



## **REPORT**

**To:**           **Infrastructure Committee**  
                  **Services Committee**  
                  **Executive Committee**

**28 August 2007**  
**30 August 2007**  
**4 September 2007**

**From:**       **Head of Finance**  
                  **Executive Services Department**

**Report No: F-022-F**

**HOUSING REVENUE ACCOUNT/HARBOUR ACCOUNT/RESERVE FUND  
REVENUE MANAGEMENT ACCOUNTS 2007/08  
FOR THE PERIOD 1 APRIL 2007 TO 30 JUNE 2007**

### **1. Introduction**

- 1.1 The purpose of this report is to advise Members of the financial position on the Council's Housing Revenue Account, Harbour Account and Reserve Fund for the first quarter of 2007/08.

### **2. Links to Corporate Priorities**

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to reviewing financial performance relative to the Council's financial policies.

### **3. Background**

- 3.1 The revenue management accounts for funds other than the General Fund are presented to Executive Management Team (EMT) on a quarterly basis to enable EMT to monitor the Council's overall financial position.
- 3.2 This is the first quarterly monitoring report to Members for 2007/08 and covers the period 1 April 2007 to 30 June 2007. Only controllable items of expenditure are included, on the basis that recharges for central services and financing costs are not controllable in terms of spending decisions. Thus expenditure items include employee costs, property costs, transport, grants and other running costs, and income comprises of fees and charges, grants and rents.

- 3.3 For information, all appendices shows the Annual Budget, Year to Date Budget, Actual and Variance. It is the Year to Date variances, which are referred to within this report, the Year to Date figures include income and expenditure from 1 April 2007 to 30 June 2007. An estimation of when spending will occur or income is to be received is made on each budget and a spend profile is set which determines the Year to Date Budget, i.e. for salaries an equal charge each month is expected so the budget will show in this report 3/12ths of the Annual budget in the Year to Date budget, for other items this is not so straightforward and these will either be based on past spending patterns or a 1/12th across the year. The Year to Date Variance shows how actual activity has varied from the planned budget. Appendices 1, 3 and 5 show expenditure and income by service area and by type. Appendices 2, 4 and 6 shows the same data by cost centre activity.

#### **4. Financial position on Housing Revenue Account at 30 June 2007**

- 4.1 The financial position on Housing Revenue Account (HRA) revenue shows a year to date position with actuals on controllable expenditure £0.176 million less than budget for the first quarter (see Appendix 1). Attached, as Appendix 2 is a more detailed cost centre listing of spend to date for information. There are two main areas where variances are occurring.
- 4.2 Firstly income, there are two areas where income is less than anticipated. Supporting people income (£0.028m) which used to be provided directly to the Ladies Drive Hostel to support individuals is now to be used for Outreach Services and rent income (£0.074m) is under budget but this is due to a timing difference between the rents system period end and the management accounts period end, at the year end this will even out.
- 4.3 Secondly, maintenance underspend £0.222m, this is due to the timing difference between the budget profile, the completion of works and the charging by the Housing DLO to the Housing Revenue Account (HRA). This is very difficult to predict and as such budgets are split on a monthly basis, which has lead to the variances across the HRA.
- 4.4 It is anticipated at this stage that the outturn on the HRA will be within budget.

#### **5. Financial position on Harbour Account at 30 June 2007**

- 5.1 The financial position on Harbour Account (P&H) revenue shows a year to date position with actual controllable expenditure over budget by £0.682 million for the first quarter (see Appendix 3). Attached, as Appendix 4 is a more detailed cost centre listing of spend to date for information. There are two main areas where variances are occurring.

- 5.2 The most significant variance is on jetties and spur booms £0.940m where expenditure has been incurred under the maintenance contract (which is wholly funded by BP), however BP not having been invoiced for the expenditure under this contract this year due to problems with BP's invoicing system acceptance. This has been sorted and invoices have been sent, this not a real variance. The other main variances is on income, with additional income from harbour dues at Sullom Voe £0.070m to date, however this has been offset by a reduced level towage income £0.076m mainly due to overbudgeting.
- 5.3 It is difficult to predict the outturn on the Harbour Account at this stage, as the oil throughput is outwith the control of the Council. However, the latest prediction is that the outturn on the Harbour Account will be within the budget with careful management.

## **6. Financial position on Reserve Fund at 30 June 2007**

- 6.1 The financial position on Reserve Fund shows a year to date position with actual controllable expenditure under budget by £0.057 million for the first quarter (see Appendix 5). Attached, as Appendix 6 is a more detailed cost centre listing of spend to date for information. There are two main areas where variances are occurring.
- 6.2 The most significant variance under Environmental Services is an outstanding accrual for income £0.478m in relation to Private Sector Housing Grant income which has yet to be received but once it has been will net off the variance to zero. Under Finance Services the graduate placement and modern apprentice schemes were underspent due to a change in how they were recharged, profiles have now been amended, this is not a real underspend. Under Asset Service, the variance on the NAFC is due to an underspend on maintenance where it is difficult to predict the exact timing of spending. The underspend on Economic Development Unit is mainly on grants which are demand led. The main areas are general assistance for agriculture and fisheries, tourism and economic infrastructure totalling £0.357m.
- 6.3 It is anticipated that the outturn on the Reserve Fund will be under budget.

## **7. Action Plan to resolve budget variances**

- 7.1 Budget Responsible Officers (BRO's) have been actively encouraged to review the profiles on their budgets, identify and deal with any miscodings and action appropriate virements so that period variances do not obscure the real financial position. Management Accountancy will continue to provide advice and training to assist BROs to manage their budgets.

## **8. Financial Implications**

- 8.1 It is expected that the Housing Revenue Account and Reserve Fund will be within the budget set for 2007/08. On the Harbour Account this is more difficult to predict as it depends on the level of throughput at Sullom Voe which is outwith the Council's control. At this stage it is predicted that it will be within the budget with careful management.
- 8.2 Any underspend against budget will reduce the draw on reserves, conversely, any overspend will increase the draw on reserves, which will reduce the amount available for use in future years.

## **9. Policy & Delegated Authority**

- 9.1 This report is being presented to the Services and Infrastructure for information and comment and Executive Committee in terms of its remit for financial policy and monitoring. The Committees may make comment to Council where necessary but the report is presented to Council for information.

## **10. Recommendation**

- 10.1 The Services, Infrastructure and Executive Committees are asked to consider this report and make comment to Council where necessary. Thereafter, I recommend that the Council note the report and any comments from the Committees.

Report No: F-022-F

Ref: Accountancy/HKT

Date: 15 August 2007

## SIC MANAGEMENT INFORMATION 2007/08 - PERIOD 3

1st April 2007 to 30th June 2007

Revenue Expenditure by Service - Housing Revenue Account

Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
£	£	£	£

<b>Housing (Total)</b>	<b>-7,053,430</b>	<b>-1,262,406</b>	<b>-1,438,006</b>	<b>175,600</b>
------------------------	-------------------	-------------------	-------------------	----------------

Head of Housing	-2,011,994	-502,998	-502,998	0
Operational Services	-973,140	191,648	59,250	132,398
Business Support	-4,068,296	-951,056	-994,257	43,201

Revenue Expenditure by Subjective - Housing Revenue Account

Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse) /Favourable
£	£	£	£

<b>Employee Costs (sub total)</b>	<b>119,877</b>	<b>29,814</b>	<b>20,967</b>	<b>8,847</b>
-----------------------------------	----------------	---------------	---------------	--------------

Basic Pay	87,533	21,883	15,517	6,366
Overtime	0	0	0	0
Other Employee Costs	32,344	7,931	5,450	2,481

<b>Operating Costs (sub total)</b>	<b>2,195,245</b>	<b>561,085</b>	<b>244,208</b>	<b>316,877</b>
------------------------------------	------------------	----------------	----------------	----------------

Travel & Subsistence	1,122	281	164	117
Property Costs	2,145,048	541,286	228,465	312,821
Other Operating Costs	49,075	19,518	15,579	3,939

<b>Transfer Payments (sub total)</b>	<b>27,578</b>	<b>24,168</b>	<b>24,048</b>	<b>120</b>
--------------------------------------	---------------	---------------	---------------	------------

<b>Income (sub total)</b>	<b>-9,396,130</b>	<b>-1,877,473</b>	<b>-1,727,229</b>	<b>-150,244</b>
---------------------------	-------------------	-------------------	-------------------	-----------------

<b>TOTAL</b>	<b>-7,053,430</b>	<b>-1,262,406</b>	<b>-1,438,006</b>	<b>175,600</b>
--------------	-------------------	-------------------	-------------------	----------------



COMMUNITY SERVICES MANAGEMENT A/c's 2007/08 - COST CENTRE DETAIL - PERIOD 3  
1st April 2007 to 30th June 2007

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
		£	£	£	£
<b>Housing Revenue Account TOTAL</b>		<b>-7,053,430</b>	<b>-1,262,406</b>	<b>-1,438,006</b>	<b>175,600</b>
<b>Head of Housing</b>		<b>-2,011,994</b>	<b>-502,998</b>	<b>-502,998</b>	<b>0</b>
HRH0350	Housing Support Grant	-2,011,994	-502,998	-502,998	0
<b>Operational Services</b>		<b>-973,140</b>	<b>191,648</b>	<b>59,250</b>	<b>132,398</b>
HRH1300	Ladies Drive Hostel	-64,310	-15,731	9,529	-25,260
HRH3100	Customer Services	33,911	7,858	4,098	3,760
HRH3150	Garages, HRA	18,597	4,650	1,364	3,286
HRH3151	South Team Area 2	194,997	48,749	26,880	21,869
HRH3152	South Team Area 1	194,997	48,749	-2,780	51,529
HRH3153	North Team Area 2	194,997	48,749	21,157	27,592
HRH3154	North Team Area 1	194,997	48,749	4,200	44,549
HRH3300	Other	-1,740,826	0	-4,706	4,706
HRH3350	Grazing Lets	-500	-125	-492	367
<b>Business Support</b>		<b>-4,068,296</b>	<b>-951,056</b>	<b>-994,257</b>	<b>43,201</b>
HRH2047	Rents General Needs	-4,409,153	-1,096,585	-1,027,510	-69,075
HRH2048	Rents Sheltered Housing	-504,289	-128,072	-123,238	-4,834
HRH2355	Supervision & Management	-105,920	24,078	23,936	142
HRH3200	Planned Services HRA	951,066	249,523	132,554	116,969





**SIC MANAGEMENT INFORMATION 2007/08 - PERIOD 3****1st April 2007 to 30th June 2007****Revenue Expenditure by Service**

(Harbour Account, Support Services &amp; Recharged Services)

	<b>Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to Date Actual</b>	<b>Year to Date Variance (Adverse)/Favourable</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Ports &amp; Harbours (total)</b>	<b>-249,163</b>	<b>-582,827</b>	<b>99,210</b>	<b>-682,037</b>
Ports Management	954,061	240,513	224,221	16,292
Sullom Voe	-5,013,880	-1,001,437	-1,131,006	129,569
Scalloway	152,813	49,491	-12,081	61,572
Other Piers	165,801	37,072	1,977	35,095
Port Engineering Services	622,942	152,689	137,252	15,437
Jetties & Spur Booms (BP Funded)	-244,640	-61,155	878,848	-940,003
Transfer of Funds	3,113,740	0	0	0

**Revenue Expenditure by Subjective**

(Harbour Account, Support Services &amp; Recharged Services)

	<b>Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to Date Actual</b>	<b>Year to Date Variance (Adverse)/Favourable</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Employee Costs (sub total)</b>	<b>6,859,680</b>	<b>1,707,686</b>	<b>1,677,379</b>	<b>30,307</b>
Basic Pay	4,506,377	1,126,597	1,098,225	28,372
Overtime	370,351	92,589	90,258	2,331
Other Employee Costs	1,982,952	488,500	488,896	-396
<b>Operating Costs (sub total)</b>	<b>4,717,161</b>	<b>1,174,437</b>	<b>1,474,156</b>	<b>-299,719</b>
Travel & Subsistence	193,562	48,393	31,447	16,946
Property Costs	1,030,787	359,262	287,449	71,813
Other Operating Costs	3,492,812	766,782	1,155,260	-388,478
<b>Transfer Payments (sub total)</b>	<b>3,191,963</b>	<b>19,556</b>	<b>0</b>	<b>19,556</b>
<b>Income (sub total)</b>	<b>-15,017,967</b>	<b>-3,484,506</b>	<b>-3,052,325</b>	<b>-432,181</b>
<b>TOTAL</b>	<b>-249,163</b>	<b>-582,827</b>	<b>99,210</b>	<b>-682,037</b>



## SIC MANAGEMENT INFORMATION 2007/08 - PERIOD 3

1st April 2007 to 30th June 2007

## Shetland Islands Council

Revenue Expenditure by Service

(Reserve Fund)

	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
	£	£	£	£
<b>Executive Services (sub total)</b>	<b>1,617,443</b>	<b>730,856</b>	<b>565,696</b>	<b>165,160</b>
Finance	436,418	107,973	519	107,454
Legal & Administration	1,028,273	560,190	505,231	54,959
Housing	152,752	62,693	59,945	2,748
<b>Infrastructure Services (sub total)</b>	<b>252,021</b>	<b>63,006</b>	<b>518,334</b>	<b>-455,328</b>
Environment	0	0	478,538	-478,538
Roads	0	0	1,875	-1,875
Planning	252,021	63,006	37,921	25,085
<b>Economic Development Unit (sub total)</b>	<b>4,656,200</b>	<b>1,164,050</b>	<b>816,329</b>	<b>347,721</b>
Economic Development Unit	4,656,200	1,164,050	816,329	347,721
<b>TOTAL</b>	<b>6,525,664</b>	<b>1,957,912</b>	<b>1,900,360</b>	<b>57,552</b>

Revenue Expenditure by Subjective

(Reserve Fund)

	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
	£	£	£	£
<b>Employee Costs (sub total)</b>	<b>0</b>	<b>0</b>	<b>788</b>	<b>-788</b>
Basic Pay	0	0	0	0
Overtime	0	0	395	-395
Other Employee Costs	0	0	394	-394
<b>Operating Costs (sub total)</b>	<b>1,530,837</b>	<b>684,956</b>	<b>606,440</b>	<b>78,516</b>
Travel & Subsistence	21,000	5,250	4,932	318
Property Costs	757,653	492,535	458,449	34,086
Other Operating Costs	752,184	187,171	143,058	44,113
<b>Transfer Payments (sub total)</b>	<b>4,994,827</b>	<b>1,272,956</b>	<b>-41,755</b>	<b>1,314,711</b>
<b>Income (sub total)</b>	<b>0</b>	<b>0</b>	<b>1,334,886</b>	<b>-1,334,886</b>
<b>TOTAL</b>	<b>6,525,664</b>	<b>1,957,912</b>	<b>1,900,360</b>	<b>57,552</b>



## SHETLAND ISLANDS COUNCIL MANAGEMENT A/c's 2007/08 - COST CENTRE DETAIL - PERIOD 3

BY Harbour Account

1st April 2007 to 30th June 2007

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
		£	£	£	£
<b>Harbour Account TOTAL</b>		<b>-249,143</b>	<b>-582,827</b>	<b>99,210</b>	<b>-682,037</b>
<b>Ports Management (sub total)</b>		<b>954,061</b>	<b>240,513</b>	<b>224,221</b>	<b>16,292</b>
PRM0150	Canteen Service	25,544	6,365	6,691	-326
SRM0001	Ports - Recruitment Expenses	17,040	4,260	8	4,252
SRM0100	Ports - Support Services	218,318	54,905	52,139	2,766
SRM2000	Ports - Operations Management	693,159	174,983	165,383	9,600
<b>Sullom Voe (sub total)</b>		<b>-5,013,860</b>	<b>-1,001,437</b>	<b>-1,131,007</b>	<b>129,569</b>
PRM2100	Sullom Voe	-5,453,916	-1,017,776	-1,087,982	70,206
PRM2101	B & L Sullom Voe	-40,093	-80,914	-87,141	6,227
PRM2102	Pilotage Sullom Voe	-633,093	-158,273	-154,236	-4,037
PRM2103	Mooring Sullom Voe	-286,009	-71,502	-83,270	11,768
PRM2110	Marine Officers	1,161,727	293,953	284,222	9,731
PRM2111	Launch Crews	1,056,465	268,945	253,875	15,070
PRM2112	Towage Crews	-2,525,073	-634,425	-557,813	-76,612
PRM2116	Pollution Control	1,500	375	0	375
PRM2120	SOTEAG	2,500	625	56	569
PRM2121	SVA	78,223	19,556	0	19,556
SRM2001	Towage Management	8,400	2,100	1,634	466
SRM3050	Ports Admin Building	107,577	36,164	24,889	11,275
VRM3205	Nav Aids Sullom Voe	35,129	13,766	6,187	7,578
VRM3206	Radar Sullom Voe	18,262	4,316	552	3,764
VRM3207	VHF Radio Sullom Voe	12,100	3,025	2,512	513
VRM3210	Maintenance Workshop	64,623	16,068	5,680	10,388
VRM3211	Helicopter Hangar	3,464	2,495	72	2,423
VRM3212	Meteorological Office	2,529	619	90	529
VRM3213	Long Term Store	2,830	690	135	555
VRM3214	Crew Accommodation	7,336	1,817	617	1,200
VRM3215	Pollution Store	16,875	4,193	82	4,111
VRM3221	Sullom Shoormal	43,452	8,260	3,800	4,460
VRM3222	Sullom Spindrift	46,134	8,930	1,863	7,067
VRM3223	Sullom Spray	41,277	7,717	5,249	2,468
VRM3225	Dunter	221,463	50,937	32,886	18,051
VRM3226	Shalder	200,550	45,394	32,812	12,582
VRM3227	Stanechakker	154,648	33,842	16,816	17,026
VRM3228	Tirrick	270,550	62,893	96,272	-33,379
VRM3229	Tystie	221,463	50,937	34,730	16,207
VRM3230	Sullom A	13,349	3,018	36	2,982
VRM3231	Sullom B	13,349	3,018	3	3,015
VRM3232	Sullom C	13,349	3,018	20	2,998
VRM3235	Vehicles Sullom Voe	31,610	6,975	4,135	2,840
VRM3236	Boat Hoist	3,072	763	-2,389	3,152
VRM3237	Small Plant	5,200	1,300	564	736
VRM3239	Sullom Shearwater	16,801	3,631	3,842	-211
VRM3240	Tug Jetty	48,517	2,113	28,194	-26,081
<b>Scalloway (sub total)</b>		<b>152,813</b>	<b>49,491</b>	<b>-12,081</b>	<b>61,572</b>
PRM2200	Blacksness	8,021	1,823	-27,750	29,573
PRM2201	B & L Scalloway	-5,000	-1,250	-2,471	1,221
PRM2202	Pilotage Scalloway	-11,950	13	0	13
VRM3261	Nav Aids Scalloway	11,000	2,750	97	2,653

VRM3262	Offices & Stores Scalloway	31,425	8,625	5,451	3,174
VRM3263	Fish Market	32,671	10,947	724	10,223
VRM3264	Piers Scalloway	68,845	22,895	10,974	11,921
VRM3266	Vehicles Scalloway	1,870	469	477	-8
VRM3267	Lyrie	15,931	3,219	417	2,802
<b>Other Piers (sub total)</b>		<b>165,801</b>	<b>37,072</b>	<b>1,977</b>	<b>35,095</b>
PRM2300	Baltasound	1,532	382	-2,439	2,821
PRM2301	Collafirth	-272	-69	-876	807
PRM2302	Toft	228	56	123	-67
PRM2312	Cullivoe	-18,683	-4,672	-10,516	5,844
PRM2314	Fair Isle	998	248	0	248
PRM2315	Hamnavoe	98	24	36	-12
PRM2316	Melby Pier	0	0	141	-141
PRM2317	Mid Yell	-260	-66	-186	120
PRM2318	Out Skerries	349	87	123	-36
PRM2319	Symbister	9,974	2,468	3,635	-1,167
PRM2322	Vaila/Grutness	-1,662	-416	-129	-287
PRM2323	West Burrafirth	-152	-39	-429	390
PRM2324	Humber Inflatable	77	0	0	0
PRM2325	Orkney Spinner	24	0	0	0
PRM2326	Avon Searider	60	0	0	0
VRM3270	Baltasound Pier Maintenance	13,528	3,000	2,214	786
VRM3271	Collafirth Pier Maintenance	7,983	2,084	358	1,726
VRM3272	Toft Pier Maintenance	3,019	640	8	632
VRM3273	Garth Pier Maintenance	8,596	2,063	0	2,063
VRM3280	Billister Pier Maintenance	806	126	0	126
VRM3282	Cullivoe Pier Maintenance	41,733	9,667	5,148	4,519
VRM3283	Easterdale Pier Maintenance	1,466	359	141	218
VRM3284	Fair Isle Pier Maintenance	7,784	950	0	950
VRM3285	Hamnavoe Pier Maintenance	2,034	394	256	138
VRM3286	Melby Pier Maintenance	64	0	0	0
VRM3287	Mid Yell Pier Maintenance	6,566	1,563	150	1,413
VRM3288	Out Skerries Pier Maintenance	7,637	1,680	1,076	604
VRM3289	Symbister Pier Maintenance	45,227	10,388	2,859	7,529
VRM3290	Toogs Pier Maintenance	316	63	0	63
VRM3291	Uyeasound Pier Maintenance	2,912	575	0	575
VRM3292	Vaila/Gruting Pier Maintenance	11,540	2,638	0	2,638
VRM3293	West Burrafirth Pier Maintenan	12,279	2,879	283	2,596
<b>Port Engineering (sub total)</b>		<b>622,942</b>	<b>152,689</b>	<b>137,252</b>	<b>15,437</b>
VRM3200	Port Engineering Services	622,942	152,689	137,252	15,437
<b>Jetties &amp; Spur Booms (BP Funded) (sub total)</b>		<b>-244,640</b>	<b>-61,155</b>	<b>878,848</b>	<b>-940,003</b>
PRM2150	Jetties/Spur Booms - SV	-1,485,372	-371,343	3,901	-375,244
VRM3250	Jetty 1	545,229	136,308	311,088	-174,780
VRM3251	Jetty 2	317,654	79,415	342,732	-263,317
VRM3252	Jetty 3	147,554	36,890	95,212	-58,322
VRM3253	Jetty 4	190,085	47,522	125,793	-78,271
VRM3254	Construction Jetty	28,000	7,000	123	6,878
VRM3255	Spur Booms	12,210	3,053	0	3,053
<b>Transfer of Funds (sub total)</b>		<b>3,113,740</b>	<b>0</b>	<b>0</b>	<b>0</b>
PRM2002	Transfer to Funds	3,113,740	0	0	0

**EXECUTIVE SERVICES MANAGEMENT A/c's 2007/08 - COST CENTRE DETAIL - PERIOD 3**  
**1st April 2007 to 30th June 2007**

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
		£	£	£	£
<b>Reserve Fund TOTAL</b>		<b>6,525,664</b>	<b>1,957,912</b>	<b>1,900,360</b>	<b>57,552</b>
<b>Financial Support Services</b>		<b>436,418</b>	<b>107,973</b>	<b>519</b>	<b>107,454</b>
RRF1151	Councillor Christmas Grant	4,529	0	0	0
RRF1152	S.I.C.C.T. Allowances	478	120	519	-399
RRF1312	Graduate Placement Scheme	291,411	72,853	0	72,853
RRF1315	Modern Apprenticeship	140,000	35,000	0	35,000
<b>Asset &amp; Property Services</b>		<b>1,028,273</b>	<b>560,190</b>	<b>505,231</b>	<b>54,959</b>
RRB6380	N.A.F.C.	600,525	132,442	91,799	40,643
RRB6381	SCOFÉ Property Costs	427,748	427,748	413,432	14,316
<b>Housing</b>		<b>152,752</b>	<b>62,693</b>	<b>59,945</b>	<b>2,748</b>
RCH2802	Market Value Compensation	0	0	0	0
RRH2800	Housing Initiatives	53,118	23,534	20,128	3,406
RRH2801	Tenant Participation	14,816	0	658	-658
RRH2803	Shetland Women's Aid	78,318	39,159	39,159	0
RRH2804	Market Value Compensation	6,500	0	0	0
<b>Environment</b>		<b>0</b>	<b>0</b>	<b>478,538</b>	<b>-478,538</b>
RRY5002	PSHG-Housing Imp Grants	0	0	478,538	-478,538
<b>Roads</b>		<b>0</b>	<b>0</b>	<b>1,875</b>	<b>-1,875</b>
RRY6000	Minor Wrks - Purchase Airstrip	0	0	1,875	-1,875
<b>Planning</b>		<b>252,021</b>	<b>63,006</b>	<b>37,921</b>	<b>25,085</b>
RRY8481	KIMO Policy	6,770	1,692	1,872	-180
RRY8381	Area Regeneration Res Fund	57,270	14,318	14,355	-37
RRY8383	Coastal Protection	39,968	9,992	0	9,992
RRY8482	Nuclear Policy	7,650	1,913	1,589	324
RRY8483	NENIG	12,863	3,216	12,826	-9,610
RRY8486	Env Improve/Cons	127,500	31,875	7,280	24,595
<b>Economic Development</b>		<b>4,656,200</b>	<b>1,164,050</b>	<b>816,329</b>	<b>347,721</b>
RCD1152	Ineligible Crofter-Agric Grant	0	0	4,434	-4,434
RCD1154	Bull Purchase Scheme	0	0	1,250	-1,250
RCD1550	Other General Assistance	0	0	410	-410
RCD1552	Rural Shop improvement Scheme	0	0	6,168	-6,168
RCD1556	BES111	0	0	20,280	-20,280
RRD1104	SCGWAG Advisors	11,500	2,875	4,304	-1,429
RRD1105	Pony Breeders Scheme	1,000	250	0	250
RRD1123	Potato & Vegetable Scheme	16,000	4,000	0	4,000
RRD1124	AI Scheme	8,000	2,000	714	1,286
RRD1125	Bull Purchase Scheme	0	0	150	-150
RRD1129	Livestock Health Scheme	67,700	16,925	6,559	10,366
RRD1130	Agricultural Shows Scheme	3,000	750	0	750
RRD1131	Agricultural Training	10,000	2,500	3,359	-859
RRD1133	Agriculture General Assistance	315,500	78,875	23,733	55,142
RRD1134	Grants to Agric Loan Scheme	25,000	6,250	0	6,250
RRD1135	Ineligible Crofter-Agric Grant	42,000	10,500	22,900	-12,400
RRD1136	Agriculture Contractors Scheme	30,000	7,500	2,456	5,044

RRD1500	Other Research	45,000	11,250	5,875	5,375
RRD1502	Publications	3,000	750	0	750
RRD1520	Other General Assistance	165,000	41,250	50,343	-9,093
RRD1523	Rural Shop Improvement	75,000	18,750	457	18,293
RRD1526	Rnew Energy Proj	380,000	95,000	42,922	52,078
RRD1528	Foula Electricity	25,000	6,250	775	5,475
RRD1529	BES111	70,000	17,500	17,259	241
RRD1530	Economic Infrastructure Projec	250,000	62,500	0	62,500
RRD1620	Tourism Financial Assistance	70,000	17,500	16,330	1,170
RRD1621	Tourism Infrastructure	350,000	87,500	0	87,500
RRD5005	MDP	104,000	26,000	11,423	14,577
RRD5031	Shetland Promotional Costs	221,000	55,250	3,225	52,025
RRD5038	Johnsma Foy	50,000	12,500	4,190	8,310
RRD5039	Flavour of Shetland	100,000	25,000	78,950	-53,950
RRD5040	International Links	20,000	5,000	895	4,105
RRD2120	Fisheries General Assistance	235,000	58,750	258	58,492
RRD2121	North Atlantic Fisheries Coll	1,963,500	490,875	486,708	4,167





## **REPORT**

**To:**           Infrastructure Committee  
              Services Committee  
              Executive Committee

**28 August 2007**  
**30 August 2007**  
**4 September 2007**

**From:**       Head of Finance  
              Executive Services Department

**Report No: F-023-F**

### **GENERAL FUND REVENUE MANAGEMENT ACCOUNTS 2007/08 FOR THE PERIOD 1 APRIL 2007 TO 30 JUNE 2007**

#### **1. Introduction**

- 1.1 The purpose of this report is to advise Members of the financial position on the Council's general fund revenue accounts including support and recharged ledgers for the first quarter of 2007/08.

