act which allows them to provide or secure the provision of other food and drink to pupils free of charge, which allows the Council to make payments for meals during holiday periods to a specified category of pupils.</p>
6.5 Finance:	The proposal in this report to make Spring Holiday Free School Meal payments to those set out at paragraph 1.1 above will have an estimated cost of £9,076 based on current numbers. This additional cost is currently included in the draft Children's Services 2024/25 budget, subject to approval by Shetland Islands Council 27 March 2024.

6.6 Assets and Property:	There are no asset and property implications from the recommendations in this report.	
6.7 ICT and new technologies:	There are no ICT or technology issues to address.	
6.8 Environmental:	There are no specific environmental implications to highlight.	
6.9 Risk Management:	There are no risks associated with implementing the recommendations.	
6.10 Policy and Delegated Authority:	<p>In accordance with Section 2.3.1(1) of the Council's Scheme of Administration and Delegations, the Education and Families Committee has authority to advise the Policy and Resources Committee and the Council in the development of service objectives, policies and plans concerned with service delivery within its functional responsibilities.</p> <p>Section 2.2.1(2) of the Council's Scheme of Administration and Delegations states that, the Policy and Resources Committee has referred authority to recommend to and advise the Council in the development of its strategic objectives, policies and priorities.</p> <p>In accordance with Section 2.1.3(6) the Council has the power of incurring any expenditure not provided for in the Annual Estimates of Revenue and Capital Expenditure.</p> <p>Due to the timescales involved, and following agreement with the Leader and Convener, this report is presented directly to the Council for consideration.</p>	
6.11 Previously considered by:		N/A

Contact Details:

Brenda Leask, Acting Executive Manager for Schools

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Report Finalised: 12 February 2024

Background Documents: NONE

Appendices: NONE

END



Meeting(s):	Policy & Resources Committee Shetland Islands Council	20 February 2024 22 February 2024
Report Title:	Asset Investment Plan - Business Cases	
Reference Number:	ACP-02-24	
Author/ Job Title:	Robert Sinclair, Executive Manager – Assets, Commissioning and Procurement	

1.0 Decisions / Action required:

- 1.1 That the Policy and Resources Committee RECOMMENDS that the Council RESOLVES to approve the proposals described in Section 4.0 and included as appendices to this report, subject to affordability and the availability of funding being resolved as part of the budget setting process for 2024/25.

2.0 High Level Summary:

- 2.1 This report presents asset investment proposals for approval, which have been considered by the Council's Asset Investment Group (AIG) based on the submission of Business Justification Cases (BJCs). The AIG has assessed the submissions for completeness and confirmed that they can be considered by Members.
- 2.2 The proposals set out in the appendices to this report can only be included in the Council's approved Asset Investment Plan (AIP) for 2024-29 if funding can be identified.

3.0 Corporate Priorities and Joint Working:

- 3.1 The proposals set out in this report would contribute to delivering 'Our Ambition 2021-26' by;
- 3.1.1 Supporting the development of alternative travel solutions such as active travel and mobility.
 - 3.1.2 Sustaining the quality of learning and teaching in our schools.
 - 3.1.3 Continuing to support air services to Foula and Fair Isle.
 - 3.1.4 Accelerating energy efficiency and energy conversion initiatives.
 - 3.1.5 Promoting the Five Ways to Wellbeing through access to leisure facilities.
- 3.2 The Gateway Process for the Management of Capital Projects supports our Financial Strategy, Reserves Policy and Budget Strategy. 'Our Ambition 2021 to 2026' aspires to the Council being "well placed to respond to the significant funding uncertainties and pressures we face and to target our money to where it can make the most difference". It also states, "We will continue with disciplined financial monitoring, working towards a smaller base budget from 2022 onwards".

4.0 Key Issues:

- 4.1 On 29 June 2016, the Council adopted a new Gateway Process for the Management of Capital Projects (Min Ref. 48/16), 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 '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 AIP.
- 4.3 A summary of the business case referred to in this report is set out below:
- 4.3.1 Appendix A – Business Justification Case – Active Travel Rolling Programme
- Supports the outcomes of the Shetland Active Travel Strategy;
 - Will take advantage of external funding as and when it becomes available;
 - Anticipated annual spend will be £500k, funded directly to Shetland Islands Council from Transport Scotland and other external bodies, or via grant aid from ZetTrans;
 - Spend would be dependent on grant income.
- 4.3.2 Appendix B – Business Justification Case – Outdoor Learning and Play
- Five-year programme of outdoor learning and play projects across the schools estate;
 - Supports the Scottish Government's Learning Estate Strategy 2018;
 - Would include accessibility works to ensure inclusion;
 - The capital cost would be £100k per annum for five years.
- 4.3.3 Appendix C – Business Justification Case – Tingwall Airport Re-Surfacing
- Re-surfacing the Tingwall Airport Runway and Apron;
 - Improvements to the surface and structural integrity of the existing runway so that it continues to meet the requirements of the CAA licensing procedure;
 - The capital cost of the preferred way forward is estimated at £1.414m over three years;
 - To be fully funded by reduction in the Roads Reconstruction budget so no additional budget requirement.
- 4.3.4 Appendix D – Business Justification Case – Greening the Fleet
- To combat transport emissions and deliver on Scottish Government targets by;
 - Phasing out petrol and diesel cars by 2030;
 - Phasing out the need for new petrol and diesel vans by 2030;
 - Phasing out the need for petrol and diesel versions of all other vehicles from 2040;

- Proposal is for a transition involving electric vehicles, petrol/ diesel vehicles, hybrid vehicle and hydrogen vehicles;
 - Proposals reflect the availability of onsite facilities and the need to upskill and train our workforce;
 - Rollout would be on a location-by-location basis;
 - Additional cost of electric vehicles up to 2030 estimated at £1.308m;
 - Additional cost of charging infrastructure up to 2030 estimated at up to £1.956m, depending on the extent of supply and switchgear replacement needed;
 - Annual maintenance and operational revenue savings of £700 per vehicle resulting in £109k per year predicted once existing fleet fully replaced.
- 4.3.5 Appendix E – Business Justification Case – 3G Synthetic Pitch at Clickimin
- Proposed Third Generation (3G) all-weather synthetic turf pitch at Clickimin North;
 - Suitable for football and rugby;
 - Enables year-round fixtures and training;
 - The capital cost of the preferred option is estimated at £1.2m;
 - Results of funding bids now known;
 - External funding of £710k approved;
 - Council contribution of £490k required.
 - Additional annual revenue income of £33k predicted.
- 4.3.6 Appendix F – Business Justification Case – Replacement Fence, Gilbertson Park
- Upgraded, replacement fence between Gilbertson Park and St Sunniva Street;
 - Current fence is in poor repair and structural integrity is compromised;
 - Capital cost of the preferred way forward estimated at £107k.
- 4.4 The projects described in Appendices B, D, E and F to this report can only proceed if projects of the same value are delayed or removed from the current AIP, or an additional draw is made on reserves.
- 4.8 In light of the Council’s current unsustainable financial position detailed in the Medium Term Financial Plan 2023-28, the Council is not currently in a position to make a further unsustainable draw on reserves.
- 4.5 The Council also has the ambition to invest in other programmes of capital spend, including the learning estate and connectivity to the outer islands. There is the aspiration that external funding will at least partly fund these programmes; however, there is currently no certainty in that regard. Substantial borrowing may need to be funded by the Council if our ambitions are to be met.
- 4.6 It therefore seems likely that the Council will shortly have to take strategic decisions on how to prioritise these programmes of work.
- 4.8 The results of this work will be presented to Members as part of the ongoing budget-setting process for 2024-25 to ensure that decisions taken regarding the prioritisation of proposed programmes of capital spend are fully informed.

5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications:	
6.1 Service Users, Patients and Communities:	The proposals described in the appendices to this report have been taken forward in consultation with key stakeholders and the wider community as appropriate.
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 will provide input into any legal matters that may arise from the implementation of the projects described in this report.
6.5 Finance:	<p>The projects included for consideration in this report and detailed at paragraph 4.3 above will result in a total additional capital cost to the Council of £1.2m in 2024/25 and £600k per year thereafter, with potential revenue savings of £700 for each electric vehicle replacement per year, and additional income potential of £33k per year for the Synthetic Pitch.</p> <p>If approved, these projects will then require to be included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-29, dependent on funding availability, which will be presented for approval in March 2024.</p>
6.6 Assets and Property:	No implications arising directly from this report.
6.7 ICT and new technologies:	No implications arising directly from this report.
6.8 Environmental:	The environmental impacts of the proposals set out in the appendices to this report would be fully addressed as part of the detailed design and consents process.
6.9 Risk Management:	The main risks associated with the content of this report are financial, as described in sections 4.0 and 6.5.
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	
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Contact Details:

Robert Sinclair, Executive Manager – Assets, Commissioning and Procurement

robert.sinclair@shetland.gov.uk

6 February 2024

Appendices:

Appendix A – Business Justification Case – Active Travel Rolling Programme

Appendix B – Business Justification Case – Outdoor Learning and Play

Appendix C – Business Justification Case – Tingwall Airport Re-Surfacing

Appendix D – Business Justification Case – Greening the Fleet

Appendix E – Business Justification Case – 3G Synthetic Pitch at Clickimin

Appendix F – Business Justification Case – Replacement Fence, Gilbertson Park

END

Shetland Islands Council Business Justification Case – Rolling Programme of Active Travel Infrastructure based on settlement audits

1. Purpose

This is to seek approval for delivery of a rolling programme of active travel infrastructure. The programme will be based on a prioritised list of projects (Appendix A) approved by ZetTrans resulting from settlement audits carried out by ZetTrans over a period from 2021-2024.

The main objectives/expected outcomes of the programme delivery reflect the cross-sector benefits that Active Travel can bring and support the strategic outcomes of the national Active Travel Vision, as well as the outcomes of the Active Travel Outcomes Framework, National Transport Strategy 2, the Climate Change Plan, the National Walking Strategy, the Scottish Government's Programme for Government and ZetTrans own Regional Transport Strategy. It will also ensure Fair Work principles in line with the Fairer Scotland Duty and the Fair Work First Framework, and align and contribute to national outcomes from Scotland's National Performance Framework (specifically the Communities, Environment, Poverty, Health and Human Rights outcomes).

This programme will support the outcomes of the Shetland Active Travel Strategy which are:

- Reducing the effects of climate change and other negative environmental impacts through the development of a low carbon transport system
- Supporting a resilient local economy through better, sustainable access to local businesses and services
- Improving physical and mental health within the population by facilitating and encouraging active travel choices from childhood to old age
- Creating a more equal society through greater access to low cost and convenient transport, and streets and settlements accessible to all abilities

A annual budget of £500,000 is proposed, to be funded from external sources. It is expected that this will include direct funding from Transport Scotland or other bodies to Shetland Islands Council, and funding grant aided to Shetland Islands Council by ZetTrans. Funding streams may include but are not limited to Cycling Walking Safer Routes, the Active Travel Transformation Fund, Transport Scotland Regional Transport Partnership Active Travel Fund and Sustrans Places for Everyone Fund.

2. Strategic Context

At a local level:

- "Shetland Regional Transport Strategy 2022-2042" includes the following objectives;
 - To facilitate and encourage safe walking, cycling and wheeling for everyone, including for leisure and tourism
 - To improve alternative, more sustainable travel options in Shetland for all including those without access to or who would prefer not to use a car

- To transition towards an environmentally and financially sustainable, post-carbon transport network
- “Active Shetland Strategy 2018-2023” and its vision “to make Shetland the most active community in Scotland;”
- “Shetland Local Development Plan (LDP) 2014” states that it will support proposals which “develop facilities for walking and cycling as an alternative” and healthy means of transport” and “support an improved path network within and between settlements;” and
- “Shetland Islands Council ‘Our Ambition 2021-26” states that “we will support the development of alternative solutions such as active travel and mobility as a service that encourage positive travel choices.”
- “Shetland’s Road Safety Strategy & Action Plan 2023-28” with its “Vision Zero” objective and “Safe System” approach for reducing road accidents and its action to “provide footway and cyclepath improvements where appropriate with assistance of Sustrans.”

National strategies include:

- “The Active Travel Framework” “brings together the key policy approaches to improving the uptake of walking and cycling in Scotland for travel;”
- A Climate Emergency was declared by the Scottish Government in 2019. The subsequent Climate Change Bill commits the Government to a target of net zero emissions of all greenhouse gases by 2045, with a legally binding target of reducing by 75% by 2030 across Scotland;
- “National Transport Strategy 2 (NTS2)” sets the vision that Scotland “will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors;”
- “The National Planning Framework 3 (NPF3)” details the four National Planning Outcomes of a successful, sustainable place; a low carbon place; a natural, resilient place and a connected place. More walking and cycling by more people on Shetland would directly contribute to all four of these outcomes; and
- “Let’s Get Scotland Walking: The National Walking Strategy” and its strategic aim of “better quality walking environments with attractive, well designed and managed built and natural spaces for everyone.”

3. Case for Change

A. Business Needs

The objective of the project is to improve active travel facilities across Shetland by agreeing a rolling programme of prioritised active travel infrastructure interventions to take advantage of external funding as and when it becomes available. The overarching aim is to encourage walking, cycling and wheeling as an alternative to vehicular transport.

B. Benefits

The benefits include the improvement of the health and wellbeing of Shetland residents.

Results from the Population Health Survey published in Nov 2022: [Microsoft Word - Shetland Population Health Survey 2021 - Draft v3 \(healthyshetland.com\)](#) showed that 42% of respondents were interested in increasing their use of active travel options. When asked what the main barriers were to increasing the respondent's use of active travel options in Shetland, the most common responses included to routes/times not being suitable (28.7%), and lack of safe routes (12.4%). The improved access to low cost and convenient transport would result in a more equal society. The promotion of low carbon transport, in the form of walking, would also assist with the Council's aim of achieving net zero by 2045.

C. Risks

There are no risks associated with this approach, since if funding is not available in any given year, work will simply not be carried out.

4. Available Options

Do Nothing:

Doing nothing would not encourage active travel so would not meet the aims and objectives of the local and national strategies listed above.

Develop Business Cases on a fund by fund basis

This will compromise ability to deliver at pace, by increasing the staff resource and time necessary to take advantage of external funding streams, potentially leading to opportunities being lost.

Approving a rolling programme of active travel interventions.

This will allow officers to take advantage of external funding streams as and when they become available to deliver the proposed programme of works as quickly as possible.

5. Preferred Option

The preferred option is "Approving a rolling programme of active travel interventions." It is advisable to commence delivery immediately to take advantage of government funding streams that are expected to increase in the next financial year.

6. Procurement Route

Works will primarily be done "in-house" by the Roads Services' Maintenance Section with some limited use of sub-contractors for excavations and other earthworks. External contractors will be appointed in cases where in-house capacity is lacking.

7. Funding and Affordability

It is anticipated that annual spend on active travel infrastructure will be £500k. This will be externally funded directly to Shetland Islands Council from Transport Scotland and other external bodies, or via grant aid from ZetTrans. It is proposed that this project is included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-29.

8. Management and Arrangements

- Project led by Transport Planning in collaboration with Roads team.

Business Justification Case - Outdoor Learning and Play

1. Purpose

This is to seek approval for the allocation of **£100,000** per annum, for the next five years, to invest in Outdoor Learning and Play. Outdoor learning is one of the guiding principles in the Scottish Government's Learning Estate Strategy 2018, where it states: "Outdoor learning and the use of outdoor learning environments should be maximised". The outdoor environment has huge potential for learning, and can provide a positive learning experience in a variety of settings.

Suitability Assessments are carried out by the Learning Estate Team, according to guidance provided by the Scottish Government, and what has become ever more apparent whilst completing these assessments, is the huge variation in what exists across the estate in terms of outdoor learning, which is an entitlement for all children and young people.

There are numerous requests from Head Teachers for funding to assist with improving outdoor areas, and most do apply for various external funds which are available to them, for example – the Zetland Educational Trust, and many work with their Parent Councils to access monies which are available for certain projects through the Community Benefit Fund and the like; this Business Justification Case does not detract from, or discourage, that.

2. Strategic Context

The Scottish Government's Learning Estate Strategy: *Connecting People, Places and Learning*, was launched in Autumn 2019, and sets out the strategic approach for all local authorities in managing their learning estates. There are ten guiding principles which local authorities must adhere to.

Shetland Islands Council agreed its own local Learning Estate Strategy in June 2021; this provides an informed approach to achieving the aspirations of Equity, Excellence, Inclusion and Sustainability.

This strategic framework enables consistent and collaborative working, and the information which has been compiled and collated from across Council services and other agencies provides a good basis for presenting a range of informed options for investment, and beginning to enhance Shetland's Learning Estate.

Learning for Sustainability has been developed and informed by work of the 'One Planet Schools Working Group' and the 'Learning for Sustainability National Implementation Group'. This culminated in a 'Vision 2030+' report in 2016.

This strategy was signed off by Scottish Ministers and the recommendations made were fully endorsed:

- All learners should have an entitlement to learning for sustainability;
- In line with GTCS Professional Standards, every practitioner, school and education leader should demonstrate learning for sustainability in their practice;

- Every school should have a whole school approach to learning for sustainability that is robust, demonstrable, evaluated and supported by leadership at all levels;
- All school buildings, grounds and policies should support learning for sustainability;
- A strategic national approach to supporting learning for sustainability should be established.

We must pay particular attention to the Equality Act 2010, which means, amongst other things, that schools must make reasonable adjustments in order to avoid putting children with disabilities at a disadvantage or in a position where they are treated less favourably than others. Many of the outdoor areas across the estate are inaccessible for a number of children and young people.

The Council's Corporate Plan, 'Our Ambition 2021-2026':

Outdoor Learning makes a contribution to the Council's Net Zero Route Maps insofar as it provides the opportunity to raise awareness around climate change, including carbon/climate literacy, and contributes to efforts made to embed carbon reducing practices at an early age.

By sustaining the quality of learning and teaching to ensure all learners experience motivating and engaging opportunities, the learning which takes place in the outdoors also begins that contribution to having the people with the required skills and experience to take advantage of opportunities created through developments in the local economy, particularly those related to the shift to a net zero economy.

'The Ambition' - Excellence and Equity for Shetland's Learners is Children's Services' strategy for education improvement in Shetland, 2022-2026. Access to good quality outdoor learning spaces contributes to the general improvement in children and young people's health and wellbeing, as well as an overall improvement in attainment.

The Learning Estate Strategy sits as one of the seven directorate priorities for the Children's Services Department.

3. Case for Change

Business Needs

It is important that not only the buildings, but the outdoors too, are flexible and meet modern learning requirements. Shetland Islands Council has a diverse estate which encompasses a wide range of age, condition and geographically spread buildings with grounds reflecting the same. This adds to the complexity of ensuring that all four aspirations of Equity, Excellence, Inclusion and Sustainability, are being achieved.

At present, the extent of alterations to the outdoors is restricted to the layout of the land. Furthermore, much of the works are carried out on an ad hoc basis and in many cases is reliant on monies raised by Parent Councils, and also their labour. Some schools benefit from having a variety of outside equipment with well-established accessible grounds, some have less equipment, inaccessible grounds and/or outside areas in need of significant improvement. Over a period of five years it is hoped that

these anomalies will be levelled up and each school will have comparable outdoor facilities as far as practicable.

Many of the outdoor learning and play spaces across the estate are inaccessible, therefore any improvements planned must ensure that this element is given due consideration. Whilst it is not possible to make all areas accessible, it is important that there are areas where children with disabilities can learn, and play, with their peers.

Benefits

Each school, irrespective of location and size, will be provisioned with the equipment and the space to enhance outdoor learning and play. Both staff and young people would be able to work and learn outdoors within flexible learning spaces, to meet the needs of young people now and in the future. This would offer equity and inclusion for all young people, and provide opportunities to achieve their full potential.

Appropriately positioned outdoor learning and teaching spaces will allow free flow between classrooms and the outdoors, similar to that currently employed by the early learning and childcare settings.

Appropriate consultation with stakeholders has informed suggestions around the preferred types of materials, equipment, facilities and colours, in order to meet all needs.

A strategic plan of works across all schools will provide direction and effective allocation of resources and budgets. This will be arrived at by carrying out an options appraisal exercise based on the scores for Other External Learning Areas, and External Play and Social Areas, derived from the Suitability Assessments – please see Appendix 1.

This will determine the order in which the works are carried out and what works and equipment are to be provided. The only exceptions to this will be the schools which have been approved to become Enhanced Provision Schools, and these works will be carried out as part of that programme.

As can be seen from the appendix, a number of the schools have been marked down for safety and security in terms of their outdoor areas - PIN form data has been utilised as part of our overall considerations.

A selection of photographs has been appended to illustrate the variety of spaces which currently exist, and the scale of the challenge.

Schools which are currently mothballed would not be prioritised.

Risks

- Increase in costs and availability of materials and contractors;
- Budget pressures, meaning that there is less money available than is required, or agreed budgets having to be cut;
- Managing expectations of Elected Members, staff, pupils, parents/carers and the public;
- Ensuring that the Learning Estate Strategy aspirations of Equity, Excellence, Inclusion and Sustainability are met across all schools, and the gap in provision between schools is not widened.

4. Available Options

Do nothing: This would not align with Shetland Islands Council's Learning Estate Strategy, the Scottish Government's strategies in respect of Outdoor Learning and Play, the Equality Act 2010, and most particularly will not address those issues of safety and security already identified.

Carry out some works: Shetland Islands Council would not be meeting their full obligation to provide appropriate Outdoor Learning and Play spaces.

Carry out works to some schools: Shetland Islands Council would not be meeting the aspirations of Equity, Excellence, Inclusion and Sustainability.

Carry out works which only deal with matters of safety and security: Shetland Islands would not be meeting their full obligation to provide appropriate outdoor learning and play spaces.

Rolling Programme of Improvements: Shetland Islands Council would be meeting its statutory obligations whilst ensuring that all Shetland's children and young people had access to suitably provisioned, well laid out, accessible outdoor learning and play spaces.

