



## **Shetland Islands Council**

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### **REPORT**

**To: Special Infrastructure Committee**

**2 July 2003**

**From: Head of Planning  
Infrastructure Services Department**

#### **SHETLAND LOCAL PLAN – PROPOSED MODIFICATIONS and ADOPTION**

##### **1. Introduction**

- 1.1 The purpose of this report is to gain approval for the proposed modifications to the Shetland Local Plan and to seek authority to complete the final stages leading to adoption of the Shetland Local Plan as Council policy.

##### **2. Background**

- 2.1 The Shetland Local Plan together with the Shetland Structure Plan, which was approved by the Scottish Ministers in January 2001, provide the planning policy framework for Shetland. Following an unprecedented level of public consultation over the past several years, the Local Plan is now approaching the final stage of preparation.
- 2.2 The Local Plan Public Local Inquiry was held in the Bridge End Hall, Burra on 4<sup>th</sup> and 5<sup>th</sup> February 2003 to consider objections to the Local Plan. The Inquiry Reporter's Report containing conclusions and recommendations was received at the beginning of May and issued for information to interested parties on an informal basis (Minute Ref 12/03) and placed in the Members' Room.

##### **3. Proposed Modifications**

- 3.1 The Report of the Public Local Inquiry into objections to the Finalised Draft Shetland Local Plan is a comprehensive and well argued document containing conclusions and more than 30 recommendations. In the

Report, which has been available in the Members' Room since early May, the Reporter supports and endorses the Local Plan's approach.

- 3.2 When considering the objections, the Reporter has recommended that specific changes are made to the housing zone boundaries in 9 places and that two particular amendments are made to the Area Statement. I consider that all the recommendations made by the Reporter are reasonable and well argued and are worthy of support.
- 3.3 An outline of the Proposed Modifications for Burra and Trondra, and the alterations to all the other Community Council Area Statements and Proposals Maps, together with the Reasons for the Modifications, are set out in Appendix 1.
- 3.4. In addition to the alterations to the Community Council Area Statements, I also propose a number of relatively minor changes to the policy section of the Finalised Draft Local Plan. The Proposed Modifications to the policies and the related reasons are set out in Appendix 2; copies of the revised policies are displayed in the Members' Room.

#### **4. Next Steps to Adoption**

- 4.1 If the proposed modifications set out in the appendices are accepted by the Council, they will be publicised together with the Public Local Inquiry Report for a period of six weeks, during which time objections may be made. A further public inquiry will only be required if any of the proposed modifications generate objections on matters which were not considered at the previous inquiry. However, objections cannot be lodged at this stage to the content of the original plan.
- 4.2 If no objections are received the Council can proceed to adopt the Local Plan. The Structure and Local Plans (Scotland) Regulations 1983 require the Council to advertise a Notice of Intention to adopt the modified Local Plan on a specific date, which must be at least 28 days after the advertisement. This period gives the Scottish Ministers a final opportunity to issue a direction. If none is served, the Council is free to adopt the Local Plan on the date specified in the notice. A final advertisement giving the date on which the Local Plan became operative must also be published.

#### **5. Financial Implications**

- 5.1 This report has no direct financial implications.

#### **6. Policy and Delegated Authority**

- 6.1 Following approval of the new Committee Structure by the Council at its meetings on 19 February and 21 May 2003, the Infrastructure Committee has full delegated authority to act on all matters for which authority was

previously delegated to the former Development Committee (Min. Refs. 19/03 and 70/03) and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

- 6.2 However, this report proposes a change in planning policy and, therefore, a decision of the Council is required.

## **7. Conclusions**

- 7.1 The final stages in the preparation of the Shetland Local Plan have been reached and Modifications to the Plan are proposed. If the Modifications are approved by the Council, they will be made public and objections can be lodged. Providing no objections are made, the formal adoption of the Local Plan can proceed. To do this the Regulations require three notices to be given by successive advertisements in the local newspaper. The first of these offers an opportunity for members of the public to lodge objections to any proposed modification that has not already been discussed at the public inquiry. The second notice specifies the date on which the Local Plan is proposed to be adopted, and the third notice gives the date on which the Local Plan became operative.

## **8. Recommendations**

- 8.1 I recommend that the Infrastructure Committee recommends to the Council that:

- 8.1.1 the recommendations of the Local Plan Inquiry Reporter are accepted in total;
- 8.1.2 the proposed modifications are approved and made available for public inspection; and
- 8.1.3 if no objections to the modifications are received, the Shetland Local Plan as modified is adopted and the Executive Director, Infrastructure Services (or his nominee) be given delegated authority to place the necessary statutory notices required by the Town and Country Planning (Structure and Local Plans) (Scotland) Regulations 1983 to adopt the Shetland Local Plan.



## Proposed Modifications to Community Council Area Statements and Proposals Maps

CC Area	Proposed Modification	Reason for
Burra and Trondra <u>Statement</u>	Inclusion of an additional aim – “to maintain a viable rural community”	Modification requested by local community and recommended by the Inquiry Reporter
<u>Proposals Map</u>	Crofting specifically mentioned, the church at Meal is included and information regarding local businesses in the area is updated.	Modification recommended by the Inquiry Reporter
	Zone 1 land at Branchiclett, Hamnavoe is rezoned as Zone 4.	Modification recommended by the Inquiry Reporter
	The Zone 2 boundary at Setter is expanded.	Modification recommended by the Inquiry Reporter
	The Zone 1 boundary to the west of Bridge-End is extended at West Hogaland.	Modification recommended by the Inquiry Reporter
	The Zone4 boundary between the Baptist Church and the Bridge-End Hall is moved to the west.	Modification recommended by the Inquiry Reporter
	The land above Houlls on the east side of the road is re-classified as Zone 4.	Modification recommended by the Inquiry Reporter
	At East Hogaland the zone 2 boundary is reduced to better reflect the extent of the settled area.	Modification recommended by the Inquiry Reporter
	The Zone 2 boundary on the east side of Papil is adjusted so it takes account of recent development and of features on the ground.	Modification recommended by the Inquiry Reporter
	Extend Zone 2 to the east of the road to the south of Annsbrae, providing a wider range of housing opportunities.	Modification recommended by the Inquiry Reporter
CC Area	Proposed Modification	Reason for
Bressay <u>Statement</u>	Para. 7.5 Reference to the need for careful design of buildings in the vicinity of the Bridge added	Addition requested by the Ards and Bayside Council, to enhance the “gate” effect
Delting <u>Proposals Map</u>	Re-instate the housing Zone3 area north of Busta House to Green Houlls	To correct computer mapping error. The map has been consulted and supported by the community
Dunrossness <u>Proposals Map</u>	The Brecks of Bigton are identified as housing Zone4 and not as Zone 3	To correct a mapping error
Fetlar <u>Statement</u>	Minor updating of information and projects, correction of typos	To keep the Community Area Statement relevant
Gulberwick, Quarff and Cunningsburgh <u>Statement</u>	Minor updating of information and projects, correction of typos	To keep the Community Area Statement relevant
Lerwick	Proposal 20 (new AHS) requirement for good design and	Addition at request of the Ards and Bayside Council

<u>Statement</u>	materials added	Scotland
	Para.14.3 (new hostel) deleted	Updated in line with current j
	Proposal 21 deleted: subsequent proposals renumbered	As above
	Recommendation 28 (renumbered 27) (new museum complex) requirement for good design and materials added	Addition at request of the Arc Scotland
<u>Proposals Map</u>	HSE Safeguarding Zone for Rearo has been repositioned and details of the consultation zone at the Esplanade has been added	To take account of new information from the Health and Safety Executive and provide
<u>Nesting and Lunnasting Statement</u>	New Energy section 6.1 included	To include information about wind farm proposal
	New para 7.7 included in the Business and Industry section	To include brief details for the
<b>CC Area</b>	<b>Proposed Modification</b>	<b>Reason for</b>
Northmaven	Minor updating of information and projects, correction of typos	To keep the Community Area relevant
Sandsting and Aithsting	Minor updating of information and projects, correction of typos	To keep the Community Area relevant
<u>Sandwick Statement</u>	Inclusion of a recommendation to improve the outdoor sports pitch at Central	Modification requested by the
<u>Scalloway Statement</u>	Minor updating of information and projects, correction of typos	To keep the Community Area relevant
<u>Skerries Statement</u>	Minor updating of information and projects, correction of typos	To keep the Community Area relevant
<u>Tingwall, Whiteread and Weisdale Proposals Map</u>	The re-introduction of the Local Protection Area (Policy LP NE11) north of Strand Loch and covering the Strand plantation.	To correct an anomaly between the Proposals Map. The Community Council supports the Proposed Modification.
	The western boundary of the housing Zone 1 area at Sweenister/Strand has been slightly extended.	Boundary modified to take account of planning consent and a request by the Community Council. The Community Council has
<u>Walls and Sandness Statement</u>	Para.5.1 coastal management expanded	For clarity
	Para. 10.2 Voe House expanded to include details of the new Textile Museum proposal - accordingly a new Proposal 3 has been included	To keep the Community Area relevant and informative
<u>Whalsay Statement</u>	Minor updating of information and projects, correction of typos	To keep the Community Area relevant
<u>Yell Statement</u>	Minor updating of information and projects, correction of typos	To keep the Community Area relevant

## Proposed Modifications to Finalised Draft Shetland Local Plan

Page or Policy Number	Proposed Modification	Reason for Proposal
LP NE10	Change 2 <sup>nd</sup> sentence, delete "materially damage or" insert "have an unacceptably"	Change requested by Scottish Environment (SEPA) reason for clarity
LP NE10 justification	1 <sup>st</sup> and 2 <sup>nd</sup> sentences rewritten	Change requested by Scottish Natural Heritage to avoid misinterpretation and to make it clear that it applies to all applications for planning permission
New policy	Add new policy LP NE12 to cover Exploratory, Appraisal or Prototype Proposals	To correct an omission and to provide a framework for developers wishing to undertake the development of a site. To correct an omission from the finalised draft Local Plan
LP NE12	Re-number as LP NE 13	Revised numbering to account for new policy
LP NE13	Re-number as LP NE14 insert at end of 1 <sup>st</sup> sentence "except in housing zone 1."	Revised numbering to account for new policy for the avoidance of doubt and to align with HOU4
LP NE 14	Re-number as LP NE 15	Revised numbering to account for new policy
LP BE 6	This policy has been enlarged to explain the position regarding the demolition of Listed Buildings. Criteria for proposals to demolish Listed Buildings are included.	To take account of Historic Scotland's requirements
LP BE13	Delete "guidance" insert "design principles"	To clarify the role of Appendix F.
LP WD 5	Include Fair Isle: Vaadal Burn	To correct an omission from the Finalised Draft Local Plan
LP WD 9	Delete policy, include information as guidance in design guide document "Guidance for Housing Development in Shetland."	The siting of septic tanks is governed by Building Regulations and SEPA regulations. The policy in the Local Plan is unnecessary
LP WD 10	Re-number as LP WD 9	Revised numbering to account for new policy
LP WD 11	Re-number as LP WD10	Revised numbering to account for new policy
LP WD 12	Line 16 delete "seek to encourage" insert "require"	To comply with revised Part M of the Building Regulations which are now a requirement and not just a recommendation
Page or Policy Number	Proposed Modification	Reason for Proposal
LP WD 13	Re-number as LP WD11  Line 2 delete "will" insert "may"  Delete reference to Best Management Practice (BMP) substitute "Sustainable Urban Drainage Systems"	Revised numbering to account for new policy  To accord with policy LP WD 12  Change requested by SEPA reference to BMP is not required
LP WM 12	Delete "identified as contaminated" insert "which is known to be contaminated or a site where there is a reasonable expectation of contamination"	Change requested by SEPA; the plan should require the investigation of sites with a reasonable expectation of contamination.
LP WM 12 justification	Details of the legislation and duties of the Council and SEPA with regard to contaminated land added.	Requested by SEPA, for clarity