#### **2. Links to Corporate Priorities**

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to reviewing financial performance relative to the Council's financial policies.

#### **3. Background**

- 3.1 The general fund revenue management accounts are presented to Executive Management Team (EMT) on a monthly basis to enable EMT to monitor the Council's overall financial position.
- 3.2 This is the first quarterly monitoring report to Members for 2007/08 and covers the period 1 April 2007 to 30 June 2007. Only controllable items of expenditure are included, on the basis that recharges for central services and financing costs and income are not controllable in terms of spending decisions. Thus expenditure items include employee costs, property costs, transport, grants and other running costs, and income comprises of fees and charges, grants and rents.
- 3.3 For information, all appendices show the Annual Budget, Year to Date Budget, Actual and Variance. It is the Year to Date variances, which are referred to within this report, the Year to Date figures include income and expenditure from 1 April 2007 to 30 June 2007. An estimation of when spending will occur or income is to be received is made on each budget

and a spend profile is set which determines the Year to Date Budget, i.e. for salaries an equal charge each month is expected so the budget will show in this report 3/12ths of the Annual budget in the Year to Date budget, for other items this is not so straightforward and these will either be based on past spending patterns or a 1/12th across the year. The Year to Date Variance shows how actual activity has varied from the planned budget. Appendix 1 shows expenditure and income by service area and by type. Appendices 2 shows the same data by cost centre activity.

#### **4. Overall Financial position on general fund revenue (including support and recharged ledgers) at 30 June 2007**

- 4.1 The financial position on General Fund revenue management accounts shows a year to date position with actuals on controllable expenditure £0.059 million more than budget (see Appendix 1). This is after savings of £2.7m have been built into the 2007/08 budget, which approved a draw of only £5 million from Reserves. Attached, as Appendix 2 is a more detailed cost centre listing of spend to date for information grouped by Education and Social Care (Appendix 2a), Infrastructure Services (Appendix 2b) and Executive Services Appendix 2c).

#### **5. Analysis of Education and Social Care Service Activity as at 30 June 2007**

- 5.1 The Education and Social Care Department spent £0.664m less than expected for the period. Some significant differences over planned activity are set out below.

##### 5.1.1 Active Schools

Scottish Executive funding arrived sooner than expected in the year.

##### 5.1.2 New Museum and Archives

The grant to Shetland Amenity Trust in respect of the Service Level Agreement for the new Museum and Archive was not paid out in April, as originally intended.

##### 5.1.3 National Priorities Action Fund – Staff in Schools

The money from the Scottish Executive for this programme has not yet been received.

##### 5.1.4 Primary Schools

Overall spend on primary schools is running over £0.350m behind the planned spend.

##### 5.1.5 Older People Services

Overall net spend is about £0.950m over the approved budget. The service has a target deficit budget by £1.3M for the year, which the Council expected to secure through vacant posts. On current activity, the service is on target to meet the deficit set by the Council.

## **6. Analysis of Infrastructure Service Activity as at 30 June 2007**

6.1 The Infrastructure Department spent £0.083m less than expected for the period. Some significant differences over planned activity are set out below.

### **6.1.1 Environmental Health Repairs Notice**

This is an accrual on expenditure £0.243m for which income will be received in 2007/08 which will net this expenditure to zero. This is not a real variance.

### **6.1.2 Roads Interim Payments**

This is not a real overspend £0.743m, until roads projects are completed these are held in the Interim Payments cost centre, once completed the costs are allocated to individual cost centres. There are a number of corresponding cost centres which are currently underspent awaiting the allocation of roads costs i.e. resurfacing etc.

### **6.1.3 Transport Air Services General**

This is not a real underspend of £0.100m but due to a delay in the receipt of invoices from contractors for services they have provided.

### **6.1.4 Environmental Rova Head Disposal**

Higher than anticipated income £0.185m received from additional waste flows and drill cuttings. This is offset by reduced Processing Shed income due to waste flows being passed through landfill.

## **7. Analysis of Executive Service Activity as at 30 June 2007**

7.1 The Executive Department spent £0.806m more than expected for the period. Some significant differences over planned activity are set out below.

### **7.1.1 Corporate Management – External Audit Fees**

Difficult to profile when External Audit will charge for services, a charging plan has been requested from Audit Scotland.

### **7.1.2 Savings Required Across the Council**

Part of the £2.7m savings mentioned in paragraph 4.1 lies on a Finance cost centre (£1.3m), this still has to be met from savings across the Council either from general underspending on activities and vacancies.

### **7.1.3 Compensation Payments to Councillors**

Income is due from the Scottish Executive to meet the compensation payments for Councillors who stood down at the last election. Once received this will reduce to zero.

### **7.1.4 Housing Rent Rebates**

Less rent rebates has been paid out in the first quarter than originally anticipated. This is demand led and difficult to predict timing of payments.

#### 7.1.5 Housing Act Implementation Grant

This is a profiling error due to a change by the Scottish Executive in how it is paid, was annually but now monthly.

### **8. Action Plan to resolve budget variances**

- 8.1 Budget Responsible Officers (BRO's) have been actively encouraged to review the profiles on their budgets, identify and deal with any miscodings and action appropriate virements so that period variances do not obscure the real financial position. Management Accountancy will continue to provide advice and training to assist BROs to manage their budgets.

### **9. Financial Implications**

- 9.1 The general fund revenue management accounts for the first quarter of 2007/08 (including support and recharges) is £0.059m over the budget for that period. This is after savings of £2.7m, which have been taken into account in the budget for the first quarter. To ensure that the savings are achieved by the end of the year there is a need for Budget Responsible Officers to carefully manage their budgets.
- 9.2 Any underspend against budget will reduce the draw on reserves, conversely, any overspend will increase the draw on reserves, which will reduce the amount available for use in future years.

### **10. Policy & Delegated Authority**

- 10.1 This report is being presented to the Services and Infrastructure for information and comment and Executive Committee in terms of its remit for financial policy and monitoring. The Committees may make comment to Council where necessary but the report is presented to Council for information.

### **11. Recommendation**

- 11.1 The Services, Infrastructure and Executive Committees are asked to consider this report and make comment to Council where necessary. Thereafter, I recommend that the Council note the report and any comments from the Committees.

**SIC MANAGEMENT INFORMATION 2007/08 - PERIOD 3**

1st April 2007 to 30th June 2007

**Revenue Expenditure by Service****Shetland Islands Council**

(General Fund, Recharged Services &amp; Support S

	<b>Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to Date Actual</b>	<b>Year to Date Variance (Adverse)/ Favourable</b>	<b>Savings Required</b>	<b>Year to Date Variance After Savings Adverse/Favourable</b>
	£	£	£	£	£	£
<b>Executive Services (sub total)</b>	<b>10,684,396</b>	<b>2,505,479</b>	<b>3,309,448</b>	<b>-803,969</b>	<b>-1,321,964</b>	<b>517,995</b>
Executive Management	744,322	213,842	141,080	72,762		72,762
Council Members	593,915	133,710	196,458	-62,748		-62,748
Organisational Development	2,761,393	735,316	698,134	37,182		37,182
Finance	1,188,049	-346,856	951,259	-1,298,115	-1,321,964	23,849
Legal & Administration	3,033,352	1,036,504	908,149	128,355		128,355
Housing & Capital Projects	2,363,365	732,963	414,368	318,595		318,595
<b>Education &amp; Social Care (sub total)</b>	<b>54,821,534</b>	<b>14,955,812</b>	<b>14,291,484</b>	<b>664,328</b>	<b>-1,372,011</b>	<b>2,036,339</b>
Executive Director	4,916,743	1,393,190	1,083,930	309,260		309,260
Lifelong Learning	2,678,388	1,029,312	416,516	612,796		612,796
Schools	30,993,776	8,540,711	8,283,091	257,620		257,620
Community Care	11,427,550	2,684,979	3,384,197	-699,218	-1,372,011	672,793
Children's Services	4,795,985	1,306,163	1,091,859	214,304		214,304
Criminal Justice Unit	9,092	1,457	31,891	-30,434		-30,434
<b>Infrastructure Services (sub total)</b>	<b>26,796,695</b>	<b>6,850,789</b>	<b>6,767,982</b>	<b>82,807</b>	<b>0</b>	<b>82,807</b>
Directorate	1,080,289	268,871	244,867	24,004		24,004
Environment & Building Services	4,683,000	1,557,122	1,591,532	-34,410		-34,410
Roads	6,616,762	1,348,758	1,453,993	-105,235		-105,235
Transport	13,450,473	3,438,922	3,354,660	84,262		84,262
Planning	966,171	237,116	122,930	114,186		114,186
<b>Economic Development Unit (sub total)</b>	<b>987,172</b>	<b>295,849</b>	<b>298,011</b>	<b>-2,162</b>		<b>-2,162</b>
Economic Development Unit	987,172	295,849	298,011	-2,162		-2,162
<b>TOTAL</b>	<b>93,289,797</b>	<b>24,607,929</b>	<b>24,666,925</b>	<b>-58,996</b>	<b>-2,693,975</b>	<b>2,634,979</b>

**Revenue Expenditure by Subjective****Shetland Islands Council**

	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse) /Favourable	Savings Required	Year to Date Variance After Savings Adverse/Favourable
	£	£	£	£	£	£
<b>Employee Costs (sub total)</b>	<b>70,071,484</b>	<b>15,206,536</b>	<b>16,939,292</b>	<b>-1,732,756</b>	<b>-2,693,975</b>	<b>961,219</b>
Basic Pay	53,247,245	13,035,586	12,357,516	678,070	0	678,070
Overtime	1,055,591	272,766	308,864	-36,098	0	-36,098
Other Employee Costs	15,768,648	1,898,184	4,272,912	-2,374,728	-2,693,975	319,247
<b>Operating Costs (sub total)</b>	<b>38,268,603</b>	<b>10,630,034</b>	<b>9,492,949</b>	<b>1,137,085</b>	<b>0</b>	<b>1,137,085</b>
Travel & Subsistence	3,780,844	888,108	683,963	204,145	0	204,145
Property Costs	13,758,429	4,566,038	3,958,240	607,798	0	607,798
Other Operating Costs	21,073,577	5,175,888	4,850,745	325,143	0	325,143
<b>Transfer Payments (sub total)</b>	<b>8,737,327</b>	<b>2,899,519</b>	<b>2,150,035</b>	<b>749,484</b>	<b>0</b>	<b>749,484</b>
<b>Income (sub total)</b>	<b>-24,324,869</b>	<b>-4,128,160</b>	<b>-3,915,351</b>	<b>-212,809</b>	<b>0</b>	<b>-212,809</b>
<b>TOTAL</b>	<b>92,752,545</b>	<b>24,607,929</b>	<b>24,666,925</b>	<b>-58,996</b>	<b>-2,693,975</b>	<b>2,634,979</b>

<b>EDUCATION &amp; SOCIAL CARE Mgt A/c's 2007/08 - COST CENTRE DETAIL - PERIOD 3</b> <b>1st April 2007 to 30th June 2007</b>
---

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
		£	£	£	£
Directorate		492,695	135,788	180,305	-44,517
Sports & Leisure		1,959,049	576,484	376,263	200,221
Cultural Strategy		5,014	1,254	0	1,254
Library		1,025,204	275,572	281,035	-5,463
Lifelong Learning		319,792	59,228	57,779	1,449
Museums		1,206,357	617,239	20,122	597,117
Train Shetland		122,021	76,019	57,580	18,439
Additional/Other Funding		-313,108	-131,027	103,734	-234,761
ASN Schools Delivery		3,947,551	1,014,046	1,020,782	-6,736
Central Schools Support		1,178,324	319,810	320,404	-594
Improvement & Quality Assurance		368,835	108,043	108,110	-67
Parental Involvement		36,636	9,081	4,742	4,339
Pre-School Provision		1,404,180	356,950	273,903	83,047
Primary Schools		9,606,265	2,714,335	2,361,755	352,580
Secondary Schools		12,596,375	3,567,760	3,550,649	17,111
Visiting Services		1,598,487	430,626	397,246	33,380
Others - Miscoding		0	8,775	9,363	-588
Adult Services		3,455,108	883,416	792,789	90,627
CC Assessments & Care Mgt		467,911	107,801	92,620	15,181
Mental Health		214,914	81,960	68,358	13,603
Older People Services		10,818,961	1,523,836	2,480,939	-957,103
OT Assessments		162,946	39,666	41,721	-2,055
Service Mgt		-4,236,798	-87,585	-222,305	134,720
ASN Overall Provision		117,345	58,139	30,063	28,076
Child Protection		535,312	128,870	148,104	-19,234
Criminal Justice		9,092	1,457	31,891	-30,434
Family Support		870,965	246,383	120,100	126,283
Looked After Children		2,080,723	522,763	468,658	54,105
Psychological Services		306,256	80,672	70,558	10,114
Youth Justice		78,274	19,495	15,921	3,574
Youth Services		579,273	204,265	174,719	29,546
Directorate		213,016	68,367	73,477	-5,110
Resources		2,104,881	576,006	414,758	161,248
Sports & Leisure		147,102	36,545	36,601	-56
Central Schools Support		425,439	101,958	107,866	-5,908
Improvement & Quality Assurance		144,792	35,424	30,101	5,323
Adult Services Mgt		62,887	17,209	13,623	3,586
CC Assessments & Care Mgt		59,778	14,741	15,235	-494
Older People Services Mgt		111,670	27,387	28,583	-1,196
Service Mgt		310,173	76,548	75,899	649
Child Protection Mgt		45,885	11,425	11,982	-557
Family Support Mgt		59,930	14,927	17,515	-2,588
Youth Services Mgt		51,732	12,933	12,460	473
Childrens Services Mgt		70,290	17,525	21,780	-4,255
<b>TOTAL EDUCATION AND SOCIAL CARE</b>		<b>54,821,534</b>	<b>14,962,116</b>	<b>14,297,788</b>	<b>664,328</b>





<b>INFRASTRUCTURE SERVICES Mgt A/c's 2007/08 - COST CENTRE DETAIL - PERIOD 3</b> <b>1st April 2007 to 30th June 2007</b>
---

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
		£	£	£	£
Directorate Support		13,910	3,478	6,137	-2,659
Waste Disposal		450,813	390,928	371,794	19,134
Burial Grounds		361,185	98,714	63,714	35,000
Recycling		89,401	14,770	32,782	-18,012
Environmental Mgt		12,240	3,060	1,374	1,686
Public Conveniences		281,536	80,317	69,458	10,859
Street Cleansing		331,750	81,703	61,540	20,163
Refuse Collection		1,138,053	245,402	253,785	-8,383
Trading Standards		17,535	1,762	4,252	-2,490
Environmental Health		273,791	152,644	331,378	-178,734
General Road Maintenance		3,983,589	920,268	1,060,668	-140,400
Winter Service		1,158,412	19,181	22,047	-2,866
Statutory Duties/Road Authority Functions		205,628	92,365	67,480	24,885
Transport - Air Services		769,923	202,396	81,371	121,025
Transport - Bus Services		830,672	77,221	226,709	-149,488
Transport - Other Services		2,427,910	495,416	562,005	-66,589
Transport - Ferries		4,038,292	1,008,764	1,017,922	-9,158
Transport - Shetland Transport Partnership		86,515	83,945	46,362	37,583
Archaeology SLA		16,000	0	0	0
Building Control		-209,222	-53,306	-81,885	28,579
Planning Control		-108,522	-24,181	-37,256	13,075
Development Plans		112,182	27,854	13,748	14,106
Sustainable Development		7,636	1,796	3,986	-2,190
Transport - Other Services		-29,187	71,355	88,668	-17,313
Transport - Ferries		4,263,011	1,235,370	1,093,212	142,158
Directorate Support & Mgt		1,066,379	265,393	238,730	26,663
Building Services & Mgt		874,937	264,393	177,680	86,713
Environmental Staff & Mgt		87,912	22,019	18,919	3,100
Trading Standards Staff & Mgt		174,370	49,224	45,009	4,215
Environmental Health Staff & Mgt		366,487	96,278	102,662	-6,384
Waste Staff & Mgt		95,456	23,672	23,406	266
Cleansing Staff & Mgt		127,534	32,236	33,779	-1,543
Roads Mgt		164,892	40,325	46,438	-6,113
General Road Maintenance Staff & Mgt		407,775	101,525	92,800	8,725
Statutory Duties/Road Authority Functions Staff		307,649	75,538	76,931	-1,393
Design Service Staff & Mgt		388,817	99,556	87,627	11,929
Transport Mgt		84,535	19,829	17,516	2,313
Transport - Other Staff & Mgt		95,090	23,675	11,382	12,293
Transport - Ferries Staff & Mgt		883,712	220,951	209,513	11,438
Planning Mgt		89,709	22,272	18,925	3,347
Building Control Staff & Mgt		238,257	59,025	38,778	20,247
Planning Control Staff & Mgt		262,051	65,235	50,503	14,732
Development Plans Staff & Mgt		319,120	79,106	70,614	8,492
Sustainable Development Staff & Mgt		238,960	59,315	45,517	13,798
<b>TOTAL INFRASTRUCTURE</b>		<b>26,796,695</b>	<b>6,850,789</b>	<b>6,767,982</b>	<b>82,807</b>



**EXECUTIVE SERVICES Mgt A/c's 2007/08 - COST CENTRE DETAIL - PERIOD 3**  
**1st April 2007 to 30th June 2007**

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/ Favourable
		£	£	£	£
Corporate Mgt		246,250	61,562	0	61,562
Civic Entertainment		41,111	10,278	13,721	-3,443
ICT		150,450	37,612	20,299	17,313
Personnel		14,133	3,517	4,235	-718
Savings Required		-1,321,964	-1,321,964	0	-1,321,964
Community Councils & Site Rental		330,809	338,881	339,556	-675
Revenue Services		118,182	89,577	85,314	4,263
Administrative Services		120,844	19,563	45,420	-25,857
Industrial Buildings & Sites		16,280	5,200	-10,851	16,051
Emergency Planning		104,876	25,531	12,882	12,649
Legal Services		-20,157	-5,115	-5,818	703
Safety & Risk Travel Co-ordinator		6,149	5,266	8,526	-3,260
Housing Business Support Services		16,465	99,044	-117,475	216,519
Housing Operational Services		259,979	93,651	61,717	31,934
Chief Executive Services & Mgt		498,072	152,280	141,080	11,200
Council Members		552,804	123,432	182,737	-59,305
ICT Services & Mgt		1,705,150	412,752	385,391	27,361
Policy Unit Staff & Mgt		228,034	80,850	79,223	1,627
Personnel Services & Mgt		663,626	200,585	208,986	-8,401
Financial Support Staff & Mgt		1,001,083	272,513	264,278	8,235
Finance Mgt & Support		255,452	63,532	59,584	3,948
Internal Audit Staff & Mgt		167,679	43,545	42,935	610
Revenue Staff & Mgt		636,808	167,060	159,593	7,467
Administrative Services Staff		193,510	49,981	38,027	11,954
Asset & Property Service Offices & Mgt		1,541,547	672,450	585,218	87,232
Legal Services Staff & Mgt		805,229	198,201	163,964	34,237
Safety & Risk Staff & Mgt		265,074	65,427	70,781	-5,354
Housing Business Support & Mgt		598,524	146,343	134,409	11,934
Capital Projects Unit		891,949	245,932	191,941	53,991
Housing & Capital Projects Mgement		39,171	9,698	16,172	-6,474
Housing Operational Services Staff & Mgt		557,277	138,295	127,604	10,691
Business Development Staff & Mgt		465,066	115,843	103,790	12,053
EDU Administration		258,442	64,309	58,388	5,921
Development Resources Staff & Mgt		263,664	115,697	135,833	-20,136
<b>TOTAL EXECUTIVE (INC DEV)</b>		<b>11,671,568</b>	<b>2,801,328</b>	<b>3,607,459</b>	<b>-806,131</b>





## **REPORT**

**To:** **Services Committee** **30 August 2007**  
**Executive Committee** **4 September 2007**

**From:** **Head of Capital Programme and Housing Service**

**Report No:** **CPS-07-07-F**

**Subject:** **Review of Mid Yell Junior High School Project**

### **1.0 Introduction**

- 1.1 On the 30 April 2007, a report was submitted to the Capital Programme Review Team (CPRT) seeking a recommendation to Council for additional funding of £1.7m.
- 1.2 I have carried out a review of the project to determine where the cost increases have arisen.
- 1.3 The Head of Schools advised CPRT earlier that:
  - 1.3.1 The education authority has a statutory duty under The Standards in Scotland's Schools etc Act 2000, to provide a free nursery place for all three and four year olds;
  - 1.3.2 Accommodation to "secure the education is directed to the development of the personality, talents, and mental and physical abilities of the child or young person to their fullest potential";
  - 1.3.3 This requirement was reiterated in the report on the Best Value Service Review of Education presented to Services Committee on 24<sup>th</sup> June 2004 (Min ref: SIC 95/04);
  - 1.3.4 Requirements of the Disability Discrimination Act 1995 are not met by the current facilities at MYJHS.

### **2.0 Link to Corporate Priorities**

- 2.1 The proposals within this report will link to the Council's corporate plan by enhancement of skills development and learning.
- 2.2 Section 2 of the corporate plan requires the Council to organise its business and administration to make sure that the community and corporate plans are

implemented by finances, consistent planning and action, performance, management and communication.

- 2.3 A Council, which is organised efficiently run and sustainable, is one of our key priorities. Within the corporate improvement plan we have pledged that the Council's capital programme will be further aligned with available funds.