5. Preferred Option

The preferred option is to set in train a rolling programme of improvements such that a levelling up exercise can be carried out across the Learning Estate and further, so that those matters of safety, security and accessibility can be addressed as far as practicable. This would ensure access to suitably provisioned outdoor learning and play spaces for all children and young people in Shetland.

6. Procurement Route

Finalised plans would be tendered with expressions of interest sought from suitably qualified contractors, according to the Shetland Islands Council's agreed procurement regulations. Officers will work with the Assets, Commissioning and Procurement Service to ensure the correct procurement process is adhered to.

7. Funding and Affordability

The total estimated funding required is **£100,000** per annum, on a rolling basis, for a period of five years, subject to change. It is proposed that these costs are included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-29 subject to affordability within the plan.

8. Management Arrangements

- Preliminary work has been undertaken in respect of ongoing Suitability Assessments, and an options appraisal exercise, as per the methodology previously agreed by Shetland Islands Council, will be undertaken to agree requirements and order of priority.
- Initial budget estimates have been undertaken in respect of outdoor equipment.
- No land acquisition is required, and no planning implications are foreseen.
- Utilities – will be consulted prior to commencement on site where this is required.
- The programme will be overseen by the Learning Estate Liaison Group, and progress will be reported to the Programme Board.

Business Justification Case – Tingwall Airport Re-Surfacing

1. Purpose

This report seeks approval for the allocation of **£1.413m over a three year rolling period** to re-surface the Tingwall Airport Runway and Apron with a Runway Standard Asphalt base and surface course and apply a new slurry sealing surface to the Car Park during financial years 2024/25, 2025/26 and 2026/27.

2. Strategic Context

Shetland Islands Council considered a report on the future of Tingwall Airport at a special meeting on 26 June 2019 (DV-18-19F).

This report amongst other things, asked the Council to resolve to approve the following:

1.2.1 that Tingwall Airport remains at present the base for inter-island air services taking account of detail given in sections 4.3 to 4.12 of this report;

Having confirmed that Tingwall Airport will remain the base for inter-island air services, this Business Justification Case seeks to secure funding for the essential repairs required for the runway and apron areas.

3. Case for Change

A. Business Needs

The objective of the project is to improve the surface and structural integrity of the existing runway so that it continues to meet the requirements of the CAA licensing procedure. The airport is now over 40 years and the runway surface has needed two bitumen slurry-seal overlays since it was built to maintain a suitable surface. The most recent one was in the late 90s. The surface has required patching each year over the last ten years to maintain its integrity and this will become more widespread as the surface deteriorates through time. However, there is another underlying problem with the runway and that is the thickness of the bitumen layers. Cores taken show that it is only 70mm thick with an average surface layer of about 30mm and an average base layer of about 40mm. This is inadequate structurally to continually take the loads exerted by the aircraft using the runway, particularly at the north end where the surrounding ground is wetter. The patching is more widespread here and there are areas where the surface is cracked. (The photographs in Appendix 3 show the thickness and some of the cracking in the bitmac surface.) If the structural issues are not dealt with the cracking at the north end will eventually become more serious and more widespread, causing the bitmac surface to fail.

B. Benefits

The provision of a new surface would ensure that the Airport would continue to operate ensuring that the current schedule of flights to the outlying island communities would be maintained.

The Shetland Islands Council Corporate Plan states that one of the Top Priorities is to 'Provide quality transport services within Shetland'. It also states that 'The transport services we provide are the lifeblood of these islands. They allow us to go about our daily business and take part in community life'. This project will contribute to a safer and more reliable airport that maximises transport choices and minimises transport restrictions.

C. Risks

The 'high level' risk is that without a major refurbishment of the runway the licence to operate the runway could be revoked.

4. Available Options**Do Nothing:**

This is not an option as the Council's failure to maintain the airport would mean that the licence from the CAA to operate the Airport would soon be lost.

Carry on with current maintenance regime:

This option would be suitable in the short term but the surface is beginning to deteriorate and patching it up each year is not enough to solve underlying issues with the runway surface. The amounts spent on maintenance of the runway in recent years are:

2012 - 13 £5.1k
 2013 - 14 £22.6k
 2014 - 15 £7.2k
 2015 - 16 £5.9k
 2016 - 17 £3.9k
 2018 - 19 £3.0k
 2019 - 20 £1.9k
 2020 - 21 £0.9k (COVID year)
 2021 - 22 £9.5k
 2022 - 23 £4.1k

Ongoing patch repairs similar to those done during this financial year are a very short term maintenance option. As can be seen in the photograph in section five below, the surface course is very thin and is now breaking up which will only get much worse and would endanger the CAA agreeing it is suitable to be licenced.

The photograph also shows that the cracking is not limited to only the surface course. The base course is also exhibiting cracking, which means the structural integrity of the runway has now failed, and further patching is not appropriate.

Provision of a machine laid slurry sealing wearing course over the entire runway:

This option would address the issues affecting the surface of the runway and would give a minimum of five years without requiring any significant maintenance to the runway. The cost would be **£343k**. It would not address the issues relating to the structural integrity of the runway. As a slurry sealing coating does not strengthen the bitmac layer the degradation at the north end would continue and the cracking would become more widespread leading to a reconstruction of the runway in the future rather than just resurfacing on top of the existing bitmac.

Resurface the runway and Apron with Asphalt Base and Surface Course:

This option would solve all the issues relating to structural integrity and surface quality. It would also ensure that no significant maintenance would be required to the surface over the next twenty years. The cost if done in financial year 2024/25 would be **£1.255m** and it would take between two and three months to complete. If the re-surfacing were to be carried out during the day the airport would have to be closed while the work is done.

In an effort to minimise disruption to the airfield and reduce the financial impact of the works, it has been agreed that the works will be phased over three years, as described in item seven below.

This closure of Tingwall Airport would necessitate a relocation of the Council's Air Services provider if transport links to Foula and Fair Isle are to remain unaffected. The Roads Department have confirmed that their estimated duration per annum is 2-3 weeks. This has been discussed with Transport Planning and an estimate of costs to enable this is in the order of £10k per week.

The airport could remain open if the works were carried out at night but this would increase the estimate by approximately **£117k** as there would be additional staff costs in manufacturing the asphalt and additional time spent in ramping off the work at the end of each shift to allow planes to land next day. Producing the asphalt at the Scord Quarry during the night would have a knock on effect to the summer bitmac programme for road resurfacing. There are not enough staff at the Scord to keep production going during the day after a night shift so the resurfacing would have to be suspended while the airport works are being carried out. This unfortunately is not a viable option, as it would have a detrimental effect on both the condition of the roads in Shetland and the ability of local contractors to carry out construction works. The resurfacing option would give the runway a design life of at least 40 years but it would still need to have a slurry seal coating after about 15 to 20 years and another at about 30 years due to the natural degradation of bitmac materials due to usage and weather.

5. Preferred Option

The preferred option is to Re-surface the runway and Apron with an Asphalt Base and Surface Course.

The requirement for these works is now considered to be critical:

- The photograph below shows that the bitmac surface is now actually breaking up and is very thin.



- Cracks have been reported over a long period, however, a report compiled in November 2020 is the first one to report that the surface is now beginning to break up.

- In that report, it was requested that this area (25m x 4.5m) of broken up bitmac be removed and resurfaced as soon as possible. That area, and a further large patch have now been repaired during 2021.
- There is cracking of the bitmac surface over the whole runway, however the North 200m is the worst and will break up the same way in the near future.
- Cracking can also be seen in the base course below the surface course.
- SIC Roads Service has indicated that the works could be carried out in late Spring/early summer 2022

6. Procurement Route

The works would be carried out in-house by the Council's Roads Department.

7. Funding and Affordability

It is proposed that this project is included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-29 subject to affordability within the Plan. The total estimated funding required per annum, which includes costs for works and relocation of services to Sumburgh for a maximum of three weeks per year is as follows:

- 2024/25 - **£449k**
- 2025/26 - **£471k** (5% Inflation applied to year 2).
- 2026/27 - **£494k** (Further 5% inflation applied to year 3)

Total Estimated funding requirement is £1.414m

8. Management and Arrangements

- Site Investigation:

This work has been done. Cores have been taken to show the thickness and quality of the existing runway surface.

- Preliminary Design/Investigation of Identified Options:

This work has been done.

- Budget Estimates for Identified Options:

This work has been done and is attached in appendix four to this report.

- Assessment of Likely Planning Implications:

No implications.

- Utilities:

No implications

- Relocation of Air Service whilst works take place:

As stated in section four of this report, discussions have taken place with the Council's Transport Planning Service, and scheduled flights to Foula and Fair Isle would have to take place from Sumburgh Airport whilst the works requested in this report are completed.

9. Appendices

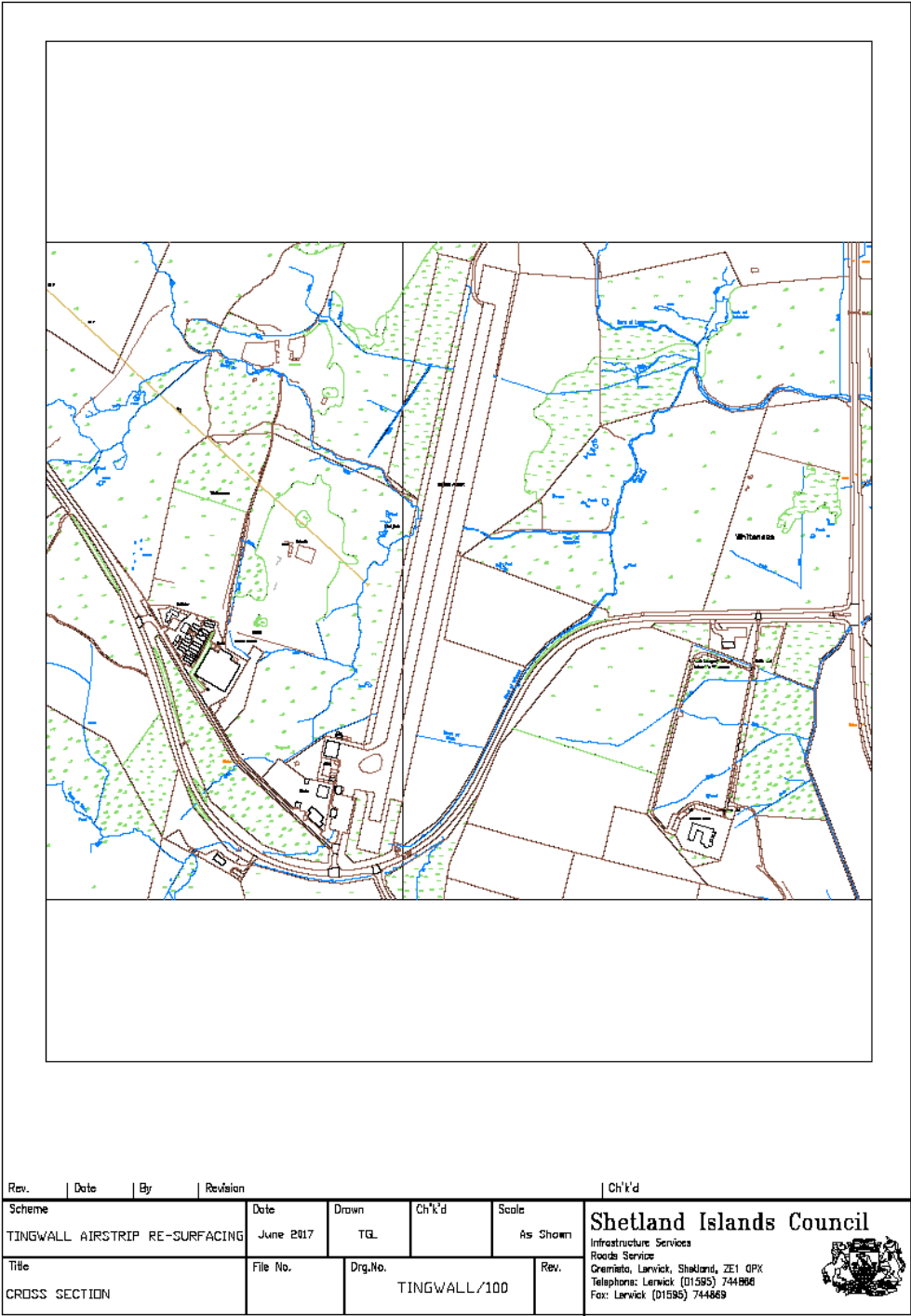
Appendix 1 - Location Plan

Appendix 2 - Sections

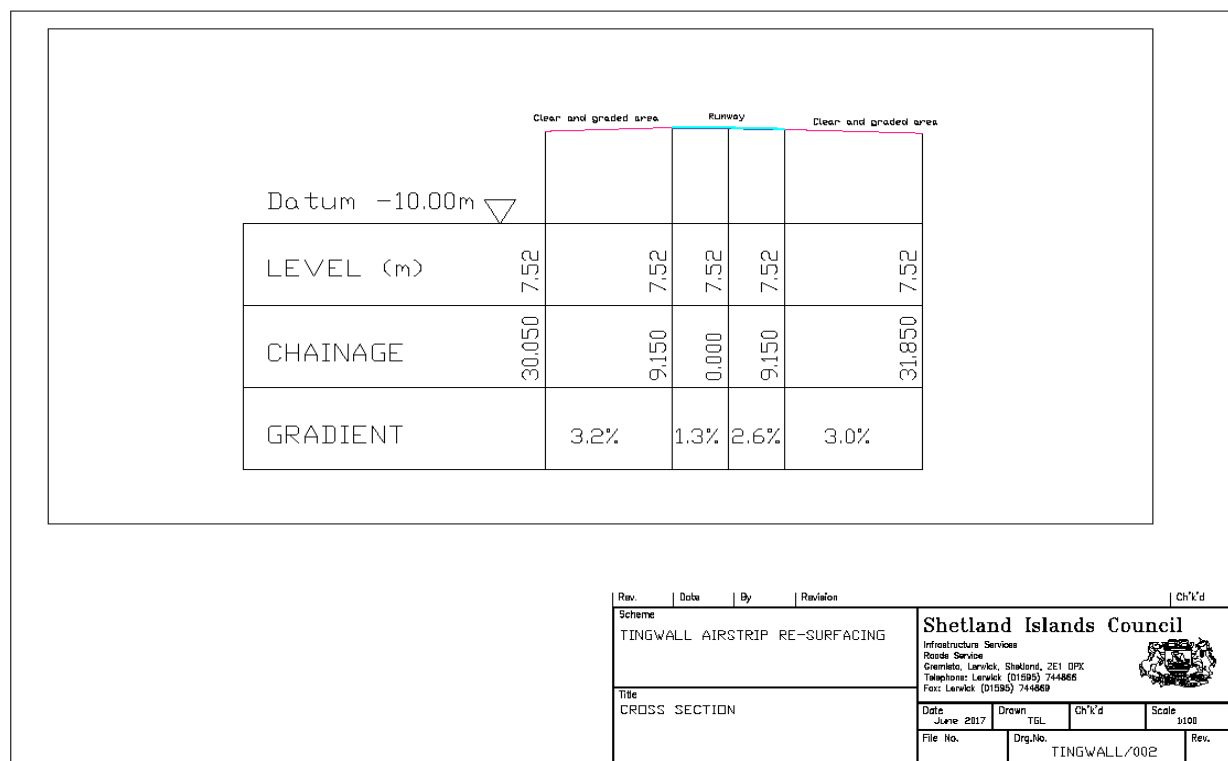
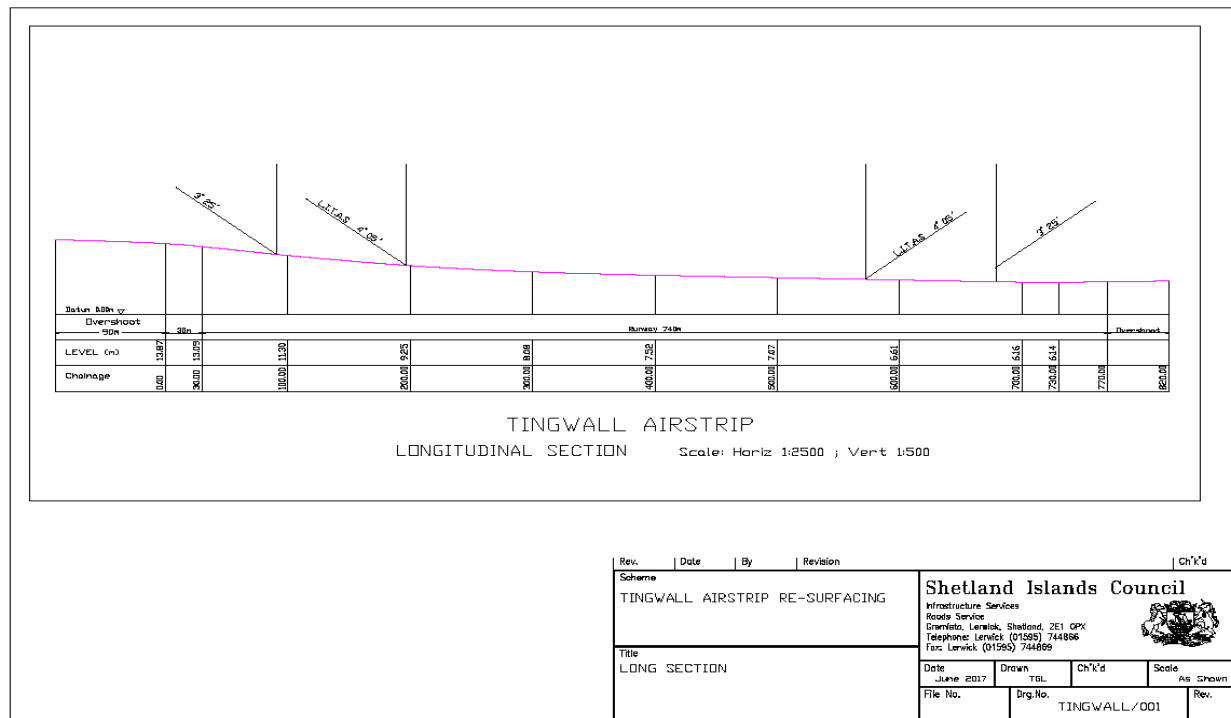
Appendix 3 - Photographs

Appendix 4 – Costs

Appendix 1 – Location Plan



Appendix 2 – Sections



Appendix 3 – Photographs



North End of Runway



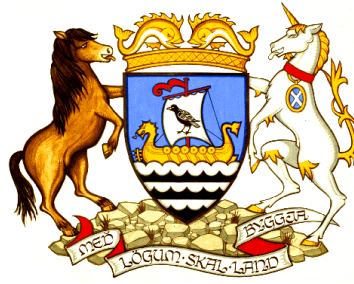
Apron



Cracking at North End of Runway



Runway Core



BUSINESS JUSTIFICATION CASE (BJC)



Project Title:

Greening the Fleet

Version History

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft v0.1	19 Aug 22	First draft version	Carl Symons
Draft v0.2	29 Aug 22	Second draft version	Carl Symons
Issue v2.0	15 Sep 22	Issue – Includes Exec Summary	Carl Symons
Draft v3.0	13 Oct 23	Revised following deferral	Carl Symons
Draft v3.1	25 Oct 23	Updated following consultation	Carl Symons
Issue v3.2	25 Oct 23	Submitted to AIG	Carl Symons
Issue v3.3	25 Oct 23	Update to Summary	Carl Symons
Issue v3.4	06 Nov 23	Minor typo's	Carl Symons

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Business Justification Case – Greening the Fleet

1. Glossary of Abbreviations

BEV Battery Electric Vehicle

BJC Business Justification Case

EV Electric Vehicle

HGV Heavy Goods Vehicle (also known as LGV or “Large Goods Vehicle”)

HVO Hydrotreated Vegetable Oil

ICE Internal Combustion Engine

LDV Light Duty Vehicle

MDV Medium Duty Vehicle

NEC National Engineering Council

PSV Public Service Vehicle

PTO Power Take Off i.e. a bin lift

RCV Refuse Collection Vehicle

TCO Total Cost of Ownership

ZEV Zero Emissions Vehicle

2. Executive Summary

- 2.1. To combat transport emissions and improve air quality the Scottish Government's Programme for Scotland (2019/20) set bold targets to phase out petrol and diesel vehicles. For the public sector these targets include:
- Phasing out petrol and diesel cars by 2025
 - Phasing out the need for new petrol and diesel vans from 2025
 - Phasing out the need for petrol and diesel versions of all other vehicles from 2030.
- 2.2. The original BJC Greening the Fleet looked at the scheduled replacement of vehicles based upon their "end of life" disposal date and in accordance with Scottish Government targets. At that time, the estimated cost of delivering this programme was £4,610,250 over three years.
- 2.3. Meeting the 2025 deadline is unachievable with current resources. The 2030 deadline is still challenging, but it's evident that taking the time to prepare and make gradual changes will be the better option in providing best value for the Council and service users.
- 2.4. The original approach reflected the current procurement practice of like-for-like replacements for the fleet at a variety of operating locations. However, with the benefit of hindsight (afforded by the project's deferment in funding) combined with the ongoing energy crisis, we took the opportunity to review the best way to deliver this major transitional change in a more measured, sustainable and cost effective manner.
- 2.5. There are a lot of practical decisions to be made that will have far-reaching implications for the Council and its operating environment – whether it's choosing the right EV models, upgrading on-site facilities, or upskilling or training our existing workforce. The best solution (at present) will be to operate EVs, ICE (including HVO hybrid fuels) and Hydrogen vehicles alongside one another during a carefully phased transition.
- 2.6. For our transition to BEVs, the immediate issue identified was the underpinning support infrastructure necessary for electric vehicle operation i.e. the location and availability of charge points. The transition to BEV operation must be supported by a precursor rollout of charging infrastructure across Shetland. It is important that our investment in charging or refuelling infrastructure keeps pace (and is ahead of) the decarbonisation of the fleet.
- 2.7. It was recognised that the most efficient way to achieve this was to transition the fleet on a location-by-location basis which would form part of an overall rolling programme run in tandem with the existing fleet replacement programme. We would still replace vehicles according to their scheduled replacement date, but would swap out existing ICE vehicles (for the remainder of their service life) at any given location which is scheduled for electrification.

