



REPORT

To: Shetland Islands Council – 18 February 2009

From: Chief Executive

CE-06-F
Statutory Report Annual Audit

1. Background

- 1.1 Due to what was judged by the Councils external auditors to be a failure of the Council to include in its accounts for 2007/2008 required information on Shetland Development Trust and Shetland Charitable Trust the accounts were 'qualified'.
- 1.2 Resultantly, a statutory report was placed with the Accounts Commission by our auditors Audit Scotland. That report is attached as Appendix A.
- 1.3 Following consideration of this report by the Accounts Commission they have stated their findings which are attached as Appendix B.
- 1.4 As stated the Council is required to take all appropriate action without further delay to resolve the situation and fully report, in the required format, the accounts of Shetland Development Trust and Shetland Charitable Trust along with related subsidiaries in the 2008/2009 financial accounts of the Council.

2. Proposals

- 2.1 Following the decision to re-establish the Councils Development Committee to undertake decision making for Shetland Development Trust and the Council assuming the role as sole Trustee there are no issues regarding grouping the accounts. These will be included in the 2008/2009 Council accounts.
- 2.2 The Shetland Charitable Trust when approached previously to provide their accounts in the form required for the Council to include in its accounts on the basis of their own legal advice declined to do so.

- 2.3 There are no implications for the Council in complying with the Accounts Commission's requirements however there are certainly ones for not doing so. Resultantly I intend to communicate the Council's requirements once more to Shetland Charitable Trust with the intention of acquiring the required information from the Trust such that the Council can comply with the Accounts Commission's findings on this matter.

3. Financial Implications

- 3.1 There are no direct financial implications arising from the report.

4. Policy and Delegated Authority

- 4.1 There is a Statutory requirement for the findings of the Commission to be considered at a meeting of the Full Council and this obligation cannot be delegated to any other Committee or Sub-committee of the Council.

5. Recommendations

I recommend that the Council

- 5.1 Note the statutory report and Accounts Commission's findings in relation to the Councils 2007/2008 accounts in which Shetland Development Trust and Shetland Charitable Trust are required to be presented as part of the Councils 'group accounts'.
- 5.2 Note that the accounts for Shetland Development Trust will be included within the Councils 2008/2009 accounts.
- 5.3 Endorse the action I will take to seek to enable the Council to include the accounts for Shetland Charitable Trust in the Council's group accounts for 2008/2009 in order to comply with the Accounts Commission findings.

MHG/IS
CE-06-F

30/01/09

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Mr Morgan Goodlad
Chief Executive
Shetland Islands Council
Town Hall
Hillhead
Lerwick
Shetland
ZE1 0HB

10 December 2008



TO	ACTION	INFO
CHIEF EXEC		✓
FINANCE		✓
LEGAL/ADMIN		✓
ORG DEV		
HOUS/CAP PRO		
COM ECO DEV		
PORTS/HRBRS		✓
INFRAS SVS		✓
EDU/SW - HAYF		✓
EDU/SW - ST OL		✓
All members		

Dear Mr Goodlad

Statutory Report – Annual Audit 2007/08

I write to advise you that the Controller of Audit has made a statutory report in connection with the 2007/08 annual audit of your Council, to let you know what the next steps will be and to draw your attention to some procedural matters.

I enclose a copy of the report which has been made by the Controller under Section 102 of the Local Government (Scotland) Act 1973. You should make sure that a copy is sent to each member of your authority and that copies are made available for public inspection.

The report will be considered by the Accounts Commission at a meeting on 17 December 2008. The Commission has a number of options and may do any or all of the following, or none of them –

- Direct the Controller of Audit to carry out further investigations
- Hold a hearing
- State its findings

If the Commission decides to state its findings without holding a hearing I will advise you of this as soon as possible and I will let you know the terms of the findings when they are finalised. We will then move to print and publish the report and findings together as soon as possible. If we are asked for public comment about the report before it is considered by the Commission we will respond that it is under consideration by the Commission and that a media statement will be made in due course.

When you receive the Commission's findings you are required to arrange for their consideration at a meeting of your authority within three months or such longer period as the Commission may allow. The findings must be considered by the full Council as this function cannot be delegated to a committee, sub committee or officer. Advance notice of the Council meeting must be published at least seven days beforehand in a newspaper circulating in your area giving details of the meeting, its purpose and the nature of the findings. Following the meeting you must advise the Commission of your Council's response and submit a draft summary of that response for approval so that it can be published in a newspaper circulating in your area.