### **3.0 Background**

- 3.1 Services Committee agreed to progress a new build option for MYJHS with a revised cost of £7.239m at 2005 prices (Min ref, 50/05). Using rates supplied by the Council's finance service this would be the equivalent of £7.757m at 2007 prices.
- 3.2 The Education service has indicated that additional funding of £1.7m would be necessary to complete the project as currently proposed.
- 3.3 £1.7m or any additional amount from the capital programme cannot be provided without compromising the service delivery in other parts of the Council where funding is also required to maintain the existing levels of service. Members will be aware that £1.7m will go a long way towards alleviating pressures of service delivery in other parts of the Council.
- 3.4 If current reserves are to remain sustainable, the release of £1.7m for this project will result in other projects not proceeding. The alternative is to draw the funding from reserves and further reduce the capacity of reserve funds to deliver services into the future. This would be contrary to current SIC policy.
- 3.5 Recent case studies in Faroe (August 2006) were recently presented to members of the new Council. The same figures were presented to a briefing of the old Council. These case studies give us an indication and encouragement that lower costs should be achievable in Shetland.
- 3.6 On this basis, I would suggest that a cost of £2,221 per sq.m is far from unrealistically low. On the contrary, I would recommend that it should be a maximum target and so should be considered too high.
- 3.7 I would recommend that all projects should be subjected to the greatest level of scrutiny to force costs down to an affordable level that can be sustained into the future. Failure to do so will compromise the ability of all Council departments to deliver services to their maximum potential.
- 3.8 The actual cost can be very different from the budget. Also at the budget setting stage the full extent of the works are unknown, as design has not begun. Therefore, the original estimates are only to establish the budget, or the scale of the project. They are not and should not be relied upon to define cost plans. The detail of cost plans is something the project team should work through, as the design develops to check again and again, against the overall budget available.

- 3.9 Further, in broad terms the actual cost will be a reflection of the prevailing construction market, the associated risks, the specification and the size of the building. The size and specification can be adjusted up or down within any given cost parameter. Thus, there is no direct link between the estimates used for budget setting and the factors that determine the actual cost.
- 3.10 Therefore, the projection of any importance on to the figures used for budget setting does not properly reflect the true nature of the cost increases in this case: namely, size and specification. Both size and specification and to some extent risk are within the control of the design team.
- 3.11 This leads me to consideration of the floor area (the size) for the proposed design. This is expressed as a ratio per pupil and compared with other projects in the table below.

School	No of Pupils	Area	Ratio per pupil
Ardnamurchan High	310	5472	17.65 sq.m
New AHS	1100 (est)	18472 (est)	16.8 sq.m
Nesting School	23	590	25.6 sq.m
MYJHS	120	3480 (est)	29 sq.m

The average ratio per pupil for Shetland as a whole is 17 sq.m.

It can reasonably be expected that larger schools will make more efficient use of floor space so these figures should be used as a guide only. However, it can be seen that the figures for the proposed MYJHS are currently above the Shetland average and even larger than the smaller school at Nesting which is contrary to what might be expected. The example of Ardnamurchan High is a secondary school with Community Arts centre plus Nursery and boarding residence and so should provide a reasonable comparison from the mainland.

- 3.18 It is not suggested that Shetland figures should be brought to the same standard as mainland schools. However, it is suggested that the difference between the figures does mean there is scope to explore changes without compromising the education of pupils.
- 3.19 This suggests to me that even making an allowance for economies of scale, there is an element of over provision, which affects the size, which in turn affects the overall cost to be paid.
- 3.20 With this in mind staff within the CPS reviewed the floor plans. Appendix A is the school plan as currently proposed. Areas hatched on Appendix B, show the areas that have crept into the project as “community aspirations”. These total 222 sq.m. I am accepting that these may be entirely worthwhile and of benefit and so the Council may wish to consider these areas at some point. However, they are outside the scope of the original project. There is no delegated authority from the Council at this stage to add these works and so inclusion at this stage would place SIC officials in breach of Council financial and standing orders had this gone unchecked. There is no delegated authority from the Council at this stage to add these works. If they are to be included they require approval.

- 3.21 Further examination indicated that there were areas that could be described as providing no function other than aesthetics or additional comfort. With a little imagination and a genuine desire to secure best value CPS were able to propose amendments to the current design. These are also indicated on Appendix B as a suggestion. By adapting the suggestion on Appendix B, the same facilities can be provided in a much smaller floor area, allowing a further 280 sq.m to be trimmed off the current proposals. Using prevailing rates this would save the contract something in the region £0.72m.
- 3.22 Discussions with the project Architects confirm that these changes can be made without compromising the integrity of the project. The project Architect has also indicated that they have a whole range of proposals to yield cost savings and would be willing to work these through with SIC staff. The architects revised proposal with reduced floor areas is shown on Appendix C.
- 3.23 These savings would mean the revised project could in theory be delivered for a cost of £7.636m, which is less than the budget adjusted for inflation and so less than budget.
- 3.24 The original Council decision (min ref, 50/05) to, “....*Continue with a new build option with a revised cost of £7.236m at 2005 prices*”, is not qualified in any way to stipulate minimum/ maximum floor areas or estimated costs. Therefore, it is the only single overriding cost parameter that should be considered at this stage.
- 3.25 I should at this stage remind Council that stopping/ starting design works at this stage will not necessarily result in abortive costs as all information can be carried forward to the next stage of detailed design.
- 3.26 Any change in procurement route at this stage would not necessarily delay the project. On the contrary, failure to take tighter control of costs would jeopardise the timing of the project if the Council could not meet its financial commitments at the time construction was ready to start.
- 3.27 There is no real way of knowing with any certainty what the final costs may be. However, in my view the time to seek additional funding is when all cost savings options are exhausted and not before cost saving options are concluded. The case studies from Faroe and recent CPS experience show that Early Contractor Involvement (ECI) is one way to explore real cost savings.
- 3.28 The report to CPRT and the project file indicate that there may be some innovative features that would save revenue costs into the future. These might result in an initial capital outlay, higher than otherwise expected. However, they may be worthwhile to reduce the Council’s revenue burdens for the Education Service into the future. These can be fully explored within the proposals for this report.
- 3.29 In my view, whatever the final outcome, the changes outlined in this report should result in a tighter control of the available budget.



## **4 Financial Implications**

- 4.1 The allocation of additional funding would compromise the sustainability of reserves and delivery of future services and infrastructure. Continuation with recommendations would reinforce the best value message and contribute to the change in culture needed to reverse the trend of spiralling costs.

## **5 Policy and Delegated Authority**

- 5.1 All matters relating to education stand referred to the Services Committee. The Services Committee has delegated authority to make decisions on matters within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budgetary provision. As the recommendations in this report fall outwith delegated powers, a decision of the Council is required.
- 5.2 This report is submitted to the Executive Committee in terms of its remit for financial monitoring, and for them to make comments or recommendations to Council.

## **6 Conclusion**

- 6.1 This project review comes at a time when the Council is at a crossroads in terms of costs relating to the Capital programme. The Council could choose the conventional route and accept the prevailing market conditions. Alternatively, the Council can use its considerable purchasing power and influence to take greater control of spiralling costs. Incorporation of incentives into the design process will reduce the risks of escalating costs. This should seek to ensure that best value objectives are achieved.

## **7 Recommendations**

- 7.1 I recommend that the Services Committee recommends to the Council that it notes the contents of this report and instruct the Chief executive or his delegated nominee to:
  - 7.1.1 Reaffirm the £7.236m at 2005 prices (£7.757m at 2007) as the target cost parameter for this project;
  - 7.1.2 Immediately continue the procurement process using Early Contractor Involvement (ECI) to progress detailed design;
  - 7.1.3 Start that revised process using the existing design team, with the use of recommendations set out in Appendix C as a starting point;
  - 7.1.4 Only incorporate “community aspirations” in Appendix B if they can be contained within the overall cost;

- 7.1.5 Only to seek additional funding when all other cost saving options are exhausted;
- 7.1.6 Report back to Council with the resulting costs following 7.1.1 to 7.1.5 before proceeding to any construction phase. This is to include any fully priced options relating to “community aspirations” and/ or any innovative features. Assuming a successful tendering process, it is anticipated that tender costs will be known by May 2008.
- 7.2 The Executive Committee is asked to note this report and make comment to the Council, if required.

Our Ref: CM/RS/CPS-07-07-F

Date: 20 August 2007

Enclosure: Appendix A: Original Proposals – Lower Floor & Upper Floor  
Appendix B: Sketch indicating extent of “community aspirations” and additional school area – Lower Floor & Upper Floor  
Appendix C: Revised Proposals – Lower Floor & Upper Floor

## - 35 -



SULTATION	SCALE 1:200 at A1
-----------	----------------------



## Appendix A- Original Proposals

### Lower Floor Level

This architectural floor plan illustrates the layout of the Lower Floor Level. The plan is divided into several functional areas, each labeled with a number and a description. The layout includes a large central hall (15) with a dining area (15) and a serving area (15). To the left, there is a kitchen (15) and a storage area (15). The right side of the plan features a large room (20) with a storage area (20) and a storage area (20). The plan also shows a large room (20) with a storage area (20) and a storage area (20). The plan is divided into five sections, each labeled with a number (1, 2, 3, 4, 5) and a corresponding arrow indicating the direction of flow or access. The plan is a detailed technical drawing showing room boundaries, doors, and furniture placement.

WORKS TO BE CARRIED OUT IN ACCORDANCE WITH CONSTRUCTION (DESIGN AND MANAGEMENT) REGULATIONS 1994. CONTRACTOR TO NOTIFY HSE PRIOR TO COMMENCEMENT OF WORK ON SITE.

DATE	FILE	SCALE
FEB 2007	PLANNING CONSULTATION	1:200 at A1









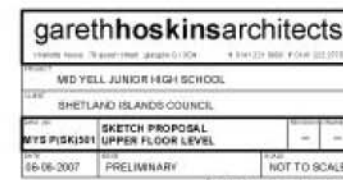
-41-



© 2005 Blackwell Publishing Ltd, *Journal of Internal Medicine* 258: 105–114



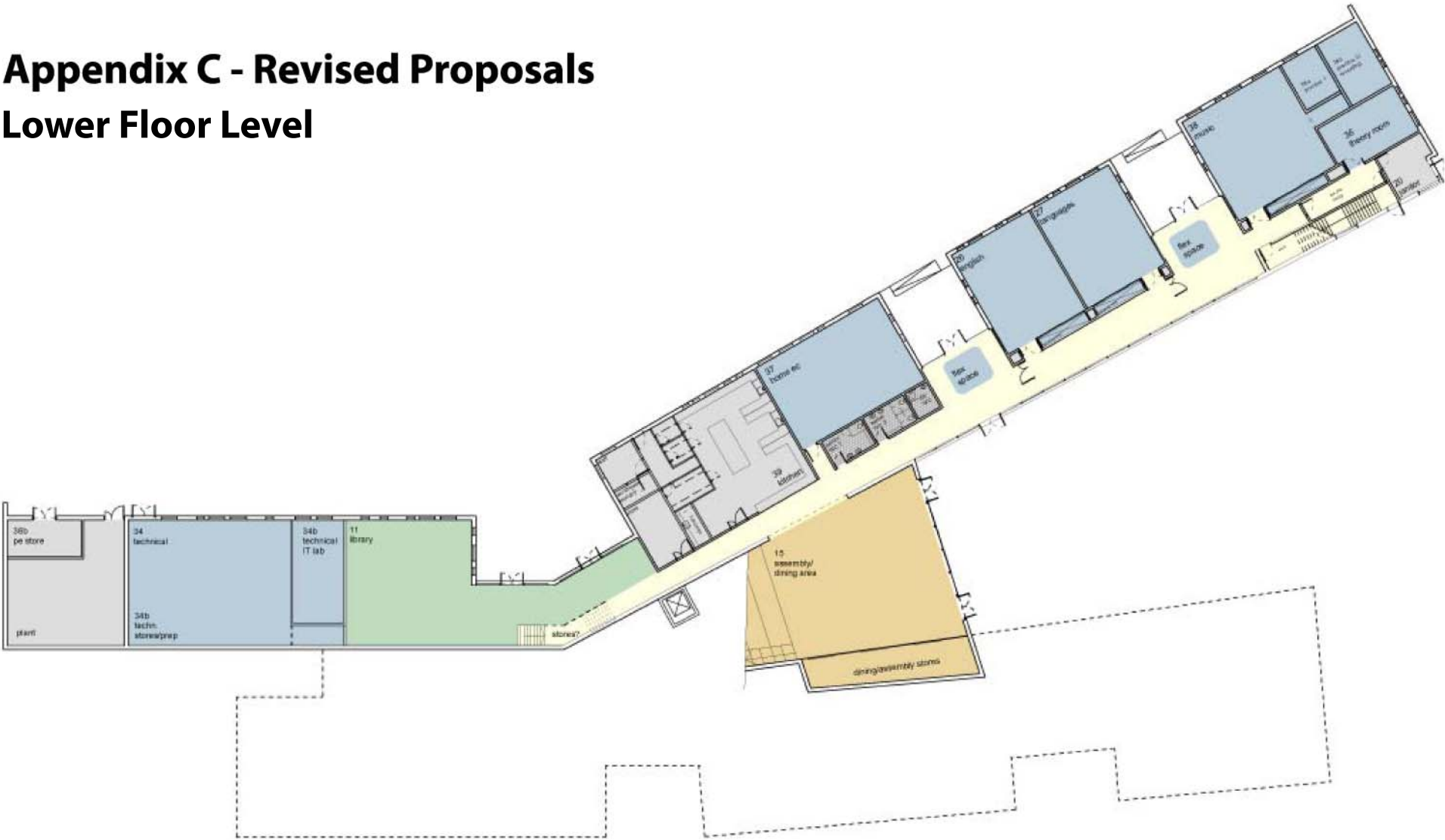
- 43 -





# Appendix C - Revised Proposals

## Lower Floor Level







---

## **REPORT**

**To:** **Shetland Islands Council Executive Committee** 4 September 2007  
**Shetland Islands Council** 12 September 2007

**From:** **Head of Capital Programme and Housing Service**

**Report No:** **CPS-08-07-F**

**Subject:** **Capital Programme - Capital Programme Review Team (CPRT) - August 2007**

### **1.0 Introduction**

[1.71.1](#) The Capital Programme Review Team (CPRT) was established to monitor existing projects and make proposals to the Council for decisions relating to the Capital programme (SIC Min Ref 141/06).

1.2 The proposals within this report follow the third meeting of the CPRT on the 20 August 2007.

1.3 This is not a progress report on committed capital projects, which will be the subject of a further report in the next cycle.

1.4 This report does look at and make recommendations on projects that remain at this stage uncommitted.

1.5 The adjusted list of capital projects already in progress is attached as Appendix A.

### **2.0 Link to Corporate Priorities**

2.1 As part of the Council's commitment to sustainability within the Corporate Improvement Plan we have undertaken to define our priorities so we can sustain the services we want to provide and help develop our economy. A key component of this is the commitment we have made to implement a Capital Programme prioritisation system and the continuation of that process.

2.2 This is the first in a series of periodic reports submitted from CPRT to seek approval of the proposed changes to the Capital programme regarding inclusion of new projects, budget and programming.

### 3.0 CPRT Submissions

3.1 CPRT heard requests for funding through the Capital programme. These requests and the recommendation from CPRT are set out and summarised below:

3.1.1 **Knab Dyke**– Sports and Leisure Services presented a report on the Knab Dyke Reconstruction project, which has been re-assessed, and additional works recommended following the collapse of part of the Knab cliff face in December 2005. **CPRT recommendation** – That, the project (having already been advertised) is tendered and thereafter any tenders received be evaluated by the Capital Programme and Sports and Leisure Services, in accordance with Standing Orders.

3.1.2 **Trondra Phase 2 – Report on Overspend** – The Network and Design Manager, Roads reported on an overspend of £100k on the Trondra Phase 2 project. **CPRT recommendation** – That, the Roads Service report this to the Infrastructure Committee and identify any funding from within other Infrastructure projects to offset the overspend. Provision for meeting the expenditure to be made within current programme in the first instance.

3.1.3 **Olnafirth** – Service Manager Building Services reported on options for carrying out maintenance on Olnafirth School. **CPRT recommendation** – CPRT noted the report but felt unable to make a decision until the Council decides on a strategy for future use of this school. CPRT requested the Head of Schools prepare a report to the Services Committee on this matter.

3.1.4 **Burial Grounds** – The Waste Services Manager prepared a report on reprofiling on the Burial Ground programme at an additional cost of £152,889 for the current financial year. **CPRT recommendation** – That the existing burial ground programme be reprofiled in accordance with recommendations to meet the Council's commitments.

3.2 The projects seeking to be added to the programme were:

3.2.1 **Breiwick Road** – The Network and Design Manager, Roads presented a report on the proposed replacement of the sea wall at the Sletts. **CPRT recommendation** – That further information be prepared for Option 2 and cash flow projections prepared for both options in order that the project can be evaluated.

3.2.2 **Old Library Centre – Flat Roof Renewal** – Service Manager Building Services reported on options for the Flat Roof Renewal. An immediate repair was necessary to maintain the asset and avoid the risk of injury. **CPRT recommendation** – That Option C (a liquid plastics solution to coat existing roof covering) at a cost of £40k be approved and reported to Council.



- 3.2.3 **Scalloway Harbour – Dredging of Main Navigation Harbour** – General Manager – Ports and Harbours Operations reported on a proposal to obtain consents on proposed dredging work at Scalloway Harbour. CPRT recommendation – CPRT approved the report for recommendation to the Council.
- 3.2.4 **Ancient Monuments and Listed Buildings within Burial Grounds** - The Waste Services Manager prepared a report seeking funding for the stabilisation of ancient monuments and historic buildings associated with burial grounds. CPRT recommendation – That minimal works to be carried out and that there is further exploration of funding this project by other means taking account of the heritage value.
- 3.2.5 **Energy Recovery Plant – Replacement Equipment** - The Waste Services Manager prepared a report seeking funding to carry out necessary additional maintenance at the Energy Recovery Plant. Expenditure of £98k was required in this financial year to avoid risk of prosecution. CPRT recommendation – Further information was required in order to prepare a Net Present Value calculation, which would include future revenue implications. Provision to be made for the £98k in this financial year.
- 3.3 CPRT scored each of the new projects with complete information in accordance with the Council's criteria (Min ref 48/06). The new projects were then ranked alongside other projects that are still to be programmed. The results of that scoring, as a revised list of projects awaiting commencement (in order of priority), are attached as Appendix B. The new projects are highlighted in italics.
- 3.4 The Council agreed to greater scrutiny by CPRT for projects within rolling programmes. The recommendations set out in 3.2.4 and 3.2.5 continue that process.
- 3.5 Members should note that there are still many projects at feasibility and/ or option appraisal stage. These projects cannot be scored by CPRT until this information is complete. Therefore, they cannot be added to the prioritisation list at this stage. This applies to the remaining Social Work projects and projects associated with the Transport Strategy. However, as these projects progress they will be prioritised in due course and brought to Members for consideration at that point.
- 3.6 Should Members agree to the recommendations in this report, the adjustment in Table 1 below shows the net result:

<b>Project</b>	<b>Expenditure £000 (A)</b>	<b>Slippage £000 (B)</b>
Trondra Phase 2	100	
Burial Grounds	153	
Old Library Centre	40	
Scalloway Harbour	20	
Energy Recovery Plant	98	
<b>Sub Totals</b>	411	0

**Total Slippage Available = 0 (none currently identified)**

- 3.7 Any slippage, which becomes available into the future, will have to meet the costs set out in 3.6 in the first instance. Any further slippage will allow projects to come forward in order of priority.
- 3.8 Members will note from Appendix A that the total of available expenditure is already committed. Therefore, without any other form of adjustment the expenditure required to meet the commitments set out in 3.6 would have to come from reserves. This would be contrary to existing financial policy and would compromise the capital programme by placing it in an unsustainable position. Therefore further approval or amendment has to be made by the Council
- 3.9 As with all Capital Projects there may be several phases. Therefore, all projects have to be managed in a flexible way to make sure that funding is fully utilised and the programme of work fits together in the most meaningful way. This means that some projects might conclude the feasibility or design phase but then have to wait for the further availability of funding to commence the construction phase.
- 3.10 We are currently at a very early stage of the financial year. Historically, there is ongoing slippage throughout the year. Therefore, there is a real possibility and expectation that further slippage will occur to offset the additional commitments set out in 3.6.
- 3.11 Taking into account the comments in 3.10 the following options are available to Members:
- 3.11.1 To compromise reserves and authorise the additional expenditure at this stage contrary to existing policy;
  - 3.11.2 To cut other projects that have already started;
  - 3.11.3 Using caution, continue by authorising progress as the programme stands but postponing any decision until the next cycle to see if further natural slippage occurs.
- 3.12 Members should note that by taking a decision to defer, there is unlikely to be room for further additions without further depleting reserves. Members should also note that this is how the capital programme will have to be managed into the future to control costs. Also as larger projects proceed and/ or other demands are made on the Councils reserves, the restrictions on the capital programme are going to become tighter and so decisions harder.
- 3.13 Further adjustments to the capital programme will be reported to Members in due course. Similarly, progress against all projects will be reported to Members on a periodic basis.
- 3.14 At the last meeting of the full Council some Members expressed dissatisfaction with the outputs generated by the prioritisation process. When the prioritisation process was established in March 2006 (Min Ref 48/06), it included provision of a Member/ Officer working group to review the weighting and points to be awarded. This group never met for this purpose due to the formation of a new Council.

- 3.15 Re-establishment of that working group with a Member from each ward would allow the existing arrangements to be reviewed. The outputs and recommendations from that working group can then be brought back to the Council for determination into the future. The remit of the Group is attached as Appendix C.
- 3.16 Subject to the review outlined in 3.14. All new projects will be subject to the Capital Programme Review Process (CPRT), (Min Ref 141/06). Projects that come through this process in the future will be scored and ranked alongside remaining projects for Members to consider into the future.
- 3.17 With a target of £20m per annum to spend (Min Ref 139/06), and a programme that is heavily over-subscribed, it is necessary for Members to reach a decision on the order that they would like to see these projects completed. This will aid and facilitate the programming and delivery of all projects into the future. It will also promote sustainability of reserves.

#### **4.0 Proposal**

- 4.1 It is proposed that Executive Committee and Council:
  - 4.1.1 Note the serious and over committed nature of the capital programme;
  - 4.1.2 Recognise and authorise the need to meet commitments in 3.1.2, 3.1.4 and 3.2.5;
  - 4.1.3 Using caution, continue by authorising progress as the programme stands but, postponing any decision until the next cycle to see if further natural slippage occurs;
  - 4.1.4 Note the Capital programme is heavily over subscribed and must be prioritised in some form to remain sustainable;
  - 4.1.5 Nominate a Member from each ward to a Member/ Officer working group to review the principles and weighting for the future prioritisation of the Capital programme;
  - 4.1.6 The Member/ Officer working group bring back their findings and recommendations to the Council:

#### **5.0 Financial Implications**

- 5.1 The proposals within this report make use of existing agreed resources without the need to provide additional funding at this stage. Therefore, there are no direct financial implications from this report. Indirectly, tighter control may lead to greater efficiencies and a longer term reduction in revenue burdens. However, unless further slippage occurs a decision will be required to adjust or amend the capital programme.

#### **6.0 Policy and Delegated Authority**

- 6.1 Matters relating to the Council's Capital programme are referred to Council for decisions (SIC Min Ref 122/03 and 145/03).

- 6.2 This report is submitted to the Executive Committee in terms of its remit for financial monitoring, and for them to make comments or recommendations to Council.

## **7.0 Conclusion**

- 7.1 This report represents the results of the latest CPRT meeting. The programme for 2007/08 has only recently begun and so the use of any slippage that may occur into the future cannot be predicted at this stage. Historically, slippage does occur throughout the year. However, the current arrangements force these issues and provide a focus greater than before. This means that the incidence of slippage should be much less and so it cannot be relied upon as a longer term solution to the existing constraints upon the capital programme. The recommendations within this report will assist with controlling of costs, allocation of resources in the future and the provision of a sustainable capital programme into the future.

## **8.0 Recommendations**

- 8.1 It is recommended that Executive Committee consider the report and make comment to Council where necessary, and thereafter that the Council:
- 8.1.1 Note the serious and over committed nature of the capital programme;
  - 8.1.2 Recognise and authorise the need to meet commitments in 3.1.2, 3.1.4 and 3.2.5;
  - 8.1.3 Using caution, continue by authorising progress as the programme stands but, postponing any decision until the next cycle to see if further natural slippage occurs;
  - 8.1.4 Note the Capital programme is heavily over subscribed and must be prioritised in some form to remain sustainable;
  - 8.1.5 Nominate a Member from each ward to a Member/ Officer working group to review the principles and weighting for the future prioritisation of the Capital programme;
  - 8.1.6 The Member/ Officer working group bring back their findings and recommendations to the Council.