Infrastructure Committee - Tuesday 17 June 2003  
Agenda Item No. 01 - Public Appendix

LP MIN7 justification	Delete 1 <sup>st</sup> paragraph of justification replace with a sentence relating particularly to the situation in Shetland	For clarity and the avoidance of do description of what is considered t relevant to Shetland and was causir
LP IND 4	Use Class 7(hotel/hostels) has been added	To correct an omission from the Fi
LP IND 6	Delete “excluding offices”	Previous policies sought to restrict industrial areas, the town centre, H Commercial Road corridor. The cl made in response to the changing e of bringing greater flexibility and t new office development in Lerwick Central Residential Area.
LP COM 5	3 <sup>rd</sup> sentence delete “and home-based offices in rural areas (see Policy LP COM 16)”	Change made to bring policy in lin LP IND6
LP HOU4	Criterion b) delete “there is no strong likelihood of flooding” insert “the risk of flooding is low,”	Change requested by SEPA , for cl





# **Shetland Islands Council**

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## **REPORT**

**To: Infrastructure Committee**

**17 June 2003**

**From: Service Manager Environmental Health  
Infrastructure Services Department  
And  
Agricultural Development Officer  
Development Department**

### **THE SHEEP SCAB (SHETLAND ISLANDS) ORDER 2003 ADOPTION OF MEASURES TO PREVENT THE INTRODUCTION OF SHEEP SCAB**

#### **1. Introduction**

- 1.1 The purpose of this report is for Members to determine whether to proceed with the making of regulations for preventing the introduction of sheep scab into Shetland.

#### **2. Background**

- 2.1 The Sheep Scab (Shetland Islands) Order 2003, made by the Scottish Ministers under the Animal Health Act 1981, came into effect on 31 March 2003.
- 2.2 The Order enables this Council to make regulations for the purposes of inspecting and testing sheep for the presence of sheep scab mites immediately on arrival in Shetland from any other part of the United Kingdom; to require advance notice of movements of sheep to Shetland and to permit a delay in the mixing of those sheep with other sheep in the Islands for a maximum of 48 hours.
- 2.3 Regulations made by the Council under the Order must be confirmed by the Scottish Ministers before taking effect.

#### **3. Issues for Consideration**

- 3.1 Officers have undertaken some preliminary work in terms of determining the scope of draft regulations and have held discussions with representatives of local veterinary practices in relation to their practical application.
- 3.2 The key components to be included in draft regulations are as follows:

- Written notification to the Council of intended movement of sheep to Shetland at least 24 hours prior to their arrival
  - Provision for examination and inspection of all sheep upon arrival in Shetland
  - Provision for veterinary treatment for sheep scab
  - Ensuring appropriate separation of 'imported' sheep from other stock on the holding concerned.
- 3.3 It is intended that notification will be required from the owner of the sheep being moved or his agent at least 24 hours prior to their time of arrival. It is envisaged that in many instances it would be most appropriate for the notification to be made by the person transporting the sheep, i.e. the ship operators. It is also intended to require notification to be made using pro-forma documentation.
- 3.4 In order to facilitate the examination, inspection and treatment of sheep it will be necessary to properly authorise veterinary surgeons to act on behalf of the Council for the purposes of the Regulations.
- 3.5 The Regulations are likely to require appropriate separation of 'imported' sheep from other stock on the holding for 48 hours. Appropriate checks would be undertaken on the adequacy of such separation by the Council's Animal Health Officer; this would constitute an addition to that officer's workload.
- 3.6 The adoption and implementation of regulations under the Sheep Scab (Shetland Islands) Order 2003 will strengthen the existing voluntary scheme operated by the Animal Health Trust.
- 3.7 Subject to Members agreement to proceed it is intended to draft the regulations and conduct a consultation exercise with interested parties prior to bringing forward a further report seeking approval to submit those draft regulations before the Scottish Ministers for confirmation.

#### **4. Financial Implications**

- 4.1 There are no immediate financial implications associated with this report although as intimated in paragraph 3.4 the effective implementation of such regulations will necessitate entering into a suitable agreement with veterinary surgeons or their practices.
- 4.2 Whilst it is not possible to accurately predict the likely costs of veterinary services until the precise nature of those services is determined, it is considered that implementation would necessitate an additional revenue allocation of between £4000 and £6000 per year.
- 4.3 These costs cannot be accommodated within the current environmental health budget and therefore, in advance of bringing forward a further report, work is to be undertaken to identify possible sources of funding within other existing budgets.

5. Policy and Delegated Authority

- 5.1 The primary functions of the former Resources Committee are now undertaken by the Infrastructure Committee which has full delegated authority to act on all matters for which authority was previously delegated to the former Resources Committee (Min. Refs. SIC 19/03 and 70/03) and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision
- 5.2 The decision to proceed with the making of Regulations as described in this report is a policy matter for which a decision of Council is required.

**6. Recommendation**

- 6.1 I recommend that the Infrastructure Committee recommend to Council that Officers be requested to proceed with the drafting of regulations under the Sheep Scab (Shetland Islands) Order 2003.

Report Number: ES-12-03-F

Our Ref:



## **Shetland Islands Council**

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# REPORT

To: Infrastructure Committee

17 June 2003

From: Head of Legal and Administration

## **Appointment and Nominations to External Organisations - Update**

Report No. LA-36-F

### **1.0 Introduction**

- 1.1 In making its appointments and nominations to external organisations on 22 May 2003, the Infrastructure Committee noted that any further appointments that came to light could be dealt with at a special meeting, if necessary.
- 1.2 The purpose of this report is to advise Members that it has been brought to my attention that the Committee requires to make appointments to the Scottish Accident Prevention Council – Home Safety Committee to which Mr W Tait was previously appointed as the Substantive Member on 15 March 2000. Mrs I J Hawkins was appointed as Substitute.
- 1.3 The Scottish Accident Prevention Council have advised that any appointments to the Home Safety Committee require to be annually renewed in September. Therefore, in order to avoid unnecessary administrative repetition, this report also proposes that the Head of Legal and Administration (or his nominee) is provided with delegated authority, in consultation with the Chairman of the Infrastructure Committee, to advise the Scottish Accident Prevention Council, when requested, that the appointment of the Substantive and Substitute Members today should continue until the duration of their membership of the Committee.

### **2.0 Proposal**

- 2.1 Appendix 1 summarises the purpose of the organisation and details the number and status of the appointments required.
- 2.3 As previously advised in report LA-27-F considered by the Council at its meeting on 21 May 2003, some organisations reimburse expenses incurred for attendance at their meetings. If not, however, the Council may take the view that attendance is deemed an approved duty. The implications of this are detailed in sections 3 and 4 below. In addition, and with regard to approved duty appointments only, it has been the practice that any further

appointment of appointed Councillors by an organisation to any of its internal groups (e.g. Management Committee) or external representation (e.g. national task or advisory groups) should carry the same approved duty status. Given that such appointments are relatively small in number, and the short timescale often required to gain approval from the Council, this report recommends that this practice should continue, with the proviso that any such appointment is only deemed to carry approved duty status if the Chief Executive is formally advised of any such appointments. Such a procedure will ensure that records are maintained up to date and will enable a quicker procedure for authorisation of Members' travel.

### **3.0 Financial Implications**

- 3.2 If appointment to and attendance at meetings of external organisations are deemed to be approved duties, the costs associated with attendance can be met from within the Members' Expenses budget. However, there should be no additional costs to be added to the existing budget, as the appointment contained in this report is required to fill the vacancy created by the termination of the term of office of the previous Member.

### **4.0 Policy and Delegated Authority**

- 4.1 Appointments and nominations to be made to external organisations can only be made by the Council and its Committees (SIC Min. Ref. 83/99).
- 4.2 Expenses incurred by Members in attending meetings etc. are only recoverable if they form part of an Approved Duty. An Approved Duty arises from an appointment by, or decision of, the Council.

### **5.0 Conclusion**

- 5.1 This report proposes an appointment that requires to be made after coming to light following the appointments and nominations, which were made by the Infrastructure Committee on 22 May 2003.

### **6.0 Recommendation**

- 6.1 I recommend that the Committee:
- 6.1.1 make the appointments detailed in Appendix 1, including classification of approved duty status;
- 6.1.2 provides the Head of Legal and Administration (or his nominee) with delegated authority, in consultation with the Chairman of the Infrastructure Committee, to advise the Scottish Accident Prevention Council, when requested, that the appointments made today of the Substantive and

Substitute Members should continue until the duration of their membership of the Infrastructure Committee; and

- 6.1.3 recommend to the Council that any further appointments as a result of membership of the Scottish Accident Prevention Council will carry the same approved duty status, if appropriate, and provided that notice of any such appointments are provided to the Chief Executive;

10 June 2003  
DH

Report No. LA-36-F



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**SCOTTISH ACCIDENT PREVENTION COUNCIL – HOME SAFETY  
COMMITTEE**

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**Purpose:**

To consider home safety matters generally and to report to the Executive Committee (Scottish Accident Prevention Council). To formulate SAPC policy in relation to home safety. To promote and foster home safety activities in Scotland. To appoint such sub-committees as are deemed necessary and to consider their reports and recommendations.

<b>Membership</b>	<b>Method of Appointment</b>	<b>Duration</b>	<b>Approved Duty</b>
1 Member – Infrastructure Committee	Appointment	Membership of Infrastructure Committee	Yes
1 Substitute Member - Infrastructure Committee	Appointment	Membership of Infrastructure Committee	





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## **REPORT**

**To: Infrastructure Committee**

**17 June 2003**

**From: Head of Planning  
Department of Infrastructure Services**

### **APPOINTMENT OF MEMBERS TO THE LOCAL BIODIVERSITY ACTION PLAN STEERING GROUP**

#### **1 Introduction**

- 1.1 This report recommends that the Council nominates members to the Local Biodiversity Action Plan [Living Shetland] Steering Group.