- 2.8. It's clear that there's a great deal of work to be done in making the switch to EVs, including extensive research, careful planning and training. Timing is key in mitigating the obstacles of fleet electrification and making best use of available resources.
- 2.9. The early phase of this rolling programme (up to 2030) relates to cars and small vans. This will see us converting our existing diesel/petrol car and small van fleet to battery electric vehicles (BEV) operation. At current prices, between now and 2030 this will require additional funding of:
- £1,308,345 to cover the difference in cost between ICE vehicles and their BEV replacements. This equates to an additional £218,058 per annum from 2025 to 2030.
 - £1,956,000* to cover the cost of new charge point infrastructure to 66 primary locations across Shetland. This equates to an additional £279,429 per annum from 2024 to 2030.
* Please note that the £1,956,000 figure includes a provisional allowance of £796,000 to cover for supply and switchgear upgrades which may, or may not, be required in part or in full.
 - These changes will ultimately result in an estimated annual running cost saving of £109,197.
- 2.10. Later phases of the rolling programme will cover the heavy fleet sector (gritters, tippers, refuse vehicles, heavy plant etc.) which is currently underdeveloped and subject to technological challenges.

3. Purpose

- 3.1. This BJC covers the rolling transition of the entire fleet away from fossil fuels, initially focussing on the most immediate targets, namely cars and light commercial vehicles.
- 3.2. It will form the basis of the Council's Fleet transition plan and will help the Council manage an orderly progression from ICE vehicles to zero emission vehicles. This plan will also assist in identifying any budget implications that may arise owing to the extra initial capital costs associated with the purchase of zero emission vehicles.
- 3.3. The transition of our fleet to renewable fuel alternatives will yield substantial benefits, namely a substantial reduction in fossil fuel use and a significant reduction in greenhouse gas emissions. Furthermore, the adoption of electric or hydrogen vehicles will decrease vehicle maintenance expenses and bolster energy security, especially when powered by locally sourced renewable energy.

4. Strategic Context and Alignment with Corporate Priorities

- 4.1. The adoption and ongoing implementation of the Net Zero Route maps, the forthcoming Climate Change Strategy and the Council's "Our Ambition" set out

clear targets for our aspirations in meeting our overall climate change objectives. In addition, fleet transition is subject to Scottish Government targets.

- 4.2. The Scottish Government declared a climate emergency in April 2019 and has set some of the most ambitious climate change targets in the UK. Shetland Islands Council formally recognised the global climate emergency and the urgent need for action in January 2020.
- 4.3. Domestic transport accounts for 31 percent of all greenhouse gas emissions in Scotland (Greenhouse gas emissions 2018: estimates, grouped by National Communication category (Scottish Government, 2020).

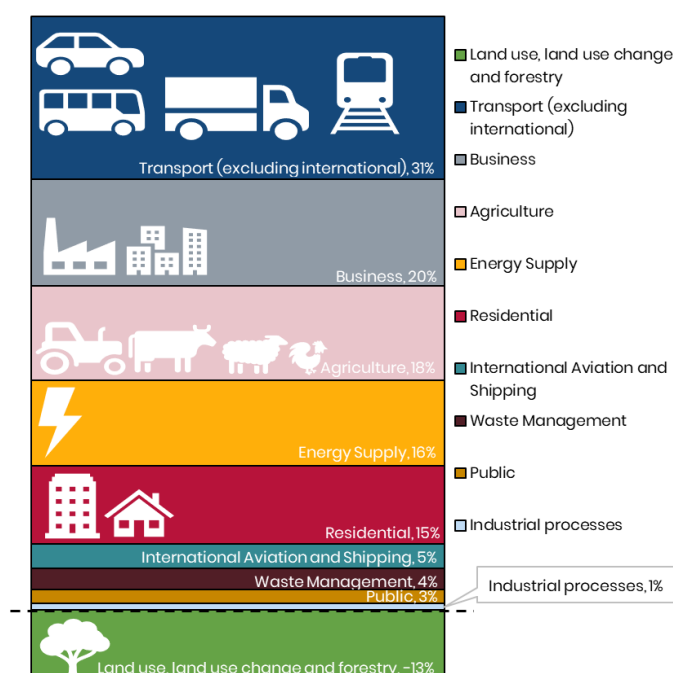


Figure 1- Greenhouse Gas Emissions 2018 (Source: Energy Savings Trust)

- 4.4. To combat transport emissions and improve air quality the Scottish Government's Programme for Scotland (2019/20) set bold targets to phase out petrol and diesel vehicles.
- 4.5. For the public sector these targets include: phasing out petrol and diesel cars by 2025; phasing out the need for new petrol and diesel vans from 2025; and phasing out the need for petrol and diesel versions of all other vehicles from 2030.
- 4.6. It is clear that we cannot meet the Scottish Government targets due to a variety of factors, largely related to resource availability, both financial and physical. The imperative for us to be early adopters simply wasn't compelling, given the fact that our electricity is currently generated by the fossil fuel power station located at Gremista, Lerwick.
- 4.7. It is anticipated that Shetland will be connected to the national grid in 2024 with the Viking Wind Farm coming on-stream sometime later. For that reason we are

proposing that our transition will be implemented to suit those timescales, bearing in mind the fuel efficiency and carbon emissions of our current vehicle fleet are likely comparable in efficiency to the electricity generated at the power station.

5. Case for Change

Business Needs

- 5.1. The Council operates a mixed fleet of 359 vehicles and heavy plant delivering a range of services across Shetland. A detail analysis of the fleet is provided in 'Appendix 3 - Fleet Composition & Replacement Schedule'.

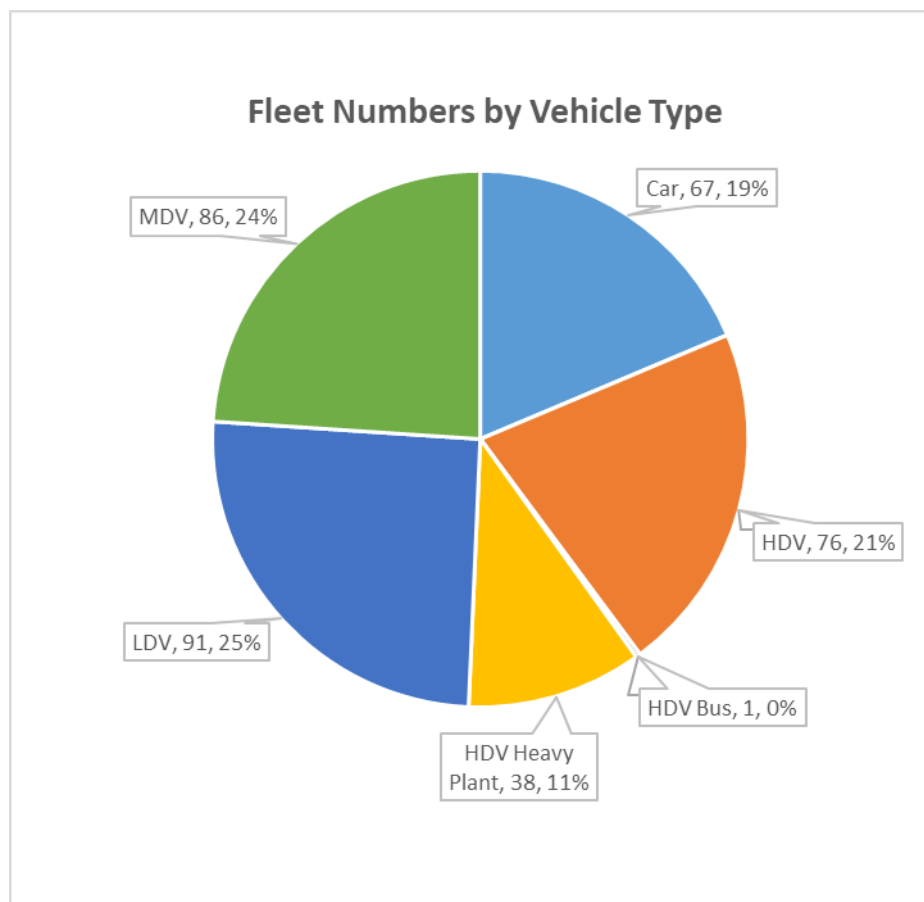


Figure 2 - Fleet Numbers by Vehicle Type

- 5.2. The Council's vehicle fleet underpins frontline service delivery for a range of statutory services such as Roads maintenance, winter gritting, refuse collection, burial services and a plethora of other maintenance services.

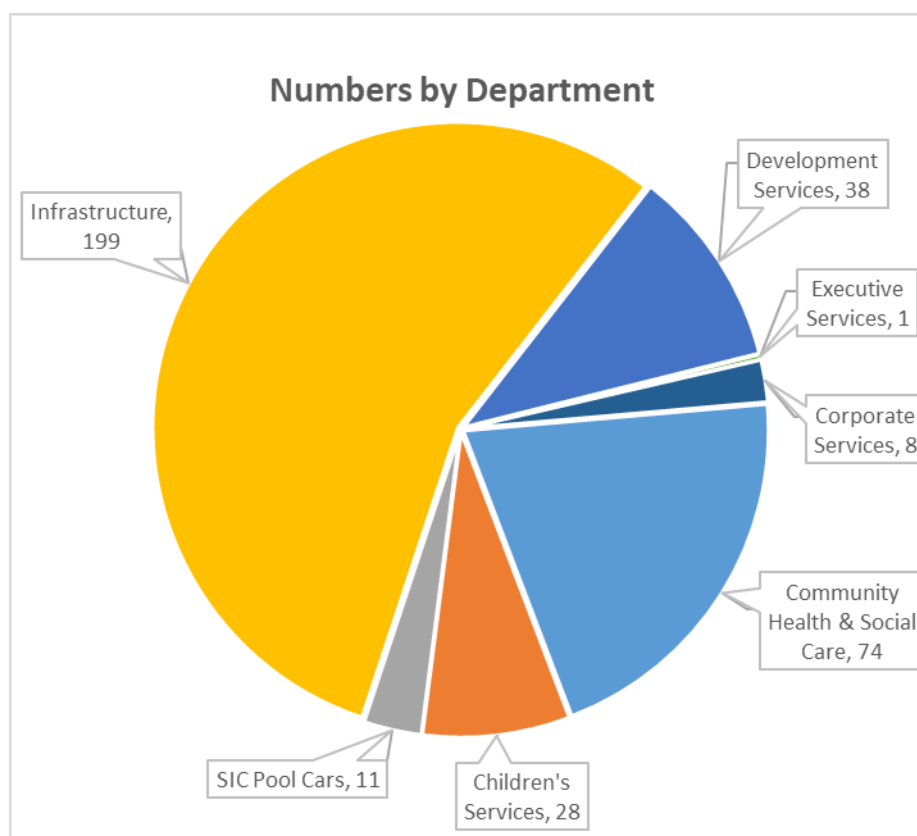


Figure 3 - Fleet Numbers by Department

- 5.3. More recently and since 2019, there has been a rapid expansion of care at home services operating from Care Homes across Shetland and in central Lerwick. This has seen some 68 cars added to the fleet to support this.

Fleet Investment Objectives

- 5.4. To provide the right mix of appropriately specified vehicles that are required to support service delivery across Shetland.
- 5.5. To minimise maintenance, fuel and logistical costs of vehicles by providing newer, more reliable vehicles and to minimise vehicle downtime for servicing and maintenance.
- 5.6. To reduce our environmental impact through innovation and evolving electric and alternative fuel technologies. The Council will have a higher proportion of alternative fuel vehicles within its fleet.
- 5.7. To increase the scope and coverage of the Care @ Home service through the use of innovation and evolving technology.

Carbon Footprint

- 5.8. In FY2019/20, a fleet decarbonisation report by the Energy Savings Trust estimated that our owned fleet emitted a total of 1,286 tonnes of CO₂e and our grey fleet emitted a further 284 tonnes of CO₂e. At that time our owned fleet emissions profile was:

Type	Fleet size (vehicles)	Annual mileage	Annual CO ₂ e emissions (tonnes)
Car	57	512,188	124
LCV	162	1,428,094	512
HDV	50	423,221	524
PSV	8	67,781	126
Total	277	2,431,284	1,286

Figure 4 – CO₂e Emissions 2019/20

The figures for FY2022/23 are:

Type (2022)	Fleet size (vehicles)	Annual mileage	Annual CO ₂ e emissions (tonnes)
Car	65	709,118	172
LCV	179	1,609,720	577
HDV	50	409,843	507
PSV	11	83,108	154
Total	305	2,811,789	1,411

Figure 5 - CO₂e Emissions 2022/23

- 5.9. In both cases, the heavy fleet (HDVs, RCVs and PSVs) was responsible for the largest portion of our fleet's carbon footprint. Although cars and small vans comprised a smaller portion of this, decarbonising this section of our fleet is the most immediate target of those set by the Scottish Government.
- 5.10. Going forward, for essential journeys that must be made using fleet vehicles, from 2025 the most effective way to reduce emissions will be to adopt zero-emission vehicles (ZEVs) in place of petrol and diesel ones. Replacing our non-ZEV vehicles will ensure that we meet the government's target as well as providing annual CO₂e savings.

Benefits

Carbon Reduction

- 5.11. In broad terms the transition to renewables for the Council's vehicle fleet directly supports "Our Ambition" and the Council's Climate Change strategy. The momentum behind fleet electrification is accelerating due to various factors, including:

- Legislative and regulatory imperatives

- Lower whole life cycle cost of BEV ownership
 - Scottish/UK government infrastructure investments
 - Increased focus on environmental sustainability
 - Limit Carbon Footprint
- 5.12. As can be seen from the Net Zero route maps, the transport sector is a significant source of greenhouse gas emissions. As a proactive organisation, the Council can address these environmental concerns and better align with current ideology by judiciously moving to renewable sources to power our fleet. Lower carbon footprints and reduced emissions from our fleet will have positive environmental impacts and play an integral role in fuelling a more cost-efficient and cleaner energy future.
- 5.13. Recent studies found that 83% of large commercial fleet operators cite environmental benefits as the top motivation for electrifying fleets. These are:
- Improve air quality in local communities
 - Reduce risk from potential future environmental regulation
 - Reinforce the Council's reputation as a socially responsible and environmentally compliant organisation.
- 5.14. Transitioning to a BEV fleet lowers operational costs in several ways, including reducing the total cost of ownership (TCO), decreasing expenditures on fuel, and optimising electricity usage.

Whole Life Cycle Cost - Lower Total Cost of Ownership

- 5.15. One of the most influential factors spurring EV fleet adoption is the lowered total cost of ownership (TCO). It is predicted that by 2030, BEV fleets will have a 15-25% lower TCO than those with ICE vehicles. Higher upfront costs including the purchase of new BEV's and installation of charging infrastructure are offset by lower operating expenses, Government grant schemes and the potential for favourable utility tariffs as part of load management.
- 5.16. Electric vehicle maintenance costs are lower than their ICE counterparts as BEV's are more reliable, have fewer mechanical parts prone to failure, and utilise data to enable preventative maintenance. With BEV fleet adoption we will no longer need to budget for significant service visits for oil changes or other engine fluid replacements. When all the factors are calculated, the estimated cost of maintenance for BEVs is 40% lower when compared to light-duty ICE vehicles. In practical terms that means we can extend the service life of our car and small van fleet from the current 5 year life cycle to 7 years. Doing so also makes best use of BEV battery warranties and reduces waste in the process.

- 5.17. Using current prices and operational metrics, a comparative cost in use of the Council's car and small van fleets is:

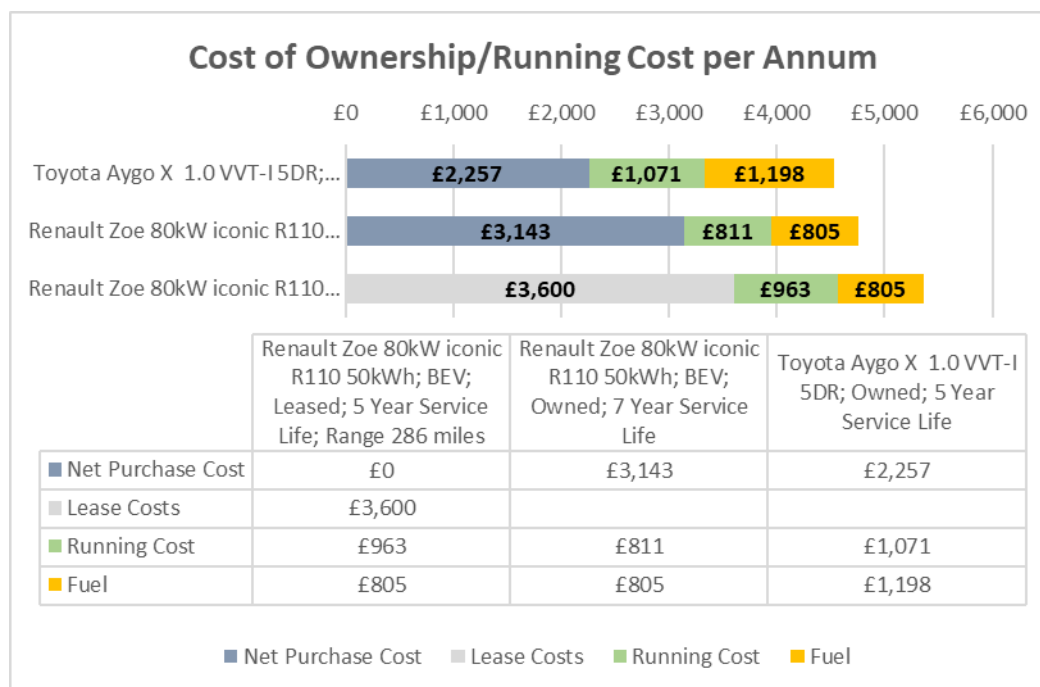


Figure 6 - Cars - Cost of Ownership/Running Costs

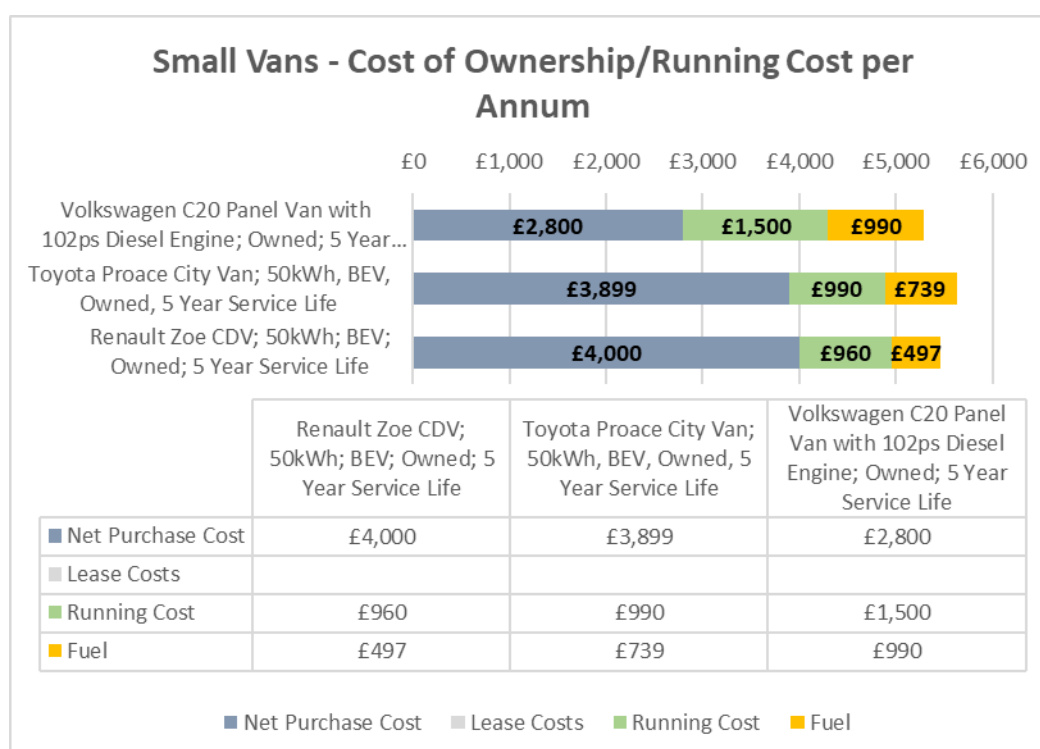


Figure 7 - Small Vans – Cost of Ownership/Running Costs

Just Transition – Upskilling and Retraining

- 5.18. In support of the principles of a ‘just transition’ for our existing workforce we have upskilled the existing garage mechanics to support the operation of BEV/Hybrid vehicles. Onsite training to IMI Level 3 Award in Electric/Hybrid vehicle System and Repair and Replacement has been provided by a specialist trainer.

Dispersed Fleet Distribution - Community Based Workforce

- 5.19. We are in the process of rolling out more “community based handypersons” roles across local communities. These people are located within the communities they serve. This means that travel miles are significantly reduced, saving time, money and reducing our carbon footprint.

Minimised Fuel Expenditure and Increased Resilience

- 5.20. Replacing ICE fleets with green fleets offers significant long-term savings as particularly BEV’s are less expensive to own, maintain and operate. Compared to ICE vehicles, EVs are more energy-efficient. EV drive systems are only responsible for a 15-20% energy loss compared to 64-75% for an ICE engine.
- 5.21. In addition to reduced fuel costs, a transition to electric or hydrogen operation will improve our overall resilience and ease budget management. We would no longer be reliant on imported fuel deliveries by sea, or any associated volatile fuel prices. Local electricity generation and potential hydrogen production means what we produce here can be used here, particularly if we factor battery storage into our base infrastructure. There is also a greater efficiency of fuel delivery, with less energy lost when using locally-generated electricity compared to imported fuel.