Our Ref: CM/RS/CPS-08-07-F

Date: 24 August 2007

Enclosures:

Appendix A: Adjusted List of Capital Projects in Progress  
Appendix B: Revised List of Projects Awaiting Commencement  
Appendix C: Remit – Member/ Officer Working Group

## Appendix A

### Committed Capital Projects to be Completed in 2007/08

Code	Ref	Project	£000's
GCX4301	A	WAN Upgrade	95
GCX4312	B	Computers for Schools	160
GCX4315	C	IP Phones	250
GCX4319	D	Photocopiers	75
GCX4320	E	SSDN Infrastructure	70
GCX4306	F	Internet/Public Information System	80
GCX4310	G	Decentralised Working	140
GCX4311	H	SSIS upgrade	100
GCX4314	I	Ferry Ticketing System	17
GCX4316	J	AHS Computer Systems	17
GCJ3001	K	Water Based Facilities (Marinas)	735
GCA0221	L	Kantersted Respite Unit New Build	60
GCA0231	M	Care Homes Fire Upgrade	98
GCY5114	N	South Whiteness Burial Ground	25
GCY5120	O	Dunrossness Burial Ground	40
GCY5122	P	Bigton Burial Ground	5
GCY6112	Q	Setters Hill to Brook Point	30
GCY6116	U	B9074 Trondra Phase 2	11
GCY6401	R	Scord Quarry Plant	205
RCM2309	S	Peerie Dock Symbister	212
RCM2312	T	Scalloway Oil Support	100
GCK2000	U	Feasibility Studies	331
GCB6002	W	Toft Demolition	119
<b>Sub Total to be Carried Forward from 06/07</b>			<b>2,975</b>

## Ongoing Capital Expenditure for 2007/08

Code	Ref	Project	£000's
	n/a	Carry forward from 2006/07	2,975
GCY7210	n/a	Contingency (Transport Strategy)	500
?GCY5110?	1	Burial Grounds Rolling Programme	467
GCE1304	2	AHS – New Build	984
?GCA1000-08?	3	Social Care Rolling Programme	874
?GCJ3000?	4	Play area, Dykes, Paths & Multicourts	280
GCY6120	5	A970 Oversund Junction	600
GCE3402	6	Sandwick – ASN	589
GCE1315	7	Mid Yell JHS	600
GCJ3006	8	Community Organisation Grants	213
GCB6004	9	DDA Works	170
GCY6201	10	Bressay Bridge	400
GCX4317	12	Enterprise Backup-ICT	250
GCL4402	13	Cinema & Music Venue	300
GCB6002	14	Office Accommodation Review	550
GCY7601	15	Ferry Rolling Programme	116
GCK2001	16	CCTV System Lerwick	170
GCH3200	17	Housing Rolling Programme	187
GCY6123	18	Gilbertson Road Reconstruction	482
GCB6006	19	Ness of Sound Farm	37
GCY6106	20	A971 Haggersta to Cova	100
GCY5133	21	Rova Head Reinstatement	2,000
GCY5132	23	Replacement Esplanade Toilets	350
GCY9000	24	Architectural Heritage Programme	265
GCY6000	25	Roads Rolling Programme	1,305
GCX4321	26	Risk Management System	90
GCY6121	27	B9081 Mid Yell (Hillend Section)	10
GCX4300	28	PC/LAN Upgrades	280
GCY9010	29	Conservation Grants	70
GCY9006	30	Energy Conservation	33
GCB6001	33	Copper Pipework Replacement	200
GCY7254	35	Vehicle & Plant Replacement	1,246
		Scord Quarry Plant	250
		Re-Cladding Gremista Workshop	430
		Power Distribution Gremista Workshop	20
		Uyeasound Pier	1,200
		Lerwick Library (Preliminary Design)	100
		Education Maintenance	795
		Public Toilets Rolling Programme	100
		Old Scatness	100
		Reserve Fund Property Grant	80
<b>Total Capital Expenditure</b>			<b>19,768</b>

## Appendix B

### List of Projects Awaiting Budget (Prioritised list)

*New projects are in bold italics*

PROJECT	£000's
Leog House Replacement	300,000
<b><i>Energy Recovery Plant Replacement Equip</i></b>	<b><i>98,000</i></b>
<b><i>Old Library Centre Roofing</i></b>	<b><i>40,000</i></b>
<b><i>Scalloway Dredging</i></b>	<b><i>20,000</i></b>
Replacement Workshop Mid Yell	180,000
Baltasound Library	143,000
Papa Stour Road	400,000
Germatwatt Footways, Walls	800,000
A970 Scord to School Scalloway	35,000
Education MIS - ICT project	205,000
Happyhansel School Accommodation	600,000
Scalloway JHS - Science Block	290,000
Murrister Replacement Building	150,000
A9071 Bixter to Aith	1,670,000
Private Sector Housing Grants	70,000
Sellanes Pier	5,400,000
Olnafirth Primary School	678,000
AHS - Hostel	9,791,000
Bridge Inspection Walkways	155,000





# **APPENDIX C**

## **MEMBER/ OFFICER WORKING GROUP**

### **1. REMIT**

To advise and assist the Head of Housing and Capital Programme on reviewing the principles and weighting for the future prioritisation of the Capital programme

### **2. MEMBERSHIP**

#### **COUNCILLORS**

*One member from each ward*

#### **OFFICIALS**

*Head of Housing and Capital Programme*

*Head of Finance*

*Head of Organisational Development*

### **3. AUTHORITY AND REPORTING**

The Group is purely advisory and has no executive powers. Any proposals arising from the work of the group must be referred by report from the Head of Housing and Capital Programme to Shetland Islands Council for decision.

### **4. ADMINISTRATION**

Administration will be provided by the Capital Programme Service.





## **REPORT**

**To: Executive Committee**

**04 September 2007**

**From: Head of Business Development**

**DV032-F**  
**Centre for Nordic Studies**

### **1.0 Introduction**

- 1.1 This report has been prepared to allow the Executive Committee to debate the merits of Shetland's involvement in a project to establish a Centre For Nordic Studies in Orkney and Shetland. The project would be part of the University of the Highlands and Islands (UHI). Information is provided in the report to demonstrate the reasoning behind the project, its strengths and weaknesses. After weighing up the available evidence a conclusion has been reached that Shetland should not participate in the project because it is unlikely that sufficient benefit can be derived to justify the spending that is required.

### **2.0 Links to Corporate Priorities**

- 2.1 Celebrating Shetland's Cultural Identity, Economic Diversification and Skills Development are all priorities identified in the Council's Corporate Plan.

### **3.0 Background**

- 3.1 Following on from similar successful initiatives to expand higher education and research in agronomy, archaeology and geophysics, Orkney College has investigated the opportunities for developing courses around culture and heritage. The model used is copied from similar projects in the Highlands dealing with Gaelic heritage. Initial work through the UHI established that the Nordic culture and heritage, prevalent in Orkney, Shetland and Caithness provides a strong enough research and learning base to develop an academic Centre for Nordic Studies.

- 3.2 A summary of the project is attached as Appendix 1. More information is available in the Scoping Study for the project, which can be located on the Corporate page of the Council's intranet (<http://sic.gov.uk/corporate>). The document is under the Additional Papers heading.
- 3.3 The Scoping Study examines existing cultural research initiatives, programmes and activities in the area of Nordic influence and then sets out costed options for establishing a Centre For Nordic Studies. Linguistically, it states that Gaelic culture has been explored fully and that it is now time to explore Scotland's Nordic roots. It also states and provides some evidence for an increasing worldwide interest in Nordic matters before proposing that an interdisciplinary Centre for Nordic Studies should be created.

## **4.0 Proposal**

4.1 The principal aims of the proposed Centre are:

- To promote and publicise research in Nordic Studies, focussing on Orkney and Shetland studies;
- To promote Orkney and Shetland culture and stimulate debate. The Centre will provide educational opportunities at secondary and tertiary level for both local and external students;
- To ensure involvement with the Advisory Committee on teaching of Nordic Studies abroad, with Nordic Studies departments worldwide, and with European projects;
- To work in partnership with Orkney Islands Council, Shetland Islands Council, HIE, and local bodies such as the Shetland Amenity Trust to create a resource that will enhance and benefit local communities.

4.2 The planned functions of the Centre are:

### **4.2.1 Cultural Promotion**

The Centre will contribute to the promotion of Orkney and Shetland culture abroad, generally in collaboration with guest lecturers and other university tutors of Nordic studies, language, and literature.

### **4.2.2 Archive Collection**

The Centre will include a new Orkney, Caithness and Shetland archive to which students, both undergraduate and postgraduate, would add their work. It will house collections of place names, maps, pictures, folklore, taped material, lexicographical material – much of which will be processed for greater access.

#### 4.2.3 Projects

The Centre will collaborate with bodies abroad, mostly in the Nordic countries, on a variety of projects. For example, the Northern Peripheries Programme has expressed willingness to guarantee a project income stream.

#### 4.2.4 Postgraduates Courses

The Centre will develop a taught MA in Highlands and Islands Literature, involving input from local writers. Ultimately the Centre will seek to develop a taught MA in Orkney and Shetland culture.

#### 4.2.5 Summer Courses

The Centre will organise summer courses in Orkney and Shetland studies, in collaboration with the Department of Cultural Studies at Orkney College.

#### 4.2.6 Interactive Place Names Database

It is intended to provide an up-to-date guide to the interpretation of the names of Orkney and Shetland places. This database will benefit researchers both in the Highlands and Islands area and beyond as a primary source and will also function as an archive of these place names. This database will be available globally through the internet.

#### 4.2.7 Seminars, Conferences, Meetings and Lectures

The Centre will organise and promote or participate in planning conferences, seminars and lectures on Nordic studies and Orkney and Shetland culture.

#### 4.2.8 Fellowships

The Centre will ultimately administer Fellowships, awarded annually to foreign writers, translators and scholars, in order that they may travel to Orkney and Shetland to improve their knowledge of the islands' language, culture and society.

- 4.3 Facilities will be split between Orkney and Shetland, with the core staff comprising a Director at Professorial level, one post doctoral researcher, 3 part-time researchers and a part-time administration officer at Orkney college; and, one post doctoral researcher and 3 part-time researchers at Shetland College

- 4.4 In the first academic year it is planned to make 6 PhD studentships in Nordic Studies available, 3 in Orkney, 3 in Shetland. The first MA students will begin in year 2.

- 4.5 A request has been made by Orkney College for Shetland Islands Council to approve funding for the project to enable Shetland to be fully engaged as anticipated in the planning of the Centre.

## 5.0 Financial Implications

- 5.1 The estimated costs of the project over a three year period are as follows:

	£
Accommodation and Equipment	73,280
Staffing, studentship and other revenue costs	<u>1,438,909</u>
<b>Total</b>	<b><u>1,512,189</u></b>

- 5.2 The proposed funding package is detailed below:

	£
Own Resources	497,189
Arts and Humanities Research Council	255,000
Scotland Europa	100,000
HIE	300,000
OIC	180,000
SIC	<u>180,000</u>
<b>Total</b>	<b><u>1,512,189</u></b>

The funding from Shetland would be required over a period of 3 years.

- 5.3 With the exception of Shetland's contribution, the funding package is in place to enable the project to proceed this year. A decision not to support the project would require Orkney College to cover a funding gap of £180,000, which may prove difficult but should not be insurmountable.
- 5.4 The sum required from Shetland is a substantial one, even when split over 3 financial years. If approved it would have a significant impact on the Infrastructure budget (RRD 15302402) such that other projects may have to be delayed. In particular, a decision to support this project would have an impact on the Council's ability to fund Shetland's own programme of heritage investments as described in paragraph 8.1 and in a separate report on this agenda.

## 6.0 Benefits and Risks

- 6.1 A considerable amount of work has been done on this project by Orkney College and UHI from marketing analysis, through the scoping and eventual planning of the proposed Centre of Nordic Studies. It is a complicated project in the sense that to be fully effective the Centre would need the full support of educational and heritage services in both Orkney and Shetland.

## 6.2 Benefits

The benefits to Shetland could be: 1 full-time and 3 part-time posts in Shetland College; up to 3 PhD studentships researching and publishing on aspects of Shetland's culture and heritage; attracting visitors to summer schools in Shetland; the promotion of Shetland's heritage to the world; the wider benefits of having better access to Nordic heritage network; and, indirect benefits such as accommodation, catering etc. The project would also enable Shetland College to participate in research on Shetland's culture and heritage to a meaningful extent and might lead to guided research in other academic areas.

## 6.3 Risks

Any project of this nature, where a new untested idea is put into practice based on high level market analysis, carries a high degree of risk with it. For example the market may not be as strong as assessed, and links may be more difficult to make than envisaged. A significant drawback with this project is that, while the project co-ordinator made some effort to get Shetland agencies involved with the project at an early stage, this has had only limited success in terms of creating a strong Shetland engagement in the project. As things stand Shetland College is willing to engage with the project if the funding is agreed but has been a passive partner in the lead in work. Shetland College have other priority courses such as local learning centres that require funding and would therefore have difficulty accepting funding from the Council if the award of such funding leads to a restriction of finance for these other courses. Indeed, the sustainability of local learning centres contributes to Council priorities such as decentralisation, strengthening rural communities, skills development, and social inclusion. Another point to stress is that, in a situation where the main drive comes from Orkney College, there is a real prospect of Shetland Heritage resources being drawn into the work of the proposed Centre without creating any real advantage in Shetland.

## 7.0 Policy and Delegated Authority

7.1 The following policies are of some relevance to the project:

### Marketing

2.1.1 Improving and maintaining the quality of goods, services and "visitor products" that will add value to the economy.

### Skills Development

2.2.7 Migration: reduce outward migration through the continued development of the UHIMI and local colleges to offer high level qualifications and encourage inward migration through promotion of Shetland as a desirable place to live and work.

2.4.8 Maximising Shetland's potential at the crossroads of the North Atlantic

These policies are contained in the existing Council Economic Development Policy Statement, approved by the Executive Committee on 9 December 2003 (34/03) and by the Council on 17 December 2003 (161/03). Even a generous assessment of the project against the above policies would classify the project as weak from an economic development perspective. Given the size of the sum under consideration along with existing local demands for heritage development it is very difficult to justify support.

- 7.2 In addition the proposal could comply with Council policies on: Access, Participation and Potential; Creativity and Heritage; and, Learning, Economy and Regeneration contained in the Shetland Cultural Strategy.
- 7.3 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations. However, given the policy assessment in paragraph 7.1, the Executive Committee does not have authority to make a decision on the subject of this report and therefore has to make a recommendation to the Council.

## **8.0 Observation**

- 8.1 The Council has a number of heritage related projects at various stages of funding application at the present time. Some of these projects will be coming forward for funding through the economic development service and a Heritage Tourism Investment Programme is being drawn up for consideration by the Council. There is likely to be a lot of competition for what will be a relatively small budget and so we have to make sure that any funding awarded can be justified in the wider heritage investment context.

## **9.0 Conclusion**

- 9.1 There are a number of positive qualities in Orkney College's project to form a Centre for Nordic Studies in the North Isles. The project is well researched and does hold out the prospect of using our heritage for educational and commercial benefit as well as engaging Shetland College in academic research. On the negative side, Shetland's engagement in the project has been weak at the planning stage. There are also concerns that any imbalance in the structure of the project would result in Shetland's heritage being used without adequate benefits in Shetland. Finally, the project has a low justification under economic development policies and therefore does not merit assistance.

## **10.0 Recommendation**

- 10.1 It is recommended that the Executive Committee recommend to the Council to refuse Orkney College's request for grant assistance of £180,000 to part fund the Centre for Nordic Studies.



## The Centre for Nordic Studies – Project Summary

### 1. Introduction

The Centre for Nordic Studies (CNS) is a unique initiative. There is no other focal point for: -

1. The study of Orkney and Shetland's history
2. A taught MA programme in Highlands and Islands Literature, or
3. Summer schools based around the culture of Orkney and Shetland. Located in both Shetland and Orkney

The Business Plan projections for the Centre (2007/08 to 2012/13) demonstrate its viability if the main public and academic sources of funding on which the Plan is based can be secured. From the funders' perspectives, the justification for such support can be summarised as follows:

- The project meets a range of strategic aims, both regionally and nationally. These include: specified UHI objectives; HIE priorities identified in its Operational Plan; SHEFC's research funding priorities; Orkney College's objective to establish a research profile in UHI in specified subject areas; the Scottish Executive's Cultural Policy and Tourism Framework for Action; the Nordic Council; and priorities from the Shetland Cultural Strategy.

***From the Shetland Cultural Strategy p. 15***

***1. Access, participation and potential***

*Encourage active and participative lifestyles, equality of opportunity, personal and community development through increasing access to and participation in the broadest range of cultural activities throughout Shetland, particularly for people who may be excluded or marginalised at present.*

***2. Creativity and heritage***

*Celebrate, promote and invest in the islands' distinctive creativity, diverse culture, heritage and environment, and develop and promote them within Shetland and to the wider world.*

***3. Learning, economy and regeneration***

*Contribute to the regeneration of Shetland's quality of life, image and economy through the strategic development of human, physical, geographic and financial resources.*

- Jobs will be created in both Orkney and Shetland. Direct employment is expected to total 18 full-time equivalent jobs in Orkney and Shetland. Comprising: -

Shetland	1 fte Senior Researcher Researchers (rising to 3 ftes after 3 years) Up to 3 PhD studentships
Orkney	1 fte Director 1 fte Senior Researcher Researchers (rising to 3 ftes after 3 years) Up to 3 PhD studentships 0.5 fte administrator

Staff are needed in Shetland not just for projects but to provide community services, to develop and deliver summer schools in Shetland, and to teach on the MA Highlands and Islands Literature programme. The proposed staffing for Shetland will ensure that Shetland is fully represented in the work of the Centre for Nordic Studies. Including wider employment benefits, the total impact generated by the initiative by 2011/12 has been estimated by economist, Steve Westbrook at 24 ftes.

- Research (summarised in the Scoping Study) has identified strong market demand for the services that CNS plans to provide.
- Substantial start-up funding has already been identified in principle from the Highlands and Islands Enterprise Network, subject to an acceptable Business Plan and partnership funding from Orkney Islands Council (OIC) and Shetland Islands Council (SIC). Support from Orkney Islands Council has been secured pending commitment by Shetland Islands Council.
- Research demonstrates that the project will capitalise on a niche market, attracting researchers, MA students and summer school participants from Orkney and Shetland, other parts of Scotland and the UK, and a range of other countries worldwide.
- CNS will fill gaps in provision for specialist research in its subject areas, and develop international collaborations and cultural tourism.
- The initiative has been researched and developed by an experienced project manager, Donna Heddle, who has a strong track record.
- The work of the Centre will rediscover, preserve and interpret local culture for future generations.
- As projects that enrich the appreciation of Nordic culture in the North of Scotland are completed and as the summer school programme builds, the initiative will make a considerable impact in Scotland's cultural tourism sector, which has been identified by VisitScotland as one of the country's main potential growth areas.
- Feedback from consultation, as demonstrated in the Scoping Study, is extremely positive. CNS is seen as an excellent initiative – in the right place at the right time.

The intention is to establish the Centre in 2007, with the first PhD's and the first MA students taken on from September 2007. This will be subject to:

- Securing planned funding.
- Securing initially leased premises in Orkney and Shetland. It is hoped that use will also be made of facilities and the accommodation block at the North Atlantic Fisheries College in Scalloway for Summer Schools. An alternative new build option in Orkney will be explored at a later date against the rented option. This would be likely to require ERDF funding from the new EU Structural Funds programme for the Highlands and Islands.
- Marketing the Centre's services to prospective MA students, summer school participants and potential collaborators (nationally and internationally). A marketing plan will be drawn up, building on the research carried out to-date and the contacts that have already been made.

## **2. Strategic Aims**

The Centre for Nordic Studies has the following strategic aims: -

1. To promote and publicise research in Nordic Studies, focusing on Orkney and Shetland studies.
2. To promote Orkney and Shetland culture and stimulate debate. The Centre will provide educational opportunities at secondary and tertiary level for both local and external students.
3. To engage productively with the Advisory Committee on Teaching of Nordic Studies Abroad, with Nordic Studies departments worldwide, and with European projects.
4. To work in partnership with Orkney Islands Council, Shetland Islands Council, the HIE Network, and local bodies such as Shetland Amenity Trust to create a resource which will enhance and benefit local communities.

### **3. Proposed Activities**

The Centre for Nordic Studies will include a new Orkney, Shetland and Caithness archive to which students, both undergraduate and postgraduate, would add their work. This will be complementary to existing provision, and house collections of:

- Place names;
- Maps;
- Pictures and photographs;
- Folklore – both printed and taped archive;
- Taped ethnographic recordings – recollections, herblore etc;
- Contributions of all kinds from ongoing research undertaken by undergraduate and postgraduate students attached to the Dept. of Cultural Studies in Orkney, Caithness and Shetland;
- Taped material on dialects, phonology, morphology etc;
- Literary material both ancient and modern, and
- Lexicographical material, which will be digitised for greater access.

It will also seek to house research into the production of a dictionary of Orkney, Shetlandic and Caithness words, with definitions in the same language variants, complementing earlier dictionary work with definitions in English, Danish, and Faroese.

#### **3.1 Projects**

The Centre will collaborate with bodies abroad, mostly in the Nordic countries, on a variety of projects. It will be affiliated to the Advisory Committee on Teaching of Nordic Studies abroad. The Northern Peripheries Programme has expressed willingness to support a project income stream. The Centre's project manager has already been approached to undertake project work as part of the Centre's remit. The Centre will be eligible for part of the UHI's allocation of Strategic Research Development Grant funding.

#### **3.2 Postgraduate Courses**

The Centre team has developed a taught MA in Highlands and Islands Literature, involving input from local writers. Subsequently, it will seek to develop a taught MA in Orkney and Shetland Culture. The Centre will also provide supervisory teams for PhD students.

#### **3.3 Summer Courses**

The Centre will organise summer courses in Orkney and Shetland studies, in collaboration with the Dept. of Cultural Studies, Orkney College. The Centre will organise a summer school on palaeography at Orkney College, and will seek to expand the summer school portfolio in both Orkney and Shetland. Both the summer schools and the MA will provide a steady income and will generate wider economic impact in the local communities.

### **4. Start-up funding**

Initial funding support is being sought from the following bodies:

- The HIE Network for start-up funding over the first 3-5 years (£300,000 plus)
- Orkney Islands Council - £180,000 support requested over a 3 year period
- Shetland Islands Council - £180,000 support requested over a 3 year period

Further information on current start-up funding status is given in Section 7 below.

## 5. Ongoing Income Streams

Income streams will be generated from Northern Peripheries Programme and Arts & Humanities Research Council-supported project work, from summer schools and the taught MA; from hosting conferences, from Scottish Funding Council's Research and Assessment Exercise, research development grants and Strategic Research Development Grant (SDRG) funding.

Research grant funding is being sought from the following: -

- Leverhulme Trust
- Heritage Lottery Fund for a Heimdall database
- Nordic Culture Fund (Norden). The Fund supports cultural cooperation both within and outside the borders of the Nordic countries, concerning itself with a wide range of art and culture related areas, involving both professionals and amateurs. The Fund supports activities characterised by quality, vision, accessibility, and variety, where both traditional and new ways of working can be developed. Contributions can be granted towards conferences, concerts, tours, exhibitions, festivals, general education, higher education, and research.
- British Academy

Further information on funding is given in Section 7.

## 6. Impact Assessment

### 6.1 Introduction

The impacts summarised below relate to the last year for which projections have initially been made, 2012/13. Conventionally, employment impacts in full-time equivalents (fte's) are measured as jobs that last for ten years, and the analysis below in effect assumes that 2012/13 impacts will broadly reflect those over the period 2010/11 (by which time the Centre is expected to be fully operational) to 2019/20. In practice, impacts should grow after 2012/13 as the Centre would be expected to be branching out into additional activities by then, as the UHI as a whole grows in importance and as those impacts of a cumulative nature build up.

### 6.2 Employment Impacts by 2012 / 2013

#### 6.2.1 Direct Employment

	Total ftes	Orkney	Shetland
Management/administration	4	3	1
Researchers	6	3	3
PhD studentships	3	1.5	1.5
	<b>13</b>	<b>7.5</b>	<b>5.5</b>
plus College overhead staffing (role in employment retention)	2	1	1
	<b>15</b>	<b>8.5</b>	<b>6.5</b>

#### 6.2.2 Induced Employment

This is estimated at 0.25 fte per direct fte, generated through the expenditures in Orkney and Shetland of those directly employed.

15 ftes x 0.25 = <b>3.8 ftes</b>	Orkney	8.5 x 0.25 = <b>2.1 ftes</b>
	Shetland	6.5 x 0.25 = <b>1.6 ftes</b>

#### 6.2.3 Indirect Employment

The Centre's spending on non-staff cost items in 2011/12 is projected at circa £78,000. This would support approximately **1.2 ftes** in Orkney and Shetland combined, taking into account the categories of expenditure and the likely sources of supplies and services.

#### **6.2.4 MA Impact**

It is assumed that the 20 people expected to be on the MA courses by 2012/13 either normally live outwith Orkney and Shetland, or are Orkney and Shetland residents who would otherwise take on MA (or another alternative course) elsewhere. All of their spending while in Orkney and Shetland on the course is thus treated as additional. As full time students, perhaps on a shoestring budget, they would spend significantly less in Orkney and Shetland during the 9-12 month period they would be there than Centre staff and PhDs. Thus, rather than supporting 0.25 fte per direct fte, it is assumed that the annual spending of 1 MA would support 0.1 fte. This would give:

$$20 \text{ MA} \times 0.1 = 2 \text{ fte}$$

There could be people taking a Nordic Studies Centre MA from other UHI colleges, but it is assumed that such people would be additional to the 20 fte MA's in Orkney and Shetland assumed above.