#### **2 Appointment of Members to the Living Shetland Project Steering Group**

- 2.1 Since late 1998, the Council has played a leading role in the Living Shetland Project. For the benefit of new members in particular, I have attached a report to the Development Committee dated September 1999 that sets out in more detail the background to the Living Shetland Project (then known as the Local Biodiversity Action Plan). I have also placed a copy of the 2002 Annual Report in the Members' Room.
- 2.2 The Infrastructure Committee may appoint two elected members to serve on the Steering Group. The Council may agree (as it has done in the past) that attendance at the Steering Group's meetings is an approved duty.

#### **3 Financial Implications**

- 3.1 The costs arising from the recommendations in this report can be contained within existing budgets.

#### **4 Policy and Delegated Authority**

- 4.1 Appointments and nominations to be made to external organisations can only be made by the Council and its Committees (SIC Min. Ref. 83/99).

- 4.2 Expenses incurred by Members in attending meetings etc. are only recoverable if they form part of an Approved Duty. An Approved Duty arises from an appointment by, or decision of, the Council.

## **5 Conclusion**

- 5.1 The Council can nominate two members to the Local Biodiversity Action Plan Steering Group. These appointments fall within the remit of the Infrastructure Committee.

## **6 Recommendation**

- 6.1 I recommend that the Infrastructure Committee nominates two members to sit on the Living Shetland Project Steering Group and recommends to Council that attendance at meetings of the Steering Group be an approved duty.

**Report No: PL-07-03-F**



## **Shetland Islands Council**

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### **REPORT**

**To: Development Committee**

**14 September 1999**

**From: Section Leader, Sustainable Development  
Policy Division  
Environment & Transportation Department**

#### **Local Biodiversity Action Plan Steering Group - Membership**

##### **1 Introduction**

- 1.1 This report recommends that this committee make appointments to the LBAP Steering Group.

##### **2 Background**

- 2.1 'Biodiversity' is relatively new term which is short for 'biological diversity'. Put simply, it means the total variety of all living things that surround and sustain us. Biodiversity is vital to our survival and is a key indication of the health of our environment. Conserving and enhancing the variety of our natural world will help to maintain our quality of life and that of future generations. The word 'biodiversity' came from the "Earth Summit" held in Rio de Janeiro in 1992, where 159 countries (including Britain) recognised the value of biodiversity to human life, and signed what was to become known as the Biodiversity Convention. This pledges the UK to conserve biodiversity, to use its components in a way that will ensure that we do not limit options available for future generations and share the benefits of biodiversity fairly and equitably between all nations and people.

- 2.2 On 2 December 1998, the Council:

- i) Agreed to lead an appropriate group of organisations in the preparation of a Local Biodiversity Action Plan for Shetland.
- ii) Nominated the Chairmen of the Planning Committee and the Development Committee to be the Council's representatives in respect of the project.

- 2.3 Since that time, the Council, Scottish Natural Heritage and the Royal Society for the Protection of Birds have published the Shetland Biodiversity Audit, which was undertaken by Shetland Amenity Trust on behalf of the funding partners. In addition, the project officer organised a very successful seminar in April 1999 which was well attended by interested organisations, community groups and a number of individuals.
- 2.4 The work has potential benefits for both nature conservation and agriculture and this is reflected in the partnership approach that has been adopted. The Steering Group comprises the following bodies:
- Shetland Islands Council service representation.
  - Interest groups (Shetland Agricultural Association, Shetland Crofting Farming & Wildlife Advisory Group, Shetland Amenity Trust, Shetland Islands Partnership and the Royal Society for the Protection of Birds).
  - Government agencies and statutory undertakers (Shetland Enterprise Company Ltd, Scottish Natural Heritage, Scottish Executive Rural Affairs Department and Scottish Environment Protection Agency).
- 2.5 The Steering Group is closely involved in taking the project forward and has met 4 times since it was established.

### **3 Local Biodiversity Action Plan Steering Group - Membership**

- 3.1 As noted above, the previous Council appointed the Chairmen of the Council's Planning Committee and Development Committee. Policy Division and Development Department staff attend in an advisory capacity, whilst the Steering Group is serviced by the Policy Division.
- 3.2 The Steering Group is undertaking pioneering work in Local Biodiversity Action Planning by promoting a community-led, bottom-up approach, rather than following the more top-down model implemented elsewhere.
- 3.3 It is important that the Council continue to lead the Group so as to indicate the Council's continued commitment and to encourage others to continue their involvement.

### **4 Financial Implications**

- 4.1 The costs arising from working with the Steering Group are contained within existing budgets. Attendance at Steering Group meetings is an approved duty, there being approximately 6 such meetings per year.

### **5 Policy and Delegated Authority**

- 5.1 On 2 December 1998, the Council decided to lead the Steering Group and appointed two members. A decision to appoint Members to the Group falls within the remit of the Development Committee and attendance by Members would be an approved duty that would require the approval of the Council. Steering Group minutes would be reported to Development Committee.

## 6 Conclusions

- 6.1 The LBAP Steering Group is a partnership of bodies with an interest in promoting the development of community-led local biodiversity action planning in Shetland. The Group has met several times already and good progress has been made to date. The Group has overseen the publication of the Shetland Biodiversity Audit and is now poised to develop proposals for further work. The Group has been very well supported by its participants and I believe it is important that the Council continue to lead it.

## 7 Recommendations

- 7.1 I recommend that the Development Committee:
- a) appoint 2 Members to the Local Biodiversity Action Plan Steering Group;
  - b) recommend to the Council that Members' attendance at Steering Group meetings be confirmed as an approved duty for which expenses will be paid.

Report Number :EAT-39-99-D1

Our Ref : AMT/ei11aa.doc







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## **REPORT**

**To: Infrastructure Committee**

**17 June 2003**

**From: Head of Roads**  
**Infrastructure Services Department**

### **The Future of the Scord Quarry**

#### **1 Introduction**

- 1.1 This report is to advise members that the present approval for the Scord Quarry expires in 2006, and seeks to identify a way forward. It suggests that members and officers as a working group look in detail at the options available before recommending to a future meeting of this committee the preferred solution.

#### **2 Background**

- 2.1 In 1992, the Council approved the continuation of quarrying at the Scord, including the continuation of the stone crushing and bitumen mixing plants. That permission ran until April 2001.
- 2.2 A notice of Intention to Develop (NID) was submitted in 2001 indicating the intention to further continue quarrying operations at the Scord. That notification included an intention to extend the limits of the quarry slightly beyond the previously approved boundary.
- 2.3 Although no formal objections were received to the NID, the Planning Board had concerns about the proposals and decided to refer the NID to the full Council for a decision.
- 2.4 The Council, after considering the options available, accepted that quarry operations could continue for another 5 years, that is to 2006, but only within existing boundaries. Any extension of the quarry beyond its existing boundary should not proceed without a further decision by the Council (SIC Min Ref 113/01).
- 2.5 At the present rate of extraction of rock, the working face of the quarry will reach that previously approved boundary by about 2006.

### **3 Proposal**

**3.1 In order to appraise the members on the options available, and to allow a full discussion of those options, it is proposed that members and officers meet as an informal group. The group would not be confined to considering the extension of consent for the Scord Quarry but would look at all options available to secure future supplies of quarry materials.**

3.2 It is proposed that member involvement in the Group should include the Chairman and Vice-chairman of the Infrastructure Committee, the Planning Spokesperson and the Environment Spokesperson.

3.3 The Working Group will have a short term life and will be disbanded once a report to the Infrastructure Committee on the outcome of its deliberations has been accepted.

### **4 Financial Implications**

4.1 Other than Member costs in attending meetings of the Group, there are no financial implications arising from this report, as it only seeks to identify a way of looking at alternative options.

**4.2 Membership of the Group would carry approved duty status and as such members costs will be met from the Members budget.**

### **5 Policy and Delegated Authority**

5.1 The Council decided that in relation to the Scord Quarry, it "...will thoroughly investigate suitable relocation sites in the central mainland of Shetland in order to inform debate when the position is reviewed in 2006 (Minute Ref SIC 113/01)." This report asks the Infrastructure Committee to implement that decision by setting up a working group as detailed in Section 3, to consider that and other options. The Working Group would carry approved duty status (Minute Ref SIC 200/99).

5.2 The primary functions of the former Resources Committee are now undertaken by the Infrastructure Committee, which has full delegated authority to act on all matters for which authority was previously delegated to the former Resources Committee (Min. Refs. SIC 19/03 and 70/03) and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

## **6 Conclusions**

*6.1 It is necessary to decide soon on how the Council will secure the future supply of quarry materials when the current time limit indicated by the Council for the Scord Quarry expires.*

*6.2 Discussion by a Member/officer working group is a way of letting members know of the options available, and will guide staff as to which option to pursue.*

## **7 Recommendations**

I recommend that a Member/officer working group be established to examine the options available

Report Number : RD-09-03-F





## **Shetland Islands Council**

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### **REPORT**

**To: Infrastructure Committee**

**17 June 2003**

**From: Network Manager  
Roads Service  
Infrastructure Services Department**

### **PROPOSED TUNNEL BETWEEN UNST AND YELL: REPORT ON FEASIBILITY STUDY**

#### **1. Introduction**

- 1.1 This report is intended to present the findings of the Feasibility Study which has been under way for some time into the proposal to replace the present ferry service between Unst and Yell with a fixed link, that is, a bridge or tunnel.
- 1.2 The first parts of the study were technical appraisals of the various options for such a link. They concluded that the best option would be a bored unlined tunnel between Belmont and Gutcher which could be built for about £18-20m. A plan of this proposal will be made available to Members at the meeting.
- 1.3 The second part of the study has been a wide-ranging gathering of information and public consultation over all known social and economic issues which could be affected by such a tunnel. This was conducted jointly by Council officers, and AB Associates. This has all been incorporated in the appraisal of the project, under Council policy, under the headings of economy, environment, safety, integration and accessibility. A summary is presented in appendix 1 (The Executive Summary of AB Associates' study report).
- 1.4 My report concludes with my recommendation to the Council that the full study should be considered further by Members and officers and by Community Councils etc. I believe that this is then likely to lead to a recommendation that a tunnel should indeed be built although a number of economic and financial issues should be reviewed at the time when such a decision needs to be taken.

## **2. Background**

- 2.1 The Council's Capital Programme Method requires that, for all proposed major projects, there should be a detailed Feasibility Study into design options, costs and savings, benefits and disadvantages, and in general whether the project is better than an existing service and therefore worthwhile to progress further. If the Council approves a Feasibility Study with a positive recommendation, the project can then be given a firm place in the Capital Programme, subject to programming and budget.
- 2.2 This particular project, along with other possible links, arose out of the major review of the Ferry Service, which has been underway for the last few years.
- 2.3 In addition, the Capital Programme as a whole is under continuous review, and it was seen as desirable to decide, once and for all, whether an Unst fixed link was worthwhile for construction sooner or later. More recently the Council approved its Corporate Plan and this required the department to investigate the feasibility of fixed links.
- 2.4 The project must also be seen in another context. In recent years the Council has confirmed its commitment (in the Corporate Plan and the Local Transport Strategy) to investing heavily in major road improvement schemes. In general the main benefits sought are journey time reductions, greater convenience and safety, and social and economic encouragement to communities in certain areas: exactly the same benefits perceived by a majority of Isles residents to arise from fixed links. This project is therefore very much in line with the Corporate Plan and Policies of the Council.