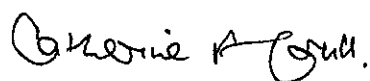
Mr Morgan Goodlad

10 December 2008

The formal procedural requirements of this process are set out in the Local Government (Scotland) Act 1973 which has been substantially amended, particularly by the Local Government in Scotland Act 2003. For ease of reference I have prepared a summary of the relevant statutory provisions and I enclose a copy in the hope that it may be of some use to you, with the usual caveat that it is not a definitive statement of the law.

Please do not hesitate to get in touch with me about any of this.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Catherine Coull'.

Catherine Coull
Secretary

**A report by the Controller of Audit to the Accounts Commission under Section
102(1) of the Local Government (Scotland) Act 1973**

Shetland Islands Council: Annual Audit 2007/08

Introduction

1. The external auditors have completed their 2007/08 audit of Shetland Islands Council and I have received the audited accounts for the year ended 31 March 2008 and their report on the year's audit.
2. The auditors qualified their opinion on the accounts due to a disagreement about accounting treatment. This is the third consecutive year that the Council has received a qualified audit opinion on this matter.

Qualified audit opinion

3. *The Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the SORP) requires councils to prepare group accounts where they have interests in entities meeting the definitions of subsidiaries, associates and joint ventures. Group financial statements are required to present fairly a full picture of the council's activity and financial position.
4. Shetland Islands Council's group accounts for financial year 2007/08 did not include the Shetland Development Trust (SDT) and the Shetland Charitable Trust (SCT), and their related subsidiaries. In the auditors' opinion, the substance of the Council's relationship with these bodies represents a significant interest and their omission results in a material mis-statement of the group accounts. The auditors qualified their opinion on the accounts accordingly.
5. The full text of the audit certificate is set out in Appendix A.

Basis for the auditors' view

6. The auditors are of the opinion that the following factors are all relevant in determining the entities to be included in the Council's group accounts and support the inclusion of SDT and SCT:
 - SCT provides services (arts and culture, amenity and environment, recreation and care facilities) which benefit the Council community, in addition to those services provided by the Council
 - Council representation on the trusts changed after the May 2007 local authority elections with all 22 councillors now sitting as trustees on both bodies. This link between Council membership and representation on the trusts is an indication of 'influence and common interest'
 - Since 2004 SDT has required the approval of the Council for any investment which exceeds £0.25 million and is another clear indication of 'influence and control'.

The position at the Council

7. In January 2008 a revised structure for SDT was proposed by the chief executive for the re-establishment of a development committee within the Council to deal with all matters related to economic development. SDT would retain a minimal number of financial related staff to monitor and manage its ongoing investments.

8. On the basis of the proposed new structure, legal advice recommended that the results of SDT should be included in the group accounts. In March 2008, SDT was directly placed within the Council's governance structures and the Council has stated that the results of SDT are to be included in the group accounts for financial year 2008/09. The Council took the view that neither trust should be included within the 2007/08 financial statements.
9. In 2008/09 there have also been some operational and managerial changes within SCT, including the appointment of a trust general manager to replace the Council's chief executive. While the impact of these changes will be reviewed by the auditors in forming an opinion on the appropriate accounting treatment of SCT in the Council's 2008/09 group accounts, they are likely to remain of the view that, to comply with the SORP, SCT should be included. The Council has explained to the auditors that the trust is concerned that its charitable status may be affected if the trust was to provide accounts to the Council for group consolidation purposes. The Council has explained that the trust is having discussions with the charities regulator (Office of the Scottish Charity Regulator) on these concerns.

Conclusion

10. The purpose of my report is to bring the Accounts Commission's attention to the fact that, for the third consecutive year, the auditors have qualified the accounts of Shetland Islands Council because of a disagreement about accounting treatment in the Council's group accounts.
11. The results of the Shetland Development Trust are to be included in the group accounts for 2008/09. The position on the Shetland Charitable Trust will be the subject of further consideration by the Council in 2008/09. Unless the position is resolved, there is a risk that the auditors will again qualify the Council's accounts in 2008/09.