#### **6.2.5 Summer School Impacts**

By 2012/2013, it has been assumed that there would be two 3 week summer schools per year in each of Orkney and Shetland. Typical summer school participants might spend an average of £30 per 24 hours on food, drink, retail goods, etc (at current prices) over and above their course fees, giving:

$$120 \text{ people} \times 20 \text{ nights} \times £30 = £72,000 \text{ p.a.}$$

This would support approximately **2 ftes**, including indirect and induced impacts, from survey based evidence of visitor spend to employment ratios of c £35,000 per fte.

#### **6.2.6 Total Quantifiable Impact**

Aggregating the above categories of employment impact would give a total impact of **24 ftes** by 2012/2013 for Orkney & Shetland. Overnight stays related to conferences hosted in Orkney and Shetland would add to these impacts.

### **6.3 Other Impacts**

Employment and household income impacts not as amenable to quantification include:

1. People moving to Orkney and Shetland with partners/family members who settle in the area. The total population effect by 2012/13 might be:

$$35 \text{ MAs/researchers (incl. PhDs)} \times 2 = 70;$$
$$\text{plus previous MAs and PhDs staying on} = c.100.$$

Some of these partners/family members might well take up employment in services, such as health and education, where recruiting qualified staff is difficult.

2. New business development. After their course or spell of employment at the Centre, it is likely that at least a few people will start small businesses in a field related to their research in Orkney and Shetland. Others will leave for local employment, where they might play a part in helping a business or organisation to expand through using the skills/expertise/knowledge they will have gained.
3. Image improvement. The Centre for Nordic Studies, if it develops as planned, will help raise the profile of both Orkney and Shetland Colleges as UHI partners nationally and internationally. People from other countries will visit not only for summer schools, but also for conferences, symposia, exchange of information, etc.

## **7. Main Sources of Funding Anticipated, 2007/08 to 2012/13.**

### **7.1 Highlands and Islands Enterprise**

HIE have proposed initially to contribute £300,000 towards the development of the Centre for Nordic Studies over a three year period. They would also consider a further £200,000 over the following two years dependent on progress during the first three years. The main condition applied to this support is that they would expect to see at least as much levered in from other agencies such as Orkney Islands Council and Shetland Islands Council. This income stream is regarded as relatively secure as long as the matching requirements are met.

## **7.2 Orkney Islands Council**

A proposal to Orkney Islands Council Development Committee was drawn up in consultation with OIC and HIE Orkney to support the development of the Centre. This bid was submitted in March 2006 for an amount in the order of that set out in the Income and Expenditure projections, i.e. £180,000 over a three year period. This was supported by OIC Development Committee in October 2006 subject to similar support being secured from Shetland Islands Council.

## **7.3 Shetland Islands Council**

A similar proposal to that being submitted to OIC by Orkney College is being made to Shetland Islands Council. The proposal for the SIC contribution to the development of the Centre is also £180,000 over three years. This income stream is dependent on the decision of the Council.

## **7.4 Summer Schools**

This is an income stream that will need to be built up to make a useful contribution to the long term sustainability of the Centre. The figures in the projections are estimates, based on the success of other Island groups, such as the Faeroe Islands and Iceland, in attracting international students for summer schools. Information is given on this in the scoping study.

## **7.5 Research Project Income**

This is another main income stream that will need to be built up and make a major contribution to the long term sustainability of the Centre.

Two major bids have already been submitted for research funding. The details are as follows:

### ***Bid 1***

Title: A modern Vinland saga? The Nordic diaspora.

Submitted to: Leverhulme Trust

Amount of funding sought: £208,000

Expected date of outcome: July 2007

### ***Bid 2***

Title: Heimdall interactive database

Submitted to: Heritage Lottery Fund

Amount of funding sought: £100,000

Expected date of outcome: December 2007

Once funding for Centre staff has been secured and the Centre has been formally established, an early priority will be to prepare a range of other funding applications – to academic and research funding sources, trusts, etc. The Scoping Study gives examples.

## **7.6 The Postgraduate Course**

The start date for the MA Highlands and Islands Literature programme that contributes towards the Centre's income is September 2007. The projections for this assume an increasing uptake by international students (i.e. from outside the EU) paying international level fees. For September, there are 16 student starts including 2 international students. The rationale for this is set out in the scoping study, but it is important to appreciate that these assumptions are based on experience from other locations.

## **7.7 ERDF**

At present, we have little information about the funding that will be available to the Highlands and Islands for the next round of European Structural funding, or about the priorities and methods of distribution that will be employed. Consequently, no assumptions have been made about European funding income at this stage.



## REPORT

To: **Executive Committee**

**04 September 2007**

From: **Principal Officer - Marketing**

### **DV035-F Sumburgh Airport Image Improvement Project**

#### **1.0 Introduction**

- 1.1 This report has been prepared to inform the Council of a project to improve the interior of Sumburgh Airport. The project aims to create a strong image of Shetland in the minds of people who use the airport. Due to urgent deadlines which did not allow time for a report to be presented to a Council meeting, the project had to be progressed during the Council's summer recess and proceeded under the Deputy Chief Executive's delegated authority.

#### **2.0 Links With Corporate Plan**

- 2.1 The project links to part 4.1 of the Council's Corporate Improvement Plan which commits the Council to "invest in the Marketing Service and the development of the Shetland Brand, linking that to products with the aim of adding value to the economy".
- 2.2 This report has links with "Celebrating Shetland's Cultural Identity" which is a priority in the Council's corporate plan.

#### **3.0 Background**

- 3.1 Shetland Islands Council's Economic Development Unit, in partnership with Highlands and Islands Airports Limited (and in association with Shetland Amenity Trust, Shetland Arts and VisitShetland), is undertaking an image-based development project at the Wilsness terminal building at Sumburgh Airport.
- 3.2 The project's aim is to create an attractive display of high impact visuals which represent Shetland as a place and leave a strong impression with both visitors (arriving and departing by air) and local people.

- 3.3 It is intended to cover a wide range of themes within the project including culture, sport, traditional & modern industry, music, wildlife, history, people, buildings, scenery and customs which represent the Shetland place brand.

#### **4.0 Proposed Project**

- 4.1 Specifically, it is proposed to source a balanced collection of some 50+ high quality images which fit the themes mentioned in 3.3. These will be scaled up to a relatively large size - approximately 8ft x 4ft - and mounted in the main public concourse.
- 4.2 The subject matter sought and composure of all photography used will closely fit the relevant themes. Supply of a mix of conventional, artistic and panoramic photography is being encouraged, as is the use of action and static images in order to ensure maximum impact.
- 4.3 The end result should provide a highly inspirational frieze of images to represent positive aspects of the Shetland brand.
- 4.4 An additional element to the project will provide a large area upon which graphics can be readily refreshed to provide promotional message display opportunities, for example the 2010 Hamefarin', 2011 Tall Ships Race, Up-Helly-Aa season etc.

#### **5.0 Financial Implications**

- 5.1 The project involves sourcing images and the associated design, print and erection costs. A budgeted estimate for these costs is £40,000 which will be sourced from the Economic Development Unit's Shetland Promotional Costs External Consultant's budget (RRD50311760).

#### **6.0 Benefits**

- 6.1 The project will significantly improve the general amenity of the airport. Following the project it will be possible to give consideration to similar ideas at other points of entry and assembly in Shetland.
- 6.2 The project will source photography from a mix of local sources. All design, printing and erection of images are being carried out using a local business following a tendering exercise.

#### **7.0 Policy and Delegated Authority**

- 7.1 The subject of this report complies with "The Improvement of the Marketing of Shetland and Shetland Products", which is a priority in the Council Economic Policy Statement, approved by the Executive Committee on 9 December 2003 (34/03) and by the Council on 17 December 2003 (161/03).



- 7.2 The Council's Scheme of Delegations provides emergency powers allowing the Chief Executive, after consulting with the Convener/Vice-Convener, to take action in the event of an urgent matter requiring an immediate decision. Section 23.3 reads: "*Emergency Powers* 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, whichever is appropriate and available. A report of the action taken shall be submitted to a meeting of the Council as soon as possible, but within the terms of the Administrative Regulations."

## **8.0 Observations**

- 8.1 The project builds upon the successful work undertaken at the airport in 2002/2003 which sought to improve the physical environment at the immediate arrival and departure areas. That project was similarly undertaken by Highlands and Islands Airports Limited in partnership with Shetland Islands Council.
- 8.2 The project design and execution will be informed by the document 'Project Selkie: The recommended brand strategy for Shetland' completed by Corporate Edge in 2003 on behalf of Shetland Islands Council and Highlands and Islands Enterprise.
- 8.3 It is estimated that completion will be achieved by November 2007 and that the project should have an effective lifespan of 3-5 years.

## **9.0 Conclusion**

- 9.1 This is a valuable project which will show Shetland in a highly interesting and effective way and will help to graphically represent important aspects of the Shetland brand.

## **10.0 Recommendation**

- 10.1 I recommend that the Executive Committee recommends that the Council notes the earlier decision of the Deputy Chief Executive to approve spending of £40,000 towards improving the image of Sumburgh Airport's interior.

Date: 20 August 2007  
Our Ref: NHH/JJ

Report No: DV035-F





## **REPORT**

To: Executive Committee

4 September 2007

From: Economic Development /Tourism Officer

### **REPORT NO: DV029-F HERITAGE TOURISM INVESTMENT PROGRAMME**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to propose the adoption of a Heritage Tourism Investment Programme, which defines the principles and priorities for developing heritage sites in Shetland over the next 5 years and proposes a number of actions that will contribute to meeting these objectives.
- 1.2 While this report seeks to coordinate a programme for investing in heritage projects, it does not identify any particular source of funds capable of providing full public sector support for the programme. Decisions on funding still, therefore, have to be taken by existing funding bodies in the context of their existing and future funding commitments.

#### **2.0 Links to Corporate Priorities**

- 2.1 Adopting a coordinated programme of activities to develop Shetland's heritage tourism product will directly support three of the Corporate Plan aims, namely a prosperous, competitive and diverse economy, an environment that is conserved and enhanced and a unique cultural identity and spirit that is celebrated and promoted.
- 2.2 The project is also consistent with, and will help to deliver on, a range of Shetland-wide strategies including the Shetland Structure Plan, Shetland Cultural Strategy, Shetland Tourism Plan, Council's Economic Policy Statement and Shetland Local Plan.

### 3.0 Background

- 3.1 Tourism is a developing industry in Shetland and heritage is a key part of the Shetland tourism product. The Shetland Visitor Survey 2005/06 highlights the fact that 77% of Shetland's visitors come to Shetland to experience its natural and cultural heritage, whether that be Shetland's wildlife, history, archaeology or landscapes.
- 3.2 Shetland's rich natural and cultural heritage is increasingly considered to be one of Shetland's greatest assets; not just for attracting visitors and promoting Shetland and its products, but also for affording residents a strong sense of local identity and excellent quality of life, encouraging physical regeneration, and attracting people to live and work in Shetland.
- 3.3 This is clearly reflected in the wide range and diversity of organisations involved in developing, promoting and funding local heritage including commercial tour operators and service providers, community museums, history groups, trusts and agencies, Council, Heritage Lottery and the European Structural Funds
- 3.4 Unique in Scotland, Shetland also has the Shetland Charitable Trust, which, with money generated from the oil industry, grant aids the delivery of a range of local services, including core funding Shetland Amenity Trust. This has enabled Shetland Amenity Trust, Shetland's heritage champion, to gain 24 years of experience managing heritage and culture projects including the flagship new museum and archives, and the new Shetland heritage and culture brand.



Fig 1: Shetland Heritage and Culture Logo

- 3.5 Heritage development projects can vary dramatically in scale and cost. Modest schemes may involve only small "one off" capital costs, for example for the erection of an interpretive board at a historic site. At the other end of the spectrum, the new Shetland Museum and Archives has cost in the region of £11m to construct, and will require around £1 million per annum from Shetland Islands Council to operate, though of course its functions are wider than heritage. Whatever their scale, tourism heritage projects tend to require local investment and very often Council investment, at some level.
- 3.6 Heritage related activities can be generated for a number of social, economic or environmental reasons so it can be difficult to keep track all of the projects under development at any given time, how projects are being funded and to what level.

- 3.7 With this in mind, but with particular reference to the value of heritage sites from an economic development and tourism perspective, “A Heritage Plan for Shetland” was commissioned and subsequently approved by the Council on 18 December 2006 [Minute Ref 184/06] with the recommendation that:

“A programme of activity for the Heritage Plan should be proposed by the Economic Development Unit for adoption by the Executive Committee which defines: the principles and priorities for developing heritage sites in Shetland and establishes a baseline from the results of the 2005/06 visitor survey from which future progress can be measured”

## **4.0 Proposal**

- 4.1 The purpose of this report is to propose: the adoption of a Heritage Tourism Investment Programme 2007- 2012 (attached as Appendix 1) which defines: the principles for developing sustainable heritage sites; identifies key objectives for developing a strong heritage tourism product in Shetland; and proposes a number of actions which will contribute to meeting these objectives.
- 4.2 It is intended that, following approval of this report, work will begin on assessing projects for which assistance is sought. Where proposals cannot be approved by officers under delegated authority, they will be the subject of reports to the Council or Development Trust, as appropriate.
- 4.3 The principles and priorities for developing heritage and inclusion in the programme have been drawn up with reference to existing strategies. It is recognised that these principles will need to be refined from time to time and it is also important to stress that Council or Trust officials will seek external advice or comment on specialist matters where necessary. The information provided about individual projects has been drawn from consultation with local funding agencies. The actions have been identified in consultation with local organisations involved in developing heritage tourism related activity. As lead agent for heritage activity in Shetland many, but not all, of the projects are being either initiated or supported by Shetland Amenity Trust.
- 4.4 The programme is intended to provide an overview of heritage tourism related activity throughout Shetland and enable Councillors, Trustees and officers to weigh up the economic and other benefits that can be derived from each project against the cost implications to the Council and new Shetland Community Development Trust (SCDT). It will enable realistic targets to be set with timescales for delivery but will remain a working document so that new initiatives can be incorporated in the programme as they come forward. It is worth noting that heritage tourism projects will often be funded in partnership with other agencies and that Council/Trust investment can lever in substantial sums from

other bodies. It is also worth noting that the Shetland Charitable Trust has a policy in place not to invest in any new capital projects due to funding constraints.

- 4.5 Council budgets are under continuous review and the question of how the Council will support economic development into the future is high on the agenda with the formation of the new SCDT. The mechanisms and levels to which heritage will be supported within the Council's aspirations for developing the Shetland economy will be a key factor in deciding which projects will attract Council support. The Heritage Tourism Investment Programme will help guide this process.

## **5.0 Financial Implications**

- 5.1 Coordinating a united approach to developing and presenting Shetland's heritage would have no direct financial implications in itself. However most of the projects identified in the course of this exercise would have financial consequences and, in the case of some major projects, involve significant capital and possibly revenue funding in the longer term.
- 5.2 The proposed development of Sumburgh Lighthouse, for example, has a total project cost of £3.9million; taking into account sums available from external funders, there is likely to be a £1.5 million shortfall in funding.
- 5.3 There is also an aspiration for the creation of a world-class visitor centre at the Old Scatness Broch. This will require significant capital investment, although the intention is that it will require little or no annual subsidy. In the meantime, however, the annual cost of maintaining the site and continuing to offer visitor facilities and services is in the region of £150,000. An application for funding for the 2007 summer season was presented to Council on 04 July 2007 and, although interim funding of £100,000 was approved it was also agreed that a report should be bought to Council to discuss the funding issues associated with the project and, if further revenue funding was to be approved, which budget this should come from.
- 5.4 The Interim Head of Economic Development has subsequently met the General Manager of the Shetland Amenity Trust and agreed that a report be taken forward to a meeting of the SCDT which would propose a mechanism for Heritage Tourism development projects to be supported by the SCDT.
- 5.5 It is important to note that the programme is intended to better inform the Council's, and other local funders', budgetary planning process: but inclusion of a project in it **does not** in itself guarantee Council or other local funding. Any project included in the programme that needs local investment would still require approval by funders through their normal channels.

- 5.6 In the meantime assistance from the Council's Economic Development Unit under delegated authority is likely to be coded to the current Infrastructure Projects Budget where a sum of £100,000 can be identified for heritage tourism spending during this financial year.
- 5.7 If projects require capital funding from Council, under the capital programme prioritisation process approved by Council 29 March 2006 [Min Ref 48/06] and reviewed on 13 September 2006 [Min Ref 141/06], all new capital projects aiming to find a place on the capital programme will be considered individually and prioritised by the Capital Projects Review Team (CPRT). Depending on their prioritised position they will then be funded when budgets become available. The first stage in this process is to gain the views of the Council on projects before reports are prepared by Capital Projects Review Team for consideration and prioritisation. The recommendations of the CPRT will then be brought to the Council for consideration. .
- 5.8 At a time when the Shetland Charitable Trust, has a policy in place not to invest in any new capital projects, the requests for local investment in heritage related developments will inevitably fall on the Council/SCDT.

## **6.0 Policy**

- 6.1 This proposal is in line with the Council's policy for Tourism. In particular to:

3.2.1 "Strengthen Shetland's image as a distinctive holiday destination"

3.2.3 "Enhance products and service in line with visitor expectations"

3.2.5 "Foster a spirit of cooperation within the sector"

3.2.6 "Achieve a shared understanding of the direction of the industry among all agencies involved in developing tourism"

3.2.7 "Ensure that this shared understanding of direction can hold long enough to implement achievable strategies for the industry"

The Council's Economic Policy Statement, which contains all the current economic development policies, was approved by the Executive Committee on 9 December 2003 [Min Ref 34/03] and by the Council on 17 December 2003 [Min Ref 161/03].

- 6.2 The Shetland Tourism Plan adopted by the Council on 13 September 2006 [Min Ref 133/06] has an ambition that "Shetland will become a year round destination offering a high quality product and experience". The proposal to develop a Shetland Heritage action programme is closely linked to the product and promotion parts of the strategy including:

“Investigate the development of heritage sites as niche tourism products”

“Support Shetland endeavours to become a European Geopark”

“Better market Shetland’s unique selling points including historic and natural heritage”

- 6.3 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council’s Scheme of Delegations.

## **7.0 Observation**

- 7.1 The Environmental Assessment (Scotland) Act 2005 sets out a requirement to undertake environmental assessments on strategies plans and programmes which are subject to preparation or adoption (or both) by the Council.
- 7.2 This statutory requirement was brought to the attention of Councillors at a Planning Board meeting on 18 July 2007 and it is understood that Service Heads are to be invited to a training session on when and how to carry out strategic environmental assessments (SEA) later in the year.
- 7.3 In the meantime it should be noted that final adoption of the Heritage Tourism Investment Programme would be subject to the completion of a SEA if it transpires that one is required.

## **8.0 Conclusion**

- 8.1 Shetland’s natural and cultural heritage is one of Shetland’s greatest assets for attracting visitors. Investing in and promoting a strong Shetland culture and heritage brand will maximise Shetland’s chances of competing in an increasingly competitive global tourism market.
- 8.2 Adopting a coordinated and inclusive approach to developing Shetland’s heritage assets will build a sense of pride and confidence in the heritage sector and strengthen the sense of community ownership of our heritage and culture. It will enhance Shetland’s portfolio of visitor attractions, provide employment and contribute towards the local economy.
- 8.3 Providing an overview of Shetland’s developing heritage tourism sector, in an environment where local funding options are limited in the short term, will enable funding bodies to prioritise individual projects in the context of their existing and future funding commitments.



## **9.0 Recommendations**

### **9.1 It is recommended that the Executive Committee**

Adopt the Heritage Tourism Investment Programme 2007- 2012 (attached as Appendix 1) which defines: the principles and priorities for developing heritage sites in Shetland and proposes a number of actions that will contribute to meeting these objectives; and

### **9.2 Provide its views on how these proposals could be financed, with reference to compensating spending reductions or unsustainable loosening of financial policy constraints where applications for assistance for projects cannot be dealt with under delegated authority.**

Our Ref: LC/RF  
Date: 22 August 2007

Report No: DV029-F



# **HERITAGE TOURISM INVESTMENT PROGRAMME**

## **2007-2012**

Shetland Islands Council  
Economic Development Unit  
August 2007

## CONTENTS

	Page
1 Introduction .....	1
2 Goal.....	2
3 Assumptions.....	2
4 Principles.....	3
5 Implementation .....	4
6 Baseline.....	5
7 Monitoring and Evaluation .....	5
8 Feedback.....	6
9 Actions.....	7
Appendix 1 – Consultees.....	19
Appendix 2 – Baseline data from the 2006 Visitor Survey.....	20

# 1 INTRODUCTION

Shetland Islands Council approved a Heritage Plan for Shetland on 18 December 2006 (written by Steve Westbrook in partnership with Sandy Anderson) with the recommendation that the SIC Economic Development Unit should:

“Propose a programme of activity relating to the Heritage Plan which defines the principles and priorities for developing heritage sites in Shetland and establishes a baseline from the results of the 2005/06 visitor survey from which future progress can be measured”

In the context of this programme, *heritage* refers primarily to manned and unmanned archaeological, historic and natural heritage sites, museums and interpretive centres as a distinct tourism product. In particular the programme does not include Shetland’s creative industries eg visual arts, crafts, textiles, film, music and literature etc which are being developed as an economic sector and tourism sub product in their own right.

However, it is important to note that activities included in the Shetland Heritage Tourism Investment Programme (HTIP) will have strong links to other resources important for tourism, such as music and recreation. The Programme will also contribute to Shetland’s wider aims for developing culture and heritage, such as improving quality of life, physical regeneration, and attracting people to live and work in Shetland.

The HTIP is not an exhaustive list of all heritage related activity. Many organisations, local and national, statutory and otherwise, are involved in heritage development. The Programme’s prime purpose is to set out the projects that appear likely to require local funding. Thus, in order better to inform the Council’s, and other local funders’ budgetary planning process, it does include:

- A programme of heritage tourism related activities that will require public agency support, including Council investment, within the next twelve months: if they are to go ahead, with costings provided where they are available, and:
- Projects or initiatives that are eligible for inclusion in the plan (see principles below) and are likely to require public agency support and local investment within the next 2-5 years.

All local organisations involved in developing heritage tourism related activity have been encouraged to submit details of projects large or small that they are considering in the next 2-5 years. As lead agent for heritage related activity in Shetland, many but not all of these projects are being either initiated or supported by Shetland Amenity Trust

Shetland Amenity Trust was formed in 1983 [Check]. It is concerned with the conservation and enhancement of Shetland’s heritage, with particular emphasis on the built environment, archaeology, the natural environment, recycling and placename research

Local agencies involved in supporting and funding heritage tourism-related projects, have also been consulted on the principles and priorities for developing heritage and inclusion in the programme. (Ref Appendix 1 Consultees)

## **2 GOAL**

The overall goal of the Heritage Tourism Investment Programme is:

To maximise the potential of manned and unmanned archaeological, historic and natural heritage sites, museums and interpretive centres throughout Shetland to strengthen Shetland's distinctive identity and contribute to sustainable tourism through local investment.

## **3 ASSUMPTIONS**

It is expected that this goal will most likely be achieved by adopting a coordinated and inclusive approach to developing Shetland's heritage assets.

The programme assumes that:

- Shetland's heritage is fundamental to the islands' identity and culture.
- Tourism is a developing industry in Shetland and heritage is its principal asset.
- Shetland's heritage is a major economic asset in a wider sense, since it is a tool for strengthening the islands' reputation for distinctiveness and high quality among those who may wish to buy our products, move here or invest here.
- Shetland's heritage has the potential for substantial further development.
- Local funding options particularly for large-scale developments are limited in the short term.
- Public investment in heritage is one of the keys to building private sector confidence and willingness to invest.
- As well as producing economic benefits, developing Shetland's unique heritage assets will result in visible benefits for local residents, building confidence, and in the provision of educational opportunities.

## 4 PRINCIPLES

New project ideas at the pipeline or feasibility stage will only be included in the investment plan when it can be demonstrated that they are credible and sustainable from a social, environmental and economic perspective.

For this reason all projects and initiatives included in the Heritage Tourism Investment Programme will accord with the key principles of:

1. Value for money
2. Long term viability
3. Minimum environmental impact
4. Best practice in conservation and heritage management
5. Community support
6. High quality and good service
7. Links to wider strategic objectives

It is suggested that these terms are interpreted as follows:

Value for money	In relation to the outlay, the project will make a significant contribution to heritage tourism through (a) attracting more visitors to a particular part of Shetland or to Shetland as a whole (b) widening the range of attractions on offer (c) contributing to the preservation or enhancement of a valuable aspect of heritage (d) offering employment (e) improving wet-weather facilities or (f) contributing to a longer tourist season. Developments will demonstrate better value for money if they use local funding to attract funding from external agencies.
Long term viability	In general, projects should convincingly demonstrate that they will need no subsidy for operating costs. However, some projects may justify subsidy because they contribute to wider objectives (for example, education, marketing and promotion or the retention of population in remote areas).
Minimum environmental impact	Projects will be assessed against a range of criteria including: physical development in harmony with the landscape; accessibility by public transport; zero or minimal CO <sup>2</sup> emissions.
Best practice in conservation and heritage management	Projects must demonstrate that in their design, execution and management they take account of good practice in conservation of the built and natural environment. Projects must also demonstrate a high standard of site and visitor management, including interpretation.
Community support	Project promoters will be expected to show that there has been consultation with the local community, and that the local community is broadly in support of the project

High quality and good service	In design, execution and management, the project must demonstrate that satisfactory skill will be exercised, for example through the employment of adequate professional advice and the use of long-lasting materials. There should be a convincing aspiration to exceed visitor expectations in regard to the quality of the project and the customer service offered.
Links to wider strategic objectives	The project should demonstrate that it helps to fulfil the goals of public policy, for example the Council's Corporate Plan, Structure Plan, Cultural Strategy, or comparable documents prepared by other agencies such as HIE Shetland, VisitScotland, Scottish Natural Heritage, Historic Scotland, Shetland Amenity Trust.