Optimised Electricity Usage

- 5.22. The advanced end-to-end BEV charging solutions included in ‘Appendix 4 - Charge Point Infrastructure’ and the associated charge management software, help us to optimise our electricity usage, further reducing costs. Charging can be planned to avoid peak pricing and prioritise charging during low electricity rates, ensuring vehicles are fully charged at the right time to maximise cost savings and improve efficiency. Detailed analysis of vehicle charging systems is provided in ‘Appendix 5 - Charging Infrastructure Analysis’.

Improved Operational Efficiency

- 5.23. A qualified third-party BEV solution provider will ensure each vehicle is charged to capacity using an optimized rate, extending the life of vehicles and boosting efficiency within operations. With managed BEV charging, we would be able to deploy additional BEVs without needing a significant electrical infrastructure upgrade.
- 5.24. As more BEVs are added to the fleet we can utilise charging strategies - guided by charging software data - to improve operational efficiency. A staggered approach

provides managers the flexibility to charge their vehicles at predetermined intervals.

Risks and Issues

- 5.25. **The risk of not decarbonising the fleet** - It is unclear at this time whether there will be any penalties for local authorities for not meeting Scottish or UK Government targets, but that is something that should at least be on the radar for consideration.
- 5.26. **Cost Assumptions** - There is a risk that the cost of BEVs do not meet equilibrium with ICE vehicles by the predicted time scales and it remains the higher-cost option by 2030. This could be due to electricity prices, volatile availability of lithium, or Westminster policy changes that make a transition from ICE vehicles less attractive. In the absence of carbon pricing, there is a risk that the cost of electric vehicles remains higher than expected.
- 5.27. **Range Anxiety** – BEVs typically have a shorter range compared to petrol or diesel vehicles, which can be a limitation for certain applications. Since 2019 we have analysed the daily mileage of all journeys made by Council vehicles to ascertain the best types of vehicles and where we can deploy them. We then broke these journeys down into daily vehicle mileage covered by each individual vehicle, categorising them into four groups, namely: >0 <50, >=50 <100; >=100 <150 and >150 miles.

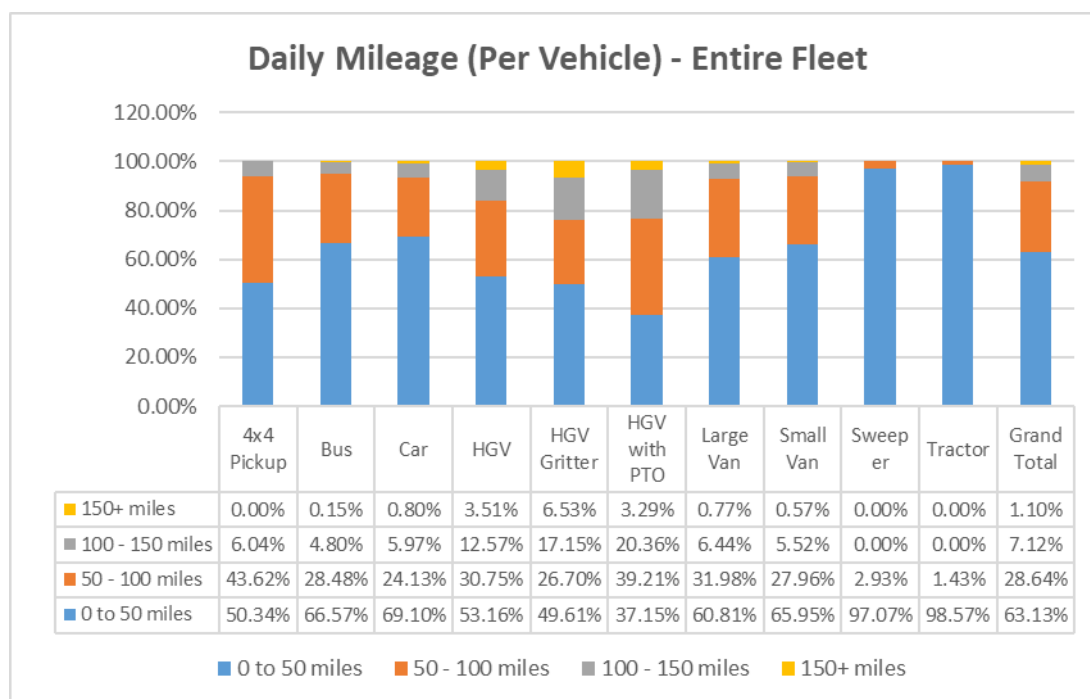


Figure 8 - Daily Mileage Profile (Per Vehicle)

- 5.28. The vast majority of Council journeys fall within the range 0 to 100 miles, with a small proportion carrying out journeys longer than 100 miles but less than 150 miles, and very few journeys covering more than 150 miles. The average daily mileages are:

Type	Average Daily Mileage
4x4 Pickup	48
Bus	38
Car	37
HGV	47
HGV Gritter	51
HGV with PTO	67
Large Van	43
Small Van	38
Sweeper	26
Tractor	15

Figure 9 - Average Daily Mileage

- 5.29. The conclusion from this analysis is that this usage profile is well within the capabilities of the majority of BEV cars and small vans currently available and range concerns are not significant impediment to the adoption of BEV's across the fleet.
- 5.30. **Education and Training:** Given the anxieties set out above, it was recognised that drivers may require training and education to adapt to BEVs' unique maintenance and driving characteristics. A course is being developed for to instruct and inform our drivers of the key differences in driving styles required.
- 5.31. **Charging Infrastructure** – At present the availability of charging infrastructure, especially in rural or remote areas, is insufficient to support a BEV fleet. Charging a BEV takes longer than refuelling a conventional ICE vehicle. Fast-charging stations can reduce charging time but are not widely available and would need to be factored into any transition.
- 5.32. **Initial Purchase Costs:** BEVs tend to have a higher upfront purchase price compared to their ICE counterparts, primarily due to the cost of batteries. While this cost is decreasing, it remains a barrier to adoption unless we take a “whole life cost” approach.
- 5.33. **Electricity Costs:** High electricity costs mean higher running costs, which may make any comparison to petrol/diesel unattractive. However, energy markets are volatile across the board and adopting green electricity provides significant environmental benefits and improved local resilience to supply disruption.

6. Available Options

- 6.1. In assessing the available options it became apparent that the impending Scottish and UK Government targets for our fleet transition from petrol/diesel operation to renewables requires considerable forward planning.
- 6.2. While it is inevitable that we will have to transition, we can control the pace of transition and what technologies, or mix of technologies, we actually transition to. This is clearly evident when you consider that petrol/diesel vehicles will simply become unavailable in the medium to long term and maintaining existing ICE vehicle fleets will become cost prohibitive due to a lack of spares.
- 6.3. The actual transition from petrol/diesel cars and small vans is relatively straightforward and can be accommodated using a variety of buying frameworks such as Scotland Excel or Crown Commercial Services.
- 6.4. In all cases, the vehicles selected as suitable for our fleet need to meet the range capabilities and recharge profiles necessary for the continued operation of services. Consideration will need to be given to fleet support and maintenance, but training has already been carried out for the existing garage mechanics.
- 6.5. With the exception of Option 2, we would intend to deliver the transition on a rolling programme basis to the 2030 (cars & small vans) or 2040 (HDV/Heavy Plant) targets to ensure procurement flexibility that strikes the right balance of quality and price while making the best use of funding opportunities.

Option 1 - Do Minimum/Nothing (Retain ICE Petrol/Diesel)

- 6.6. While this is attractive in the short term, it is a fact that ICE Petrol/Diesel cars and small vans will become unavailable in the early 2030's. In turn, this means that spares will become increasingly scarce (and expensive) which will significantly increase running costs. It is also likely that fossil fuels will suffer significant tax penalties to incentivise transition, further increasing costs.
- 6.7. Over the same period it is anticipated that the purchase price of suitable battery electric replacement vehicles will decrease, with parity expected in the mid to late 20's. This further diminishes any short term advantage that retention of ICE vehicles may provide, with the caveat that widespread electrification will require the installation of supporting charging infrastructure.
- 6.8. The situation for HDV's / HGV's is less clear, but they will also likely become unavailable in the late 2030's. At present there are technological challenges to the adoption of battery electric HDV's vehicles. They have significant range limitations and they would require considerable investment in charging infrastructure. The adoption of alternative fuels, particularly HVO, could be a path to extending the life of some existing HDV's in operation.

Option 2 - Electrification of Car/LDV's to meet Scottish Government 2025 Target

- 6.9. This option was explored in detail in the first iteration of this business case. In summary it would be very expensive to deliver, made little sense given the current electricity generation arrangements, while the installation of suitable charging infrastructure could not be done to the required timescales given local grid constraints and resource shortfalls.
- 6.10. The overall push to transition to BEV operation also inflated prices in the short term while high energy costs have also impacted upon their overall lifecycle cost in use, all of which made procurement of these vehicles somewhat unattractive.
- 6.11. This approach would not consider the wider implications of transitioning the entire fleet, alternative fuels sources or other viable technologies and would not make best use of resources when viewed against our overall climate change strategy targets and action plan.
- 6.12. In terms of resilience there are concerns regarding the ability of BEV's to maintain service delivery during periods of severe weather coupled with potential power cuts. No viable electric alternatives to our existing fleet of 4x4 pickups currently exist as production models.

Option 3 - Electrification (Cars & Small Vans) to SIC Climate Change Strategy Timescales

- 6.13. It is entirely feasible to transition our fleet of cars and small vans in accordance with the 2030 target set out in the Climate Change Strategy. If the price of new electric vehicles reaches parity with ICE models and the wholesale price of electricity stabilises at a reasonable level, it will become an even more attractive option, bearing in mind that the ongoing running costs of BEV's are lower than their ICE equivalents.
- 6.14. However, substantial charge point infrastructure will need to be installed as a precursor to any wide scale BEV roll out and consideration would need to be given to either home charging arrangements for 24/7 on call employees or the adoption of plug in hybrids should resilience concerns prevail.

Option 4 - Electrification (Entire Fleet) to SIC Climate Change Strategy Timescales

- 6.15. This option is generally favoured at Scottish Government/Transport Scotland level, and while it is entirely feasible to transition our fleet of cars and small vans in accordance with the 2030 target set out in the Climate Change Strategy, the situation for electric HDV's is less clear. These have the same precursor infrastructure requirements, with the caveat that the infrastructure required to support an HDV is significantly larger with a far greater electricity demand, all of which is far more expensive to install.
- 6.16. The current market for HDV's is not particularly developed enough to offer the range of alternatives needed for fleet service in Shetland, while public service vehicles (PSV's) are generally more available to purchase but come with a similar penalty of high infrastructure investment requirements.

- 6.17. Recent price quotes indicated that in a like-for-like comparison between a diesel and electric road sweeper, the electric version cost twice as much but could only complete half the route on a full charge. It is currently clear that any transition to electric HDV's requires a more developed market.

Option 5 - Blended Transition (Entire Fleet) to SIC Climate Change Strategy Timescales

- 6.18. For the car and small van fleet this aligns with Option 3 in that it's entirely feasible to transition our fleet of cars and small vans in accordance with the 2030 target set out in the Climate Change Strategy.
- 6.19. The market supports this approach and the gap between new electric vehicles has been approaching parity with ICE vehicles over the last few years, while the introduction of new Chinese BEV's will offer further competition and either close or eliminate this gap entirely.
- 6.20. If the wholesale price of electricity stabilises at a reasonable level and/or should an islands tariff become available it will become an even more attractive option, bearing in mind that the ongoing running costs of BEV's are lower than their ICE equivalents.
- 6.21. The availability of local electricity generation capacity further reinforces this while also providing us with significant resilience advantages. Should the Shetland Car Club trial be successful, providing an economically viable alternative delivery model, it is foreseeable that our own core car and small fleet requirement may reduce by up to 30%, thus reducing our overall core fleet replacement requirement.
- 6.22. However, in either case substantial charge point infrastructure will need to be installed as a precursor to any wide scale BEV roll out and consideration would need to be given to either home charging arrangements for 24/7 "on call" employees or the adoption of plug in hybrids should home charging or resilience concerns prevail.
- 6.23. To put in place a rational and deliverable means of achieving this cost effectively, the rollout and conversion to BEV operation would be done on a location-by-location basis, largely focussed on major depots and operating centres. This would largely equate to works depots, care homes and Junior High or High Schools.

6.24. The numbers and breakdown of this element of the fleet is:

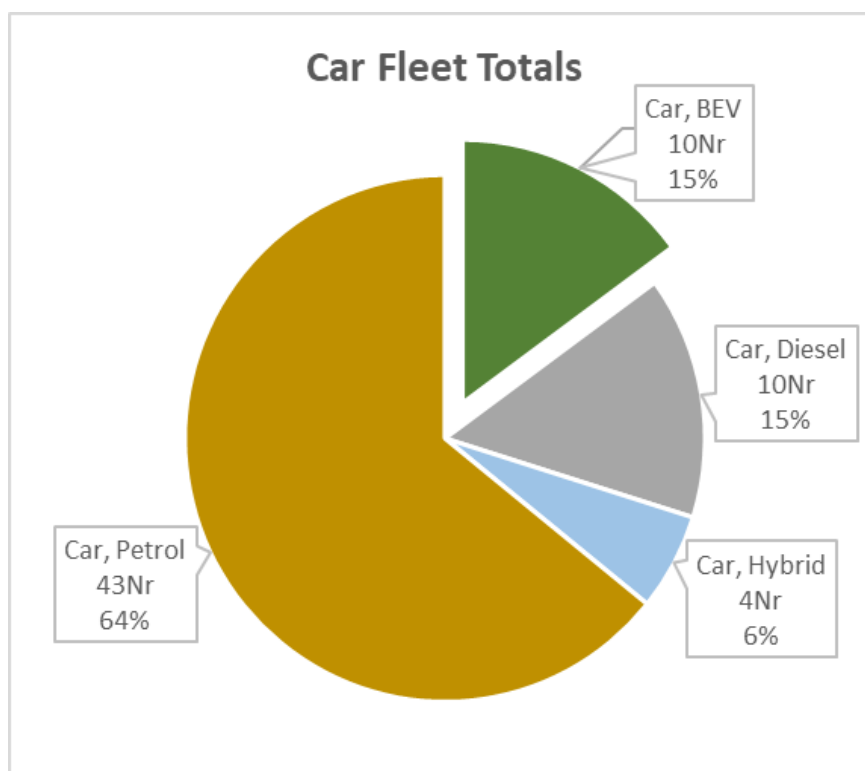


Figure 10 - Car Fleet Totals

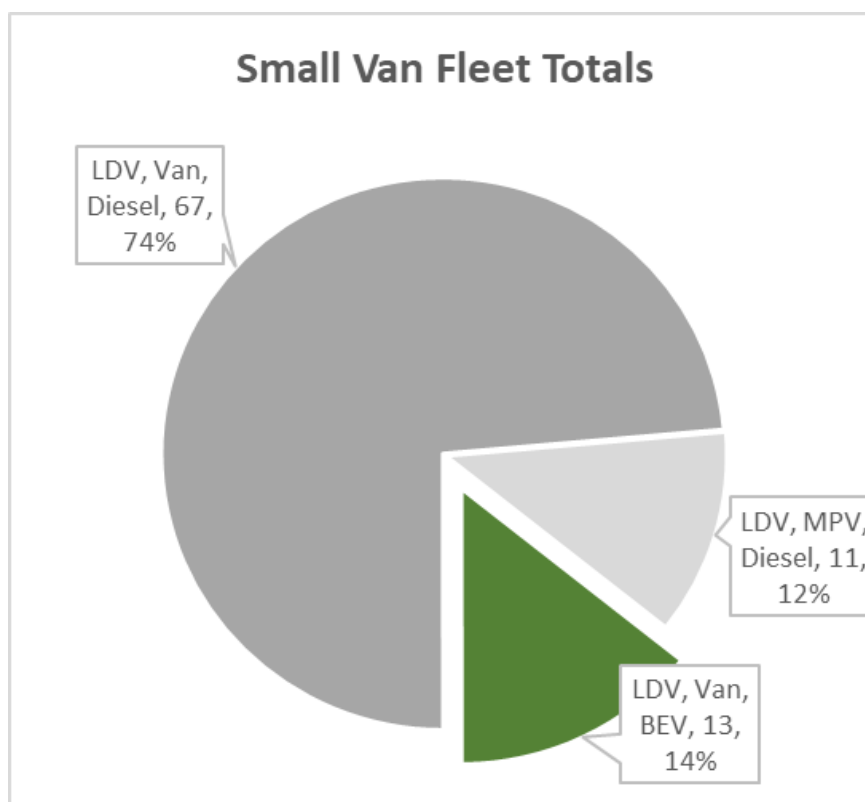


Figure 11 - Small Van Fleet

- 6.25. The HDV and heavy plant fleet remains an issue, and at this point there's no clearly defined direction of travel as there are competing technologies. In a Shetland context this extends to the potential for local hydrogen production which could support a transition to hydrogen internal combustion engines or hydrogen fuel cells.
- 6.26. However, at this juncture there are no clearly defined routes to market for the purchase of hydrogen, no local facilities are under construction (but two are being investigated) and the pace of change for battery technologies means that they may well become a viable, and competing, option to hydrogen operation of the heavy vehicle and plant fleet.
- 6.27. To make best use of the available options we have already purchased ICE HDV vehicles which are fitted out as "hydrogen ready". This means that should a viable and cost effective source of hydrogen become commercially available we can subsequently convert these to run on hydrogen, reducing diesel use. This will see the fitting of hydrogen fuel tanks and some minor alterations to the vehicles engine management system. A provisional allowance has been made to support these experimental trials in coming years.

7. Preferred Option

Vehicle Transition Programme

- 7.1. For the transition programme the preferred route is **Option 5: - Blended Renewables Transition (Entire Fleet)** in accordance with the SIC Climate Change Strategy Timescales, delivered alongside the existing fleet rolling programme on a location-by-location basis. This approach has the following operational and financial advantages:

- Allows us to carefully plan our requirements and specify the best vehicle to meet service needs.
- Allows us to make best use of economies of scale.
- Extends replacement schedules for cars and small vans from 5 years to 7 years.
- Makes use of the lower levels of wear and tear seen on battery electric vehicles
- Fully utilises warranty periods.
- Staggers procurement (and budget) so we can space out replacement cycles which minimises service disruption.
- Provides the opportunity to make best use of emerging technologies over time.
- As an interim measure we would also explore the option to use HVO fuels in our existing fleet.
- Allows us to focus our efforts for charge point infrastructure, specifically targeting Care Homes, Council Depots and larger schools in the first instance. These locations are also the most likely to be able to support the increased electricity demand.

- 7.2. At present, the current fleet composition, current fuel and likely transition route for each class of vehicle is:

Vehicle Type	Fuel			When?	Number in Fleet
	Current	Intermediate	Future		
Car, BEV	BEV	None	BEV		10
Car, Diesel	Diesel	HVO	BEV	<2030	10
Car, Hybrid	Petrol/Electric	None	BEV	<2030	4
Car, Petrol	Petrol	None	BEV	<2030	43
HDV, Bus, Diesel	Diesel	HVO	BEV/Hydrogen	<2040	1
HDV, Heavy Plant, Diesel	Diesel	HVO	Hydrogen	<2040	38
HDV, HGV, Diesel	Diesel	HVO	Hydrogen	<2040	49
HDV, Pickup, Diesel	Diesel	HVO	Hydrogen	<2040	12
HDV, Van, Diesel	Diesel	HVO	Hydrogen	<2040	16
LDV, MPV, Diesel	Diesel	HVO	BEV/Hydrogen	<2030	11
LDV, Van, BEV	Diesel	HVO	BEV/Hydrogen		13
LDV, Van, Diesel	Diesel	HVO	BEV/Hydrogen	<2030	67
MDV, 4x4 Utility, Diesel	Diesel	HVO	BEV/Hydrogen	<2035	9
MDV, Mini-Bus, Diesel	Diesel	HVO	BEV/Hydrogen	<2035	11
MDV, Van, Diesel	Diesel	HVO	BEV/Hydrogen	<2035	65
					359

Figure 12 - Current Fleet Composition

Charge Point Infrastructure

- 7.3. The supporting infrastructure for BEV's, particularly for any charging infrastructure and their locations, will be a considerable and ongoing overhead. The actual roll out of charging infrastructure will be carried out on a location-by-location basis with the scale of installation dictated by the level of demand, site constraints and our available options at any given point in time.
- 7.4. The best balance between cost and benefit is deemed to be Basic Coverage with Smart Charging and Limited Load Management. This will see a phased rollout to care homes, junior high schools and Council depots, utilising a mix of 22kW double outlet, smart, 3 phase fast chargers and 7.4kW double outlet, smart, standard chargers.
- 7.5. This option will require some infrastructure development or adaption and will be subject to detailed site surveys before the full range of installation options can be ascertained. However, where sites are suitable for a more comprehensive installation and/or service demand dictates more availability, larger installations will be looked at on a case-by-case basis.
- 7.6. Operational efficiency will be improved due to the inclusion of fast chargers in primary facilities, with the caveat that charging rates will be dictated by spare electrical capacity. Scheduled site rotas for recharging vehicles will be essential.