## **3. Feasibility Study**

### **3.1 Technical Studies**

These were commissioned from Halcrow of Glasgow, and OT Blindheim of Trondheim and have already been reported to Council.

### **3.2 Information Gathering**

All businesses and organisations based in the North Isles and many others operating in the area were consulted by AB Associates explaining the nature of the proposed tunnel, and seeking their views with regard to any effects on their or their members' operations, activities or costs. The overall response was very good and is summarised in the Socio-Economic Study. Most saw the proposed tunnel as beneficial, or at the very least, neutral.

### 3.3 Public Consultation

A number of bodies representing the public in some form, such as the North Isles Community Councils, were consulted as in 3.2 above. However, the main form of consultation with residents of the Isles was as follows:

- 3.3.1 Detailed discussions took place between AB Associates and Council officers, and the North Isles Community Councils, along with their Councillors.
- 3.3.2 Jointly-agreed questionnaires, were sent to all adult residents of the 3 Isles seeking information and views on a wide range of social, economic and personal issues. Separate consultation occurred with all school pupils, RAF personnel, and interested non-residents.
- 3.3.3 Statistical assessments of the returned questionnaires were then included in the Socio-Economic Study. Views expressed in all 3 isles were generally very much in favour of a fixed link.

### 3.4 Socio-Economic Study

A B Associates' Study is summarised in Appendix 1: A copy of the full document is available in the Members' Room. They used the information gathered to draw conclusions which are used in the appraisal system detailed in 3.5 below. In particular, they have provided an in-depth study of probable and possible economic outcomes arising from a tunnel.

### 3.5 Appraisal

It is Council Policy to appraise major investment in roads and transport improvements under 5 main headings: economy, environment, safety, accessibility and integration. Weighting factors are also approved for each of these headings, but, since they relate more to road improvements, I would not advise using them in this case.

#### 3.5.1 Economy

The assessment is that all users of the link would benefit economically from a tunnel. There would also be a positive impact on the economic aspects of social activity, and on GDP. However, it is not certain as to whether the "operator" (the Council) would obtain net economic benefit, due to a number of issues still to be resolved. All other economic aspects (including employment) were considered to have a net overall neutral impact. For example, any job losses would be offset by job gains.

3.5.2 Environment

This was studied and found to be largely unaffected by the construction of a tunnel and withdrawal of the ferry service.

3.5.3 Safety

In general, the replacement of a form of public transport (the ferry) with a greater length of road transport will lead to an increase in danger. However, in this instance I believe this would be balanced by an increase in “public safety”: that is, the possibility that there would be quicker and easier response times for doctors, ambulance, fire brigade, police, coastguard and others.

3.5.4 Accessibility

For those with access to a car “accessibility” would improve greatly with a tunnel. For those without access to a car, a suitable bus service would improve their “accessibility” also.

3.5.5 Integration (Planning Issues)

This heading relates to the way in which a proposal fits with the existing policies of the Council and others. The assessment is that the tunnel could have a very positive impact on various public services, etc.

**4. Issues for Further Discussion**

4.1 The Studies have highlighted a number of issues that now need to be addressed. These include:

4.1.1 A range of financial factors which would be essential to determine whether the tunnel was “value for money”, including discount percentage rate, continuing government assistance towards operating the ferry, likely final construction and maintenance costs for the tunnel, etc.

4.1.2 Safety issues, such as fire regulations, for sub-sea and other tunnels.

4.1.3 Timetables for both the continuing Fetlar ferry service, and a new overland bus service, etc.

4.1.4 The detailed approach to the net reduction of about 12 jobs in the Ferry Service.

4.1.5 The likely full impact on various public services, such as Education and Health.

4.1.6 The need to complement a tunnel with special development initiatives, in order to help realise the full economic and social benefit potential of a tunnel.

4.2 A study similar to this Unst/Yell fixed link one should now be done on the proposal to build a tunnel between Yell and the Mainland. This is likely to



take at least 12 to 18 months in order to ensure sufficient time for thorough information gathering and widespread consultation.

## **5. Financial Implications**

- 5.1 There is no provision in the current Capital Programme to build an Unst tunnel. A decision in time in favour of the tunnel option would require a continuous review of the financial factors, and may also require a timetable for design and construction to be assessed.
- 5.2 Appendix 1 shows that the Net Present Value, or NPV (full life cost expressed as a current lump sum) of the Tunnel Option may or may not cost the Council less than the continuation of the Ferry service between Unst and Yell, dependent on a number of financial factors.
- 5.3 However, Appendix 1 also shows that in NPV terms the tunnel also confers non-Council benefits (i.e. gains to the wider Shetland community) compared to the Ferry. These benefits are taken from the Socio-Economic study and comprise cost and time savings to business and private users of the link.
- 5.4 The overall position is, therefore, that the quantified benefits to the Shetland Community of a tunnel may exceed the extra cost to the Council (in NPV terms), and on that basis a decision to build a tunnel could be justified in best value terms.
- 5.5 A final point to note is that even if the economic factors are favourable the very heavy cost of the tunnel means that the payback period is a very long one. This further emphasises the need to be confident about the long term benefits materialising before taking a final decision in favour of a tunnel.

## **6. Policy and Delegated Authority**

- 6.1 The primary functions of the former Resources Committee are now undertaken by the Infrastructure Committee which has full delegated authority to act on all matters for which authority was previously delegated to the former Resources Committee (Min. Refs. SIC 19/03 and 70/03) and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.
- 6.2 However, inclusion of a project within the Capital Programme is a matter for the Council to decide upon, following consideration of a feasibility study. (Ref. 146/97)
- 6.3 If a decision is taken to include this project within the Capital Programme, subject to programming and budget, authority would remain with Council for a final decision, through the review process, to actually build a tunnel.

## **7. Conclusions**

- 7.1 The proposal to replace the existing ferry service with a tunnel between Unst and Yell has now been very thoroughly studied.
- 7.2 In engineering terms, a straightforward Scandinavian-style sub-sea tunnel is proposed. It would, however, be unique in this country,
- 7.3 In socio-economic terms the tunnel would give overall benefits to all who travel between the north isles, to most who live in Unst and Fetlar, and to Shetland as a whole. For the Council, however, the net present value of the Capital costs would probably exceed the NPV of the Revenue savings.
- 7.4 As appraised under Council policy, the tunnel has positive “scores” on accessibility, integration and a number of economic factors. It is neutral on environment, safety and the other economic factors. There is the possibility of a negative “score” only on the operator benefits.
- 7.5 Public opinion in the Isles is in favour of a tunnel. Some of the concerns of those opposed to a tunnel can probably be met (in relation to possible integration of public services, for instance).
- 7.6 As the officer responsible for the Feasibility Study, I am therefore likely to recommend eventually that a tunnel be built. However, in the meantime, various financial and other factors need to be addressed. Even then, these factors would need to be kept under review until a final commitment is given to actual construction.

## **8. Recommendations**

- 8.1 I recommend that the Committee
  - 8.1.1 note the contents of this report and of the Socio-Economic study, and commend it to the Council; and
  - 8.1.2 recommends that the Council approve that the issues in section 4 above be considered further prior to a decision being taken in principle whether or not to build a tunnel.

## Executive Summary

**This study has consisted of eight reports which have covered the complete remit of the original brief. This report is the eighth and final report in the series which draws on the previous seven background reports and other data and documentation to assess the social and economic impact of a Bluemull Sound fixed link.**

**A summary of the key findings from each section of this report follows under the appropriate headings:-**

### Businesses & Organisations Consultation

- **There is a sizable majority of both businesses and organisations on all three of the North Isles and interested external businesses and organisations in favour of a fixed link.**
- **Travel is expected to rise for all groups surveyed if a fixed link were in place.**
- **This is expected to lead to substantial increased demand for the Yell Sound ferry service. However, Shetland Islands Council believe that the new ferries which will shortly be in place on Yell Sound will have the capacity to cope with this increased demand.**
- **It is not expected to lead to a significant increase in demand for the Fetlar ferry service.**
- **In general there were more respondents satisfied with both the current ferry service and timetable, than dissatisfied.**
- **In the main, respondents in the Unst survey did not feel that the current ferry service could meet their needs, respondents in the Yell and external surveys felt that it could, with Fetlar respondents unsure.**
- **Overall the top three benefits of the Unst ferry service as viewed by all respondents are in descending order reliability, cost, and hours of operation.**
  - **The top three constraints were timetabling, capacity and hours of operation.**
- **It is interesting to note that hours of operation ranks 3 as both a benefit and a constraint.**
- **Overall the top three benefits of a fixed link as viewed by all respondents are 24 hour access, reduced travel and waiting times, and reduced costs.**
  - **The top three constraints of a fixed link were no Yell fixed link, loss of island identity, and increase in competition.**
  - **There was some concern about the reliability of time and financial loss figures and these were not used for calculating NPV totals.**
  - **There was also some concern about the reliability of employment and membership figures and these were not used due to concerns over their reliability.**

### **Public Consultation**

- **There is a sizable majority in favour of a fixed link on all three of the North Isles and among interested non-residents regardless of whether a toll is charged.**
- **Travel is expected to rise for all groups surveyed.**

Agenda Item No. 06 - Public Appendix

- There is predicted to be a substantial increase in journeys also involving travel on the Yell Sound ferry service, again Shetland Islands Council believe that capacity will be in place to deal with this.
- There is no significant increase in demand for the Fetlar ferry service expected.
- It would appear that overall there is a greater level of satisfaction with the current ferry service than the timetable on both islands, and a greater level of satisfaction with both the ferry service and timetable on Yell than on Unst.
- In the main respondents in the Unst survey did not feel that the current Unst ferry service could meet their needs, and respondents in the Yell survey felt that it could.
- The main conclusions in relation to a dedicated Fetlar ferry were that it should be based in Fetlar, sail to Gutcher, and have a service equivalent to or more frequent than the current.
- Overall the top three benefits of the Unst ferry service were, in descending order, reliability, cost and hours of operation,
- The top three constraints were hours of operation, timetabling and capacity.
- It is interesting to note that hours of operation ranks among both the top three benefits and the top three constraints.
- Overall the greatest three benefits in descending order of the Fetlar ferry service were cost, hours of operation and reliability.
- The greatest constraints were timetabling, hours of operation and reliability.
- It is interesting to note that hours of operation and reliability ranked highly and identically as both a benefit and a constraint.
- Overall the top three benefits of a fixed link in descending order were 24 hour access, reduced travel and waiting times, and reduced costs,
- The top three constraints were no Yell fixed link, loss of island identity, and increase in crime.
- Overall the greatest three benefits in descending order of a fixed link according to the respondents in Fetlar were a dedicated Fetlar ferry service, reduced travel and waiting times, and employment opportunities.
- The greatest constraints were other, reduced ferry service and increased costs.
- It is interesting to note that a reduced Fetlar ferry service ranked 2 as a constraint as no respondents indicated that they anticipated a reduced Fetlar ferry service.
- In Yell it would appear that more positive effects from a fixed link were expected on community activities, tourism, fish processing and shops; and less positive effects expected for education services, council services and health services.
- In Fetlar it would appear that more positive effects were expected on community activities, tourism, life in general, the shop, other businesses, health services and community activities; and less positive effects expected for transport, education services and council services.
- In Unst it would appear that more positive effects were expected for tourism, fish farming and life in general; and less positive effects expected for shops, transport, education services and council services.
- It was not felt that any real conclusions could be drawn in relation to relocation of non-residents other than that a fixed link may provide more incentive in some cases to consider relocation.