## 5 IMPLEMENTATION

Coordinating the implementation and updating of the Tourism Heritage Investment Plan will require regular consultation with the heritage and tourism sector. There will also need to be close cooperation with local funding and support agencies (eg Shetland Amenity Trust, VisitShetland, HIE Shetland, Shetland Islands Council – Infrastructure and Community Development and Scottish Natural Heritage)

No additional funding or resources are required to carry out this task as representatives from these organisations are in regular informal contact with each other and already meet to progress strategic heritage projects identified within the programme.

However to facilitate and formalise the process Shetland Community Development Trust will:

- Keep the assessment principles suggested above under review, seeking guidance from other relevant organisations and Council Services.
- Arrange a meeting with local funding and support organisations, at least twice a year, to review investment priorities within the plan, as strategies and circumstances change and to discuss collaborative or linked projects.
- Revise HTIP in regular consultation with the heritage sector. Feedback on heritage tourism related development projects will be requested, in writing, from all stakeholders at least once a year.
- Make specialist staff time available to give advice, identifying potential sources of funding and advising on the completion of applications.
- Support new initiatives as they come forward and incorporating them into the plan as appropriate.



## **6 BASELINE**

Based on data from the 2005/06 Shetland Visitor Survey it is estimated that 77% of Shetland's visitors come to Shetland to experience its natural and cultural heritage, be that wildlife, history, archaeology or landscapes.

Baseline data from the 2005/06 Shetland Visitor Survey is attached as Appendix 2.

Further analysis of the raw data from the 2005/06 Shetland Visitor Survey in conjunction with the 2007 Shetland Employment Survey (which will be available later in the year) will help to clarify heritage tourism market opportunities and establish a starting point from which future performance can be measured.

In addition to the Shetland Visitor Survey 2005/2006, Shetland Tourism Plan 2006-2009 and the Shetland Employment Survey, the Council's Economic Development Unit has recently commissioned an annual occupancy survey to monitor trends in bed and room occupancy. Because it is expensive to carry out full visitor surveys, they can only be arranged every five or six years, so the Unit has also commissioned a smaller-scale survey at the airport and ferry terminal to monitor changes in the key indicators (e.g. visitor numbers by type, where they came from and when they came). This will allow inferences to be drawn about trends in tourism and will extend the useful life of the full survey.

Most visitor attractions and VisitShetland also monitor visitor numbers and record feedback from visitors to assist understanding of changes in visitor activity.

## **7 MONITORING AND EVALUATION**

Shetland Community Development Trust will:

- Coordinate the collation of the research described above to provide more detailed information on the value and importance of the heritage / tourism sector to the local economy.

Once this baseline has been established:

- Short and longer term targets will be proposed for inclusion in the Shetland Heritage Investment Plan eg more visitors to heritage sites, longer stay by visitors, higher visitor spend, more heritage sites and activities available for longer in the year, increased heritage related products and services, increased employment in the heritage/ tourism sector.

## 8 FEEDBACK

Shetland Community Development Trust will:

- Ensure that improved, more detailed information is readily available on the value of the heritage / tourism sector to the local economy by publishing summary details of the relevant research in *Shetland in Statistics*.

The Heritage Tourism Investment Programme is effectively a working document into which projects and initiatives can be added or removed and timescales changed on an ongoing basis. However:

- At least once a year Shetland Community Development Trust will circulate a revised and dated HTIP to all contributing local agencies and copies will be available on request at all other times.

## 9 ACTIONS

### PRODUCT

**Objective 1** Flag up well developed Infrastructure projects across the tourism heritage sector in order that they can be assessed and prioritised for local funding within a strategic and Shetland wide context

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT	<b>Sumburgh Head/ Restoration and Development</b> Restore the A-Listed Sumburgh Lighthouse buildings to provide a visitor centre, self-catering accommodation, and offices.	2-5	£3,900,000	Applied to capital programme £1.5million Redirected to SCDT
SAT  SCDT	<b>Old Scatness</b> Create a world heritage class visitor centre at old Scatness Broch. Protect a complex ancient site and present it to visitors in an innovative and exciting way.  <i>If the existing facilities and services, staff and skills are to be maintained while SAT develop a funding and development strategy for the future there will a running cost requirement of £150,000 per annum until that has been agreed.</i>  <i>Interim funding of £146,000 was approved by Council for the 2007 summer season. A report will be presented to SCDT, which will propose a mechanism for Heritage Tourism development projects to be supported by the SCDT in the future.</i>	2-5  1	Option appraisal  £150,000	Redirected to SCDT
SBFS	<b>Scalloway Museum</b> Conversion of old factory building into new Scalloway Museum.	2-5	£900,000e Business Planning	

STWMT / SAT	<b>Shetland Textile Working Museum, Voe House Waas</b> Rebuild and restore historic house to accommodate the Shetland textile working museum  The intention is for SAT to restore and own the building and that STWMT will pay SAT a nominal rent and be responsible for fitting out the building and providing the textile museum service to visitors.	2-5	£500,000e Business Planning Stage	
Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
FIBOT	<b>Fair Isle Bird Observatory</b> New build Bird Observatory providing serviced accommodation, facilities and visitor services	2-5	£2,000,000e Business Planning Stage	
BT	<b>Belmont House</b> Restoration of Georgian House (1775) in Unst to provide high quality visitor accommodation and services. Phased funding programme. Currently funding in place to do external restoration. Internal phase still to be funded	2-5	Funding shortfall for phase 3	
SAT	<b>Viking Unst</b> Detailed archaeological excavation, site surveys and interpretation including the construction of a Viking longhouse.  A phase 2 is planned	1     2-5	£1,000,000 in place   Option Appraisal	
SAT	<b>Bressay Lighthouse</b> Complete works at the Bressay lighthouse by creating a Camping Bod and exhibition/ workshop facility.	2-5	£40,000e  Business Planning	

**Objective 2** Strengthen And Develop the Role of Community Museums and Interpretive Centres

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
EDU / VS	<p><b>Develop the manned Visitor Information Point Network in 2008 to include The Cabin, Laxo</b></p> <p>In addition to their core role local information points, which are based in existing visitor facilities provide an orientation function, stock geographic and thematic leaflets on Shetland and promote heritage sites, activities and events in their area.</p>	1	Planning Stage	Include in SLA with VisitShetland
SFHS	<p>Upgrade Shetland family History Society premises and equipment at Hillhead, Lerwick</p> <p>SFHS provides a drop in service to all those interested n Shetland family history. With an increasing number of tourists using their premises some significant upgrading and refurbishment of the building and equipment is required.</p>		Option appraisal	
	Additional projects are expected from current consultation with community museums and history groups etc Awaiting feedback			

**Objective 3    Develop, enhance and support the concept of a heritage hub network of sites, facilities and services throughout Shetland**

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
Shetland	<p><b>Secure the return of St Ninian's Isle treasure to Shetland, for display in the new Shetland Museum and Archives</b></p> <p>Since its discovery in 1958 this exceptional hoard of pictish silver jewellery and ornaments, (thought to date from approximately 800 AD) has been in the safe keeping of the Museum of Scotland in Edinburgh. However now that Shetland has a suitable home in which it can be displayed and interpreted there is a strong feeling that it should be returned to Shetland. The treasure would become a powerful symbol of Shetland's cultural heritage and a major attraction for both visitors and local people.</p>	1	No cost implications envisaged at this stage	
	<p><b>Develop Trail Leaflets</b></p> <p>£25,000 funding in place to develop and print 10,000 copies of 8 themed trail leaflets eg archaeology, Shetland at war etc.</p> <p>Additional trails developed on a project by project basis</p>	Reprints and revisions ongoing	£5,000e per annum	EDU Marketing Rolling programme with thematic geographic leaflets.
SAT	<p><b>Revise and reprint Shetland's suite of thematic and geographic leaflets under the culture and heritage brand</b></p> <p>Rolling funding programme supplying free high quality information leaflets to visitor outlets throughout Shetland.</p>	Ongoing	£15,000e per annum	Proposed EDU Marketing Rolling programme

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT	<p><b>Deliver interpretive panels at heritage sites throughout Shetland</b> 50+ panels using the Shetland culture and heritage branding fully funded and currently being installed throughout Shetland.</p> <p>It is intended that this will satisfy the immediate need for interpretive panels. Additional interpretation under the Shetland Culture and heritage brand is likely to be progressed as part of individual project development.</p>	1		No current requirement for local investment

**Objective 4** Progress Shetland's application to become a member of the European Geopark Network (EGN)) as a distinct but integral part of Shetlands strategy for Heritage Development

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT/ SGWG	<p><b>3 year funded action plan for developing and promoting Shetland's world class geological heritage</b></p> <p>3 geological trails, 3 geology exhibits at strategic locations (eg quartzite xylophone, geology wall etc) Geological field guides, interpretive displays, contribution to heritage newsletter Unkans" contributing to European Geopark Conferences, marketing Shetland as a Geopark- if it becomes accredited</p> <p>EGN Committee has requested additional evidence that Shetland is operating as a "de facto Geopark" (ie actively involved in a range of geotourism activities) and that Shetland has in place a long term financial and management plan.</p>	<p>1</p> <p>2+3</p>	<p>£97,111</p> <p>£184,547</p>	Funding options under review

**Objective 5** Improve access and amenities at strategic unmanned heritage sites

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SIC Infra-structure	<p><b>An estimated two access/visitor management projects linked to Shetland's core path plan and sites identified in ISLA panels and trail leaflets, per year</b></p> <p>Visitor management, site development and maintenance plans for key sites starting with St Ninian's</p>	1	Option appraisal	
SAT	<p>Shetland Amenity Trust Ranger Service</p> <p>The SAT Ranger Service, which employs two Ranger's has been operating with project funding since 2002. The role of the Rangers has developed and changed over the over the last five years to match local demand eg public access, enhancing the visitor experience, education and interpretation etc</p> <p>Their current funding runs out on April 2008. SNH a key funder and is currently reviewing its policy on Ranger Service at a national level. In the meantime SAT intends to apply for 1 year interim funding.</p> <p>SAT's strategic plan includes the long term funding of the Ranger Service.</p>		£55,000 per annum	Funding option under review



## **PROMOTION**

**Objective 1** Develop reinforce and apply a strong brand identity for Shetland's Heritage Sector

<b>Lead Body</b>	<b>Project Description</b>	<b>Timescale 1-5 Years</b>	<b>Total Cost e =estimate</b>	<b>Funding Status</b>
EDU	<p><b>Service level agreement with VisitScotland</b> Marketing and promotion included in the SLA should continue reflect the fact that 77% of Shetland's visitors come to Shetland to experience its natural and cultural heritage,</p> <p><a href="#">Annual agreement between SIC and VisitScotland that defines the specific tasks and Shetland marketing to be carried out by VisitShetland (07/08 budget £425,000)</a></p>	Ongoing	SLA subject to annual review	
SAT	<p><b>Launch rebranded Shetland Heritage Portal and Shetland Museum and Archives website with the particular aim of attracting web browsers to choose Shetland for their holiday and enabling visitors to plan their trip in advance around visits to heritage sites</b></p> <p>Include on line purchasing</p>	<p>1</p> <p>2-5</p>	<p>Funding in place to rebrand and launch website</p> <p>Option appraisal</p>	
SAT/ VS	<p><b>Promote community museums and local heritage organisation + associated businesses (tour operators and guides, accommodation etc- by linking them to the Shetland Heritage Portal links and VisitShetland etc</b></p>	Ongoing	No funding required	

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT,	<b>Roll out the Shetland Culture and Heritage Brand to Community Museums and other local heritage organisation</b>			
	Information on the heritage brand, what it means to the heritage community and how it can be applied etc to be included in the Unkens Newsletter.  Pilot project with 1 or 2 community museums envisaged in the first year funding to be sought on a project by project basis	1  1-5	No funding required  Option appraisal	
	<b>Seek approval from the Scottish Executive to use the Shetland Culture and Heritage Brand logo on road signs throughout Shetland; promoting Shetland's natural and cultural heritage sites as an integrated Heritage Trail</b>  This should be done as a matter of urgency to coincide with the opening of Shetland's iconic new Museum and Archives (gateway to Shetlands manned and unmanned archaeological historical and natural heritage sites and interpretive centres throughout Shetland); and the rebranding of Shetland's very successful suite of geographic and thematic interpretive leaflets and interpretive panels throughout the islands under the new Shetland heritage and culture brand.	1	No immediate cost	

## **NETWORKING AND COORDINATION**

**Objective 1** Forum for discussion, encourage and facilitate exchange of good practice between operators of Shetland heritage facilities

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT / SHA	<p><b>Pilot post season heritage seminar aimed at all those involved in local heritage related activity</b></p> <p>Forum for discussion, networking, encourage and facilitate exchange of good practice, workshops, presentations.</p> <p>Running over 1 or 2 days and an evening some presentations being given more than once. Opportunity for two-way exchange.</p> <p>Delegate's book places – empty slots open to public. Opportunity to exchange literature.</p>	1	£2,000e	

**Objective 2** Plan and arrange training courses for directors employees and volunteers for heritage centres where possible in local areas

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT / SHA / HIE	Use word of mouth, SHA, HIE, SAT Unkens newsletter and heritage seminar to identify training needs along with specific research if required	Ongoing	No immediate costs identified	

**Objective 3** Encourage joint applications by heritage organisations or community groups with heritage projects for collaborative or linked projects

Lead Body	Project Description	Timescale 1-5 Years	Total Cost e =estimate	Funding Status
SAT	<b>Review Shetland Interpretive Plan</b>  Cross agency strategy for interpreting Shetlands heritage (last updated in 2003)	2-5	No financial implications	
SAT / SCDT	Develop E-mailing lists for types of subjects	1	No funding required	
EDU / SCDT	<b>Support economic development, accommodation provision and associated activities</b>  Refine Council/SCDT tourism financial assistance scheme to better reflect Shetland priorities for developing Shetlands Heritage/Tourism Product	1	Option appraisal	
SCDT	<b>Pilot a small grant scheme that contributes to community museums and interpretive centres developing high quality local heritage related products, activities and services and provide an incentive for them to stay open to visitors for longer in the season</b>  Pilot Project currently being worked for submission to Council/SCDT	1	£30,000  Option appraisal	

## **PIPELINE PROJECTS AT FEASIBILITY STAGE**

**Shetland Amenity Trust:** Restore B listed building at Hamars Unst to add to a visitor cluster in Haroldswick and provide self-catering heritage accommodation.

### **Brough Lodge Trust**

Restoration of Brough Lodge ie historic house, garden, tower and chapel in Fetlar

### **Skerries**

Community buy-out of Grunay Isle, Skerries and the restoration of Lighthouse building for visitors

### **Yell Crafts**

Restoration of the building in Mid Yell known as 'Linkshouse' to incorporate craft shop, café and workshop

### **Skeld Waterfront Development Trust**

To provide a range of facilities adjacent to marina and caravan site including a museum and café.

### **Cunningsburgh History Group**

Construction of a heritage centre

### **Tingwall Agricultural Museum Steering Group**

Museum in Tingwall to display artefacts relating to local agriculture, including the Tingwall Agricultural Museum collection.

### **Clickimin Broch**

Improve access, provide parking, onsite interpretation and visitor centre

### **Girlsta Transport and Industrial Heritage Centre**

Establish a home for Shetlands classic car, motorcycle and transport collection at the hatchery Girlsta. And tell focus on industrial heritage

Such as the lime kiln and old mill

### **Shetland Aviation Museum at Tingwall**

*Consultation with other local groups in progress*

**Local Organisations Involved In Developing Heritage Tourism Related Activity**

Shetland Amenity Trust, RSPB, Shetland Heritage Association, Unst Heritage Trust, Unst Boat Haven, Belmont Trust, Unst History Group, Fetlar Museum Trust, Yell History Group, Old Haa Trust, Tangwick Hall & Northmavine History Group, Hillswick and Eshaness Area Regeneration and Development Group, Shetland Textile Working Museum, West Mainland History Group, Waas History Group, Skeld Waterfront Trust, Papa Stour History Group, Lunnasting History Group, Whalsay History Group, Hanseatic Booth, Tingwall, Whiteness and Weisdale History Group, Nesting History Group, Sandsting History Group, Scalloway History Group, Shetland Bus Friendly Society, Burra History Group, Burland Croft Trail, Shetland Family History Society, Bressay History Group, Cunningsburgh History Group, Sandwick History Group, Sandwick Social and Economic Development Company, South Mainland History Group, Foula Heritage, Fair isle History Group, George Waterson Memorial Centre, Shetland Guild of Spinners Weavers and Dyers, Shetland Folk Society, Shetland Forwards, Shetland Story Telling Society, The Swan Trust, Skerries Community Council, Fair isle Bird Observatory, Quendale Mill and Visitor Centre, Hoswick Visitor Centre, The Cabin Museum, Shetland Field Studies Group, Sandness Crofting and Community Association, Initiative at the edge - North Isles, Northmavine Development Company Limited, Yell crafts, SCFWAG, Waas Community Development Group, Unst Archaeology Group, Sandness History Group, Tingwall Agricultural Museum Steering Group.

**Local Agencies Involved In Supporting Heritage Tourism Related Activity**

Shetland Amenity Trust  
VisitShetland  
HIE Shetland  
Shetland Islands Council – Infrastructure, Community Learning and Development,  
Economic Development Unit / Shetland Community Development Trust  
Scottish Natural Heritage

The Shetland Visitor Survey 2005/2006 shows that the number of air and sea travellers to Shetland has increased from 47,179 to 59,924 (27%) since the last visitor survey in 2000 and that visitor spend for air and sea travellers has gone up from £11.24 million to £15.3 million, which allowing for inflation equates to an estimated 21% increase. Add to this an estimated 43,035 cruise line passengers and 1282 yacht travellers who spent approximately £1 million and £163,000 respectively and the estimated total number of visitors to Shetland in one year during 2005/ 2006 was approximately 104,241 making a direct contribution to the local economy of £16.4 million.

In the context of this report the most important market segment to understand is the holiday market. Unlike 1995 and 2000 visitor surveys, when business visitors made up the largest group, the majority of visitors to Shetland in 2006 were on holiday (ie 48% followed by 35% business visitors and 21% visiting friends and relatives, VFR). The majority of holiday visitors (58%) come from the UK, 24% come from Europe and 18% from non-European countries. The majority of holiday visitors arrive by sea (77%) whereas the majority of business and VFR arrive by air (73% and 59% respectively). In the main most people enter and exit by the same route.

56% of holiday visitors and VFR were on a second holiday. This compares to 41% in 2000 and would appear to show a trend towards second holiday travel to the islands. 80% of holiday visitors were visiting Shetland for the first time and stayed for between 1-7 nights. Overall, visitors visited an average of 4.5 areas, a slight rise of 0.3 since 2000; 42% of holiday visitors visited 6-10 areas.

As with other parts of the Highlands, visitors to Shetland tend to be from higher social groups with 69% from ABC1 groups. Average party size has remained relatively stable since 2000, rising slightly from 1.82 to 1.85 but has fallen for holidaymakers from 2.34% to 2.12%. Overall most visitors were male (58%) but most holiday visitors were female (53%). 47% of holiday makers were over 55.

Average spend in Shetland per person per trip was £255 and per person per day £42. Visitors on holiday spent more on average than other groups per person per trip (£294) and per person per day (£62.55).

50% of Shetland visitors stay in Hotels, Guest Houses or B&B, 19% VFR or own their own property, 10% stay in hostels, camping bōds or camp and 7% stay in self catering accommodation. Visitors staying in B&Bs, bōds and self catering accommodation tended to book direct with the provider while guest house and hotel visitors tended to have their booking made by somebody else. Overall, 53% of visitors booked all their accommodation prior to arrival and 9% used the Internet to book.

The use of the Internet to find out about Shetland has gone up overall since 2000 from 6% to 48% and for holiday visitors this percentage is even higher at 65%. 24% of visitors said that friends and relatives were their source of information and inspiration for visiting Shetland.

Heritage is a key part of the Shetland's tourism product with around 77% of visitors coming to experience Shetland's natural and cultural heritage (ie wildlife, history, archaeology or landscape).

54% of visitors stated that they had no main activity while in the islands. The most frequently mentioned activities were general sightseeing, walking and bird watching and the most frequently participated in were short walks; beaches and scenery; general sightseeing; bird watching; historic and archaeological sites; painting; and photography. 1 in 5 visitors participated in 1 or 2 activities with 14% of visitors participating in more than 10 activities

An overwhelming 91% of visitors overall said they would recommend Shetland to others. 4% of holiday visitors and 14% of business visitors said they would not. Archaeological sites were one of the most highly rated aspects of their trip when considered as a whole.

Suggested improvements included more places to eat and improved menus, more things to do on wet days, improved range and availability of local arts and crafts, more detailed maps, better timetables and improved signage.





## **REPORT**

**To: Executive Committee  
Shetland Charitable Trust**

**04 September 2007  
19 September 2007**

**From: Project Manager – Viking Energy**

### **DV031-F VIKING ENERGY: BOARD REPRESENTATION**

#### **1.0 Introduction**

- 1.1 Viking Energy Limited (VEL) is the company established to represent the Council's interests in windfarm development in Shetland.
- 1.2 Development of a large-scale windfarm in Shetland, given the scale of Shetland's wind resource, represents an economic opportunity of considerable magnitude.
- 1.3 VEL signed a partnership agreement with Scottish & Southern Energy (SSE) on 19 January 2007 in Busta House. Viking Energy is now effectively a single project.
- 1.4 Steps are continuing to merge what were two parallel development projects into a single business entity: Viking Energy Partnership (VEP). A single business entity, by creating critical mass and economies of scale, provides a further step towards creating a world-class business investment opportunity for this community based on a world-class wind resource. It also provides a step forward in achieving an affordable electricity interconnector between Shetland and the UK grid. Some background information on the project is attached as Appendix 1.
- 1.5 This report concerns a requirement to re-confirm and extend the appointment of Alastair Cooper and Bill Manson as the Council's nominated directors of the Board of VEL and consequently to the Board of VEP.
- 1.6 This report also concerns a requirement to appoint an additional director to replace Drew Ratter who resigned w.e.f 26 June 2007.

- 1.7 Elsewhere on today's agenda is a report concerning strategic decisions on the ownership of the Council's stake in VEL and its 50% participation in VEP. Should it be agreed to transfer ownership to Shetland Charitable Trust, then Charitable Trustees will need to endorse the appointment of Cllrs. Alastair Cooper and Bill Manson as their chosen nominees to the Board of VEL and VEP. They would also be responsible for choosing a nominee to replace former Cllr. Drew Ratter on these Boards.

## **2.0 Viking Energy Ltd – Company Structure**

- 2.1 The Council's vehicle for representation on the VEP Board is via VEL.
- 2.2 Ninety percent of VEL's share capital is owned by Shetland Islands Council. Ten percent is owned equally between the four directors of Shetland Aerogenerators Ltd.
- 2.3 On 09 May 2006, the Executive Committee (Minute Reference 19/06) nominated three directors to the Board of VEL who, in turn, represented VEL's interests on the Management Board of VEP. The Partnership Agreement permits three named representatives from each side a seat on the VEP Board. Each side ultimately has a single vote and VEP Board decisions require unanimity.
- 2.4 On 30 March 2005 Councillors Drew Ratter and Bill Manson and the Chief Executive or his appointee(s) were approved by the Council as the team to negotiate the terms of a Memorandum of Understanding (MOU) between VEL and SSE (Ref. 68/05). At a special meeting of Shetland Islands Council on 6 July 2005 the Council endorsed the signing of the MOU by Councillors Ratter and Manson (Ref. 122/05).
- 2.5 The Chief Executive's appointee, referred to in 2.4 has been Alastair Cooper. The Executive Committee agreed that Councillors Drew Ratter and Bill Manson, together with Alastair Cooper, should be the Council's nominees on the Board of VEL. Until VEL begins to trade, directorships remain on an expenses only basis.
- 2.6 Those three directorships on the VEL Board were approved to continue initially for two years or until a decision was made not to proceed with the project any further. It was decided that if the project continues to progress then the directorships should be renewed. It was noted that retention of the three directors would maintain project continuity and retain the knowledge, high level contacts and expertise they had built up.

- 2.7 Strategic decisions on the ownership of the Council's stake in VEL and VEP are being tabled in the current cycle. It is appropriate to renew the directorships of Bill Manson and Alastair Cooper at the same time. It is therefore proposed that this happens for the period of the existing Council and Shetland Charitable Trust. The appointments are in their capacity both as councillors and/or Shetland Charitable Trustees. If the project extends past the current Council and SCT term of office then a report on renewal of directorships thereafter, will be tabled at the appropriate time.
- 2.8 It is also appropriate that a replacement to fill the vacancy created by Drew Ratter's resignation, on both boards, is nominated. If it is decided to transfer ownership of VEL from the Council to SCT then it is appropriate for SCT to nominate one of its Trustees to this position. (If the transfer is not approved then this business will be taken back to the Executive Committee for a decision).