Transition Delivery Timescales

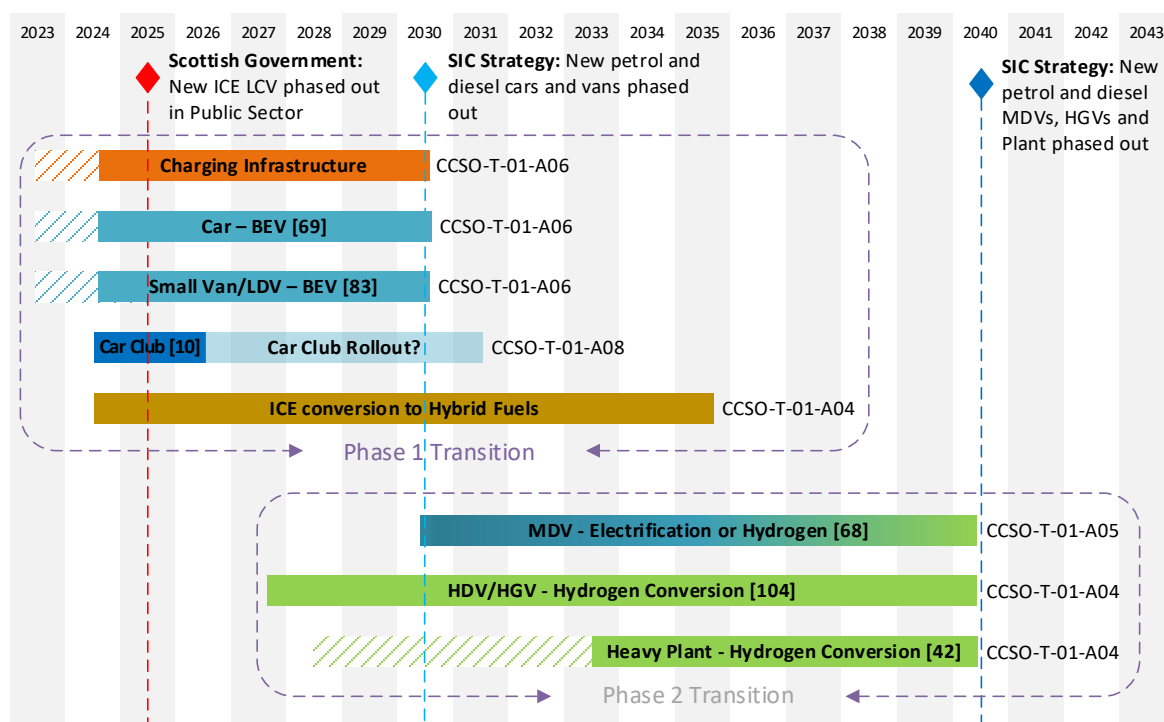


Figure 13 - Transition Timeline

- 7.7. It's clear that there's a great deal of work to be done in making the switch to EVs, including extensive research, careful planning and training. The real key in mitigating the obstacles of fleet electrification is timing. The electric or hydrogen future of the fleet industry is undoubtedly a net positive – not only will it drastically help to reduce the fleet's environmental impact, but it will also bring benefits such as savings on fuel costs, improved resilience to global events and a reduced need for maintenance.
- 7.8. However, whilst the 2025 deadline is unachievable with current resources, the 2030 deadline is still challenging and it's evident that taking the time to prepare and make gradual changes will be the better option for service users.
- 7.9. There are a lot of practical decisions to be made that will have far-reaching implications for the Council and its operating environment – whether it's choosing the right EV models, upgrading on-site facilities, or upskilling or training our existing workforce. The best solution (at present) is to operate EVs, ICE and Hydrogen vehicles alongside one another during a carefully phased transition.

8. Procurement Route

- 8.1. The precursor installation works for charging infrastructure are likely to be advertised through Public Contract Scotland's portal and progressed as a regulated contract for the supply and installation of charge points through an NEC3 Term Service or Supply Contract as appropriate.
- 8.2. The project will be scoped to cover both the supply and ongoing maintenance of the charge point infrastructure for a three or five year fixed price term and will include local support, locally held spare parts stock and training clauses.

- 8.3. It is envisaged that new vehicles will be purchased from an approved buying framework as appropriate. We will take advice from Procurement and Legal Services as and when required.

Purchasing Decision Making – Total Cost of Ownership Model

- 8.4. The cost of ownership model currently used for fleet procurement is based upon the original methodology developed for the Care@Home pool car roll out. This approach has been reviewed at several points and proven to be both accurate and a reasonable side-by-side measure of performance. This model assesses and evaluates the following criteria:

- Break Even Mileage (a calculated comparison between the total cost of ownership and the cost of mileage payments at HMRC rates (currently £0.45 per mile).

The following form the main variables used in the cost of ownership calculations:

- Fuel Cost (Petrol, £ per Litre)
- Fuel Consumption (Miles per Litre)
- Tyre Costs
- Electricity Rate (cost per mile)
- Running Costs - Council Owned Vehicle
- Overall Net Purchase Cost (derived from an assessment of Purchase Cost; Fleet On Costs; Road Tax; First Registration Fee; Northlink; applicable MOT Test costs and Estimated Resale Value.

From this overall net purchase cost we add the following:

- Fuel Cost (calculated using a realistic miles per litre fuel rate) **OR** electricity cost derived from the manufacturer's Wh/km rate or calculated using the vehicle's range and battery capacity. This methodology is set out in the tab 'EV Calculator'.
- Servicing & Maintenance (Annual)
- Tyre Costs (based upon an average cost for one full set per 12,000 miles)
- Telematics (one off install costs and annual airtime costs)
- Insurance Provision

9. Funding and Affordability

Capital and Revenue Costs - Proposed Investment

- 9.1. The Vehicle & Plant Replacement Programme is included in the annual update of the 5 Year Asset Investment Plan as part of the rolling capital maintenance and replacement programmes for the Council.
- 9.2. The approved 2023-28 5 Year Asset Investment Plan included a budget of £1.6m per year over the five years (which has subsequently been re-profiled to meet early ordering commitments for supply chain delays).
- 9.3. The additional funding requirement for the proposals in this business case would be an additional annual average of £218k per year for vehicles and £280k per year for charge points, offset by reduced revenue running costs and external grant funding where possible.
- 9.4. It is proposed that these additional costs are included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-29 subject to affordability within the Plan.
- 9.5. Bearing in mind that this transition is something we are required to do in line with the Council's Climate Change Strategy and Our Ambition, the need to change is further reinforced by the fact that ICE vehicles will become both scarce to purchase and increasingly expensive to maintain.
- 9.6. Based upon current fleet numbers and calculated at today's prices, the existing fleet replacement programme is provided on 'Appendix 3 – Fleet Composition and Replacement Schedule'. The extract relating to cars and small vans is:

Existing Programme Costs by Vehicle Class	Year						Grand Total
	2023	2024	2025	2026	2027	2028	
Car, BEV			48,000	72,000	120,000		240,000
Car, Diesel			26,000	52,000		154,726	232,726
Car, Hybrid						60,000	60,000
Car, Petrol		416,147	130,046		13,005		559,198
LDV, MPV, Diesel	25,248		24,288	110,509		126,242	286,287
LDV, Van, BEV	48,986	118,000					166,986
LDV, Van, Diesel	209,000	380,000	266,000		38,000	343,398	1,236,398
Grand Total	283,234	914,147	494,334	234,509	171,005	684,366	2,781,595

Figure 14 – Cars & Small Vans - Existing Replacement Programme Costs

BEV Replacement Costs To Current Schedule	Year						Grand Total
	2023	2024	2025	2026	2027	2028	
Car, BEV		768,000	323,000	142,000	144,000	319,000	1,696,000
LDV, MPV, BEV	39,500		39,500	158,000		197,500	434,500
LDV, Van, BEV	318,409	759,283	342,902		48,986	489,860	1,959,440
Grand Total	357,909	1,527,283	705,402	300,000	192,986	1,006,360	4,089,940

Figure 15 - Cars & Small Vans - BEV Replacement Programme Costs

- 9.7. Looking at the car and small van fleet, the **difference in cost** for the transition to electric vehicles for the period 2023 and 2030 will be an estimated £1,308,345

(£218,058 per annum for 2025 to 2030) with an additional £1,956,000 for supporting charge point infrastructure at the 66Nr locations set out on 'Appendix 4 – Charge Point Infrastructure'.

- 9.8. It should be noted that the £1,956,000 figure includes a provisional allowance of £796,000 to cover for supply and switchgear upgrades which may, or may not, be required in part or in full.
- 9.9. The actual rollout of the BEV replacement programme would be re-profiled to make best use of resources and to allow for the precursor rollout of charging infrastructure as follows:

Re-profiled BEV Replacement Cost								
Vehicle Type	Year							Grand Total
	2024	2025	2026	2027	2028	2029	2030	
Car, BEV		323,000	142,000	144,000	319,000	384,000	384,000	1,696,000
LDV, MPV, BEV		39,500	158,000		197,500	39,500		434,500
LDV, Van, BEV		342,902		48,986	489,860	318,409	759,283	1,959,440
Charge Points	279,429	279,429	279,429	279,429	279,429	279,429	279,429	1,956,003
Grand Total		984,831	579,429	472,415	1,285,789	1,021,338	1,422,712	6,045,943

Figure 16 – Re-profiled Replacement Programme

- 9.10. The overall increase in upfront capital costs will be offset by reduced revenue running costs. This will equate to an annual saving of £653 per car or £761 per small van. Across the entire fleet that will equate to an annual running cost saving of £43,751 for cars and £65,446 for small vans once the transition is complete. As the cost of new electric vehicles reduces these savings will increase.

10. Management Arrangements

Project Management Arrangements

- 10.1. The project will be managed using standard PRINCE 2 principles and will be subject to competitive action or purchase from an approved buying framework as appropriate.
- 10.2. Lead by the Senior Responsible Owner (Executive Manager – Environment & Estate Operations) a Project Board will be established at an early stage. This will be inter-departmental in nature and will include Roads, Assets, Commissioning & Procurement and Transport Planning. As the delivery primary sites are deemed to be Schools and Care Homes, as key stakeholders a representative of the Schools Service and Community Care Resources will also be included.
- 10.3. The Board will be asked to approve a set of key milestones set out in the Action Plan at an early meeting. These milestones will be used to gauge progress and delivery success. While the nature of the milestones may vary they will be used to signify the completion of a significant deliverable e.g. a key decision, an element of new infrastructure or the securing of finance.
- 10.4. As part of the normal meeting cycle the project team will report progress against that proposed in the project documentation (i.e. the Project Initiation Document, Project Plan, and Project Budget). This will include:

- Variations and proposed corrective actions
 - Technical implementation issues
- 10.5. The Project Board will maintain the project documentation (primarily the Project Initiation Document, Project Plan and Project Budget) and will be the only authority for making major variations to the project definition, under formal change control.
- 10.6. Where formal meetings are not possible, or where the urgency of the variation or issue requires, the information should be distributed by e-mail with a required deadline for responses.
- 10.7. Meetings Schedule:
- Monthly Project Team meetings.
 - Weekly meetings / video conference or telephone calls as appropriate between the Vendor, Project Manager or his nominee.
 - During implementation, a weekly status report to the Project Manager from the Vendor will be required.
 - Monthly Project Board meetings.

Change Control

- 10.8. Minor modification with a minor impact on the project plan; approved by the team member(s) responsible and documented. Decision ratified at the monthly team meeting and reported to the Project Board.
- 10.9. Major modification with major impact on project plan; written request for approval for change to the Project Board, outlining evaluation of impact.

Business Assurance Arrangements

- 10.10. For the provision of new vehicles the successful supplier will liaise with Environment & Estates Operations (Team Leader – Fleet) at an early stage to ensure the smooth and seamless integration of the new vehicles into the Council's fleet.
- 10.11. E&EO will ensure that all new vehicles are prepared and fitted with Teletrac Navman vehicle tracking system in accordance with standard operating procedures. All drivers will complete the relevant insurance and approved driver applications and will subsequently be assigned Driver IDs for use on the assigned vehicle.
- 10.12. Through the vehicle tracking system (Teletrac Navman) the Council will provide the relevant manager with a suite of reports which allows them to carry out ongoing monitoring of vehicles.
- 10.13. As standard this includes monthly driver scorecards, rolling progressive driver scorecards and monthly total mileage per vehicle. These are provided as either a PDF or Excel file as appropriate.

- 10.14. This allows each operational manager to ensure that each vehicle meets the threshold criteria, and supports swapping of high and low mileage vehicles to minimise excess mileage incurred in one vehicle, to keep within warranty conditions.
- 10.15. E&EO will also provide summary reports at agreed intervals, and at least annually, to check utilisation and charge point use across the entire fleet and estate, in order to ensure that the fleet is properly managed.

Risk Management

- 10.16. See 'Appendix 1 – Project Risk Register' and Section 4: Risks and Issues.

BUSINESS JUSTIFICATION CASE (BJC)

**Project Title: New 3G Synthetic Turf
Pitch for Football and Rugby –
Clickimin North**

CONTENTS – BUSINESS JUSTIFICATION CASE

1. Purpose

2. Ownership

3. Strategic context and alignment with corporate priorities

4. Case for change

Background

Business Needs

Benefits

Risks

5. Available options

- Option A - Status Quo – Normal annual maintenance of the grass pitches at Clickimin North. .
- Option B - Install new drainage system for the grass pitches at Clickimin North.
- Option C - Construct new 3G synthetic turf pitch with flood lighting and fencing at Clickimin North.
- Option D - Construct new 3G synthetic turf pitch with flood lighting, fencing and pavilion incorporating changing rooms, club room, toilets and storage at Clickimin North.

6. Preferred option

7. Procurement route

8. Finances

Funding and affordability

9. Management arrangements

10. Appendices

Appendix A – Example weekly Programme of 3G pitch bookings

BUSINESS JUSTIFICATION CASE AND SUPPORTING GUIDANCE

1. Ownership

Directorate:	Children's Services Department
Service Area:	Sport and Leisure
Executive Manager:	Neil Watt
Contact No:	01595 744046
Email:	neil.watt@shetland.gov.uk

2. Purpose

- 2.1 The purpose of this Business Justification Case is to seek approval for the allocation of up to £490,000 in financial year 2024-25 to support the construction of a new 3G all-weather synthetic turf pitch (3G pitch) at Clickimin North, which has an estimated cost of £1,200,000 and is suitable for competitive football and rugby and other sports as well. The construction of this facility is essential for continuation and development of rugby and football in Shetland. At present rugby is a winter sport and the current rugby pitch at Clickimin is regularly waterlogged or frozen throughout their season meaning that training and home fixtures have to be cancelled regularly. In terms of football the current summer playing season in Shetland has significantly reduced over the last 20 years as grass pitches remain waterlogged and unplayable later into April than previously. Therefore, in order to address these challenges it is believed that the development of a 3G pitch is essential to allow rugby and football in Shetland to happen with confidence that training and fixtures can be delivered, particularly when scientists are predicting more prolonged periods of rainfall in Shetland in the coming years because of global warming.
- 2.2 It is estimated that when operational the 3G pitch could deliver an operational surplus for the Council of over £33,000 per year to off-set the initial investment in this new facility and provide opportunities for approximately 55,125 users of the pitch per year. It is also estimated that the 3G pitch would provide approximately £32,886 of in-kind free use of the pitch for Council activities.

3. Strategic Context and Alignment with Corporate Priorities

The national strategies that this project is aiming to support are as follows:

3.1 **The Scottish Governments - Active Scotland Outcome Framework** has a vision of a “Scotland where more people are more active, more often”. One of the main outcomes supported by this project is:

- We will improve our Active Infrastructure – People & Places

3.2 **Sportscotland’s Strategy – Sport for Life** has a vision of “an active Scotland where everyone benefits from sport.”

- We want the people of Scotland to get the most out of life – and for sport to help make this happen.

3.3 **The Scottish Football Association’s Grassroots Strategy – Football for All (2022-2025)** has a vision to help improve the wellbeing of our nation by harnessing the ‘Power of Football’ to inspire the nation, transform lives, increase participation at all levels and build a united and successful national game.

The strategy aims to help remove barriers and reduce inequalities so that the benefits of participating in football can be enjoyed by all.

The strategy has four main “Game Changer” priorities which this project seek to support:

- Empower football clubs to become sustainable, adaptable and community focused;
- Improve access to quality community football spaces;
- Create a diverse and inclusive grassroots football community;
- Provide a person centred and inspiring football participation offering.

3.4 **The Scottish Rugby Union’s Rugby Development Strategy (2019-2023)** has a mission of “Building a vibrant and sustainable game for all where each individual and rugby community is valued” and a vision of “Rugby – A game for life.” The strategy identifies a number of objectives that would be supported through the delivery of this project:

- Build sustainable, vibrant and inclusive rugby clubs and communities that will increase the number of quality opportunities for people to participate at all levels of our game;

- Increase the number of playing opportunities through improving player retention, supporting transition from the youth to adult game and by providing alternative game formats;
- Support growth in the women & girls' game by increasing the number of regular playing opportunities;
- Build sustainable, vibrant and inclusive rugby communities that will increase the number and quality of opportunities for people to participate at all levels of our game;
- Collaborate with key stakeholders and partner organisations to support us to deliver a well-governed and safe rugby environment for everyone.

3.5 **Shetland's Partnership Plan (2018-2028)** has a vision that "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 key focus of the plan is to reduce inequality of outcomes in Shetland, and moderate demand for future crisis services. Physical activity and sport can play a vital role in supporting early intervention and preventions strategies and supports the priorities for "people" and "place" in the plan:

- People – Individuals and families thrive and reach their full potential;
- Place – Shetland is an attractive place to live, work, study and invest.

3.6 **Our Ambition (2021-2026)** provides political and strategic direction to help Shetland Islands Council focus on the things that can help the most to create opportunities and achieve long term sustainability. The plan includes the following priorities that will be supported through the development of this project:

- We will support the mental health and emotional wellbeing of those in our community to provide better outcomes for individuals and less reliance on services;
- We will champion prevention and early intervention, taking the leadership for health improvement by tackling the social determinants of health: supporting local sustainable development, building the economy and developing jobs, tackling inequalities, developing the knowledge and skills of local people, ensuring affordable and appropriate housing, accessing leisure opportunities and helping people to feel safe and well;
- We will support children and young people to help them thrive and reach their full potential;

- We will deliver strong leadership of place, enabling, facilitating and stimulating opportunities for Shetland;
- We will work with our partners and our community to deliver our priorities through effective leadership, governance and democratic processes.

3.7 **The Active Shetland Strategy (2018-2023)** has a vision to “Make Shetland the most active community in Scotland” and includes the following priorities for action that are supported through this project:

- Provide the people of Shetland with the best facilities and infrastructure possible to let them lead active lives;
- Support clubs to increase the number of children, young people and adults who are active members;
- Provide support to clubs and associations to host on Island competitions and events.

3.8 **The Shetland Football Strategy (2023-2027)** has a vision that “Shetland football is a safe, inclusive, fair and affordable activity where everyone can have fun and reach their full potential.” One of the main overarching pillars for the development of football in the strategy is that “Shetland’s football facilities are accessible to all and continue to be maintained to the highest standards and further developed to grow the game.” A priority for action in the strategy is to:

- Seek approval and funding to undertake a feasibility study and site evaluation project for the development of a full size, floodlit, outdoor synthetic turf pitch in Lerwick.

3.9 **The Shetland Rugby Club Development Plan (2023-2028)** was produced following consultation with all sections of the Club, which comprises four playing teams; Shetland Senior Mens, Shetland Valkyries (Women), Shetland Junior Boys and Shetland Junior Girls, as well as an ever growing primary school, pre-school, All Ability Rugby, Tartan Touch and walking rugby sections. The Development Plan aims to create pathways for enjoyable lifelong participation for all at each of the respective levels and sets out a plan to put in place infrastructure within the club which will support continued growth and development. The Club does not own any of the facilities used on island, instead they hire pitches and changing rooms from Shetland Recreational Trust (SRT) and the Council with post-match hospitality provided by the Lerwick’s British Legion. A key action to facilitate the Club’s Development Plan is to:

- Grow from the current position of access to one (low quality) grass pitch from SIC for games and summer training (Clickimin North), and one flood lit pitch for winter training from SRT (Clickimin Athletics Pitch), by moving to a position whereby “We (The Club) will have two pitches (one grass and one artificial) to cater for four sections playing in regular competitive leagues. These pitches should be flood lit.

4. Case for Change

4.1 Background

4.1.1 Current provision and management of grass and artificial pitches across Shetland

At present there are seven grass pitches in Lerwick i.e. three at Clickimin South, two at Clickimin North, Gilbertson Park and Seafield Park and three grass pitches outside the town at Aith Junior High School, Brae High School and Sandwick Junior High School, which are owned and managed by the Council. There are also three grass pitches owned and managed by Shetland Recreational Trust (SRT) at Clickimin Athletics Track, Yell Leisure Centre and Unst Leisure Centre. Additionally, there are grass pitches owned and managed by community organisations across Shetland in Bressay, Burra, Cunningsburgh, Dunrossness, Sandwick, Scalloway and Weisdale.

At present there are two synthetic turf pitches in Shetland, one in Brae which is a short pile surface suitable for hockey and is owned and managed by SRT, and one on the Island of Whalsay, which is a longer pile surface mainly suitable for football and is managed by SRT, but owned by the Whalsay Sports Development Trust.

Shetland Islands Council does not at present own or manage a 3G pitch for community and/ or school usage.

4.1.2 Maintenance of existing grass and artificial pitches

The Council, through the Sport and Leisure Service, currently employs a small team of parks staff to maintain all of their general amenity areas and outdoor sports facilities in Lerwick including the grass pitches discussed in this business justification case. The maintenance works for pitches includes grass cutting, verti-draining, line marking, weed spraying, fertiliser spreading, equipment set up for bookings, pitch repairs after bookings and cleaning of changing rooms at Gilbertson Park and Seafield. In addition, these staff undertake the specialist maintenance at all rural sports pitches including verti-draining, weed spraying and fertiliser spreading.

The maintenance of the synthetic turf pitches at Brae and Whalsay are undertaken by SRT and Whalsay Sports Development Trust respectively. This mainly includes the brushing of the pitches and re-application of sand and/or rubber crumb where required.