CAROLINE GARDNER
CONTROLLER OF AUDIT
9 December 2008

Independent auditor's report to the members of Shetland Islands Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Shetland Islands Council and its group for the year ended 31 March 2008 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement, the Housing Revenue Account, Statement of Movement on the Housing Revenue Account Balance, the Council Tax Income Account, the Non-Domestic Rate Income Account, the Pension Fund Account, and the related notes and the Statement of Accounting Policies, together with the Group Accounts. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Head of Finance and auditor

The Head of Finance's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2007 - A Statement of Recommended Practice (the 2007 SORP) are set out in the Statement of Responsibilities for the financial statements.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP the financial position of the local authority and its group and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

I also report to you, if in my opinion, the local authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the local authority's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information

comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. My audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Head of Finance in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the local authority's and its group circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from disagreement about accounting treatment

The 2007 SORP requires group accounts to be prepared by local authorities where they have interests in entities meeting the definitions of subsidiaries, associates and joint ventures. Group financial statements are required to present fairly a full picture of the authority's activity and financial position.

The Council's group accounts do not include the Shetland Development Trust and the Shetland Charitable Trust, and their related subsidiaries. In my opinion, the substance of the Council's relationship with both of these bodies represents a significant interest and their omission results in a material mis-statement of the group accounts.

In March 2008, the Council obtained legal advice which recommends that the results of the Shetland Development Trust should be included in the group accounts, whilst the position of the Shetland Charitable Trust required further consideration. Despite this advice, for 2007/08 the Council has not included either of the trusts in the group accounts.

Based on prior year financial statements, I estimate that these bodies would contribute:

- a deficit position of approximately £3 million to the Group Income and Expenditure Account (resulting from income of £13 million and expenditure of £16 million);
- net assets of approximately £277 million to the Group Balance Sheet (resulting from fixed assets of £29 million, investments and loans of £232 million, net current assets of £18 million and long term liabilities of £2 million).

Except for the omission of these amounts from the group accounts, in my opinion the financial statements:

- present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP, the financial position of Shetland Islands Council and its group as at 31 March 2008 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

*Fiona Mitchell-Knight FCA
Assistant Director of Audit (Local Government)
Audit Scotland
7th Floor Plaza Tower
East Kilbride, G74 1LW*

30 September 2008

**STATUTORY PROVISIONS FOR REPORTS BY THE CONTROLLER OF AUDIT
AND PROCEDURE OF THE ACCOUNTS COMMISSION**

**AN AMALGAMATION OF EXCERPTS FROM THE LOCAL GOVERNMENT (SCOTLAND)
ACT 1973, THE ETHICAL STANDARDS IN PUBLIC LIFE ETC (SCOTLAND) ACT 2000
AND THE LOCAL GOVERNMENT IN SCOTLAND ACT 2003**

**NOTE: THIS DOES NOT COVER SPECIAL REPORTS. THERE IS A SIMILAR BUT MORE
DETAILED STATUTORY PROCEDURE FOR SPECIAL REPORTS**

S102 1973 Act - Reports by the Controller of Audit

- (1) The Controller of Audit may, and if so required by the Commission, shall make reports to the Commission with respect to -
 - (a) the accounts of local authorities audited under this part of this Act;
 - (b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public;
 - (c) the performance by a local authority of their duties under Part 1 (best value and accountability) and Part 2 (community planning) of the Local Government in Scotland Act 2003.
- (2) The Controller of Audit shall send a copy of a report made under subsection (1) above to
 - (a) any local authority named in the report; and
 - (b) any other person the Controller thinks fit.
- (2A) A local authority shall, forthwith upon their receiving a copy of a report sent to them under subsection (1) or (2) above, supply a copy of that copy report to each member of the authority and make additional copies available for public inspection.

S3 2003 Act - Action by Accounts Commission following report by Controller of Audit

On a report being made to it by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 the Accounts Commission may do, in any order, all or any of the following, or none of them -

- (a) direct the Controller of Audit to carry out further investigations;
- (b) hold a hearing;
- (c) state its findings.

S103C 1973 Act - Hearings

- (1) The procedure at a hearing shall be such as the Commission determines.
- (3) A hearing shall be conducted by not fewer than three members of the Commission selected by the Chairman of the Commission.
- (4) Notwithstanding paragraph 4(1) of schedule 8 to this Act, for the purposes of this section the quorum for a meeting of the Commission shall be three.

S4 2003 Act

- (5) At a hearing the Accounts Commission shall afford -
- (a) any local authority likely to be affected by any findings made; and
 - (b) any person likely to be so affected (or the representative of such a person),
- the opportunity of appearing and being heard.