### **3.0 Link to Council Priorities**

- 3.1 The Viking Windfarm project is a key pillar in the Council's plan to develop a renewable energy sector in Shetland and obtain a connection to the national electricity grid.
- 3.2 Sustainable Economic Development and Economic Diversification are priorities in the Council's Corporate Plan and are an exact fit with the development aims of this project and this economic sector.

### **4.0 Proposals**

- 4.1 That the Committee renews the directorships of Alastair Cooper\* and Bill Manson, in their capacity as Councillors, to represent the Council's interest in VEL and VEP at Board level. \*(Alastair was previously nominated in an individual capacity).
- 4.2 That the Committee notes that these renewals are for the period of the current Council. A report on further renewal would be brought forward thereafter.
- 4.3 Subject to a transfer of ownership of VEL, from the Council to SCT, that the Committee recommends to SCT Trustees that they accept Alastair Cooper and Bill Manson as their nominees to represent their interest in VEL and VEP at Board level for the term of the current Trust.
- 4.4 Subject to the same transfer of ownership, that Shetland Charitable Trust Trustees accept the above recommendation from the Executive Committee.
- 4.5 Subject to the same transfer of ownership, that Shetland Charitable Trust Trustees appoint an additional nominee to represent their interest in VEL and VEP at board level (to serve for the term of the current Trust).

- 4.6 In the event that the transfer of ownership is not approved, by the full Shetland Islands Council and Trustees of Shetland Charitable Trust, then it is noted by all parties that this business will return to the Executive Committee for further consideration.

## **5.0 Financial Implications**

- 5.1 No significant financial implications arise directly from this report. The wider Viking Windfarm project and any ongoing partnership with SSE have considerable financial implications. These will be reported for decisions as they arise.

## **6.0 Policy and Delegated Authority**

- 6.1 The work to implement the Viking Windfarm project and support Viking Energy Ltd is being done in relation to the following Economic Development Policy:

Encouraging the development of a renewable energy sector in Shetland including ancillary manufacturing and maintenance.  
The policy was adopted as part of the Economic Policy Statement by the Executive Committee on 9 December 2003 (Min. Ref. 161/03) and by the Council on 17 December 2003 (Min. Ref. 161/03).

- 6.2 The Executive Committee has delegated authority to deal with project specific issues, leaving the Council free to deal with broad strategy and planning considerations (SIC Min.Ref. 135/03).

## **7.0 Conclusions**

- 7.1 This report seeks approval for practical steps regarding representation on the Board of VEL and VEP.

## **8.0 Recommendation**

- 8.1 That the Committee approves the proposals in Sections 4.1 to 4.3 of this report.
- 8.2 That Trustees of Shetland Charitable Trust, approve the proposals in Sections 4.4 and 4.5 of this report.
- 8.3 That the Committee and Trustees of Shetland Charitable Trust note the proposal at section 4.6 of this report.

Date: 24 July 2007  
Our Ref: AP/KS

Report No: DV031-F

## Background Information

- 1 The business case for the proposed Viking Windfarm is underpinned by Government renewable energy targets and by the fact the Government has incentivised the market for renewable electricity. The renewable obligation requires an increasing percentage of electricity generation to come from renewable sources over time. The Government has guaranteed that the obligation will continue out to 2027. It is expected that as the value of the obligation tapers off over time, carbon trading will ensure “green” energy maintains a premium price. The business case should also be underpinned by achieving long-term arrangements to sell the power through a Power Purchase Agreement (PPA). A PPA provides a guaranteed window of income to a project.
- 2 The wind resource in Shetland is of a magnitude that, subject to obtaining an economic connection to the national electricity grid, a very substantial business opportunity should be the result.
- 3 A conservative estimate combining expected market value and expected electrical output suggests the partnership might achieve a turnover in excess of £127 million per annum from a 600MW windfarm. The expected electrical output, in excess of 2.3 Twh, could supply around 25% of Scotland’s household electricity demand.
- 4 Whilst the exact economics of the interconnector cable are not yet known, initial estimates suggest that potential profit, before depreciation and tax (but after accounting for interest and capital repayments) for each partner could be in excess of £18m per annum. This figure is based on a prudent estimate of electrical output from the turbines and a realistic figure for charges to use an interconnector cable. The usage charges currently suggested by National Grid would render the Viking Windfarm uneconomic. However, these are based on historical, ball-park capital cost estimates which are more than double the latest considered forecasts. Also, the introduction of competition in developing the connection may well drive capital costs down further. Finally, the Government has retained a power out to 2024 to “cap” island transmission charges to an economic level. The project’s development remains dependent on the outcomes of sustained lobbying and initiatives to reduce transmission charges. Obtaining planning consent for the windfarm should provide huge momentum to achieving change on connection issues and charges.
- 4 Subject to future agreement by the Shetland Charitable Trust, it is currently suggested that the project will eventually sit under its auspices to maximise tax efficiency on this returning financial benefit to Shetland.

- 5 In addition to these potential profits the project will provide upwards of 200 construction jobs, upwards of 55 full time equivalent jobs, community benefit payments and ground rents. (Ground rents are payable to landowners. Where land is in crofting tenure these payments are split 50:50 between the landowners and crofting tenants. A significant landowner in the proposed development site is the Council's own Busta Estate). Depending on how the project is procured and constructed, there could also be significant local supply chain opportunities such as component manufacture e.g. blades and/or subcontracted construction work.
- 6 The Viking Windfarm project now constitutes a core part of the Council's plans for the future economic well-being of Shetland.
- 7 Bringing VEL and SSE together into a single business unit, VEP, was a significant step in making this great potential a reality.
- 8 It is also worth noting that the Viking Windfarm would have very positive environmental impacts. Conservative estimates suggest that a reduction of over 2 million tonnes in CO<sup>2</sup> emissions would result from displacing equivalent thermal generation. To put that in context that represents around 5% of Scotland's entire CO<sup>2</sup> output. DEFRA figures for CO<sup>2</sup> emissions suggest that Shetland's domestic carbon footprint is 3.6 tonnes per person. When industrial activity (including Sullom Voe) is accounted for this rises to 30.6 tonnes per person. A population of 22,000 therefore translates to 79,200 tonnes (domestic) and 673,200 tonnes (industrial & domestic) of CO<sup>2</sup>.
- 10 The Viking windfarm would wipe out Shetland's domestic carbon footprint 25 times over. It would wipe out Shetland's combined domestic and industrial carbon footprint 3 times over.
- 11 H.M. Treasury recently published the Stern Review on the Economics of Climate Change. Its conclusions include the following:-
  - There is still time to avoid the worst impacts of climate change, if we take strong action now.
  - Climate change will affect the basic elements of life for people around the world – access to water, food production, health and the environment. Hundreds of millions of people could suffer hunger, water shortages and coastal flooding as the world warms.
  - The costs of stabilising the climate are significant but manageable, delay would be dangerous and much more costly.
  - The risks of climate change can be substantially reduced if greenhouse gas levels can be stabilised.

The power sector around the world would need to be at least 60% decarbonised by 2050 for atmospheric concentrations to stabilise.

END



## **REPORT**

**To: Audit and Scrutiny Committee  
Executive Committee**

**31 August 2007  
4 September 2007**

**From: Head of Organisational Development**

**Statutory Performance Indicators for 2006/07**

**Report No: CE-21-F**

### **1.0 Introduction**

- 1.1 The purpose of this report is to present the Statutory Performance Indicators for 2006-07.

### **2.0 Background and Link to Corporate Priorities**

- 2.1 Statutory Performance indicators are required to be submitted to Audit Scotland and published by the end of September 2007.
- 2.2 The Local Government Act 1992 requires Audit Scotland to ensure that local authorities publish certain performance indicators. These indicators are intended to facilitate, in Audit Scotland's opinion, "the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness) between:
- a) the standards of performance achieved by different authorities in that financial year; and
  - b) the standards of performance achieved by such bodies in different financial years."
- 2.3 Audit Scotland then collates and publishes data and comparisons between Councils each year.
- 2.4 This report is in line with the corporate improvement plan priority of developing Member engagement in systematic performance reporting, review and scrutiny.

### **3.0 Statutory Performance Indicators for 2006/07**

- 3.1 Appendix A contains a summary of the Performance Indicators, which were submitted to Audit Scotland at the end of August 2007. Information on previous years performance indicators has been included for comparative purposes and an indication of whether performance has got better or worse since 2005/06. 46 indicators have improved, 41 have got worse and 22 have stayed the same.
- 3.2 As a contribution towards the Council's Public Performance Reporting framework for 2006-07, it is proposed to use the same method of publication as last year: to collate the performance indicators, together with explanations of any significant items of note, in a leaflet for publication on the Internet, Intranet and in a hard copy available in a number of public places, including libraries, schools, other Council premises and leisure centres.
- 3.3 Most figures indicate no significant change in cost, efficiency and effectiveness. However there are a number of performance indicators requiring explanation:

#### Secondary School Occupancy

The percentage of secondary schools in which the ratio of pupils to available places is between 61% and 80% has risen from 55.6% to 77.8%, while the percentage of secondary schools with a ratio of between 81% and 100% has fallen from 33.3% to 11.1%. This is due to a shift in occupancy levels between schools.

#### Social Background Reports

The proportion of reports requested by the Reporter which were submitted within target time fell from 73.3% in 2005/6 to 52% in 2006/7. This is due to staff changes and staff shortages.

- 3.4 Additionally there are a number of performance indicators worth highlighting:

#### Homelessness

The number of households assessed as homeless or potentially homeless during the year has risen from 193 in 2005/6 to 236 in 2006/7.

#### Food Hygiene Inspections

The percentage of premises with a minimum inspection frequency of more than 12 months, that were inspected on time has risen from 11.6% in 2005/6 to 46.1% in 2006/7.

#### Refuse Recycling

The percentage of municipal waste that was put in landfill has fallen from 28.2% in 2005/6 to 9.4% in 2006/7.



#### Inspection of Trading Premises

The percentage of premises that are required to be inspected by Trading Standards, which were inspected on time, has risen from 19.3% in 2004/5, to 41% in 2005/6, to 71.3% in 2006/7.

### **4.0 Public Performance Reporting arrangements**

- 4.1 Executive Management Team decided on 7<sup>th</sup> August to create another performance calendar to report Council performance for 2006-07. Production of this has therefore started, with employees submitting photos for inclusion.

Feedback from the recent 'Your Voice' survey indicated that 49% of people kept last year's calendar. Therefore, instead of sending these to every household in Shetland, other methods of delivery are being considered, including distribution through frontline services and making these available for collection in public places/offices.

- 4.2 As well as the performance calendar, a Council Information Supplement is being planned. This would contain information on the new Council (contact details, Committees that Members serve on, Chair / Vice Chair positions) and there would be an opportunity to include some information on the Council "Plan", currently being prepared. It is planned to circulate the Information Supplement as an insert in the Shetland Times in October.

### **5.0 Financial Implications**

- 5.1 The production and distribution costs of the performance indicators, performance calendar and information supplement will be met within existing resources.

### **6.0 Policy and Delegated Authority**

- 6.1 The remit of the Audit and Scrutiny Committee includes the review of Council performance and investigation of areas of underperformance/good performance. Review of the annual Statutory Performance Indicators is therefore within that Committee's remit.
- 6.2 The remit of the Executive Committee covers the co-ordination of policy and planning as well as service performance, evaluation and reviews. Consideration of these indicators and decision on methods for public performance reporting is therefore within that remit.

## **7.0 Conclusions**

- 7.1 There is a legal requirement for the Council keep the people of Shetland informed about how it is performing in terms of the level of service delivery they can expect. This exercise is in line with principles of Best Value, which focuses attention on service outcomes and continuous improvement.

## **8.0 Recommendations**

- 8.1 I recommend:

that the Audit and Scrutiny Committee analyse the Performance Indicators, outlined in Appendix A, for 2006-07 and decide whether any areas would require further investigation.

that the Executive Committee consider and approve the Performance Indicators, outlined in Appendix A, for 2006-07 and the methods for public performance reporting outlined in Section 4.

Date: 16 August 2007  
Ref: LS/JRS

Report No: CE-21-F

## Appendix A

	Measure	PI measurement				Better or worse since 05/06
		03/04	04/05	05/06	06/07	
	<b>Adult Social Work</b>					
1	Community care – the total number of people receiving a service	N/A	N/A	993	FTR	X
2.a.	Staff qualification – the percentage of care staff who are qualified, working in care homes for older people	65	52.6	58.2	52.8	X
2.b.	Staff qualification – the percentage of care staff who are qualified, working in care homes for other adults	35	35.7	29.6	20.7	X
3.a.	Privacy – percentage of residential care places occupied by older people that are in single rooms	100	100	100	100	=
3.b.	Privacy – percentage of residential places occupied by other adults that are in single rooms	100	100	100	100	=
3.c.	Privacy – percentage of residential care places occupied by older people that have en-suite facilities	100	100	100	100	=
3.d.	Privacy – percentage of residential places occupied by other adults that have en-suite facilities	40	100	100	100	=
4.a.	Home care – number of people aged 65+ receiving homecare	455	465	470	429	X
4.b.	Home care – total hours as a rate per 1,000 population aged 65+	778.6	790.2	782.2	750.8	X
4.c.i.	Home care – number of home care clients aged 65+ receiving personal care as a percentage of clients	44	40	32.3	47.1	√
4.c.ii	Home care – number of home care clients aged 65+ receiving care in evenings/overnight as a percentage of clients	16.7	14.8	16	21.7	√
4.c.ii i.	Home care – number of home care clients aged 65+ receiving care at weekends as a percentage of clients	36.9	34.2	32.6	36.6	√
5.a.	Respite care – total overnight respite nights provided for people 65+	N/A	N/A	6,369	6,289	√
5.b.	Respite care – percentage of overnight respite nights not in a care home for people 65+	N/A	N/A	0	0	=
5.c.	Respite care – total daytime respite hours provided for people 65+	N/A	N/A	4,359	5,818	√
5.d.	Respite care – percentage of daytime respite hours not in a day care centre for people 65+	N/A	N/A	100	100	=
5.e.	Respite care – total overnight respite nights provided for people 18-64	N/A	N/a	2,194	1,741	X
5.f.	Respite care – percentage of overnight respite nights not in a care home for people 18-64	N/A	N/A	29.3	16.5	X
5.g.	Respite care – total daytime respite hours provided for people 18-64	N/A	N/A	2,828	2,550	X

5.h.	Respite care – percentage of daytime respite hours not in a day care centre for people 18-64	N/A	N/A	35.3	40.1	√
6.a	Social enquiry reports – number of reports submitted to the courts during the year	136	95	114	107	√
6.b.	Social enquiry reports – the proportion of reports submitted to the court by the due date	100	100	100	100	=
7.a.	Probation – number of new probation orders issued during the year	25	37	54	30	√
7.b.	Probation – the proportion of new probationers seen by a supervising officer within one week	100	100	97.4	22	√
8.a.	Community service – number of new community service orders issued during the year	28	34	38	38	=
8.b.	Community service – the average hours per week taken to complete community service orders	5	9.4	5	20	X
<b>Benefits Administration</b>						
1.	Administration costs – the overall gross administration cost (£) per council tax or housing benefit application	98.52	87.07	82.49	89.83	X
2.	Processing time – the average time (days) taken to process new claims	31	36	31.9	32.1	X
3.a.	Accuracy of processing – percentage of cases for which the calculation of benefit due was correct	99.5	99.8	100	99.8	√
3.b.	Accuracy of processing – percentage of recoverable overpayments that were recovered in the year	FTR	FTR	82	66.7	X
<b>Corporate Management</b>						
1.a.	Sickness absence – the percentage of working days lost through sickness absence for chief officers and local government employees	N/a	FTR	5.7	6.9	X
1.b.	Sickness absence – the percentage of working days lost through sickness absence for craft employees	N/a	FTR	7	5.8	√
1.c.	Sickness absence – the percentage of working days lost through sickness absence for teachers	3.7	3.2	3.2	4.2	X
2.a.	Claims – number of claims per 10,000 population	11.9	4.1	8.7	4.1	√
2.b.	Claims – claims value as a percentage of revenue budget	0	0	0	0	=
3.a.	Equal opportunities policy – percentage of highest paid 2% of earners among council employees that are women	7.5	13.6	10	11.5	√
3.b.	Equal opportunities policy – percentage of highest paid 5% of earners among council employees that are women	16	21	11	14	√
4	Public access – percentage of public access buildings that are suitable and accessible to disabled people	N/a	53.9	72	63.6	X
5	Council tax – the cost of collecting council tax per dwelling (£)	N/A	18.50	13.26	14.36	X
6.a.	Council tax – the income due from council tax for the year	5,903,120	6,343,816	6,795,790	7,106,218	√

6.b.	Council tax – the percentage of council tax income for the year that was collected in the year	95.9	96.1	96	96.3	√
7.	Proportion of GIA that is in satisfactory condition	N/A	N/A	N/A	73.5	N/A
8.	Invoice payment – the percentage of invoices paid within 30 days	81.6	84.1	81.5	83.7	√
	<b>Cultural and Community Services</b>					
1.	Sport and leisure management – the number of attendances	15,850	15,901	15,626	15,496	X
2.	Indoor sports facilities – the number of attendances	16,269	17,126	19,171	17,120	X
3.a.	Museums – number of visits to/usages of council funded or part funded museums an expressed per 1,000 population	N/A	N/A	N/A	261	N/A
3.b.	Museums – number of visits in part a) that were person and expressed per 1,000 population	N/A	N/A	N/A	245	N/A
4.	Library stock turnover – Changes in Adult, teenage and children's library lending stocks of books and audio visual material					
4.a.i	Library stock turnover – Adult - Number of Additions, expressed per 1,000 population	N/A	N/A	N/A	343	N/A
4.a.ii	Library stock turnover – Total number of closing stock items, expressed per 1,000 population	N/A	N/A	N/A	3,589	N/A
4.b.i	Library stock turnover – Teenagers and Children - Number of Additions and expressed per 1,000 population	N/A	N/A	N/A	253	N/A
4.b.ii	Library stock turnover – Teenagers and Children - Total number of closing stock items and expressed per 1,000 population	N/A	N/A	N/A	3,271	N/A
5.a.	Use of libraries – the number of borrowers as a percentage of the resident population	<u>41.6</u>	35.7	35.4	35.1	X
5.b.	Use of libraries – the number of visits to libraries and expressed per 1,000 population	N/A	N/A	N/A	8,024	N/A
6.a.	Learning centre and learning access points – number of users as a percentage of the resident population	<u>10.1</u>	14.5	21.1	26.0	√
6.b.	Learning centre and learning access points – number of times terminals are used per 1,000 population	<u>1051</u>	978.9	1,307	1,254.5	X
	<b>Development Services</b>					
1.a.	Planning applications processing time – number of householder applications	124	124	117	110	X
1.b.	Planning applications processing time – percentage of householder applications dealt with within two months	88.7	77.4	84	70.9	X
1.c.	Planning applications processing time – number of non-householder applications	230	288	230	300	√
1.d.	Planning applications processing time – percentage of non-householder applications dealt with within two months	59.1	50	151	28.0	X
2.a.	Appeals – number of planning applications that went to appeal	0	2	2	1	√
2.b.	Appeals – number of successful appeals as a percentage of the number of planning decisions made	0	0	0	1	√

2.c.	Appeals – number of successful appeals as a percentage of the number of decisions that went to appeal	0	0	0	100	√
3.	Development plans – the percentage of the population covered by a Local Plan which has been adopted or finalised within the last five years	100	100	100	100	=
	<b>Education &amp; Children's Services</b>					
1.a.i	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 0% and 40%	26.5	21.2	24.2	25	√
1.a.ii	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 41% and 60%	20.6	33.3	33.3	34.4	√
1.a.ii i.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 61% and 80%	35.3	24.2	18.2	21.9	√
1.a.i v.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 81% and 100%	17.6	21.2	24.2	18.8	X
1.a.v.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is 101% or more	0	0	0	0	=
1.b.	Primary schools – the total number of primary schools	34	33	33	32	X
2.a.i	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 0% and 40%	11.1	11.1	11.1	11.1	=
2.a.ii	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 41% and 60%	0	0	0	0	=
2.a.ii i.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 61% and 80%	66.7	66.7	55.6	77.8	√
2.a.i v.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 81% and 100%	22.2	22.2	33.3	11.1	X
2.a.v.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is 101% or more	0	0	0	0	=
2.b.	Secondary schools – the total number of secondary schools	9	9	9	9	=
3.a.i	Teaching staff equal opportunities – the percentage of head and deputy head teachers in secondary schools that are women	33.3	23.1	23.5	33.3	√
3.a.ii	Teaching staff equal opportunities – the percentage of head and deputy head teachers in primary schools that are women	76.5	79.3	80.6	84.6	X
3.a.ii i.	Teaching staff equal opportunities – the percentage of head and deputy head teachers in special schools that are women	100	100	100	100	=
3.b.i	Teaching staff equal opportunities - the percentage of teachers in secondary schools that are women	54.2	54.9	55.9	63.1	X
3.b.ii	Teaching staff equal opportunities – the percentage of teachers in primary schools that are women	89.4	89.9	88.5	95.1	X

3.b.ii i.	Teaching staff equal opportunities – the percentage of teachers in special schools that are women	97.3	92.1	94.1	95.2	<b>X</b>
4.a.	Social background reports – number of reports submitted to the Reporter during the year	23	55	101	50	√
4.b.	Social background reports – proportion of reports requested by the Reporter which were submitted within target time	13	45	73.3	52	<b>X</b>
5.a.	Supervision – number of new supervision requirements made during the year	8	6	4	13	<b>X</b>
5.b.	Supervision – proportion of children seen by a supervising officer within 15 days	8	6	4	13	<b>X</b>
6.a.	Academic achievement – number of children ceasing to be looked after	3	6	1	1	=
6.b.	Academic achievement – number of these attaining at least one SCQF level 3	2	2	1	1	=
7.	Staff qualification - Care Staff in Local Authority Residential Children's Homes, who have the appropriate qualification	N/A	N/A	N/A	50	<b>N/A</b>
8.a.	Privacy – percentage of residential places occupied by children that are single rooms	100	100	100	N/A	<b>N/A</b>
8.b.	Privacy – percentage of residential places occupied by children that have en-suite facilities	0	0	0	N/A	<b>N/A</b>
9.a.	Respite care – for children aged 0-17 with disabilities - Total overnight respite nights provided	N/A	N/A	N/A	591	<b>N/A</b>
9.b.	Respite care – for children aged 0-17 with disabilities, Number of overnight respite nights provided not in a care home	N/A	N/A	N/A	92	<b>N/A</b>
9.c.	Respite care – for children aged 0-17 with disabilities - Total hours daytime respite provided	N/A	N/A	N/A	8,146	<b>N/A</b>
9.d.	Respite care – for children aged 0-17 with disabilities, percentage of daytime respite hours provided not in a day care centre	N/A	N/A	N/A	1.7	<b>N/A</b>
	<b>Housing</b>					
1.a.	Response repairs – the percentage of response repairs due to be undertaken within 24 hours that were	97.7	98.5	97.5	95.9	<b>X</b>
1.b.	Response repairs – the percentage of response repairs due to be undertaken within 3 days that were	88.7	89.8	86.1	84.3	<b>X</b>
1.c.	Response repairs – the percentage of response repairs due to be undertaken within 1 month that were	70.3	76.8	71.9	73.6	√
1.d.	Response repairs – the percentage of response repairs due to be undertaken within 3 months that were	70.1	71.9	57.2	77.3	√
2.	Tenancy changes – the percentage of rent loss due to voids	6	5.4	4	3.2	√
3.a.	Tenancy changes – the total number of houses re-let	184	200	154	154	=
3.b.	Tenancy changes – the number of houses re-let that took less than 2 weeks	10	20	21	20	<b>X</b>
3.c.	Tenancy changes – the number of houses re-let that took between 2 weeks and 4 weeks	16	14	13	28	√