4.1.3 **Aims of the project**

- To provide a 3G pitch with fencing and floodlighting in Lerwick, which meets the current and future needs of football and rugby in Shetland e.g. to meet the licencing requirements for these sports to compete in higher level competitions;
- To support the development of football, rugby and other sports through the delivery of a 3G pitch that can accommodate fixtures and training all year round;
- To provide confidence for national governing bodies of sport, through the delivery of the 3G pitch project, that Shetland can accommodate home fixtures during the winter period for participation in regional and national competitions.
- To extend the current local (summer) football season at either end by allowing fixtures and competitions to be scheduled during March, April, September and October (other months too as required);
- To offer a reliable playing surface for football and rugby all year round to ensure that our facilities are supporting rather hampering their progress in regional and national competitions;
- To provide a 3G pitch that will support local football teams, at different age groups and genders, to enter regional and national competitions with the confidence that they can host home fixtures in Shetland all year round and to be able to showcase the island to travelling groups, which will help the continued development of local people and the sport;
- To complement the existing indoor and outdoor sports facilities at Clickimin that are significantly over subscribed for community bookings, particularly over the winter period;
- To support the recruitment and development of the local volunteer and coaching workforce by working with **sportscotland** and national governing bodies of sport to create additional opportunities for them to undertake training and gain qualifications locally;
- To improve the health and wellbeing of the Shetland population through the provision of a facility that will support individuals to be physical activity outdoors all year round;
- To future proof any bid from Shetland to host the International Island Games through the provision of a 3G pitch that could accommodate multiple football matches over a very short space of time;
- To enhance the PE curriculum and delivery of school sports events for all school children in Shetland through the provision of a 3G pitch;

- To provide more opportunities for targeted groups such as Midnight Football, Walking Football/ Rugby and the FAST programme to participate in outdoors sports;
- To support the expansion of disability sport in Shetland, working closely with Ability Shetland's Disability Sports Development Coordinator.

The longer-term vision for the Council in regards to this project are that:

- Many more children and adults will be playing football, rugby and other sports;
- Many more girls and women will be participating in football, rugby and other sports;
- More disabled people will be participating in football, rugby and other sports e.g. regular Ability Football and Rugby sessions are happening on the 3G pitch;
- More participants from targeted groups will be participating in football, rugby and other sports e.g. Midnight Football, Walking Football and Rugby;
- More opportunities are created for participants to participate in recreational activities e.g. over 40's football, Come and Try sessions and summer holiday programmes;
- More local football teams will be competing in a longer football season, which creates more opportunities for clubs and individuals to compete, train and develop in their sport;
- More and better qualified coaches and volunteers will be supporting football, rugby and other sports in Shetland;
- Shetland senior and junior football teams will be regularly competing in regional and national leagues and cup competitions such as the Highland League after moving through the North Caledonian pathway;
- Shetland Rugby Football Club teams, who currently compete in the North Caledonian Regional Leagues, will have been promoted through their league structures and be competing in national league and cup competitions;
- Shetland senior women's football team will have successfully competed in the International Islands Games in Orkney in 2025 (first time since the Shetland Games in 2005) and be planning for the next games in Faroe in 2027;
- Shetland senior men's football team will have successfully competed in the International Islands Games in Orkney in 2025 and have improved their ranking in the competition e.g. they came 7th in the Guernsey Island Games in 2023;
- More local sports men and women will be participating in regional and Scottish football and rugby squads as result of the increased visibility they will get by participating in higher level competitions;

- The overall standard of football and rugby in Shetland, including the coaching and governance will be improved as a result of the enhanced infrastructure created.

4.1.4 **Site evaluations for development of this project**

In 2001 a feasibility and site evaluation study was undertaken by PMP Consultancy to consider the options for the provision of a 3G pitch in Lerwick to support the delivery of the NatWest Island Games in Shetland in 2005. This study evaluated the sites at Clickimin South, Clickimin North, Clickimin Athletics Track, Gilbertson Park and Seafield Park and concluded that the Clickimin North site i.e. where Clickimin four and the rugby pitch are currently located was the preferred option for the provision of a new 3G pitch. This conclusion has been reviewed during 2023 by the working group on this project and re-confirmed as the preferred site for a 3G pitch for the following reasons.

- **Clickimin South** – A 3G pitch with fencing and flood lighting could not be built on this site because of the need to provide a safe landing zone for the emergency helicopters that currently land on the helipad between Clickimin one and Clickimin two grass pitches.
- **Clickimin North** – There are no significant issues with building on this site, which is the current location of the Clickimin rugby pitch and Clickimin four football pitch. Participants currently using these pitches generally get showered and changed in the Clickimin Leisure Centre, which is owned and operated by SRT. Where required they can also access to the toilets and changing rooms in the Gilbertson park. Clickimin North including the adjacent car parking area next to the athletic track are owned by the Council.
- **Clickimin Athletics Track** – Although there could be some advantages in developing this site, because of the existing floodlighting, it has been confirmed that the grass area inside of the track is too small to accommodate a full sized rugby pitch, including the required touchdown and run-off areas. Additionally, this option if pursued would mean that the throwing cage at the athletics track would have had to be re-located to another site as the discus, javelin and shot-put events could not happen on a 3G pitch.
- **Gilbertson Park** – This site has been ruled out as it is a Queen Elizabeth II protected park that would not be allowed to be developed for a 3G pitch. In addition, it was concluded that there would not be support from local

residents and the wider public for the development of a 3G pitch with fencing and floodlighting in the Gilbertson Park.

- **Seafield Park** - This site has been ruled out because of the increased traffic, additional noise and floodlighting that would cause disruption to the various care homes and residents in the area. In addition, it would not be readily accessible for school pupils to make use the facility.

4.1.5 **The size and scale of football and rugby in Shetland**

Shetland Football

Football in Shetland has been formally organised since 1919 and is currently managed by four main organisations who lead the development and delivery of the sport in Shetland i.e. Shetland Football Association, Shetland Junior Football Association (SJFA), Shetland Women's Football Club and Shetland Girls Football Club. These organisations, who are responsible for over 1,500 active club members, have overseen the continued growth and development of the sport at a national, regional, local and participation level for many years.

It is worth highlighting that in recent years both the women's and girls' football clubs has seen significant growth in their numbers with over 145 females playing across the two clubs.

In 2022 these four organisations along with other local and national partners, including the Council, established the 'Shetland Football Strategic Group' which has since created the Shetland Football Strategy 2023-2027.

The strategy has seven key pillars –

- Participation & Inclusion
- Club Development
- Volunteer Development
- Governance
- Facilities
- Girls & Women
- Performance & Pathways

Each pillar and action is underpinned by the following principles of **enjoyment, affordability, fairness** and **fulfilling potential**.

Shetland Football Association manage the Shetland Men's A league which currently has seven teams, the Shetland Men's B league with 12 teams and

the Shetland Senior County select team. The clubs governed by the senior association play in numerous cup competitions throughout the spring/summer months, and the senior county team compete in the annual inter county match with Orkney and the International Island Games every second year. Local clubs also compete nationally in the Highland Amateur Cup. It is hoped that moving forward senior clubs and the senior county team will be able to host home fixtures and compete in higher level competitions, which generally take place in the winter months.

The SJFA provide both participation and competitive opportunities for just under 1000 local boys and girls on an annual basis. For children under 6 to under 12, all playing opportunities are uncompetitive and focus on participation, fun and inclusion. These underlying principles continue for the players at under 14's up to under 18s, who take part in competitive playing opportunities in the format of leagues and cups. The SJFA also manage the Shetland Junior Development squads who compete annually on the Scottish mainland with age groups from under 11's through to under 18's; and in harmony with the other local football committees they have identified the provision of a 3G pitch as being essential for them to host home festivals and competitions all year round.

The Shetland Women's Football Club with over 30 active members currently take part in friendly matches in the SJFA U16's league. The Club have grown their membership over the last few years and now play Orkney in an annual inter county fixture, which they won in 2022. The Club has also travelled to the Scottish mainland in recent years to play friendly fixtures against the likes of Stonehaven. The aim is to continue developing the women's game in Shetland with a view to entering the 2025 Orkney Island Games and other national competitions with home fixtures in Shetland.

Shetland girl's football has been the fastest growing sport on island in recent years – the Club now has over 120 girls playing from the age of 8 up to 18. The younger age groups take part in SJFA festivals and the under 18 girls' compete in the SJFA under 14 league. The Club has recently entered national cup competitions at under 12, under 14 and under 16 level, with the plan to enter these again in the coming years. Like all of the other football committee's their priority is to be able to host competitions in Shetland as they currently have to travel off island to play matches against others girls teams of a similar standard.

Shetland football has high levels of participation across the Islands and access to good quality grass pitches. Unfortunately these pitches can only be used in the spring/ summer months because of the local weather

conditions that restrict their use, particularly in the winter. Therefore, their main priority for the future is to expand playing opportunities and be able to host competitions and matches in Shetland all year round.

All four organisations are working under the principles set out in the Shetland Football Strategy and are committed to working alongside the SIC, SRT and other organisations like Ability Shetland to ensure football is an enjoyable and inclusive sport for all.

Shetland Rugby Football Club

Shetland Rugby Football Club (SRFC) was established in 1879 and has been in a period of accelerated growth for the past 10 – 15 years. The Club is made up of a diverse range of people from across the Islands, who come together to represent Shetland and its rugby community in regional and national competitions.

As an affiliated club to the Scottish Rugby Union, SRFC has four playing teams; Shetland Senior Mens, Shetland Valkyries (Senior Women), Shetland Boys and Shetland Girls. In addition at a grassroots development level the club actively promotes and facilitates primary school, pre-school, All Ability Rugby, Tartan Touch and walking rugby within the community.

The Club Committee is comprised of office bearers who represent all sections of the Club and meet on a monthly basis to ensure robust governance around Club affairs.

SRFC's vision is "rugby for all, creating a successful and thriving community club", which is promoted via the Club's values of:

- Respect
- Inclusivity
- Sportsmanship, and
- Enjoyment

In the 2022/23 season the senior men were promoted to the Tennent's Men's Caledonia North Region League Division 2 and the Valkyries (Senior Women) have won the Tennent's Caledonia North Region League 1 three seasons in a row (four overall). Both teams regularly represent Shetland in 'home' and 'away' fixtures, including cup competitions and are one of the few Shetland-based community clubs who host on-island competitive league fixtures.

Both boys and girls junior teams under 18, under 16 and under 14 train regularly and take the opportunity when they arise to play competitive fixtures. Growing the junior game is a priority for the Club and SRFC believe that improved facilities, not least easy access changing and toilet facilities (not currently available when using most Clikimin pitches) will encourage participation and greater numbers.

The Club currently has around 200 active members who are from a diverse cross section of the Shetland community across age, gender and ability. The Club actively promotes diversity in the Club such by providing access to a discretionary fund for low-income families to gain access to Club membership and participating in the annual Shetland Pride Festival.

Support for volunteers is a key feature of the Club's agenda, who encourage participation and Continued Personal Development to help volunteers build their skills as coaches and long-term contributors to the Club.

4.2 Business Needs

4.2.1 To mitigate the effects of Climate change that are leading to poor weather conditions affecting grass pitches

It is internationally accepted that we are now experiencing significant climate change, which from a Shetland perspective is leading to more extreme periods of rainfall and flooding. According to Met Office data (2020) average rainfall in Scotland over the last decade (2010-2019) was 9% wetter than the 1961-1990 average, with winters 19% wetter. Additionally and of significant concern for our grass pitches the "Climate Projections Report for Scotland" prepared by Adaption Scotland for local government, government agencies, and public bodies predicts a further increase in rainfall of between 8% and 12% between now and 2050 depending on different scenarios. These extreme weather conditions are leading to more periods when local pitches are flooded with surface water, which is causing more cancellations of bookings throughout the year but particularly during the winter when the rugby club are playing their matches and training. However, these cancellations do also happen at other periods of the year when extreme amounts of rainfall are causing flash floods that mean that all pitches are unplayable for significant periods of time until the water has drained off the parks. With the likelihood of more rainfall in the future then action is required to mitigate against the disruption to outdoor sports activities, particularly during the winter period.

4.2.2 **Development of football and rugby in Shetland constrained by grass pitches**

Traditionally, the outdoor football season in Shetland started in the second week of April with pitches open through until the middle of September. Over the last few years, the playing season has shortened significantly due to harsh weather, with pitches opening in the last week of April and fixtures not starting until the first week of May. At the other end, due to the darker nights and rainfall, the pitches are now having to close earlier in September as conditions mean pitches are unplayable. This has resulted in less playing opportunities as competitions that were once played are now shorter or not played at all. The shorter playing season is hindering the development of football in Shetland as players number drop due to the long winter months where there are very limited playing opportunities and the traditional summer schedule being reduced significantly. The building of a new 3G pitch would clearly help combat this, guaranteeing a playable surface all year round.

Football currently has access to the 60/40 during the winter months for training and small sided games. Although this is a good facility, it is always fully booked during the winter months which makes it difficult for football clubs to get the time they require. A new 3G facility would complement the 60/40 and give groups more access to a pitch to train and play competitive and friendly matches in the winter months.

Rugby in Scotland is a winter sport, with their regional and national competitions taking place during the winter months. Both the senior teams have had their playing seasons detrimentally affected by the unplayable condition of the grass rugby pitch at Clickimin North, which the Club hires from the Council. In the 2022/23 season, the fixtures were to be fulfilled by the end of January 2023, however due to numerous cancellations on account of the waterlogged / unsafe playing surface of the grass pitch, the seasons extended through to the end of May 2023. Training continued throughout the dark winter months, largely taking place on the Clikimin Athletics Track, the condition of which deteriorated rapidly during December onwards. As a result player participation in training dropped off as there are limited alternative facilities in which to train - for example the 60/40 being fully booked.

The poor quality of the grass pitches available to the Club in the winter months both affect and limit the quality of the training able to be provided and the duration that training can take place over.

The lack of convenient and easy-to-access changing and importantly toilet facilities is also a limiting factor, with the nearest facilities to the Clickimin North pitch being in the Clickimin Leisure Centre, which is a significant distance away, particularly for unsupervised junior boys and girls requiring toilet facilities.

4.3 **Benefits**

4.3.1 **The case for football**

The building of a 3G pitch is one of the key actions included in the Shetland Football Strategy 2023-2027. All of the partners involved in the strategy recognise that a new facility is vital for growing the game locally, regionally and nationally. All four organisations, Senior, Junior, Women and Girls, enter regional and national competitions but cannot play fixtures at home as traditionally football is a winter sport but local pitches are not playable in the winter due to the nature of our weather.

Hosting home fixtures would allow the football community to showcase Shetland and the wider community to visiting groups, something which is not currently happening on a regular basis. For competitions like the Highland Football League, which Shetland football have aspirations to enter, a 3G pitch, which meets Scottish Football Association guidelines is required and if provided would increase the opportunity of Shetland being accepted into the competition.

At present, Council, SRT and community facilities for football can generally meet demand in the summer months; however with deteriorating weather conditions at the start and end of the football season, football associations, clubs and individuals are getting less access to playing opportunities. There is also heavy pressure on current indoor facilities due to the demand from football clubs and other sports to use them in the winter time, particularly the 60/40 indoor all weather pitch. A new facility would therefore ease this pressure and ensure that all local groups have the opportunity to access the required facility in the winter months. At present it is difficult for the Shetland Strategic Football Groups to offer other non-competitive opportunities for football, therefore a new 3G pitch would allow the group to move forward with their participation and inclusion aims of the strategy including supporting groups such as – All Ability Football, Walking Football, uncompetitive 7-a-sides and others.

4.3.2 **The case for rugby**

A 3G pitch is seen as essential to allow participation in rugby to grow and to improve the retention of those already playing the game. SRFC currently represents Shetland in “off-island” regional and national leagues and competitions, one of the few clubs to do so from Shetland.

To that extent, SRFC and the Shetland community (by relation) are regular ‘hosts’ to rugby clubs visiting the islands from across Scotland. It could therefore be said that the facilities used and ‘experienced’ by these visiting teams make a statement about SRFC, the SIC and how ‘Shetland’ facilitates competitive sporting events. A poor quality grass pitch, often leading to cancellations, is not likely to motivate visiting teams to participate in the same competitions as SRFC.

Having the ability to deliver training and games on a 3G pitch, with associated facilities (toilets and changing rooms), would allow SRFC and Shetland by association to put its best ‘rugby-foot’ forward. SRFC’s playing teams will be able to fulfil all of their scheduled fixtures during the winter months, both shortening the playing season (by keeping to time-table) and encouraging new players to take up the sport.

4.3.3 **Future proofing a bid to host the Island Games**

Shetland hosted the NatWest International Island Games in 2005 and in 2018 agreed to bid to host the Island Games again after 2027+. This decision will be reviewed again in 2024 by the Council and Shetland Islands Games Association after the Tall Ships Races in 2023. Should the decision be confirmed to continue with the bid to host the Island Games then the provision of a 3G pitch suitable for football would be an essential facility requirement to host the Games. This is because of the number of football teams and matches required to deliver the football programme. It is estimated that by 2025 when the Island Games will be hosted in Orkney there will be 16 men’s teams and 16 women’s team in the sport with 16 matches having to be accommodated on a daily basis. In order to deliver this football programme Orkney already have two 3G pitches suitable for football, one at the Kirkwall Grammar School and one at Stromness Academy. Therefore, with the potential of substantial amounts of external funding available at this time it would seem prudent to progress this project at this time to ensure that the facilities for football are in place if required.

4.3.4 **Anderson High School and local primaries**

At present the Anderson High School, Bells Brae Primary School and Sound Primary School have no access to a full sized outdoor sportsfield for the majority of their academic year, for the delivery of the PE. This is because the grass pitches are only open at the end of April and are closed in the middle of September each year. Therefore, the provision of a 3G pitch at Clickimin North would significantly increase the time and opportunity for these schools to deliver outdoor sports activities all year round but particularly during the spring and autumn months when there are calm and dry days.

4.3.5 **Promotion of better health and wellbeing through physical activity**

Around 1,700 individuals in Shetland are involved in the local football and rugby scene, and there are many more who participate informally through walking football/rugby or kick-about sessions with friends. With these two sports being so widely played locally, this project would help to increase the opportunities available for the whole Shetland community to participate all year round. The physical and mental health benefits of taking part in sport are well documented – the reduction in obesity levels and improved mental health through social interaction helps to reduce the need for frontline NHS Services. Shetland's winter months are long and dark – this project could help to improve physical and mental wellbeing of the Shetland community throughout the entire year.

4.4 **Risks**

4.4.1 There are a number of high level risks associated with the consideration of this business justification case. These are as follows:

- That failure to provide a 3G pitch in Lerwick, which can accommodate rugby during their winter season, could lead to the collapse of the Shetland Rugby Club as they will not be able to train, play home fixtures or develop their sport for the future.
- That failure to provide a 3G pitch in Lerwick, which can accommodate football, could lead to an even shorter playing season because of the water damage and lack of grass growing until later in the year. This will continue to affect the current delivery of services to football clubs and associations and significantly stifle their aspirations for future developments into regional and nations competitions, most of which are played in the winter period.

- That failure to provide a 3G pitch could lead to a steady decline in the numbers of people playing football and rugby because of the lack of suitable facilities for the Shetland climate. This could lead to a less active and healthy population in Shetland with all of the negative consequences that follow.
- There is a risk to the Council's and Shetland reputation as a host venue for outdoor sports because of our inability to provide any guarantees that fixtures can happen as scheduled as part of local, regional and national competitions. At present, teams scheduled to travel to Shetland for fixtures in the autumn/ winter period are reluctant to commit their time and money to travel without any assurances that their fixtures will happen. A 3G pitch in Lerwick would substantially mitigate this risk and provide the confidence that teams travelling to Shetland would require.
- There is a risk that the grant from the Scottish Rugby Union will not be approved for this project.

5. Available Options

5.1 In this business justification case four options are considered for the future development of football and rugby facilities in Shetland.

- **Option A - Status Quo – Normal annual maintenance of the grass pitches at Clickimin North.**

The Council would continue to undertake annual maintenance works of the grass pitches at Clickimin North, which would include lining and cutting the grass, verti-draining the pitch when possible and spreading fertilisers and weed killers.

This option would not increase costs for the Council but would mean that the underlying problems with the grass pitches at Clickimin North are not addressed i.e. training and competition in the winter months would be subject to regular cancellations because of the waterlogged or frozen pitches.

- **Option B - Install new drainage system for the grass pitches at Clickimin North.**

The Council would install a new drainage system under the rugby pitch at Clickimin North at a cost of approximately £300,000.

This cost includes the following:

- Removal of contaminated ground from trench excavations;
- Terram membrane laid in drainage trenches;
- Connection of surface water pipe at the west side of the pitch;
- Reseeding and levelling of whole pitch after new drainage works are completed.

This option would improve the drainage of the grass pitches at Clickimin North and would increase their availability for winter bookings. However, it would not significantly change the situation for rugby and football as the pitches would continue to get damaged and waterlogged in the winter period, simply because of the amount of heavy rainfall and snow that occurs at this time of year. This would inevitably continue the cancellation of bookings over the winter period when rugby play their local and national competitions and when football are planning to play more local and national competitions in the future.

- **Option C - Construct new 3G synthetic turf pitch with flood lighting and fencing at Clickimin North.**

The Council would construct a new 3G pitch with floodlighting and fencing at Clickimin North to accommodate football, rugby and other sports at a cost of approximately £1,200,000.

This option would provide an outdoor sports facility, which could accommodate football, rugby and other sports to train and compete all year round, but particularly during the winter months when daylight is shorter and rain and snow is more constant.

In order to deliver this option the 3G pitch would be sited on the existing rugby pitch at Clickimin North and can be accommodated within the existing boundary fence, with the exception of a small area on the North West corner of the site, where the existing footpath would have to be re-aligned. The proposed site would be 130m x 86m to accommodate a rugby pitch of 100m x 70m and a football pitch of 95m x 70m. The proposed surface would have a 60mm pile that is suitable for football and rugby and would be pre-lined with the makings for these sports. It would also have additional lines incorporated to allow it to be booked as 3 separate spaces of approximately 30m x 70m.

The 3G pitch would be surrounded by a new fence (3m along its length and 5m behind the goals) that would replace the existing wooden fence and have eight 15m high lighting columns to provide lighting for the activities, when required.