S103C 1973 Act

- (6) An officer or member entitled to be heard at a hearing shall be entitled to be heard either in person or represented by counsel or a solicitor or any other person.
- (7) The members of the Commission conducting a hearing may -
- (a) require any person, including officers or members or former officers or members of any local authority, to attend the hearing, give evidence and produce documents;
 - (b) administer oaths.
- (8) A person shall not, however, be compelled to give any evidence or produce any documents which that person could not be compelled to give or produce in civil proceedings in the Court of Session.
- (9) A person who, without reasonable excuse, fails to comply with a requirement under 7(a) above is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (10) The Commission may pay persons appearing at a hearing or attending it for the purpose of giving evidence or producing documents such expenses or allowances as it thinks fit.
- (11) A hearing shall be held in public unless the members of the Commission conducting it determine that it is in the public interest that it, or such part of it as they specify for the purposes of this subsection, be not so held.
- (12) In this section "documents" includes information held by means of a computer or in any other electronic form.

S103 D - Findings of hearings

The members of the Commission conducting a hearing shall state their findings in writing and give a copy to the local authority, any other person the Commission considers should, under this paragraph, receive such a copy and any other person seeking a copy of those findings who has paid the Commission's reasonable charge for providing such a copy.

S4(2)(b) 2003 Act

Findings which do not follow a hearing shall be treated as the findings of the members of the Commission holding a hearing.

- (3) Findings may include recommendations and the persons to whom those recommendations may be made include the Scottish Ministers.

- (4) The Accounts Commission shall give a copy of findings so made to any member or officer of a local authority who was named in the report upon which proceeded the hearing to which the findings relate.

S103E 1973 Act - Action by local authorities

- (1) A local authority receiving a copy of findings shall consider those findings at a meeting of the authority within three months of receiving them or within such longer period as the Commission may specify in writing.
- (2) The duty imposed on a local authority by subsection (1) above shall be discharged only by that authority and not by a committee or sub committee or an officer.
- (3) Where findings received by a local authority contain recommendations, the authority shall decide -
- (a) whether to accept any or all of those recommendations;
 - (b) what, if any, action to take in response to those recommendations.
- (4) A meeting under subsection (1) above shall not be held unless, at least seven clear days before the meeting, there has been published, in a newspaper circulating in the area of the local authority concerned, a notice which -
- (a) states the time and place of the meeting;
 - (b) indicates that the meeting is to be held in order to consider the findings of the Commission and any recommendations in those findings; and
 - (c) describes the nature of those findings and of any such recommendations.
- (5) The local authority shall, as soon as practicable after that meeting -
- (a) notify the Commission of any decisions made in pursuance of subsection 3 above; and
 - (b) publish, in a newspaper circulating in the area of the local authority, a notice containing a summary, approved by the Commission, of any such decisions.
- (6) A notice under subsection 5(b) above shall not need to summarise any decision made while the public were excluded from the meeting -
- (a) under section 50A (2) of this Act (confidential matters) or in pursuance of a resolution under section 50A (40) of this Act (exempt information); but
 - (b) in a case where section 50C and 50D of this Act (availability for inspection after meetings of minutes, background papers and other documents) apply in relation to the meeting, shall indicate the documents which, in relation to that meeting, are open for inspection in accordance with those sections.

S23 2003 Act - Enforcement: preliminary notice

- (1) Where, on a recommendation having been made to them under section 103D of the 1973 Act as applied by section 4 above, it appears to the Scottish Ministers -
- (a) that a local authority is not complying or has not complied with its duties under section 1, 13, 15 or, as the case may be, 17 above; and
 - (b) that an enforcement notice is justified,
- they may service a preliminary notice on the authority.

- (2) Where, without a recommendation having been so made to them, it appears to Scottish Ministers -
 - (a) that a local authority is not complying or has not complied with section 1; and
 - (b) that giving the local authority an enforcement direction is justified in order to protect the public interest from substantial harm,they may serve a preliminary notice on the authority.
- (3) A preliminary notice is a written notice which -
 - (a) informs the authority of its apparent failure to comply with its duties under section 1, 13, 15 or, as the case may be, 17 above; and
 - (b) requires the authority to submit to the Scottish Ministers, within such time as is specified in the notice, a written response which -
 - a. states that it has not failed to comply with its duties under section 1, 13 15 or, as the case may be, 17 above in respects described in the notice and justifies the statement; or
 - b. states it has so failed but gives reasons why they should not give it an enforcement direction.