- It was not felt that there is any evidence to suggest that a fixed link in itself would necessarily lead to any significant repopulation in the area and from comments made it would appear that access to employment and employment opportunities would be more of a priority than the fixed link itself.
- With regard to Unst RAF residents it is not felt that any real conclusions can be drawn other than that a fixed link may provide more incentive in some cases to view these issues more favourably.
- However it did not appear that a fixed link was a major deciding factor for those who wish to remain or extend their tour.

### **Youth Consultation**

- It would appear that in general the youth of the North Isles are in favour of a fixed link.
- They feel it would lead to a limited increase in their travel.
- They would appear to be fairly happy with the current ferry service and to a lesser extent the current ferry timetable.
- They feel the ferry service is reliable, cost effective and scenic, but is hampered by weather, hours of operation and also to some extent cost.
- They feel a fixed link would improve access, waiting times and costs, but may lead to employment concerns and loss of island identity.
- They feel that a fixed link would have the most benefit for shops, tourism, health services, community activities and transport, but there would appear to be more uncertainty as to the effect it would have on businesses (including fisheries), council services (including education) and life in general in the North Isles.
- Although more pupils who were asked (P4-7) in Unst than Yell stated that they felt a fixed link would make them more likely to stay in the North Isles, there would appear to be a potentially greater problem with retaining Unst pupils within the islands in general.
- Finally the main issues concerning the youth of the North Isles in relation to a fixed link would appear to be provision for cyclists, clarification of what will happen to ferries and crews, clarification about the possibility of tolls and the form a fixed link will take, and a fixed link between Yell and the Mainland.

### **Economic and Social Impact**

- It is clear from this section of the report that a fixed link is likely to bring some significant benefits to the North Isles as a whole and also some drawbacks.
- The main economic benefits are the time/cost savings to businesses and all travellers plus the greater flexibility and freedom to travel when required.
- On the one hand the fixed link opens up the potential for new economic activity, new jobs and improved services, while on the other hand it could enable some rationalisation and savings in public services and result in job losses to the North Isles.
- There will also be upset of the market equilibrium as along with additional opportunity for local businesses may also come additional competition.
- Socially there is good evidence to suggest that there could be net social and community benefits from the fixed link through increased scope for greater community integration and joint activities, there is also however potential for conflict and some overlap between community groups and facilities.

- Overall however what can be said is that the introduction of a fixed link would mean that communities, businesses and organisations in the area would have to adapt to change.

#### Ability to Commute

- It is currently possible to commute daily by car from Unst or Yell to Lerwick.
- It is not currently possible to commute daily from Fetlar.
- The current bus service is not suitable for commuting.
- If a fixed link were in place it could make it possible for a daily commuter bus service to serve all three islands and be in Lerwick for 9 a.m.
- These bus services could be designed to fit in with existing local commuter buses, and could be a replacement to the existing bus service in the North Isles.
- It should be noted that currently a daily commuter bus could be provided from Unst and Yell, however this would not be available to Fetlar residents due to the timing of the first ferry run in the morning from the island.
- The average cost of commuting per week by car from the North Isles with a fixed link would be...
- Between £107 and £117 from Unst, £104 from Fetlar, and between £102 and £79 from Yell
- It should be noted that these figures are averages based on DTLR data and that costs will vary per individual car.
- Given the high cost of commuting by car it is unlikely that commuting on a daily basis will be cost effective unless for high earners or where a car sharing system is operated.
- The average annual saving per commuter car per year due to a fixed link would be £300 or 5%.
- Given the overall cost of commuter travel from the island a reduction of £300 a year may not provide much incentive for increased commuting from Unst by car and may not be as significant as some respondents believe.
- It is estimated that a fixed link will give a total time saving of 50 minutes per day, on a return journey from Baltasound this is around 300 hours per year.
- This time saving may make it more attractive to commute, however the financial implications of commuting will most likely be more important.
- Due to the high cost of commuting daily from the area by car, it is probable that in order to maximise commuter potential a commuter bus service will be required. It is estimated that a person's weekly cost for an unsubsidised commuter bus would most likely be...
- Between £59.50 and £52.50 from Unst, £47.10 from Fetlar, between £45.50 and £27.50 from Yell.
- A 50% regular traveller discount would however result in commuting costs by bus of...
- Between £29.75 and £26.25 per week from Unst, £23.55 per week from Fetlar, between £22.75 and £13.75 per week from Yell.
- Although a non-discounted bus service may also result in an economic commuting service for some residents this level of subsidy may make commuting a more attractive proposition.
- A subsidised bus service will have financial implications. However it is common practice for bus services outwith the islands to offer a discount for regular travellers.

- An unsubsidised bus service would on average be equivalent to between 2 - 3 people car sharing.
- A subsidised bus service would on average be equivalent to 4 - 5 people car sharing.
- A commuter bus service may require two buses in order to provide a service from Mid Yell through East Yell to Ulsta.
- In order to fit in with a commuter bus a Fetlar ferry service of approximately 14 hours per day Monday to Friday would be required assuming the ferry were based in the island.
- If the ferry were not based in the island lengthier hours of operation would be required.
- It should be noted that the assumptions in the NPV calculations later in this report assume a 12 hour ferry service.
- Therefore in order for a commuter bus service to include Fetlar either a three crews ferry would be required or some thought would need to be given on the service hours of a two crew ferry possibly including a break in service at a non-peak time.
- It may also be beneficial to have an internal commuter bus, in order to maximise internal commuter potential.
- A working day for car commuters would vary from approximately between 11 and 12 hours for Unst, 13 hours for Fetlar and from 10 to 11 hours for Yell, and for bus commuters from approximately 12 to 13hrs for Unst, 13 hrs for Fetlar and from 11 to 12 hrs for Yell.
- Therefore although more expensive car commuting will result in a less lengthy day for commuters from all areas except Fetlar.
- However commuting from the area will result in a lengthy working day regardless of the form of transport used, and this may deter some residents from commuting.
- Also although bus commuting will be less expensive than commuting by car, it will be more inflexible in that commuters will be restricted to the hours of the bus timetable and route of the bus journey, which may limit the areas and times at which they can work.

#### Current Ferry Service & Travel Patterns

- The data gathered from this assessment was used to help calculate the value of time and cost savings of the fixed link
- The conclusions from the analysis showed that while there was no overall major capacity problem on the Unst ferry service there were significant timetabling issues.

#### Impact of Fixed Link on Ferry Users

- The adjusted fare income for the Unst ferry in 2002 was £177,608.
- This is also lost fare income to the SIC.
- The total fare savings to travellers would be £164,064
- The financial worth of time savings for travellers would be £301,789.

#### Socio-Economic Impact Analysis

- It has been assessed that a fixed link may result in no net loss or gain of employment, have a neutral effect on unemployment and result in a 1% increase in population.

### Economic Impact Assessment

- **Four scenarios have been developed for NPV calculations....**
- **A - An assumption that the 60% Scottish Executive rebate for the ferry service will continue and that the discount rate should be 3.5%**
- **B - An assumption that the 60% Scottish Executive rebate for the ferry service will continue and that the discount rate should be 6%**
- **C - An assumption that the 60% Scottish Executive rebate for the ferry service will not continue and that the discount rate should be 3.5%**
- **D - An assumption that the 60% Scottish Executive rebate for the ferry service will not continue and that the discount rate should be 6%**
- **Due to conflicting opinions over the capital cost of a fixed link it was decided to find a breakeven point for each scenario i.e. the capital cost of a fixed link that would be equivalent to operating the ferry service.**
- **The following table gives breakeven capital costs for each of the scenarios over a 20 to 50 year period.**

Scenario	20 Years	30 Years	40 Years	50 Years
A	15.25	19.50	23.25	24.75
B	13.80	16.40	17.50	18.44
C	20.50	26.75	30.00	34.25
D	18.00	21.75	23.50	24.70

- Depending on the scenario chosen a breakeven capital cost for a fixed link could vary from £13.8m to £20.5m for a 20 year breakeven to £18.44m to £34.25m for a 50 year breakeven.
- Given that a 50 year period or even longer would normally be used, and that present estimates for the full costs of constructing a tunnel are £18 to 20m, it can be seen that the project would be viable in most financial scenarios.

### STAG Appraisal

- An initial STAG appraisal has been conducted. A number of issues will require to be looked at in greater detail, especially environmental impact, safety, and some parts of economic impact (dependant on the scenario agreed to be most likely, and on finalised capital costs).
  - The initial appraisal concluded ...
  - A neutral impact on the environment
    - A neutral impact on safety
    - A positive impact on integration
    - A positive impact on accessibility.
  - Impact on the economy was divided into several subsections as follows...
    - A positive impact for users
    - A positive impact on social aspects
    - A positive impact on local GDP
  - There was an inconclusive result for operator benefits.
  - A neutral impact was concluded for all other economic aspects.