In this option no additional changing rooms, storage and toilets would be provided and customers would continue to use the outdoor changing rooms and toilets in the Clickimin Leisure Centre, where required. No additional parking would be required as there is sufficient spaces available in the area between Clickimin North and the athletic track. Picture 1 below shows an existing facility at Strathaven Rugby Football Club in South Lanarkshire, which is similar to the proposal for this project.

Picture 1 – Strathaven Rugby Football Club Facility



- **Option D – Construct new 3G synthetic turf pitch with flood lighting, fencing and pavilion incorporating changing rooms, club room, toilets and storage at Clickimin North.**

The Council would construct a new 3G pitch with floodlighting, fencing and a pavilion incorporating changing rooms, club room, toilets and storage at Clickimin North, to accommodate football, rugby and other sports at a cost of between approximately £1,716,704 and £2,004,932 depending on the whether the two team or four team changing room option is pursued – see **Table 1** and drawings below, which illustrate the schedule of accommodation and the potential interior layout of a 2 team and 4 team changing room with supporting accommodation e.g. toilets, shower, club room and storage. The costs of these facilities as standalone projects are as follows:

- 2 Team Changing Room - £516,704
- 4 Team Changing Room - £804,932

As per option C this option would provide an outdoor sports facility, which could accommodate football, rugby and other sports to train and compete all year round, but particularly during the winter months when daylight is shorter and rain and snow is more constant, see more detail in option C.

It would also provide an on-site pavilion incorporating changing rooms, club room, toilets and storage space that would better support customers using the new 3G pitch.

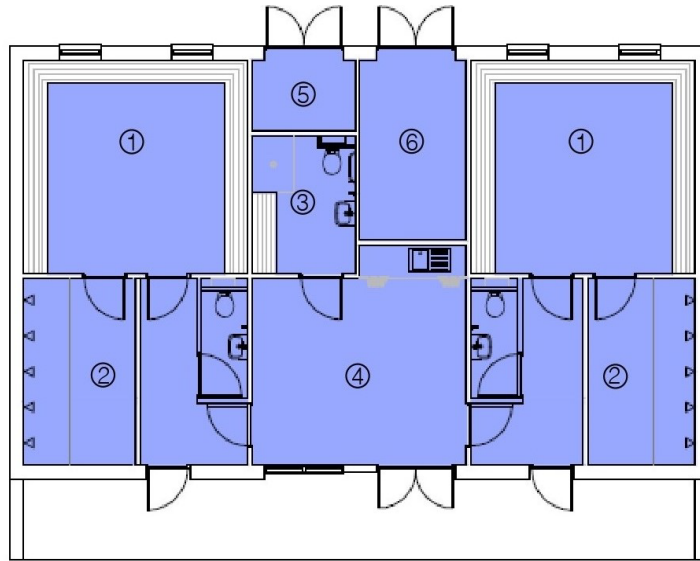
The benefit of a 4 team changing room pavilion is that it would allow teams/ customers to change separately for their bookings e.g. it would allow two teams/ customers to use 2 of the changing rooms for a booking at say 12.00 noon, whilst the next group of customers could use the other 2 changing rooms for their booking at say 2.00pm. The drawback of a pavilion with only 2 changing rooms is that customers would not be able to make sole use of the changing rooms for their group, before and after their bookings. Consequently this would create congestion in the changing rooms and showers and potentially create child protection issues if children were having to share toilets and showers with adult groups.

The initial proposed location for a pavilion with changing rooms and toilets to support the 3G pitch is next to the athletics track on its north west corner, opposite the existing rugby pitch, which is land owned by the Council – See picture 2 below of the Clickimin North site for proposed location. However, before confirming this site for the pavilion it has been agreed that further consultation would be required to ensure that it meets all of the requirements of the project.

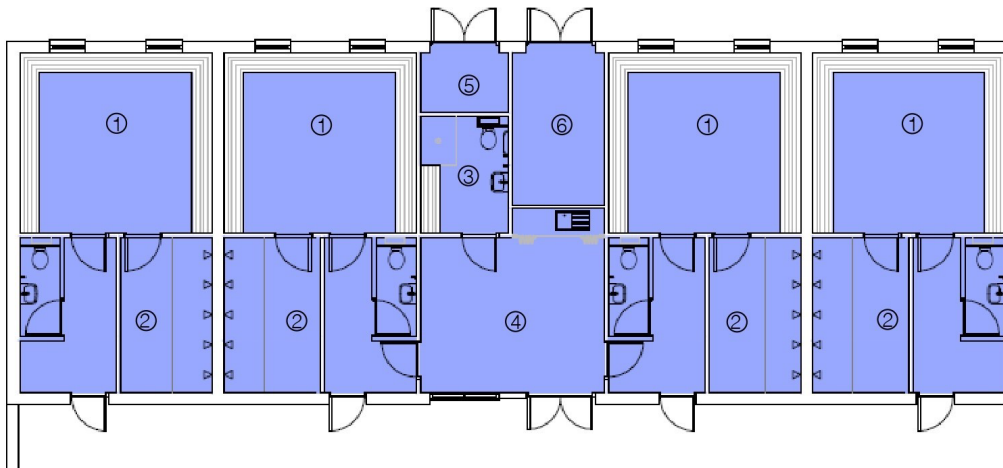
Table 1

Number on drawing	Schedule of Accommodation for changing rooms below	
1	Home Team - Changing Area	40m2
2	Home Team Showers / Toilets	20m2
1	Away Team – Changing Area	40m2
2	Away Team Showers / Toilets	20m2
3	Accessible Toilet/ Referee Changing Area	9m2
4	Club Room	17m2
5	Plant room	8.5m2
6	Exterior Storage Area	8.7m2

2 Team Changing Pavilion – Estimated Cost = £516,704



4 Team Changing Pavilion – Estimated Cost = £804,932



6. Preferred Option

On the basis of the above information the preferred option for this project would be Option D if funding allowed, as it would deliver a new 3G pitch with supporting changing rooms and toilets. However, at this stage it has been agreed that **Option C** should be pursued as the preferred option as it is believed that this option is more achievable in terms of funding at this time and would deliver the main priority, which is the provision of a 3G pitch. It is proposed that when more funding becomes available in the future that the pavilion incorporating changing rooms, toilets and storage should be progressed as a separate project.

The preferred **Option C** would provide the 3G pitch with floodlighting and fencing on the existing rugby pitch at Clickimin North. It would also maintain the existing Clickimin 4 grass pitch for football and other activities. This option would also provide sufficient space on Clickimin 4 for a Hockey synthetic turf pitch to be developed, should support and funding for such a facility become available in the future

The proposed location of the new 3G pitch at Clickimin North can be seen in the picture below:

Picture 2 – Proposed site location of the 3G pitch at Clickimin North



The benefits of option C are as follows:

- A 3G pitch would support Shetland Football and Shetland Rugby to develop their sports, particularly for the girls and women's sections that are developing at the fastest rate;
- A 3G pitch would allow all Shetland clubs to confidently host winter football and rugby fixtures without the likelihood of games being cancelled because of a waterlogged pitch;

- A 3G pitch would support Shetland Football and Shetland Rugby to meet the licensing criteria required to access higher level Scottish Football Association and Scottish Rugby Union competitions.
- A 3G pitch would assist in the delivery of the identified priorities in the various local and national strategies highlighted in section 3 of this Business Justification case;
- A 3G pitch would assist the Council to address many of the issues raised in section 4.2 of this report e.g. waterlogged pitch and regular cancellation that are significantly hindering the development of football and rugby in Shetland.
- A 3G pitch can effectively accommodate an unlimited number of bookings per day where as a grass pitch can at best accommodate a couple of bookings a day, assuming that it's dry weather and the pitch has not be damaged;
- A 3G pitch would offer a more consistent playing surface than real grass pitches, meaning there is less risk of players suffering from sprained ankles or torn ligaments;
- A 3G pitch would enhance Shetland's reputation as a host venue for sports and increase the number of visitors coming to Shetland for fixtures thus having a positive impact on the local economy;
- A 3G pitch would assist to future proof Shetland football facilities for a potential bid to host the International Islands Games in the future;
- A 3G pitch can be located on the existing footprint of the rugby pitch without affecting the other facilities in the area i.e. it would only be a small section of the existing path at the north west corner that would have to be re-aligned to accommodate the 3G pitch;
- Option C would maintain the existing Clickimin 4 grass pitch for community use and maintain a potential location for a future hockey synthetic turf pitch in Lerwick;
- The amount of maintenance required to keep a 3G pitch in good condition is less than for a grass pitch, and demands fewer staffing hours e.g. no cutting the grass, no lining the pitch or repairing divots after every booking;
- There are adequate existing car parking spaces in the area to support the new pitch;

- There are adequate changing rooms and toilets in Clickimin Leisure Complex and Gilbertson Park (if required) to support the new pitch. It should be noted that many bookings do not require changing facilities and instead arrive for bookings already dressed.

7. Procurement Route

In order to deliver this project it is proposed to appoint a specialist consultant who will be responsible for the specification and the issuing of the tender documents. The consultant would also provide on-site supervision during the construction phase. The contract itself would be tendered as a Design and Build project to specialist contractors for this type of project.

The proposed key milestones for the project are shown in Table 2 below.

Table 2

Year	Month	Action
2023	July	Submit Business Justification Case to Asset Investment group. Continue discussions with Planning and submit a pre-application enquiry form to establish what consents are required and by when.
	Aug	Prepare grant applications for external funding.
	Sept	Submit grant applications to external funders – start of September.
2024	Feb	Funding confirmation to be in place by end of February
	Feb	Appoint specialist consultant by end of February.
	March	Preparation and submission of full planning application. Tender documents to be completed by the end of March
	April	Tender over the month of April
	May	Contract acceptance. Contract lead in period 6-8 weeks.
	June	
	July	Start on site beginning of July. 3 month contract period.
	Aug	Contractor on site.
	Sept	Completion of contract by end of Sept
	Oct	Commissioning/ equipment set up/ consents/ handover.
	Oct	3G pitch open for use.

8. Finances

This section of the Business Justification case considers the estimated income and expenditure associated with the operation of a new 3G pitch. It also considers the likely capital costs for the project and the proposed funding sources including the Council. Finally it highlights the timeframe and estimated replacement cost for the 3G surface.

It should be noted that the income and expenditure forecasts are based on the provision of a full sized, floodlit 3G pitch and excludes any income or operating costs associated with a new changing pavilion. This is because it is assumed that any customers using the 3G pitch who require changing rooms and toilets would continue to use the facilities in the Clickimin Leisure Complex and would be charged by SRT separately for this service.

In addition to the demand from football, rugby and Shetland Islands Council itself, further demand has been forecast for use of the 3G pitch by the wider community, which includes individuals, families, other sports clubs and organisations.

It is assumed that the new 3G pitch would normally be available for bookings between 08.00 and 22.00, seven days a week for approximately 50 weeks of the year i.e. a total of 4,900 hours per year. However, for a number of different reasons including maintenance requirements and weather conditions it is assumed that the pitch would only be available to customers for approximately 90% of these hours e.g. 4,410 hours per year. It is further assumed that the pitch would only be booked by customers for 75% of its opening hours i.e. 3,675 hours per year. An example weekly programme for the 3G pitch has been developed to highlight the potential usage and income that could be generated through the new facility and can be seen in Appendix A.

It is also assumed that all Shetland Islands Council bookings would be provided free of charge. However, the in-kind benefit of these booking for the Council is estimated at £32,886 per year excl. VAT. This is based on 1,218 hours usage per year at £27 per hour excl. VAT.

The estimate annual income for the new 3G pitch is based on the proposed charges below. These charges are based on the current Shetland Recreational Trust charges for a 3G pitch but rounded up for inflation.

- Hire of full 3G pitch including floodlights - Standard Rate per hour = £42 excl. VAT
- Hire of full 3G pitch including floodlights - Concession Rate (Under 18's and disability) per hour = £27 excl. VAT
- Hire of a 1/2 3G pitch including floodlights - Standard Rate per hour = £32 excl. VAT
- Hire of a 1/2 3G pitch including floodlights - Concession Rate (Under 18's and disability) per hour = £22 excl. VAT
- Hire of a 1/3 of the 3G pitch including floodlights - Standard Rate per hour = £22 excl. VAT
- Hire of a 1/3 of the 3G pitch including floodlights - Concession Rate (Under 18's and disability) per hour = £17 excl. VAT

8.1 Income

The potential income that could be generated from the 3G pitch is estimated at £88,698 for its first full year of operations, based on the charges proposed above and the assumed annual usage shown below for the different categories of customers.

The total estimated usage figures for the 3G pitch over a full year is 55,125 based on the predicted level of usage highlighted in Appendix A, but expanded for the full year. This is based on an estimate of 15 users of the pitch per hourly booking e.g. 15 users x 3,675 hours of bookings. In reality there would be many bookings where there would be significant more people using the pitch per hour than this estimate e.g. football and rugby matches, times when pitch is booked separately for 3 groups at the same time and junior festivals and others when there might be less user e.g. an Ability Shetland activity, but as an average this is believed to be a reasonable estimate.

Shetland Football Bookings

- Shetland Senior Football Association e.g. summer and winter local league fixtures and Shetland squad winter fixtures and training – 46 weeks x 8hpw = 368 hours per year @ £42 per hour excl. VAT
- Shetland Senior Clubs e.g. summer and winter fixtures and training – 46 weeks x 5hpw = 230 hours per year @ £42 per hour excl. VAT
- Shetland Junior Football Association e.g. summer and winter local league fixtures and Shetland squads winter fixtures and training – 42 weeks x 8hpw = 336 hours per year @ £27 per hour excl. VAT

- Shetland Women's Football Club e.g. summer and winter local league fixtures and Shetland squad winter fixtures and training – 42 weeks x 4hpw = 168 hours per year @ £42 per hour excl. VAT
- Shetland Girls Football Club e.g. summer and winter local league fixtures and Shetland squad winter fixtures and training – 42 weeks x 6hpw = 252 hours per year @ £27 per hour excl. VAT

Shetland Rugby Club Bookings

- Shetland Mens Rugby Team e.g. summer and winter fixtures and training – 34 weeks x 10hpw = 340 hours per year @ £42 per hour excl. VAT
- Shetland Valkyries (Senior Women's) e.g. summer and winter fixtures and training – 34 weeks x 6hpw = 204 hours per year @ £42 per hour excl. VAT
- Shetland Boys U18s, U16s and U14s e.g. summer and winter fixtures and training – 34 weeks x 4hpw = 136 hour per year @ £27 per hour excl. VAT
- Shetland Girls U18s, U16s and U14s e.g. summer and winter fixtures and training – 34 weeks x 4hpw = 136 hour per year @ £27 per hour excl. VAT

Other Sports Bookings - some examples

- Ability Shetland e.g. club and open session block bookings – 30 weeks x 4hpw = 120 hours per year @ £27 per hour excl. VAT
- Shetland Athletics Club/ Netball e.g. club training block bookings – 30 weeks x 3hpw = 90 hours per year @ £42 per hour excl. VAT

Community Bookings (sporting and non-sporting)

- Informal groups e.g. pay and play casual bookings and block bookings - 30 weeks x 2hpw = 60 hours per year @ £42 per hour excl. VAT
- Sports Festivals – 5 bookings x 4 hours per booking = 20 hours per year @ £27 per hour excl. VAT
- Community events e.g. Relay for life – 2 events per year x 4.5 hours per booking = 9 hours per year @ £42 per hour excl. VAT

Shetland Islands Council

- Schools e.g. PE classes, activity weeks and inter-school competitions – 38 weeks x 23hpw = 874 hours per year @ £0 per hour excl. Vat
- Active Schools e.g. Pre-school, lunchtime and afterschool – 38 weeks x 6hpw = 228 hour per year @ £0 per hour excl. VAT

- Holiday programmes e.g. summer, Easter and October – 7 weeks x 4hpw = 28 hours per year @ £0 per hour excl. VAT
- Targeted Programmes e.g. Midnight football, Eric Grey Resource Centre, FAST Programme – 38 weeks x 2hpw = 76 hour per year @ £0 per hour excl. VAT

Table 3 below shows the potential income from each income category.

Table 3

Income – 3G pitch bookings	Annual
Shetland Football	£48,048
Shetland Rugby	£30,192
Other sports	£7,020
Community Bookings	£3,738
Total	£88,998
Shetland Islands Council	£0
	(In-Kind)
	(£32,886)

8.2 Expenditure

The estimated expenditure highlighted below refers to the day to day costs associated with operating and maintaining the 3G pitch. These costs are shown in **Table 4** below and have been split into a number of different categories:

Pitch Maintenance and Repairs

This category includes the costs of brushing and de-compacting the surface, weed and moss spraying, purchasing infill, pest control, fuel for machinery, maintenance of machinery and implements, bi-annual testing and licencing of the surface and undertaking planned and re-active repairs to the fencing and lights.

Electricity

This is an estimate for the costs of floodlighting the pitch during the winter months and darker periods using LED lights. e.g. 37.8Kw per hour x £0.30 per Kw hour = £11.34 per hour. 672 hours of use per year x £11.34 = £7,621

Equipment Replacement

This represents an allowance for the replacement of items of equipment on an annual basis e.g. pitch brusher, goals, nets, flag posts.

Staffing

At present the Council's Sport and Leisure Service is responsible for the management and maintenance of the Clickimin North grass pitches, and it is assumed that they would continue to manage and maintain the new 3G pitch when completed. No additional staffing would be required for either the management or maintenance of the 3G pitch as the existing staff have the expertise to manage and maintain the new pitch. In addition, it is worth noting that a 3G pitch requires less ongoing maintenance than a grass pitch. However, there would be an increase in Attendant hours to open and close the pitch facilities at times when the parks staff are not on duty. This would mainly be in the evenings and weekends when staff would be required to assist with the set-up of equipment, management of bookings at cross over points, switching light on and off and opening and closing the facility when required. It is estimated that the additional staffing cost of these duties would be approximately £14,000, based on an average of 2 hours per day for 50 weeks of the year for additional Attendants hours at Grade E2 i.e. £20 x 700 hours per year.

Rates

Following consultation with the local assessor's office a figure of £18,675 has been allowed for non-domestic rates. This is based on an estimated rateable value of between £35,000 and £40,000 for the 3G pitch and a poundage rate of 49.8p. The actual amount allowed is based on £37,500 x £0.498.

Insurance

No costs have been included for insurance as the Council's Insurance section have confirmed that this new facility would continue to be self-inured by the Council.

Asset Replacement

No costs have been included for the surface replacement as it is assumed that the cost of replacing the surface would be considered at a future date through the Council's Asset Investment Programme, taking into consideration the additional income that the Council would have received

over the initial 8 to 10 year period e.g. potentially over £330K of additional income.

It should be noted that the 3G pitch is likely to require replacement after 8 - 10 years, assuming that regular and thorough maintenance schedules have been established to prolong its life-span. The replacement of the pitch would be substantially less expensive than the initial cost of the project because the fencing, lighting and sub-structure of the pitch is already in place e.g. potentially costing in the region of £300k to replace the surface.

Therefore, from **Table 5** below it is anticipated that there would be an annual surplus of over £33,000 per year that could be used to off-set the cost of replacing the surface e.g. 10 years at £33K. In addition, it is possible that further sources of grant assistance would be available to assist with the cost of replacing the surface in the future.

Table 4 below shows the estimated expenditure for each category.

Table 4

Expenditure – 3G pitch	Annual
Pitch maintenance and repairs	£12,000
Electricity	£7,621
Equipment Replacement	£3,000
Staffing	£14,000
Rates	£18,675
Insurance	£0
Asset Replacement	£0
Total Expenditure	£55,296

8.3 Net Expenditure

In financial year 2022/23 the grass rugby pitch had an income of just over £5,000, which would be replaced by the income from the 3G pitch as shown in Table 3 above. It has been estimated that the conversion of the grass rugby pitch into a 3G pitch would reduce the Sport and Leisure Services budgets for parks by an equivalent amount. This would be for reduced costs for parks staff e.g. no grass cutting and grounds maintenance items such as fertilisers, weed killers and white lining.

Therefore, it can be seen in **Table 5** below that the new 3G pitch would generate a surplus of approximately £33,702 per year, which as indicated earlier could be used to off-set the cost of replacing the pitch and reduce the overall costs of the Sport and Leisure Service within Children's Services Department

Table 5

Net revenue 3G pitch	Annual
Income	£88,998
Expenditure	£55,296
Net surplus	£33,702

8.4 Capital Cost of the Project

The estimated capital cost of the project based on **Option C - Construct new 3G synthetic turf pitch with flood lighting and fencing at Clickimin North** is £1,200,000.

This cost includes appointment of specialist consultant, preliminaries, all excavation works, new drainage layout, 250mm granular subbase with 25mm levelling layer, 45mm bitumen regulating layer, 60mm 3G Rugby synthetic turf system including permanent lines. Costs also include for 15m high columns with 200 lux lighting and for 5m ball stop fencing to the ends of the pitch and 3m to the sides with a 1.1m high spectator fence. There is also an allowance for 2 team shelters and for a set of full size rugby and football goals. Costs also include an uplift for working in Shetland and are exclusive of VAT.

8.5 Funding the project

In order to progress this project three grant applications were submitted late in 2023 to the Scottish Football Association, **sportscotland** and the Scottish Rugby Union.

The Scottish Football Association have confirmed an offer of £500K for the project and **sportscotland** have confirmed an offer of £150,000 towards the project.

An application for £50,000 was submitted by Shetland Rugby Football Club to the Scottish Rugby Union in November 2023 and a decision on this application should be known before the end of February 2024. In order to meet the requirements of this funding, Shetland Rugby Football Club have confirmed

match funding of £10,000, from local fundraising, towards the cost of the project making a total of £60,000 from local and national rugby organisations. It should be noted that the Council's discussions with the SRU and SRFC, in regards to the funding of this project, have been very positive.

The external funding sources and amount required from Shetland Islands Council can be seen in **Table 6** below. The balance of funding required from Shetland Islands Council is £490,000.