S24 2003 Act - Enforcement directions

- (1) Where, following the service of a preliminary notice and the expiry of the time specified in it under section 23(3)(b) above, it still appears to the Scottish Ministers that the local authority is not complying with its duties under section 1, 13, 15 or, as the case may be, 17 above and that action by them under this section is justified they may give the authority an enforcement direction.
- (2) An enforcement direction is a direction by the Scottish Ministers requiring the local authority to which it is given to take such action as is specified in the direction being action calculated to remedy or prevent the recurrence of its failure to comply with its duties under section 1, 13, 15 or, as the case may be, 17 above.
- (3) An enforcement direction may place such conditions as the Scottish Ministers may specify in it upon the carrying out of such functions of the local authority as are so specified.
- (4) The action referred to in subsection (2) above may include rectification of accounts.
- (5) The Scottish Ministers may vary an enforcement direction by giving a further such direction.
- (6) A further such direction need not proceed upon a further preliminary notice under section 23 above.
- (7) An enforcement direction may be revoked by the Scottish Ministers.
- (8) It is the duty of the local authority to which an enforcement direction is given to comply with it.
- (9) The Scottish Ministers may, instead of or as well as giving an enforcement direction, make such recommendations to such persons as they think appropriate.

- (10) If the Scottish Ministers exercise their power to give, vary or revoke an enforcement direction they shall -
- (a) prepare a report on their exercise of that power; and
 - (b) lay that report before the Scottish Parliament.

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Mr Morgan Goodlad
Chief Executive
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13 January 2009

Dear Mr Goodlad

Statutory Report – Annual Audit 2007/08

Further to my letter to you of 10 December 2008 I am writing to advise you that the Accounts Commission, at a recent meeting, agreed to make findings on the Statutory Report by the Controller of Audit in connection with the 2007/08 annual audit of your Council. I enclose a copy of the findings for your information.

As I mentioned in my previous letter, the statutory provisions now require your Council to consider the Commission's findings at a meeting of the Council within 3 months of receiving them or within such longer period as the Commission may specify in writing. This duty must be discharged by the full Council and not by a committee, sub-committee or officers. At least 7 clear days before the meeting there must be published in a newspaper circulating in your area a notice stating the time and place of the meeting, indicating that it is to be held to consider the findings of the Commission and describing the nature of those findings. After your Council has met the Commission must be notified of any decisions made and your Council must also publish in a newspaper circulating in your area a notice containing a summary, approved by the Commission, of your Council's decision.

Please do not hesitate to contact me if I can be of any assistance regarding these matters.

Yours sincerely,

Catherine Coull

Catherine Coull
Secretary

TO	ACTION	INFO
CHIEF EXEC		<input checked="" type="checkbox"/>
FINANCE		
LEGAL/ADMIN		
ORG DEV		
HOUS/CAP PRO		
COM EGO DEV		
PORTS/HARBRS		
INFRA SVS		
EDUC/HALT		
EDUC/SW		

Enc

ACCOUNTS COMMISSION FOR SCOTLAND

SHETLAND ISLANDS COUNCIL

ANNUAL AUDIT 2007/08

FINDINGS

The Accounts Commission has considered the report by the Controller of Audit under Section 102(1) of the Local Government (Scotland) Act 1973 on the 2007/08 Annual Audit of Shetland Islands Council.

The Commission notes with great concern that for the third consecutive year the Council has received a qualified audit opinion, as the auditors have determined that the substance of the Council's relationship with the Shetland Development Trust and the Shetland Charitable Trust represents a significant interest and that, accordingly, their omission from the Council's group accounts results in a material mis-statement of those accounts.

The Commission expects the Council to take all appropriate action without further delay to resolve this situation during the 2008/09 financial year.



REPORT

To: **Shetland Islands Council**

18 February 2009

From: **Head of Finance**

GENERAL FUND REVENUE ESTIMATES & COUNCIL TAX SETTING – 2009/10 **Report No: F-003-F**

1.0 Introduction

1.1 The Council, at its meeting on 10 September 2008 (min ref: 121/08), adopted a Budget Strategy for the 2009/10 estimates process. Members resolved to pursue a policy for 2009/10 which: -

- a) reaffirmed the existing £250 million Reserve Floor policy (i.e. that Council discretionary Reserves will be maintained at or above that level);
- b) established a single overall limit for drawings on Reserves in 2009/10 of £30.7 million (based on the current limits of £3 million of General Fund revenue support, £20 million General Fund Capital Programme support, £7.7 million Reserve Fund Programme support);

The long-term aim in respect of the General Fund is to steadily reduce demand thereafter on Reserves to support revenue spending on the General Fund such that the draw on Reserves will be zero in 2012/13.

1.2 This report provides Members with the information required to set the various charges and make the necessary resolutions.