Overall Conclusion

- **While there is no doubt that it would appear to be the majority wish of businesses, organisations, and residents in the North Isles as well as external businesses and organisations and interested non-residents that a fixed link between Unst and Yell be put in place, this is not the only factor which must be taken into account.**
- **This study is not and was never intended to be a referendum on the subject: its remit extends well beyond gauging public opinion.**
- **There will undoubtedly (assuming a link will be toll free), be financial and time savings to all existing commercial and non-commercial travellers both to and from the island, due to the lifting of travel restrictions and the removal of fare payments.**
- **However although a fixed link may provide additional opportunity for the area, it may also stimulate addition competition both internally and externally.**
- **Although it may lead to job creation in some sectors it may equally well lead to job losses in others, primarily through rationalisation and change in the market equilibrium**
  - **While it will allow for greater social integration, it may also lead to conflict.**
- **The question really therefore is why is a fixed link either required or desired?**
- **If it is to reduce financial and time costs for travellers then the obvious answer is yes, dependent on the level of any toll which may or may not be charged.**
- **If it is to reduce financial cost to the Shetland Islands Council then this question can not be answered until the issues of capital cost, desired breakeven time, and future of the Scottish Executive subsidy have been finalised.**
- **If it is to generate substantial additional employment and repopulation then this is unlikely unless major additional development is stimulated.**
- **A fixed link on its own can not “save the North Isles”, this will require additional substantial commitment from the communities involved and most likely additional funding from development agencies and it should also be remembered that the figures in this report do not assume any major rationalisation of public services which may well be a consequence of a fixed link.**
- **If it is to provide greater social integration then this will most likely occur, but there will also most likely be some disruption as a result.**





# **Shetland Islands Council**

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## **REPORT**

**To Infrastructure Committee  
:**

**17 June 2003**

**From: Network Manager  
Roads  
Infrastructure Services Department**

### **INFRASTRUCTURE PROVISION AND MAINTENANCE PROGRESS MONITORING REPORT**

#### **1 Introduction**

- 1.1 The purpose of this report is to provide the Infrastructure Committee with an overview of the status of and progress on major works and purchases under the former Roads and Transport and Environmental Services elements of the Council's Capital Programme. It is a requirement under Financial Regulations and the Capital Programme Method to present this report to the Committee.**
- 1.2 Appendix 1 tabulates progress on preliminary design, land and other consents, detailed design, tender stage and construction for the largest 25 or so current Roads and Environmental projects.**
- 1.3 Appendix 2 tabulates spend-to-date (as of 30<sup>th</sup> April), including an estimate of committed spend to the end of the current financial year.**

#### **2 Capital Programme Status**

- 2.1 In February 2003 the Council approved a revised Capital Programme following recommendations from the appropriate committees (Min Ref. 21/03). The effects of this are represented within appendices 1 & 2 to this report, up to 2008.**
- 2.2 The Roads and Transport Rolling Programme elements of the overall programme were reported and approved by Committee on 26 June 2002 as part of the review of the Costed Action Plan, including the prioritisation of works and purchases (Min Ref 61/02).**

- 2.4 Planning for burial ground replacement is based upon an approved long term programme (Min Ref 52/97) which is used to promote projects for acceptance on the Council's current Capital Programme and Plan.**

**3 Proposed Rescheduling of Major Roads Schemes**

- 3.1 The scheme to improve roads, etc. in the Stove area in Sandwich arose following a safety audit of the completed Central to Stove improvement. The original estimate was approximately £80,000, and this is still the budgeted figure (almost entirely in 2003/04). Following detailed design and preparation of estimate for the scheme it is now recommended that the budget be raised to £195,000. The increased cost has arisen for the following reasons:**

**3.1.1 Increased length of 2-lane road required to meet safety standards at the south end of the original scheme.**

**3.1.2 Increased earthworks required.**

**3.1.3 Detailed design of footways, parking and drainage.**

**3.1.4 Revised utilities diversion costs**

**3.1.5 Increased costs of construction: significantly higher than inflation.**

**3.1.6 Aggregate tax.**

- 3.2 There have been serious delays to land acquisition for both the A970 Levenwick Junctions and A968 Setters Hill to Brookpoint schemes. These are now being dealt with by Compulsory Purchase Orders, but construction is now not going to take place until 2004/05 at the earliest (instead of 2003/04 as scheduled at present).**

- 3.3 There have also been further delays to the A971 Haggersta scheme due to objections received to the Notice of Intention to Develop. I am in consultation with Scottish Natural Heritage, and have engaged an environmental consultant to do a visual impact assessment for the scheme. However, the earliest possible start of construction is now very late in 2003/04.**

- 3.4 I therefore propose that the 4 schemes referred to above be rescheduled as follows:**

**3.4.1 Present Schedule and Funding:**

<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>
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<b>Stove, Sandwich</b>	<b>£78k</b>	<b>9</b>	<b>0</b>
<b>A970 Levenwick</b>	<b>459</b>	<b>6</b>	<b>0</b>
<b>A968 Setter Hill</b>	<b>188*</b>	<b>7</b>	<b>0</b>
<b>A971 Haggersta</b>	<b><u>1515*</u></b>	<b><u>22</u></b>	<b><u>0</u></b>
<b>Totals</b>	<b>2240</b>	<b>44</b>	<b>0</b>

(\* Slippage of 18k and 26k from 2002/03 is also proposed)

### 3.4.2 Proposed Schedule and Funding:

	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>
<b>Stove, Sandwich</b>	<b>190</b>	<b>5</b>	<b>0</b>
<b>A970 Levenwick</b>	<b>10</b>	<b>449</b>	<b>6</b>
<b>A968 Setters Hill</b>	<b>10</b>	<b>178*</b>	<b>7</b>
<b>A971 Haggersta</b>	<b><u>515*</u></b>	<b><u>1000</u></b>	<b><u>22</u></b>
<b>Totals</b>	<b>725</b>	<b>1632</b>	<b>35</b>

(\* as in 3.4.1 above)

## 4 Member/Officer Working Group

### 4.1 The Working Group on the Management of Road Schemes produced a report in March this year, and recommendations were approved by committee on the following matters: (ref 26/03)

**4.1.1 Consultation with Community Councils (This continues: for example, letters have recently been sent out for this year's review of the Costed Acton Plan).**

**4.1.2 A clearly identified legal resource for land acquisition (this has taken place).**

**4.1.3 CPO proceedings should be initiated as early as possible rather than pursued in parallel with negotiations in order to expedite the process of acquiring land for road schemes.**

**4.1.4 Prioritisation of maintenance and some minor improvements to continue to be solely on technical grounds.**

**4.1.5 Simplification of the listing of schemes under budget headings.**

**4.1.6 Feasibility studies for proposed new major improvements (see 4.2 below).**

- 4.2** Following a series of site visits by the Working Group, and guidance on prioritisation of feasibility studies, nine schemes out of the original 19 have been selected for investigation this year. I am now obtaining information on recorded accidents, traffic numbers, likely journey time savings, likely impact on social and commercial interests, and on the maintained condition of the existing roads. For some of the schemes, outline design work is also under way on viable options.

**5** Roads Maintenance Contracts, etc.

**5.1** Road Marking and Cats Eyes

I intend to advertise for contractors and issue tenders for this work later in the year, as it is now several years since it was last tendered. In the meantime, however, I intend to have the Spring programme carried out under the present arrangements with the previous contractor, Prismo, at an estimated cost of £45k. The Contractor has offered to accept their previous rates for the work, their workmanship, etc. is acceptable, and they are available immediately.

**5.2** Cattle Grids, Road Signs and Barriers

I intend to report later this year on whether these works should be retendered for next year onwards. In the meantime, I propose that the present Contractor, Garriock Bros., have his Contracts extended for another year, at an estimate of £250k, subject to satisfactory conclusion of negotiations with him.

**6** Financial Implications

- 6.1** There are normally no financial implications arising from this report. However, in this instance I would ask Members to note my recommendations in section 3 above for the increase and reallocation of funds, to cater for the increased cost estimate of the Stove, Sandwich, scheme, and for the delays to the Levenwick, Setters Hill and Haggersta schemes.

**7** Policy and Delegated Authority

- 7.1** The Infrastructure Committee has full delegated authority to act on all matters for which authority was previously delegated to the former Roads and Transport and Environmental Services Committees. Therefore, the projects within Appendices 1 and 2 stand referred to the Infrastructure Committee and it is the responsibility of the Committee to undertake specific projects or policy delegated to it by the Council (Min Ref 19/03 and 70/03)

**7.2 This report is prepared to meet the requirements of Financial Regulation 7.5 which states that it shall be the duty of each Committee to monitor and control its own financial performance against budgets approved by the Council, and Financial Regulation 5.7 which states that the Chief Officers responsible to each Committee shall ensure that the Committee is properly informed of the Committee's finances and of the financial implications of current or proposed activities.**

**7.3 All actions detailed in Section 5.1 and in Appendices 1 and 2 have been carried out in accordance with Standing Orders and Policy where appropriate and in implementation of previous decisions of the Committee or Council. In particular, actions comply with the Capital Programme Method (ref 146/97). However, the matters referred to in section 3 above require Council approval (min ref 146/97), since the Committee only has delegated authority for such decisions within Capital Rolling Programmes and up to a level of £150,000 (min ref 61/02).**

**7.4 The Roads Maintenance Contracts referred to in 5.1 and 5.2 above have been extended for each of several years now. Nevertheless, the decision remains one for the Committee to take, under the Council's Standing Orders Relating to Tenders and Contracts:**

**H13 (b) Where the appropriate Director considers that a tender should be negotiated with one person, he shall, before entering into negotiations, obtain the approval of the appropriate Committee both in respect of the negotiation and of the person with whom the tender is to be negotiated.**

**H13 (c) Where the appropriate Director considers that an existing contract should be extended and that a tender should be negotiated with the existing contractor, he shall before entering into negotiations, obtain the approval of the appropriate Committee both in respect of the extension and of the negotiation with the existing contractor.**

## **8 Recommendations**

**8.1 I recommend that the Committee:**

**8.1.1 Note the contents of this report and appendices.**

**8.1.2 Recommends to the Council that it considers and approves the proposals to increase and reallocate funds as tabulated in para 3.4 above in relation to the Sandwich, Levenwick, Setters Hill and Haggersta Schemes, and that the Council be asked to find the additional funding required for the Sandwich scheme at the next review of the Capital Programme; and**

**8.1.3 Gives approval to negotiate further one year extensions of the Roads Maintenance Contracts in 5.1 and 5.2 above with the respective Contractors in accordance with Standing Orders.**

Report Number: RD-10-03-F

File Ref: R/A1/2

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**REPORT**

**To: Infrastructure Committee**

**17 June 2003**

**From: Projects Unit Manager  
Infrastructure Services Department**

**Fixed Links, Ferries and Terminals Projects Update  
Report No. IFSD-CPU-01-03-F**

**1. Introduction**

- 1.1. This report provides information on progress and key issues relating to projects within the Fixed Links, Ferries and Terminals Projects within the Infrastructure Services programme area.
- 1.2. Future reports will be regular and will be a combination of items for noting and decisions required to maintain progress on projects in line with Infrastructure Committee/Council decisions and expectations.
- 1.3. The report outlines briefly the revised approach to project development and delivery as a result of the recent organisational streamlining.
- 1.4. The main points to note in this report are: -
  - The mechanism for development and delivery of projects.
  - Progress on the Bressay Bridge.
  - The outcome of the exercise to bring Fetlar Terminal back within budget.
  - Papa Stour Contract award.

**2. Background**

- 2.1. In the recent organisational streamlining there were two Projects Units established, one in Infrastructure Services and the other in Community Services.
- 2.2. The purpose of creating these units was to reshape the way in which projects are delivered within the Council, with the focus on integrating project planning, development, implementation and review with service delivery in a manner that recognises the changing shape of the Council and deals with the changing context in terms of national and European procurement practice and legislation.
- 2.3. The way in which this is achieved is through clearly defining roles and responsibilities and developing a teamworking approach to address the unique demands and requirements of each project.