Table 6

Funding Source	Amount	Percentage
Scottish Football Association	£500,000	41.67%
sportscotland	£150,000	12.5%
Scottish Rugby Union / Shetland Rugby Football Club	£60,000	5%
Total External Funding	£710,000	59.17%
Balance of funding required from SIC	£490,000	40.83%
Total cost	£1,200,000	100%

Please note the following points about the external funding.

The Scottish Football Association funding is time limited and only available for projects that can commence and be completed by June 2025. Therefore, the main window of opportunity to undertake this project is in the summer/ autumn of 2024.

The **sportscotland** funding is dependent on the Council contributing a minimum of 25% of their own funds towards the project.

The Scottish Rugby Funding was applied for by Shetland Rugby Football Club and will be passed on to the Council as a contribution towards the project along with their match funding of £10,000 towards the project.

Therefore, in order to complete the proposed funding package for this project it is proposed that Shetland Islands Council agree to provide funding of up to £490,000 in financial year 2024-25 towards the cost of this project, noting the value of the project for the Shetland community and the Council.

8.6 Funding and Affordability

If all external funding noted above is confirmed for this project, there will be a further requirement of £490k. It is proposed that these costs are included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-29 subject to affordability within the Plan.

9. Management Arrangements

In order to progress this project Officers of the Sport and Leisure Services have been supported by officers from the Architectural and Surveying Team in the Council's Assets, Commissioning and Procurement Services. In addition Officers from the Scottish Football Association, Scottish Rugby Union and **sportscotland** have been involved in the planning of this project and are supportive of its development because of the benefits it will deliver for Shetland and their sports locally, regionally and nationally.

The development of this project has been based on extensive consultation with the football and rugby communities in Shetland, who have identified the provision of a 3G pitch in Lerwick as the key ingredient for the development of their sports.

In December 2023 the Executive Manager, Sport and Leisure met with the Board of Shetland Recreational Trust to discuss the 3G pitch project and consider its implications for their facilities. The Board members confirmed that they were supportive of the 3G pitch project, because of the clear benefits that it would have for sport in Shetland, particularly rugby and football. However, it was acknowledged that the new pitch could have an impact on the number of bookings requested for the 60/40 facility and athletics track pitch, but would increase the number of bookings for the changing room at Clickimin. It was however noted that the 3G pitch was seeking to offer an alternative service that the 60/40 cannot provide, which is a full sized all weather pitch capable of accommodating 11-a-side football matches and 15-a-side rugby matches in the winter months, which is essential for the future development of these sports in Shetland. It was further agreed that during the worst of the winter month's sports groups would continue to seek indoor facilities rather than an outdoor facility, other than when a full sized pitch was required. It was also clarified that the construction of the new 3G pitch would not decrease the Anderson High School's use of the Clickimin Leisure Centre, because of the school's need for indoor space year-round for PE classes. It was instead confirmed that the 3G pitch would provide an additional space for the delivery of school and extracurricular activities, similar to other secondary schools across Scotland.

The meeting concluded with a commitment that the Council would keep the Trust informed as the project progressed.

It should be noted that a key aspect of the management of this project is a commitment to ensure that the latest in sustainable building practices and measures are included as an integral part of the planning, design and construction processes of this project, which will ultimately maximise the efficiency of the resultant facility in financial and/or environmental terms. This includes:

- Seeking to use recyclable material for the pitch e.g. PRT series which is 100% recyclable artificial grass;
- Installing drain filters, traps and detox grids at the entry points of the facility to help minimise the migration of the infill into the surrounding areas and water course;
- Around the perimeter of the surrounding fence, place kickboards to help retain the infill within the facility;
- Where possible use sustainable materials supplied locally in order to reduce travel distances and help local suppliers and liaise with local businesses to support the re-use and recycling of materials;
- Use focused LED lighting for the pitch on 3 separate circuits. This will ensure that where required, only the sections of the pitch in use will be lit thus reducing energy consumption. It will also minimise lighting pollution for the surrounding areas;
- Attempt to source eco-friendly infill for the pitch to mitigate against the potential migration of micro plastics out with the facility, but this will depend on the recommendation of the specialist consultant and contractor as to whether there are alternatives on the market at this time, to meet the requirements of a 3G pitch;
- During the construction phase, work with the contractor to minimise the construction pollution from the site e.g. through detailed method statements and barriers erected around the perimeter;
- When the facility is operational seek to maximise its efficiency wherever possible and extending its lifespan through regular and thorough maintenance works. This will include a regular maintenance schedule to clean machinery and plant before and after use in the pitch to try and minimise the migration of infill out with the pitch;
- Provide staff with training and information on the measures being put in place to ensure the facility is environmentally friendly and sustainable;
- Regularly monitor energy usage through the installation of smart meters that are managed by staff in the Council's Energy Efficiency Team.

The submission of grant applications for this project has been led by the Executive Manager, Sport and Leisure, in partnership with Officers from other services in the Council e.g. Finance and Architectural and Surveying Services and the wider working group for this project.

When all funding is approved for the project the appointment of a specialist consultant will be led by Officers in the Architectural and Surveying Team, in partnership with Officers from other Council Services e.g. Procurement, Sport and Leisure.

The tendering of the project will be led by the specialist consultant along with Council Officers from the Assets, Commissioning and Procurement Service and Sport and Leisure.

The tenders for this project will be sent to a number of off-island specialist contractors who have the expertise and previous experience of delivering this type of project. It is likely that some local sub-contractors will be employed on the project for less specialist areas of work.

Initial consultation has been undertaken with the Planning Service to consider this project and to identify any planning implications that may need to be addressed including any statutory consultations required e.g. water, electricity, roads and Historic and Environment Scotland.

The supervision of the construction works will be undertaken by the specialist consultant.

Based on the proposed site and other local projects, it is anticipated that the project should take approximately 3 months to complete.

Once completed the Council would be responsible for management of the 3G pitch and have the overall responsibility for programming, booking, payments, ongoing maintenance, insurance, operating costs etc. This reflects the fact that the Council already has the resources and expertise in place to do this.

The Council would retain the responsibility for the replacement of the 3G surface once the pitch reached the end of its useful life.

The land for this project is owned by the Council and the estimated costs have been prepared by Officers in Architectural and Surveying Team of the Council to provide accurate capital costs for the 3G pitch and Pavilion with changing rooms and toilets.

The income and expenditure estimates for this project have been based on accurate estimates and current prices for items such as energy costs.

In order to evaluate the success of this project a number of qualitative and quantitative indicators will be developed.

10. Appendices

Appendix A – Example weekly Programme of 3G pitch bookings

https://www.adaptationscotland.org.uk/application/files/1316/3956/5418/LOW_RES_4656_Climate_Projections_report_SINGLE_PAGE_DEC21.pdf

Appendix A

Example weekly programmes of 3G pitch bookings – hires for full pitch and third

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
7.30am	Pitch Maintenance (Brushing, decompaction and infill etc.)	Pitch Maintenance (Brushing, decompaction and infill etc.)	Pitch Maintenance (Brushing, decompaction and infill etc.)	Pitch Maintenance (Brushing, decompaction and infill etc.)	Pitch Maintenance (Brushing, decompaction and infill etc.)	Pitch Maintenance (Brushing, decompaction and infill etc.)	Pitch Maintenance (Brushing, decompaction and infill etc.)
8.00am							
8.30am							
9.00am	Anderson High School, 62	Anderson High School, 62	Anderson High School, 62	Anderson High School 93	Bells Brae Primary School, ASN Unit 16	Shetland Rugby FC – Junior Boys Training, 25	Shetland Junior Football Association Under 6's and Under 8's Football Festival, 150
9.30am							
10.00am					Anderson High School 62		
10.30am							
11.00am	Bells Brae Primary School, 23	Eric Grey Resource Centre – All Ability session, 50	Sound Primary School, 19			Shetland Rugby FC – Valkyries (Women's Team) Tennents North Region Division 1 Home Fixture, 45	
11.30am							
12.00pm							
12.30pm	Active Schools – Lunchtime Club Activities, 40	Active Schools Lunchtime Club Activities, 40	Adults Work Lunchtime Football Sessions, 40	Active Schools Lunchtime Club Activities, 40	Active Schools Lunchtime Club Activities, 40		All Ability Rugby, 14
1.00pm							
1.30pm							
2.00pm	Ability Shetland- Adults with a Disability group, 15	Anderson High School, 31		Bridges Group -DYWP Group, 20	Secondary Football Fun sessions and leagues, 60	Pitch Maintenance Brushing, 1	Shetland Rugby FC – Junior Girls Home Match, 45
2.30pm			Ability Shetland - Junior Group Session, 15			Shetland Rugby FC -Mens Tennents Caledonia North Region Division 2 Home Fixture, 45	
3.00pm							
3.30pm							
4.00pm	Shetland U14's football match, 28	Shetland Primary Schools 7 a-side league, 60	Shetland Rugby Girls Training, 35	Shetland Primary School 7 a-side League	Shetland Girls FC Under 14's, 16's and 18's training, 40		Shetland Athletic Club Running sessions 20
4.30pm			Shetland Rugby Boys Training, 35				
5.00pm							
5.30pm		Shetland Junior Football Association Under 16's League Fixture, 35	Shetland Senior Football Association B league, League Fixture, 35	Shetland Junior Football Association Under 18's league, 35		Shetland Women's Football Club Training, 25	Shetland Under 18's County Select – Training Match, 30
6.00pm							
6.30pm	Shetland Senior Football – A league fixture, 35		Shetland Rugby FC Valkyries Training, 25	Shetland Rugby FC Valkyries Training, 25	Senior Football Association A League Fixture, 35		
7.00pm			Shetland Rugby FC Valkyries Training, 25	Shetland Rugby FC Valkyries Training, 25		Midnight Football - Targeted provision for young people linking with public transport, 50	Shetland Senior Football Association – B League Fixture, 35
7.30pm							
8.00pm							
8.30pm							
9.00pm	Senior Football Club Training, 18				Casual bookings -Football pay and play, 30		
9.30pm							

BUSINESS JUSTIFICATION CASE (BJC)

Project Title: Replacement Fence –
Gilbertson Park

CONTENTS – BUSINESS JUSTIFICATION CASE

- 1. Ownership**
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- 8. Funding and affordability**
- 9. Management arrangements**

BUSINESS JUSTIFICATION CASE AND SUPPORTING GUIDANCE**1. Ownership**

Directorate:	Children's Services Department
Service Area:	Sport and Leisure
Executive Manager:	Neil Watt
Contact No:	01595 744046
Email:	neil.watt@shetland.gov.uk

2. Purpose

- 2.1 To seek approval to spend **£107,000** on a new boundary fence in the Gilbertson Park in Lerwick, which would replace the existing 7.5m chain link fence that runs along the north boundary of the park.
- 2.2 The Gilbertson Park is managed by Sport & Leisure services who maintain various outdoor sports facilities within Lerwick and are responsible for the up keep of this fence.
- 2.3 The existing fence is constructed from metal posts, stays, railings and chain link mesh and having been being exposed to the harsh Shetland environment for many years is now in poor condition with corrosion throughout. Large sections of the chain link mesh has perished and become holed and requires to be replaced, as do many parts of the frame supports and fixings.
- 2.4 Repairs have been carried out over the past 10-15 years to prolong the life span of the fence, but it is now at the stage where the structural integrity and general condition of the fence is so poor that either major works or replacement is required to replace it before it fails completely.
- 2.5 The condition of the fence has been inspected by the Council's Team Leader - Leisure Facilities, who is a fully qualified Civil Engineer and the Council's Team Leader – Building and Burial Services, and it has been concluded that there are serious safety concerns about the current conditions of the fence and it is feared that a prolonged period of Northerly gales could bring sections of the mesh fencing down. Some pictures of the existing fence can be seen in Appendix A to this business justification case.

3. Strategic context and alignment with corporate priorities

The national strategies that this project is aiming to supports are as follows:

- 3.1 **The Scottish Governments - Active Scotland Outcome Framework** has a vision of a “Scotland where more people are more active, more often”. One of the main outcomes supported by this project is:
- We will improve our Active Infrastructure – People & Places
- 3.2 **Sportscotland’s Strategy – Sport for Life** has a vision of “an active Scotland where everyone benefits from sport.”
- We want the people of Scotland to get the most out of life – and for sport to help make this happen.
- 3.3 **Shetland’s Partnership Plan (2018 – 2028)** has a vision that “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 key focus of the plan is to reduce inequality of outcomes in Shetland, and moderate demand for future crisis services. Physical activity and sport can play a vital role in supporting early intervention and preventions strategies and supports the priorities for “people” and “place” in the plan:
- People – Individuals and families thrive and reach their full potential.
 - Place – Shetland is an attractive place to live, work, study and invest.
- 3.4 **Our Ambition (2021 – 2026)** provides political and strategic direction to help Shetland Islands Council focus on the things that can help the most to create opportunities and achieve long term sustainability. The plan includes the
- We will champion prevention and early intervention, taking the leadership for health improvement by tackling the social determinants of health: supporting local sustainable development, building the economy and developing jobs, tackling inequalities, developing the knowledge and skills of local people, ensuring affordable and appropriate housing, accessing leisure opportunities and helping people to feel safe and well;
- 3.5 **The Active Shetland Strategy (2018 – 2023)** has a vision to “Make Shetland the most active community in Scotland” and includes the following priorities for action that are supported through this project:
- Provide the people of Shetland with the best facilities and infrastructure possible to let them lead active lives;

4. **Case for change**

4.1 Business Needs

The current fence is over 30 years old and is situated on the North boundary of the Gilbertson Park overlooking the back gardens of a number of residential properties in St Sunniva Street, Lerwick.

The Gilbertson Park is the main public park in Lerwick and is used primarily for football related activities during the summer months including hosting Inter-county matches against Orkney. Additionally the park is regularly used for various school and large community events and also forms part of a busy walking/cycling route through Lerwick between the Town Centre, Clickimin Leisure Complex and the Anderson High School. Thousands of users pass through the gates of the park on an annual basis.

Usage of the park increases between April and September where there can be football matches and training sessions taking place most days/nights of the week and events happening at the weekends. Therefore the main purpose of the fence is to provide protection to nearby houses on St Sunniva Street against stray footballs and equipment, which could potentially cause damage to these houses and property and also injury and annoyance to residents. Currently the fence does not fully carry out its main function due to its condition.

There is an obligation for the Council to provide reasonable protection to neighbouring properties against potential damage caused by Council activities, so if football and other related activities are to continue in the Gilbertson Park in the future then a fence similar to the existing is required.

At different points along the north boundary of the park the ground level on the Gilbertson Park side is 2-3m above the ground levels of the St Sunniva Street houses, so directly overlooks the back gardens of these properties. The fence therefore also acts as a protective barrier preventing unwanted members of the public climbing over or falling into back gardens of the neighbouring properties.

The new foot/cycle path through the park passes within two meters of the fence and north boundary with St Sunniva Street houses. Therefore, the positioning of the fence also helps to provide a level of privacy for these properties, with their gardens being located to the rear of the properties.

Over recent years a number of complaints have been received from St Sunniva Street residents about the condition of the fence and its lack of effectiveness. As a result of corrosion through the weather conditions, holes and gaps in the fence have appeared in the wire mesh thus allowing footballs to pass through the fence at various points. The resulting increase in gaps in the fence also enables unwanted people to access the gardens over the boundary wall. Additionally, rust also falls from the fence on to properties as footballs rebound against the fence.

There are also concerns regarding the actual safety of the fence, during the winter months in particular, as during these periods of high wind the fence moves and sways considerably and there are fears that the fence could collapse.

It should also be noted that by providing the fence, this mitigating action significantly reduces the potential for insurance claims from St Sunniva Street residents for balls entering their property from the park; and indeed at no point has the Council ever had to pay an insurance claims for damage to properties. (For clarity any damage caused to neighbouring property by an activity in the park is the responsibility of the club /

groups that caused the damage rather than the Council, which has taken all reasonable steps to keep properties safe).

4.2 **Benefits**

- A new fence will provide a safe and affective barrier to protect the residential properties on St Sunniva Street from the activities happening in the park for future years.
- The risk of the current fence collapsing would be removed with a new fence, thus reducing the likelihood of damage to properties or injury to residents or park users.
- Users of the park will be protected from falls over the boundary wall into to St Sunniva Street properties.
- Issues and concerns raised by St Sunniva Street residents will be resolved thus improving relationships between the Council and residents.
- There would be on-going financial savings to the Council as less repairs and maintenance on a new fence would be necessary. Currently, repairs are awkward and in turn costly, due to the height and exposure of the existing fence.
- Community and sporting activities within the Gilbertson Park would continue at same level.
- The Council would continue to have a reduced exposure of insurance claims for any damage to properties in St Sunniva Street from football activities.

4.3 **Risks**

4.3.1 There are a number of high level risks associated with the consideration of this business justification case. These are as follows:

- That failure to replace the fence will lead to a further deterioration of the fence and consequently damage to neighbouring properties and/or injury to residents and users of the park.
- That failure to replace the fence will lead to a further deterioration of the fence and consequently damage to nearby properties due to Council activities in the park.
- The risk of increased insurance claims against the Council due to accidents and damage to property caused by Council activities.
- The risk of more regular and increasing costs to maintain existing fence.
- The risk of increased number of parks users going into St Sunniva Street properties and getting injured while climbing over the north boundary wall.
- The risk of a deterioration in relationships with St Sunniva Street residents.
- The risk of decreased usage of the park if the fence is not replaced, which would have a negative impact on community and their health and wellbeing.

5. **Available options**

5.1 Option 1 - **Status quo, do nothing.**

Fence is currently in poor condition and if no work is carried out the fence would rapidly become hazardous to nearby properties and users of the park.

5.2 Option 2 - **Remove existing fence and not replace.**

There is an obligation for the Council to protect neighbouring properties from damage caused by activities taking place in the park. These activities would have to be

reviewed and potentially changed if the fence was removed. The Gilbertson Park football pitch orientation is currently from North to South, and this set up can cater for both senior and junior matches. The orientation of the pitch could be changed to East to West, but this would mean having to install ball stopping fences along the North West end to protect vehicles and users of the Gilbertson Park games hall and carpark, and also at the East end along Burgh Road to protect dwellings and vehicles on that street and also reduce the risk of accidents caused from retrieving stray footballs.

If the football pitch is set up to run from East to West there would also be problems caused with sunlight and glare affecting players. It is advisable when designing sports pitches that they are set up North to South to avoid this issue during afternoons and early evenings when most matches take place.

With no protective barrier there potentially would be unwanted access to the stone retaining wall with a 2-3m drop into the back gardens of St Sunniva street properties causing potential health and safety issues. Additionally, privacy and security to these houses would also be compromised.

5.3 Option 3 - **Repair existing.**

Too many sections of the current fence requires to be repaired or replaced. It would be more cost effective to remove the entire fence and build from new, increasing the overall lifespan of the fence as a result. In addition suppliers no longer recommend this type of chain link fencing at the heights required in exposed locations such as Shetland, so continuing on a like for like basis is not an advisable option.

5.4 Option 4 - **Replace existing fence with Ball Stop Netting fence.**

This option could provide a solution to protect neighbouring properties on St Sunniva Street from Council activities taking place in the Gilbertson Park. However, although suitable for the heights required, this type of fencing is unproven in an environment such as Shetland and suppliers cannot provide any case studies of this type of fencing being found in similar locations to Shetland.

The supplier has confirmed that the design of this fence can withstand wind gusts/load experienced at the Gilbertson Park, but possibly not on a regular basis. As a result netting could be susceptible to tear, wear, and may perish and de-grade quicker than normal due to the harsh weather conditions. The longevity of this system would be in question and replacement of netting could become common place. Also, this type of fencing is predominantly used in controlled and managed areas. Where as in a public space such as the Gilbertson Park the netting can potentially be cut, vandalised or set on fire, and repairs or replacement could become regular and problematic. The estimated cost for this type of fencing system, including installation, is approximately **£88,000**.

5.5 Option 5 - **Replace existing fence with Euroguard Rebound ball stop fencing.**

This option would provide a suitable barrier to protect neighbouring properties on St Sunniva Street from all Council activities taking place in the Gilbertson Park. It would also prevent unwanted access and provide a suitable level of privacy for residents. This type of fencing is rigid, robust and suitable to withstand the harsh Shetland weather conditions. This type of system is similar to fencing currently installed at

Midway Hockey Pitch in Brae and the play areas at Staney Hill, Lerwick and Blydoit, Scalloway. The fence is constructed from multiple rigid panels, which can be replaced if damaged, however limited maintenance would be expected during the 25+ year life expectancy of this type of fencing. The estimated cost for this type of fencing system, including installation, is approximately **£107,000**.

6. Preferred option

- 6.1 Option 5 would be the preferred option.

7. Procurement route

- 7.1 Finalised plans would be tendered with expressions of interest sought from suitably qualified contractors according to Shetland Islands Council's agreed procurement regulations. Officers will work with the Assets, Commissioning and Procurement Service to ensure the correct procurement process is adhered to.

8. Funding and affordability

- 8.1 The total estimated cost of the preferred option for this project is £107k and it is proposed that this project is included for prioritisation in the Council's 5 Year Asset Investment Plan 2024-2029 subject to affordability within the Plan.

9. Management arrangements

- 9.1 Preliminary work has been undertaken by the Team Leader – Leisure Facilities, and it is planned that he will oversee the project on behalf of the Sport and Leisure Service.
- 9.2 Initial budget estimates have been sought for the preferred replacement fence option, and form the basis of this business justification case.
- 9.3 No land acquisition is required and no planning permission is required as this project is a replacement of an existing fence.
- 9.4 Utilities will be consulted prior to commencement on site if this is required.

Appendix A

BJC - Replacement Fence, Gilbertson Park



Notice of Motion to Shetland Islands Council meeting 22nd February 2024

Shetland Islands Council calls for an immediate and permanent ceasefire by all parties in Israel/Palestine, for the immediate provision of all necessary humanitarian aid and the release of all hostages.

Shetland Islands Council urges the UK government to use the power at its disposal to achieve these ends.

Proposer – Cllr Alex Armitage

Seconder – Cllr Ian Scott