3.d.	Tenancy changes – the number of houses re-let that took more than 4 weeks	158	166	120	106	√
3.e.	Tenancy changes – the average time to re-let houses in days	209	183	257	125	√
4.a.	Rent arrears – current tenant arrears as a percentage of the net amount of rent due in the year	4.5	6.8	4.5	4.5	=
4.b.	Rent arrears – the percentage of current tenants owing more than 13 weeks rent at the year end, excluding those owing less than £250	0.9	3.1	4.1	4.5	X
5.a.	Council house sales – the percentage of sales completed within 26 weeks	39.1	20	28.6	21.1	X
5.b.	Council house sales – the average time taken for council house sales in weeks	44	40	46	45	√
6.a.	Homelessness – the number of households assessed as homeless or potentially homeless during the year	184	169	193	236	X
6.b.	Homelessness – average time between presentation and completion of duty by the council for those cases assessed as homeless or potentially homeless	19.1	28.4	32.1	24.6	√
6.c.	Homelessness – percentage of cases reassessed as homeless or potentially homeless within 12 months of previous case being completed	16.8	13.6	18.7	14.8	√
<b>Protective Services</b>						
1.a.	Food hygiene – the percentage of premises with a minimum inspection frequency of 6 months or less, that were inspected on time	33.3	0	100	100	=
1.b.	Food hygiene – the percentage of premises with a minimum inspection frequency of 12 months or less, that were inspected on time	33.3	26.3	63.2	66.7	√
1.c.	Food hygiene – the percentage of premises with a minimum inspection frequency of more than 12 months, that were inspected on time	23.9	19	11.6	46.1	√
2.a.	Noise complaints – the percentage of cases settled on first contact that were dealt with on day of receipt	33.3	87.5	56.5	N/A	N/A
2.b.	Noise complaints – the percentage of cases needing further action, completed within 14 days of receipt	62.5	72.3	58.8	N/A	N/A
3.a.	The number of complaints of domestic noise received during the year					
3.a.i	Settled without the need for attendance on site	N/A	N/A	N/A	303	N/A
3.a.ii	Requiring attendance on site	N/A	N/A	N/A	5	N/A
3.a.ii	Dealt with under Part V of the antisocial Behaviour (Scotland) Act 2004	N/A	N/A	N/A	0	N/A
3.b	For a.ii and a.iii above, the average time (hours) between the time of the complaint and the attendance on site;					
3.b.i	Requiring attendance on site	N/A	N/A	N/A	120	N/A
3.b.ii	Dealt with under Part V of the antisocial Behaviour (Scotland) Act 2004	N/A	N/A	N/A	0	N/A
4.a	The number of complaints of non-domestic noise received during the year					
4.a.i	Settled without the need for further action	N/A	N/A	N/A	9	N/A



4.a.ii	Requiring formal action	N/A	N/A	N/A	0	N/A
4.b.i	For those requiring formal action, the average time (calendar days) to institute formal action	N/A	N/A	N/A	1	N/A
5.a.	Consumer complaints – the percentage of complaints processed within 14 days of receipt	87.6	89.2	88.6	87.3	X
5.b.	Business advice requests – the percentage of requests dealt with within 14 days of receipt	87.5	93	91.2	90.4	X
6.	Inspection of trading premises – the percentage of premises in inspection level of 2 years or less that were inspected on time	N/A	19.3	41	71.3	√
<b>Roads and Lighting</b>						
1.	Carriageway condition – percentage of network that should be considered for maintenance treatment	40.7	33.1	26.9	38.7	X
2.	Traffic light repairs – the percentage of repairs completed within 48 hours	0	0	0	40	√
3.	Street lighting – the percentage of repairs completed within 7 days	63.3	57.5	50	69.6	√
4.	Street lighting – the proportion of street lighting columns that are over 30 years old	N/A	FTR	FTR	FTR	N/A
5.a.	Road network restrictions – the percentage of council and private bridges assessed that failed to meet the European standard of 40 tonnes	N/A	FTR	FTR	14.3	N/A
5.b.	Road network restrictions – the percentage of council and private bridges assessed that have a weight or width restriction placed on them	N/A	FTR	FTR	0	N/A
<b>Waste Management</b>						
1.a.	Refuse collection – the net cost per property (£) of refuse collection	N/A	33.52	70.50	67.01	√
1.b.	Refuse collection – the net cost per property (£) of refuse disposal	N/A	47.00	71.11	63.96	√
2.	Refuse collection – the number of complaints per 1,000 households	1.9	1.7	5	0	√
3.a.	Refuse recycling – of the municipal waste collected by the authority, the percentage that was recycled	7.4	9.7	9.4	13.7	√
3.b.	Refuse recycling – of the municipal waste collected by the authority, the percentage that was used for recovery including energy from waste	69.8	63	67	73.3	√
3.c.	Refuse recycling – of the municipal waste collected by the authority, the percentage that was put in landfill	22.7	27.3	28.2	9.4	√
4.	Cleanliness – overall cleanliness index achieved	N/A	76	75	75	=





## **REPORT**

**To: Executive Committee**

**4 September 2007**

**From: European Officer**

**REPORT NO: DV034-F  
Leader Funding Programme 2007-2013**

### **1.0 Introduction**

- 1.1 The purpose of this report is to advise Members of the new Leader funding programme and seek approval, in principle, for the Council, via the Economic Development Unit, to act as the Lead Partner agency.

### **2.0 Link to Council Priorities**

- 2.1 The main aim of Leader is to promote community and economic development in rural areas. This is consistent with the Priority of 'Sustainable Economic Development', in particular 'Strengthening Rural Communities', as contained within Shetland Island Council's Corporate Plan 2004-2008.

### **3.0 Background to Leader**

- 3.1 Leader is an EU Community initiative for rural development which is supported by the Structural Funds. It provides assistance for the economic development of rural communities with resources targeted at issues such as rural de-population, an ageing population and job losses. There have been three previous Leader programmes: Leader I, Leader II, and latterly Leader+.
- 3.2 Leader operates on a 'bottom up' approach with a Local Action Group (LAG), comprising representation from the public, private and voluntary sector, responsible for the implementation of local development strategies.

- 3.3 For the previous Leader+ programme, Orkney and Shetland were allocated funding of £1.246 million. The programme approved around 50 projects in Orkney and in Shetland, as well as 4 joint projects between the islands. A wide variety of trust, associations, community and youth groups benefited locally. The highest priorities for funding are normally allocated to development in remote communities.

#### **4.0 Leader Programme 2007-2013**

- 4.1 EC Regulation 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development dictates that the Leader initiative should now be an integral part of rural development programmes. To this end, Leader forms Axis 4 of the Scottish Rural Development Programme (SRDP). The SRDP has been submitted to the Commission and is expected to be approved by December. Previous Leader programmes have been very much community based but the focus of this programme will be towards business support.
- 4.2 Last time round, Shetland and Orkney worked in partnership on the Leader+ programme. This was due to the population requirements of the programme which did not permit each area to have an independent programme. This time, however, SEERAD has agreed to each area having its own programme.
- 4.3 A requirement of the Leader programme is the establishment of a Local Action Group (LAG). The LAG is responsible for the implementation of the local strategy through the approval of projects for funding. The LAG must comprise representation from the public, private, and voluntary sector as well as having an equal gender balance. This time, there is also the requirement to have increased representation from the agricultural sector and representation from young people. Locally, the LAG sits as the funding element part of the Community Regeneration Partnership under the Community Planning Board.
- 4.4 The total budget for Scotland for the period 2007-2013 is £41 million. It is proposed there will be 25 LAGs within Scotland and each LAG will be invited to submit a bid for a share of the funding pot. The level of funding will be determined by the Scottish Executive, based on the total funds available and the level of bids received.

## **5.0 Lead Partner Role**

- 5.1 As with the previous Leader+ programme, there is a requirement for an approved, publicly accountable body to act as the main local sponsoring partner for the LAGs and assume responsibility for the administration of Leader funding. This includes acting as the intermediate beneficiary for the LAG funds and distributing payments to approved projects.
- 5.2 Previously HIE Shetland acted as Lead Partner for the Leader+ programme and co-ordinated the LAG. HIE have confirmed that they are no longer in a position to undertake this role for the new programme. This therefore requires another agency to take on the role if Shetland is to continue benefiting from Leader funding.
- 5.3 Locally, discussions have taken place to identify the most appropriate agency to undertake the Lead Partner role. It has been agreed that the Council, via the Economic Development Unit, would be the most suitable body since the promotion of economic development in rural areas falls directly within its remit. The Council also meets the requirements of being a publicly accountable body.
- 5.4 Up to 20% of the LAG budget may be allocated to the core costs of the day-do-day running of the Group. For the previous Orkney and Shetland Leader+ programme, a full-time and a part-time co-ordinator were employed. For the new programme, a full-time local co-ordinator will be required. The co-ordinator post will be 50% funded from the LAG budget with a requirement for the other 50% to be found from other sectors. The LAG is responsible for sourcing the remaining 50% funding for the post. The Lead Partner is given a degree of discretion in setting the salary of the co-ordinator's post but normally it would be consistent with similar positions and salary scales within the Lead Partner's organisation. The annual salary paid to a full-time co-ordinator is estimated to be in the region of £25-30,000.
- 5.5 To become Lead Partner and put in a bid for Leader funding, the Council must first submit an Expression of Interest and the proposed composition of the LAG to SEERAD. This must be followed up by the submission of a local strategy and business plan by 31 October 2007.

## **6.0 Rural Development Strategy**

- 6.1 A requirement of the Leader programme, and other national and European funding programmes for rural and economic development, is the preparation of a local strategy in order that agencies can access funding streams.

- 6.2 It therefore seems logical to develop a single strategy for rural development in Shetland to ensure that all agencies are working towards the same goals and avoid any duplication of activity. At a meeting on 11 June 2007, the Community Planning Board agreed to support the development of a Rural Development Strategy for Shetland. The strategy will also need to ensure consistency with other local, regional and national strategies.

## **7.0 Timescales**

- 7.1 An Expression of Interest was submitted to SEERAD by 22 August confirming the Council's interest in running the local Leader programme. This was accompanied by the proposed composition of the LAG.
- 7.2 Work is currently underway on the preparation of a local strategy (Shetland Rural Development Strategy) and accompanying business plan which must be submitted to SEERAD by 31 October 2007. SEERAD must approve the composition of the LAG, the strategy and the business plan before allocating funding.
- 7.2 By December 2007, SEERAD expect to have selected the LAGs and advised them of their budget.

## **8.0 Financial Implications**

- 8.1 As mentioned at paragraph 5.4 above, up to 20% of the budget may be used to fund administration costs of running the LAG.
- 8.2 The costs of funding a local co-ordinator post (estimated to be in the region of £25-30,000 per annum) will be 50% funded from the overall LAG budget, with the LAG being responsible for sourcing the remaining 50%. Given that it is early days in the setting up of the programme and discussions still have to take place within the LAG, it is conceivable that the Council may be approached to provide a proportion of the remaining 50% funding required. Such funding would be coded to the General Assistance budget (RRD1520 2402).
- 8.3 In the interim period, prior to the LAGs getting up and running, funding has been made available from the Scottish Executive to assist with the preparation of the local strategy and business plan.
- 8.4 The only other financial implications are in respect of the Council providing match funding for Leader projects. As is normal practice, any funding application would be subject to the Council's agreed application and decision-making procedures with any funding granted consistent with the economic objectives of the Council.

## **9.0 Policy & Delegated Authority**

- 9.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations approved by the Council on 28 March 2007.

## **10.0 Observation**

- 10.1 This report refers throughout to the Council being the lead partner for LEADER. However, as members are aware, the new Shetland Community Development Trust (SCDT) will be established in the near future and will assume most of the Council's economic development functions. The change may result in SCDT becoming the lead partner for LEADER in Shetland.

## **11.0 Conclusion**

- 11.1 This report provides information on the new Leader funding programme for the period 2007-2013 and the mechanisms which are required to be put in place for the operation of the local programme.
- 11.2 Due to Highlands & Islands Enterprise's confirmation that they are unable to undertake the Lead Partner role for the new programme, another appropriate agency must be found if Shetland is to continue benefiting from Leader funding.
- 11.3 After consideration of those bodies who could potentially undertake this role, it is proposed that the Council, via the Economic Development Unit, would be the most appropriate agency.

## **12.0 Recommendations**

- 12.1 It is recommended that the Committee:
- a) agrees to Shetland Islands Council, via the Economic Development Unit, taking on the role of Lead Partner for the Leader programme 2007-2013; and
  - b) agrees to the Council providing some of the funding for the post of local co-ordinator for the Leader programme 2007-2013, should there be a request for funding, as detailed at paragraph 8.2 above.

Our Ref: SJS/R4/271  
Date: 23 August 2007

Report No: DV034-F







## **REPORT**

**To: Executive Committee**

**4 September 2007**

**From: European Officer**

### **REPORT NO: DV033-F UPDATE ON EUROPEAN ACTIVITIES**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to update Members on current EU issues and activities.

#### **2.0 Link to Council Priorities**

- 2.1 Engaging in activities of a European nature is a key component within the Priority of 'Sustainable Economic Development' contained within Shetland Island Council's Corporate Plan 2004-2008.

#### **3.0 European Structural Funds**

##### **3.1 Highlands & Islands Convergence Programme 2007-2013**

The final drafts of the H&I's European Regional Development Fund (ERDF) and European Social Fund (ESF) Operational Programmes for the period 2007-2013 were submitted to the European Commission in April for approval. It is anticipated that both programmes should be approved by the end of September/early October followed by a Ministerial announcement on the first application round.

The H&I's programmes have a value of £125m which is 50% less than the 2000-2006 programme. This means there are much tighter restrictions on what the funds can be spent on, for example a move away from infrastructure projects to more targeting on businesses.

The new programmes will be delivered through a combination of challenge funding and commissioning. Challenge funding will operate as before whereby individual organisations are invited to submit applications for funding following the announcement of bidding rounds. Commissioning will largely be through two Intermediate Delivery Bodies (IDBs) which have been identified as Highlands & Islands Enterprise and the University of the Highlands & Islands. These bodies will be given sizeable allocations of funding under Priorities 1 and 2 ERDF and Priority 3 ESF to deliver strategic projects for the H&I's.

A Scottish Executive 'publicity event' on the new programmes took place in Lerwick on 5 July. This was well attended by a variety of bodies from the public and voluntary sector and it was stressed that organisations should start considering possible projects for funding as soon as possible.

Further detail on the priorities for funding is attached at Appendix 1.

### 3.2 Scottish Rural Development Programme (SRDP) 2007-2013

3.2.1 The SRDP was submitted to the European Commission in June for approval and has a value of £246 million for Scotland as a whole. The H&I's region has been allocated an additional £19.3 million due to its status as a 'Convergence' region. Discussions are currently ongoing with SEERAD to determine the allocation of the £19.3 million within the priorities of the SRDP.

#### 3.2.2 LEADER Programme 2007-2013

LEADER is an EU Community initiative which is incorporated into the European Agricultural Fund for Rural Development Regulation. Its main aim is to promote community and economic development in rural areas based on a 'bottom up' approach. The new LEADER programme will form Axis 4 of the Scottish Rural Development Programme. Last time round, Shetland and Orkney had a joint LEADER programme however this time each will have its own programme.

A separate report on the LEADER programme for 2007-2013 is presented to this Committee today.

### 3.3 European Fisheries Fund (EFF) 2007-2013

The EFF is the successor to the previous EU fisheries funding programme, FIGF. Since the last update provided to this Committee on 20 March 2007, little progress has been made with formulating the UK Operational Programmes. Latest information suggests that the consultation for the UK Operational Programme is planned for mid-October. This means that the regional Operational Programmes, including one for the H&I's, will have to be drafted and the allocation of EFF resources within the UK agreed before the consultation can begin. Unfortunately, we are looking at a potential 18 month delay in the programme starting.

## 4.0 **State Aid**

### 4.1 Increase in *De Minimis* Aid Ceilings

*De minimis* aid is permissible state aid which is deemed not to distort competition however it may not be used for export-related activities. There are different ceiling levels for each industry sector.

#### 4.1.1 Fisheries *De Minimis*

In July, the European Commission adopted a new Regulation increasing the ceiling of *de minimis* aid in the fisheries sector from €3,000 to €30,000 per beneficiary per three year period, on condition that the total amount of such aid represents less than 2.5% of the annual national fisheries output. While this is a welcome increase, there are restrictions in that none of the aid may be used to purchase or construct new fishing vessels or to increase existing fleet capacity.

#### 4.1.2 Agriculture *De Minimis*

The Commission recently issued draft proposals to increase the *de minimis* ceiling in the agriculture (primary) production sector from €3,000 to €6,000 per beneficiary per three year period. The Council took the opportunity to submit comments on the draft proposals and suggested that a figure of €10,000 would be a more realistic ceiling, although it is not expected that our proposal will have much impact on raising the ceiling amount above €6,000.

Processing and marketing of agricultural products is now covered within the scope of the Regulations for Industrial activities which has a ceiling of €200,000 per beneficiary per three year period.

#### **4.2 Engagement with State Aid Officials**

Our engagement with state aid officials in the Scottish Executive continues as we look to find workable solutions within the state aid regime to progress Shetland's economy. In June, officials from the Scottish Executive's State Aid Unit in Glasgow and from SEERAD's Agriculture and Fisheries Units were up in Shetland to give seminars to staff and Councillors on the state aid regime and recent changes to legislation.

At its meeting on 1 February 2007, the Executive Committee gave approval for further lobbying actions in Brussels to keep up the momentum on state aid issues. This will also follow up on contact made with Michael Aron, Head of the Scottish Executive's Brussels Office, who has offered to coordinate a series of meetings with a range of officials and MEPs.

### **5.0 CPMR Activities**

#### **5.1 CPMR UK Members Meeting – 30 March 2007, London**

Councillor Simpson attended a meeting of the CPMR UK Members Network in March and presented a paper seeking support from UK Members on the Musotto Report, a European Parliament initiative seeking better status for islands and disadvantaged areas within the framework of regional policy. Previously, at a meeting on 1 February, the Executive Committee gave its support to the Musotto Report. CPMR UK Members were also happy to support this initiative and a letter confirming this has been sent to the CPMR President, asking for wider CPMR support. A letter has also been sent to the author of the report, Mr Musotto, at the European Parliament.

#### **5.2 CPMR Islands Commission Annual Conference – 26-27 April 2007, Isle of Man**

The Head of Business Development and the European Officer attended the annual meeting of the Islands Commission in April at which Shetland was invited to give a presentation.

Day one of the conference concentrated on actions which were considered necessary to ensure that European policies take into account the specific circumstances of island regions. For example, improving information on islands via the establishment of a database with economic, social and environmental indicators. It was also agreed that there should be a department within the European Commission with specific responsibility for islands.

On day two, the meeting focussed on the proposals for a European Maritime Policy with representatives from the European Commission's Maritime Policy Taskforce present. The Head of Business Development gave a presentation outlining the difficulties we have in supporting our traditional industries, such as fisheries, due to state aid restrictions and how this is contrary to proposals for a European Maritime policy of ensuring sustainable, coastal communities. Shetland's comments received the backing of the representative from Martinique who echoed similar concerns of their problems in progressing their fishing industry. Support was also forthcoming from a representative from the Association of Ponant Islands (Brittany) who agreed with the inflexibility of state aid legislation which does not take into account those small islands which have limited diversification options.

5.3 North Sea Commission (NSC) Annual Conference – 20-22 June 2007, Norway

The Convener and European Officer attended the annual NSC conference at which the Convener was elected Vice-President of the North Sea Commission for a period of two years. This is considered to be a reflection of the high esteem we are held in by colleagues around the North Sea that we have been given the opportunity to play such a leading role in the future direction of the NSC. Previously the Convener held the position of Vice-Chair of the NSC Marine Resources Group.

5.4 Seminar on Maritime Safety – 13-14 April 2007, Santander, Spain

The General Manager of Ports & Harbours and the KIMO Co-ordinator attended and gave presentations at this seminar which was focussing on progress on maritime safety legislation and debating new issues in view of recent events. In the final declaration from the conference, the Shetland representatives highlighted the need for ship to ship transfers of oil to take place within controlled waters.

5.5 CPMR Fisheries Intercom Group

This Group, Chaired by Councillor Simpson, are currently looking to hold their next meeting during September. Membership of the Group comprises representatives from the Geographical Commissions of the CPMR and the Group hope to build upon previous meetings and communications with Fisheries Commissioner, Joe Borg's office.

## 6.0 EU Consultations

### 6.1 Consultation on a Proposed Maritime Policy for the EU

A response from the Council to the European Commission consultation on proposals for a European Maritime Policy was submitted following approval at the SIC meeting on 28 March. Our response was copied to our MP, MSP and the Scottish MEPs. The consultation closed on 30 June and the Commission are due to publish the results from the consultation via a Communication and Action Plan on 10 October.

### 6.2 Consultation on Rights Based Management

The Council also submitted a response to an EU consultation on Rights-Based Management Tools in Fisheries. The closing date for the consultation (31 May 2007) fell within the pre-election period, therefore the response was submitted with the approval of the Chief Executive. In summary, the Council's contribution highlighted significant concerns about the potential impact on fisheries-dependent communities of concentration of ownership of fishing rights by a small number of large owners, and ownership of fishing rights outwith the active fishing industry.

### 6.3 Proposals to Increase *De Minimis* in the Agriculture Production Sector

As reported at paragraph 4.1.2 above, the Council sent off a short response suggesting that *de minimis* in the agriculture production sector should be increased to €10,000.

## 7.0 Shetland Oceans Alliance (SHOAL)

### 7.1 At a meeting on 30 May 2007, Shetland Development Trust endorsed re-constitution of SHOAL and appointed 3 Member Trustees as representatives on SHOAL.

An initial meeting of SHOAL was held on 7 June 2007 where Councillor Josie Simpson was appointed as Chair. The meeting agreed that it would be beneficial to make early contact and establish a link with Richard Lochhead, Cabinet Secretary for Rural Affairs and the Environment, whose remit also includes fisheries. Letters have been sent inviting him to Shetland and requesting a meeting with him during his visit to Shetland. The June meeting also agreed that it would be useful to have some up-to-date literature on the Shetland fishing industry which could highlight the impacts of recent regulations, as well as providing information on key issues and future plans.

## **8.0 Financial Implications**

- 8.1 The financial implications arising from this report are potential travel and subsistence costs associated with attending forthcoming meetings. As indicated at paragraph 4.2 above, the Executive Committee, at its meeting on 1 February 2007, has already given approval for further state aid lobbying activities to be undertaken. In respect of attendance at other events, these costs can be met from existing budgets.

## **9.0 Policy & Delegated Authority**

- 9.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations approved by the Council on 28 March 2007.
- 9.2 As this is an information report, there is no requirement for a decision to be made.

## **10.0 Conclusion**

- 10.1 This report provides an update of current EU issues and affairs.

## **11.0 Recommendation**

- 11.1 Members are asked to note the contents of this report.

Our Ref: SJS/R4/10/6  
Date: 15 August 2007

Report No: DV033-F





**HIGHLANDS & ISLANDS CONVERGENCE PROGRAMME 2007-2013**

ERDF Programme Allocation: £85 million (£12 million per annum)

ESF Programme Allocation: £40 million (£6 million per annum)

**Priorities of ERDF Programme**

**Priority 1: Business Competitiveness, Commercialisation and Innovation**

- Allocation: around £5 million annually
- Up to 70% allocated to Highlands & Islands Enterprise as an Intermediate Delivery Body

**Focus:**

- Enhancing the culture and competitiveness of enterprise (including social enterprises)
  - Finance and advice for new businesses and entrepreneurs
  - 'Greening' businesses
- Developing businesses of scale and investing in commercialisation of key sectors
  - Support for potential high-growth firms
  - High-quality industrial property (upgrading of existing premises incorporating 'green' design principles)

**Priority 2: Key Drivers of Sustainable Growth (environment, natural, cultural assets)**

- Allocation: around £4 million annually
- Around 50% allocated to UHI within the first two years as an Intermediate Delivery Body

**Focus:**

- Research and learning infrastructure
  - Development of research centres of excellence
  - E-learning and training facilities
- Increasing the sustainable use of natural/cultural assets
  - Developing new products and services to make full use of a region's natural/historical/cultural assets

**Priority 3: Peripheral and Fragile Communities**

- Allocation: around £3 million annually
- Community Planning Partnerships will be invited to submit bids for funding based on a locally developed strategy containing a package of proposals. There will be a minimum project value of £50,000

**Focus:**

- Sustaining peripheral and fragile communities
  - Support for regeneration projects (physical and virtual, supporting inclusion)
  - Local business incubator and e-business facilities
  - Small-scale transport links to local communities
  - Small-scale investment in ICT/broadband links
  - Local facilities for renewable energy production (emphasis on managing resources/facilities rather than equipment)

## **Priorities of ESF Programme**

### **Priority 1: Increasing the Workforce**

- Allocation: around £1.5 million annually

#### **Target Groups\*:**

- Hardest-to-reach
- Those with multiple deprivations
- Young people at risk (includes those still at school)
- High-risk groups

\*Can use local research/definitions to determine 'target groups'

#### **Example Activities:**

- Work preparation/confidence building
- Basic skills training
- Intermediate labour market activity
- Assistance with childcare

### **Priority 2: Investing in the Workforce**

- Allocation: around £2 million annually

#### **Focus:**

- Enhancing skills
  - Support for low-skilled/low-paid workers
  - Continuous professional development
  - Vocational skills training
- Addressing gender imbalances in the workforce
  - Tailored training and mentoring programmes
- Improving managerial skills
  - Training for managerial, commercial and e-business skills
  - Encouraging start-up from less-represented groups
- Capacity building of social enterprises
  - Managerial and business skills training for social enterprise staff

### **Priority 3: Improving Access to Lifelong Learning**

- Allocation: around £1.5 million annually
- Around 25-30% to be allocated to UHI as an Intermediate Delivery Body

#### **Focus:**

- Mainstreaming successfully piloted new approaches to lifelong learning and training
- Development of new learning materials
- Development and piloting of new means of delivery (including training for trainers)
- Skills training for personnel dealing with target groups under Priority 1
- Workplace initiatives to improve access to lifelong learning