- 2.4. In a nutshell, the early stages of project development (i.e. from the point where a potential project is identified to the point where feasibility is complete and the project has a place on the Capital Programme) will be led by the relevant Service Head in close cooperation with the Projects Unit Manager. Once the project has an approved budget and is programmed into the Capital Programme, the Projects Unit Manager will lead the delivery of the project in close cooperation with the Service Head.
- 2.5. At the moment, the Projects Unit leads the following projects: -
- Bressay Bridge
  - Landfill Site (to be introduced to the revised reporting framework in the next cycle)
  - Yell Sound Terminals
  - Fetlar Terminal
  - Papa Stour Terminals
  - Whalsay Terminals
  - Yell Ferries
  - Skerries Ferry

### **3. Project Updates**

#### **3.1. Fixed Links**

##### **3.1.1. Bressay Bridge**

- 3.1.1.1. The project is progressing in line with programme and budget.
- 3.1.1.2. Appendix 1 contains the latest programme for the project.
- 3.1.1.3. After carrying out an assessment of the various procurement options for the project, the project team identified Early Contractor Involvement (ECI) as the strategy that can best deliver the project in line with: -
- Cost
  - Programme
  - Specification
- 3.1.1.4. Appendix 2 contains a summary of the ECI procurement strategy recommended by the project team.
- 3.1.1.5. In order to comply strictly with the Capital Programme Method (Stage 5), it is necessary to seek Committee approval to appoint a contractor following a tender exercise.
- 3.1.1.6. In this case the appointment is not conventional in that the contractor is being appointed to contribute to the design and development of the project, as a consultant would, but from the

perspective of the party who will eventually build the structure. This strategy ensures that all the benefits of designing in “buildability”, supply chain management, risk management and subsequent cost and programme confidence can be realised prior to a commitment to build.

- 3.1.1.7. The contract is structured such that the Council is not committed to awarding the construction phase unless certain conditions are met and Committee/Council approvals given.
- 3.1.1.8. The main conditions are: -
- Successful conclusion of the consultation exercises;
  - Successful conclusion of the Planning and other Statutory procedures;
  - Evidence that project can achieve compliance with: -
    - Cost
    - Programme
    - Specification
  - Evidence that the project can demonstrate value for money;
  - Approval by Committee/Council at the conclusion of detailed design that the construction element of the project can proceed.
- 3.1.1.9. Although this procurement strategy may be unusual in SIC, it is widely recognised within the UK public procurement sector as the most economic way to deliver challenging and complex projects that rely on innovation to generate the best solutions.
- 3.1.1.10. The procurement strategy has been agreed with the Scottish Executive and it is acceptable in terms of meeting the rules for the ERDF funding of £4,000,000 already earmarked for the project.

### **3.1.2. Yell Sound and Bluemull Sound Fixed Links**

- 3.1.2.1. In line with the organisational streamlining, Yell Sound and Bluemull Sound Fixed Link projects will be led by and reported through the Roads Service and, if the projects gain a place in the Capital Programme, they would be led by and reported through the Projects Unit.

### **3.1.3. Whalsay Fixed Link**

- 3.1.3.1. In line with the organisational streamlining, and recognising the Council’s commitment to the principle of fixed links, Whalsay Fixed Link project will be reviewed by and reported through the Roads Service and, once the projects have a place in the Capital

Programme, they will be led by and reported through the Projects Unit.

### **3.2. Ferries and Terminals**

#### **3.2.1. Yell Sound Terminals**

- 3.2.1.1. The project continues to progress in line with programme. The most recent budget review indicates that at present there is a slight over run on the budget (£210,000 or approximately 2%). This figure does not yet include the costs for the small craft facility because this is not yet fully resolved and therefore estimates are not complete. With a significant part of the works yet to be completed, every effort will be made to identify opportunities to bring the project back within budget.

#### **3.2.2. Fetlar Ferry Terminal**

- 3.2.2.1. In line with the Committee approval given on 6 February 2003, a value engineering and re-design exercise was carried out in negotiation with R.J. McLeod.

- 3.2.2.2. The outcome of the value engineering yielded the following amendments to the design: -

- The access road was realigned to exploit opportunities for cut and fill and the specification was amended to reflect that considered acceptable for a lightly trafficked single track island road.
- The water collection and treatment system was amended to provide a simple rainwater collection and storage system. This is sufficient to provide sanitary facilities equivalent to those at the existing facility, therefore treatment was deleted.
- The terminal building was redesigned to provide a facility identical to that provided in Papa Stour as opposed to the multifunction facility originally proposed. This will provide the same level of facility as exists at Oddsta. Other resources on the island such as the Interpretive Centre can provide the facilities that were deleted.
- The design of the jetty structure was amended to reflect the construction philosophy adopted for Toft and Ulsta.
- The marshalling area was revised to reflect the level of facility currently provided at Oddsta.
- General buildability was considered in terms of the availability and use of materials available locally and opportunities to recycle material from the existing Oddsta site and material that could be won through dredging.

- 3.2.2.3. However, the value engineering in itself was only sufficient to bring the cost of the project from the original estimate of £5,900,000 down to £4,900,000. The available budget is £3,150,000.
- 3.2.2.4. Therefore, a review of the various elements of the project was carried out to establish their necessity in terms of the delivery of the ferry service.
- 3.2.2.5. The outcome of that review was that the following elements of the project were identified as being non-essential in terms of delivery of the ferry service: -
- *The breakwater.* The function of the breakwater was to provide a facility where a vessel could be berthed overnight all year round in any weather conditions and to provide adequate shelter for a fishing berth. To ensure an all weather operation for the ferry service, a wave screen has been provided on the jetty structure, which allows the operational face to be used all year round, and, should the necessity arise, a ferry can be berthed on the operational side safely overnight although this may hinder other vessels using the linkspan/berth.
  - *The fishing berth.* Without the breakwater the fishing berth cannot be adequately protected in all conditions. Therefore, this element of the works was identified as being non-essential in terms of the delivery of the ferry service.
  - The values of these two items are £1,500,000 and £250,000 respectively. However, Members should bear in mind that the fishing berth cannot be provided without the breakwater.
- 3.2.2.6. Consultation with the Community Council in Fetlar was carried out to highlight the measures that had been considered in reviewing the project and, although there was support for the efforts being made to bring the project within budget, there was a strong expression of disapproval of the removal of the breakwater and fishing berth. The main point made was that there was a commitment made by the Council to investigate the need for the facility (it was included in the “Sustainable Development” section of the Corporate Plan approved by Council on 7 January 2000) and it featured heavily in the development plans for the island. The Community Council

asked that it be reported to the Council that they wish to see the fishing berth and breakwater reinstated.

- 3.2.2.7. A contract to construct the revised scheme has been awarded to R.J. McLeod on the basis that the Council is committed to providing a new ferry terminal in Fetlar and that the elements that have been removed can be reintroduced (subject to the availability of additional funds totalling £1,750,000) to the project should the Committee/Council be so minded.

### **3.2.3. Whalsay Terminals**

- 3.2.3.1. Work has commenced on the design of the Whalsay Terminals. The priority in this project is to establish the correct construction sequence recognising the operational challenges and the need to commence land purchase at North Voe. Construction is programmed to commence in April 2004 subject to compliance with the Capital Programme Method.

### **3.2.4. Papa Stour Terminals**

- 3.2.4.1. Appendix 3 contains a summary report on the tenders received for the Papa Stour terminal at Houssa Voe.
- 3.2.4.2. As detailed in the report, all tenders received exceeded the available budget.
- 3.2.4.3. A review of the project and the inclusion of ERDF grant concluded that the project could be completed within the budget approved in the Capital Programme (see Appendix 3 for details).
- 3.2.4.4. As an urgent decision was required due to the timing of the works, the Chief Executive was asked to exercise his emergency powers (subject to consultation with the Chair and Vice Chair of the Infrastructure Committee and the Convener) to award the contract.
- 3.2.4.5. Further to approval by the Chief Executive, the contract to construct the Papa Stour terminal at Houssa Voe was awarded.
- 3.2.4.6. The West Burrafirth element is currently the subject of further consultation with Stakeholders and detailed design will be complete through the summer with tenders being issued early 2004 with a start on site programmed for April 2004. This is subject to Committee/Council approval as appropriate.

### **3.2.5. Skerries Ferry**

- 3.2.5.1. The Skerries ferry m.v. "Filla" arrived in Lerwick on the morning of Tuesday 27 May.
- 3.2.5.2. As was highlighted in the press coverage, the vessel has been well received and early feedback indicates a good level of satisfaction

with the vessel's performance and levels of facilities.

- 3.2.5.3. The final stages of the project were not without their difficulties and the Committee is asked to recognise and commend the efforts of the Ferry Services staff in ensuring that the vessel met all performance and operational requirements prior to arrival in Shetland.

### **3.2.6. Yell/Whalsay Ferries**

- 3.2.6.1. Detailed design is well underway and the project is progressing in line with programme and budget. Steel cutting is due to start towards the end of June with the first keel to be laid in mid-July and the first hull launched in early December 2003 and handover of the first vessel at the end of April 2004. Key milestones for the second vessel lag the first by 8 weeks.

## **4. Conclusions**

- 4.1. In general terms the projects within the FATRP and the Fixed Links Programme are developing in line with current expectations, policies and strategies.
- 4.2. The Bressay Bridge project, in order to comply with the Capital Programme Method, requires approval by the Committee to appoint a contractor to contribute to the next stages of the design and development of the bridge.
- 4.3. The outcome of the review carried out on Fetlar Terminal was unable to reduce the estimate of cost to within the budget without fundamentally altering the original scope of works. The contract has been awarded on the basis that an operational terminal can be provided within the original approved budget and the Committee should consider whether those elements that have been removed (i.e. the breakwater and fishing berth) should be reinstated subject to a recommendation to Council and approval of additional funding of £1,750,000.
- 4.4. The Papa Stour terminal contract has been awarded in line with the process contained in Appendix 3.

## **5. Financial Implications**

- 5.1. There are no direct financial implications resulting from this report.
- 5.2. However, should the Committee wish to reinstate the elements of the Fetlar terminal that have been removed (see section 3.2.2) then this will create an additional requirement for £1,750,000 in financial year 2004/05 and will require inclusion in the next review of the Capital Programme and approval by Council.

## **6. Policy and Delegated Authority**

- 6.1. The primary functions of the former Resources Committee are now undertaken by the Infrastructure Committee, which has full delegated authority to act on all matters for which authority was previously delegated to the former Resources

Committee (Min Refs. SIC19/03 and 70/03) and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

- 6.2. Revisions to projects within the Capital Programme require the authorisation of the Council under the Capital Programme Method (min. ref. SIC 146/97)

## **7. Recommendations**

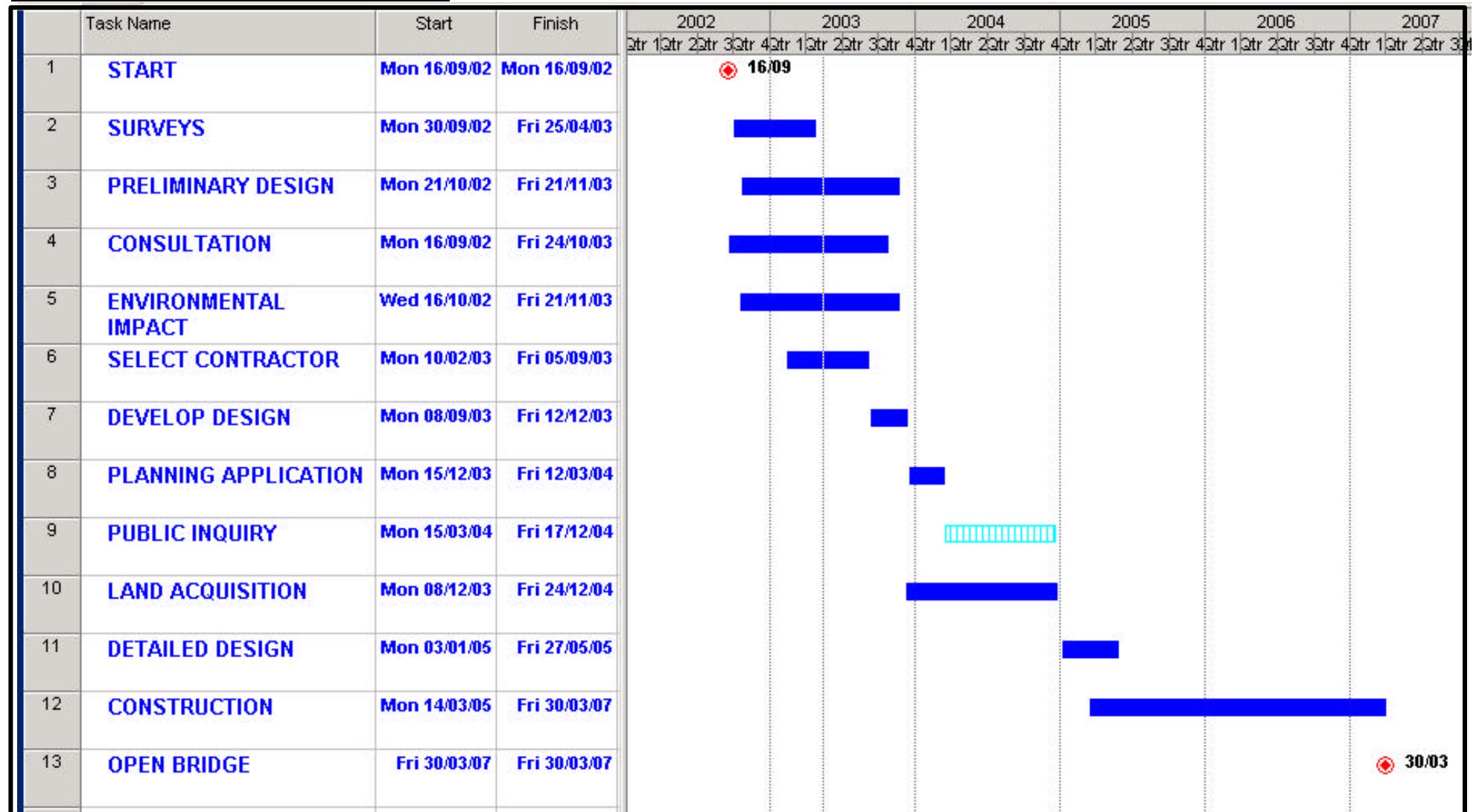
I recommended that the Committee: -

- 7.1. notes progress on the projects reported herein.
- 7.2. endorses the principle of Early Contractor Involvement for the Bressay Bridge project and approves the issue of tenders to appoint a contractor subject to the conditions described in paragraphs 3.1.1.7 and 3.1.1.8.
- 7.3. notes the Chief Executive's approval of the award of the contract to construct the Papa Stour terminal in Houssa Voe, under his emergency powers.
- 7.4. recognises and commends the efforts made by Ferry operations staff in the final weeks prior to delivery of the m.v. "Filla".
- 7.5. considers the outcome of the review of the Fetlar project and, if so minded, recommend to the Council that those elements that have been removed be reinstated subject to availability of funds.

Report No: IFSD-CPU-01-03-F



Infrastructure Committee - Tuesday 17 June 2003  
 Agenda Item No. 08 - Public Report  
 Appendix 1 – Bressay Bridge Programme



## **Early Contractor Involvement**

In this concept, the contractor is appointed at an early stage in the project and assists in the identification and development of a preferred scheme and thereafter assists in the planning process and detailed design before undertaking construction when all the consents were in place. As details of the preferred scheme are unknown at the time of tender, the Contractor has to be selected on the basis of quality together with some financial parameters such as the costs for their input to the preliminary stages and, if an open book approach is utilised for the construction contract, their percentage overheads and profit.

For the construction contract, the Engineering and Construction Contract Option C, Target Cost represents the most suitable form.

This option has the shortest overall programme because the process for selecting a Contractor can run concurrently with the procurement of surveys and this selection process can be shorter than a normal design and build tender period notwithstanding EU procurement rules on the duration of tenders.

The advantages and disadvantages of this procurement route are set out in the following table: -

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"><li>• Scope for innovation</li><li>• Contractors input to buildability</li><li>• Contractor's input to planning process</li><li>• Risk sharing/cooperation</li><li>• Shorter project programme/greater float</li><li>• Enthusiasm for this form of procurement in market place</li></ul>	<ul style="list-style-type: none"><li>• Lack of explicit competition in construction costs</li><li>• Contractors costs for preliminary stages could be abortive (although these costs are likely to be relatively)</li></ul>

This procurement route provides tenderers with the maximum scope for innovation and buildability. The additional benefit of this option is that consultations on the proposals with interested parties would be undertaken by one team, thereby avoiding the confusion engendered amongst consultees by a number of tendering consortia discussing their respective proposals.

These consultations could also be utilised to refine the scheme proposals on the basis of comments received from the consultees and thereby achieve the optimum

solution. This objective is more readily achievable without the pressures of competing with other tenderers.

Any such scheme would therefore be less likely to be challenged during the planning process. Having the Contractor's input prior to applying for planning permission would also add to the ability of the planning application to withstand scrutiny in terms of buildability and construction cost.

In addition, as outlined in the foregoing, by procuring the services of the Contractor in parallel with undertaking the surveys the project programme is the shortest of any option and therefore provides a greater degree of float when compared to the other procurement options.

Finally, the partnering approach utilised in this option would lead to a spirit of co-operation in terms of jointly overcoming the problems and challenges arising throughout the course of the project and in sharing any benefits.

The main disadvantage of this option is the lack of explicit competition in obtaining a price for the construction works. However, in a project such as this where potentially much of the material is won locally and there will not be a wide range of suppliers this disadvantage is less relevant. Furthermore, the adoption of an open book approach should ensure that the sum paid to the Contractor is the actual price of the works and the budget challenges faced by the Client should also ensure that all parties work together to minimise costs and ensure that the project goes ahead.

The significant scale of the project should also ensure a high level of interest from contractors and thereby ensure competition in the tendered percentages for overheads and profit if these are used as selection criteria. Utilising this approach also avoids the costs associated with a tender design process, which although not paid directly by the Client, must affect overhead and profit levels on design and build projects.

A further disadvantage of this option would be the costs expended by the Contractor in assisting with the design development at an early stage, which would be abortive if the decision was made not to proceed with the project.

**Appendix 3**

**Papa Stour Tender Report**



## Shetland Islands Council

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### REPORT

To: Chief Executive

29 May 2003

From: Infrastructure Services Capital Projects Unit Manager

#### Papa Stour Ferry Terminal – Tender Acceptance

##### 1. Introduction

- 1.1. The purpose of this report is to ask the Chief Executive to exercise his authority under his emergency powers to accept the lowest tender for the Papa Stour Ferry Terminal project.

##### 2. Background

- 2.1. An invitation to tender for the construction of a new ferry terminal at Houssa Voe in Papa Stour was issued to 7 contractors on 10 April 2003 in accordance with EU Procurement Regulations and the Council's Standing Orders. Those invited to Tender were: -

- MK Leslie Ltd
- Trac Construction Ltd
- Morrison Construction Ltd
- Garriock Bros Ltd
- Tulloch Developments Ltd
- Balfour Beatty Civil Engineering Ltd
- Pierse Contracting Ltd

- 2.2. The tender documents included the following information: -

- (a) The Employer is not bound to accept the lowest or any tender.

- 2.3. Subsequent to approval of the budget of £1,550,000, an ERDF grant offer has been secured and this project is now eligible for a grant in the sum of £367,500 (i.e. 25%).

##### 3. Report on Tenders Received

Agenda Item No. 08 - Public Report

3.1. 4 tenders were submitted prior to the closing time and date of return of 12 noon on Wednesday 14 May 2003. Of the other 3, one withdrew and 2 did not return the tender.

3.2. The checked values of the tenders received were: -

Tenderer A	£2,115,685.50
Tenderer B	£2,441,640.55
Tenderer C	£3,998,473.86
Tenderer D	£4,047,013.49

4. Proposal

4.1. It is proposed that the contract be awarded to the lowest tenderer and that subsequent to award the project be value engineered to bring the cost to an acceptable level which is considered to be the current approved budget plus the ERDF grant i.e. £1,917,500.

4.2. A review of the design indicates that the cost of the lowest tender can be brought down from £2,115,685.50 to £1,851,000 by adopting a different form of construction for the jetty structure and redesigning other elements of the works to reduce the extent of dredging required (this has been agreed with Ferry Operations).

4.3. The effect on the other 3 tenders of the changes outlined in paragraph 4.2. was also assessed and the relative position of the tenders remains unaltered.

4.4. In order to get the major elements of the breakwater and jetty substantially complete before the autumn gales the contractor needs to start mobilisation and ordering of materials during the week commencing 2<sup>nd</sup> June 2003. If this cannot be achieved the project could not commence in this current year because the important elements of the construction would be pushed into the late autumn/winter with an unacceptable risk of damage to or even loss of the partially complete structure.

4.5. Furthermore, failure to commence the works within 3 months of the grant offer would result in the withdrawal of the grant.

4.6. In addition to this, without a new terminal in Papa Stour Snolda cannot be deployed on the route.

5. Financial Implications

5.1. It is possible, through redesigning elements of the project and including the ERDF grant as additional to the already approved budget, to complete the works with no increased burden on the Capital Programme.

5.2. The revised estimate, net of ERDF grant, is £1,851,000 - £367,500 = £1,483,500. This is within the approved budget.

6. Policy and Delegated Authority

6.1. Standing Order H4 states: -

“No tender shall be accepted or offer made for any contract or supply of goods or materials or for the provision of services or for the execution of works unless the estimated expenditure thereon has been approved previously by the Council.”

- 6.2. Under normal circumstances this would be reported to the Infrastructure Committee on 17th June and Council on 2 July for approval.
- 6.3. However, due to the need to start works outlined in section 4, an urgent decision is required and this is sought from the Chief Executive under his emergency powers detailed in Paragraph 7.3 of Section 3 of the Council’s Administrative Regulations which state: -

“In the event of an urgent matter arising which requires an immediate decision, the Chief Executive, or his nominee, may take action on behalf of the Council, having consulted with the Convener or Vice Convener which ever is appropriate and available. A short report of the action taken shall be submitted to the Council as soon as possible and no later than the next meeting.”

## 7. Recommendation

- 7.1. I recommend that the Chief Executive exercise his emergency powers as outlined in section 6 above and authorise the award of the contract to build the Papa Stour Terminal to tenderer A.