2.0 Links to Corporate Priorities

2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to prioritising and planning so we can sustain the services we want to provide and help develop our economy and, in particular, to keep revenue budgets within sustainable limits.

3.0 Format of the Report

- Section 1 - Introduction
- Section 2 - Links to Corporate Priorities
- Section 3 - Format
- Section 4 - 2009/10 Support & Recharged Estimates
 - 2009/10 General Fund Estimates
 - 2009/10 Reserve Fund Estimates
 - 2009/10 Charges (Appendix B)
- Section 5 - 3 Year Budgets: 2010/11 and 2011/12
- Section 6 - Virements and Contracts (Appendices C and D)
- Section 7 - Policy and Delegated Authority
- Section 8 - Conclusions
- Section 9 - Recommendations and Formal Resolutions (Appendix A)

4.0 2009/10 Estimates

4.1 Support and Recharged Services

4.1.1 The Support Services ledger comprises the headquarters costs of all Departments of the Council, which are ultimately recharged out to particular services and funds, leaving a zero balance on the Support Services Ledger.

4.1.2 Table 1(a) below compares the 2009/10 Support Services budgets put forward by the Chief Executive, the Executive Directors and Heads of Service against the 2009/10 no growth projection.

Table 1(a)	2009/10 No Growth Projection £000	2009/10 Budget £000	Variance (Adverse)/ Favourable £000
Support Services			
Employee Costs	19,199	19,666	(468)
Operating Costs	6,468	6,680	(212)
Transfer Payments	0	0	0
Income	(431)	(562)	131
Net Dept Expenditure	25,236	25,784	(548)
Net Recharges	(25,546)	(26,800)	1,255
Capital Financing Costs	310	1,016	(706)
Total Net Expenditure	0	(0)	0

4.1.3 The above table shows an increase in the overall Net Departmental controllable expenditure of £0.548m. This is mainly on increased staffing costs. The tri-annual actuarial review of pensions has just been carried out, a consequence of this is an increase in employer pension contributions of 1%, which has resulted in an increased pension budget requirement of £0.130m. The transfer of staffing from the Shetland Development Trust has also been included in the budget for 2009/10 amounting to £0.170m. For the remaining increase in employee costs, this is mainly due to a few posts that were partially budgeted for in 2008/09, however there is a need to budget for the full cost of these

established posts. The increase in operating costs is due mainly to the addition of the Bio Solar Hus costs of £0.141m and additional schools testing maintenance of £0.095m.

4.1.4 It is disappointing this year, after a number of years of successfully reducing costs in this area, that Budget Responsible Officers (BROs) have not been able to bring forward budget proposals on target for Support Services. Management will however continue to focus on reducing costs where possible as the year progresses.

4.1.5 Table 1(b) below compares the 2009/10 Recharged budgets put forward by the Executive Directors and Heads of Service against the 2009/10 no growth projection. This covers internal services provided to Ferries, Ports and Schools (cleaning/catering).

Table 1 (b)	2009/10 No Growth Projection £000	2009/10 Budget £000	Variance (Adverse)/ Favourable £000
Recharged Services			
Employee Costs	3,687	3,651	36
Operating Costs	9,577	9,646	(69)
Transfer Payments	0	0	0
Income	(1,145)	(1,154)	9
Net Dept Expenditure	12,119	12,143	(24)
Net Recharges	(12,119)	(12,143)	24
Capital Financing Costs	0	0	0
Total Net Expenditure	0	0	0

4.1.6 The overall Net Departmental controllable expenditure is £0.024m higher than the no growth projection for 2009/10. This growth is mainly in relation to the catering and cleaning service due to the increased cost of supplies for food and cleaning materials plus additional properties to clean and increased pension costs.

4.2 General Fund

4.2.1 The table below compares the 2009/10 General Fund budgets put forward by the Chief Executive, Executive Directors and Heads of Service against the 2009/10 no growth projection.

Table 2	2009/10 No Growth Projection £000	2009/10 Budget £000	Variance (Adverse)/ Favourable £000
General Fund			
Employee Costs	57,649	57,516	133
Operating Costs	32,741	33,390	(649)
Transfer Payments	11,489	10,920	569
Income	(20,696)	(20,480)	(216)
Net Dept Expenditure	81,182	81,346	(164)
Net Recharges	22,756	23,069	(313)
Capital Financing Costs	392	316	76
Total Net Expenditure	104,330	104,731	(401)
Financed by:			0
General Revenue Funding (Block Grant)	(83,964)	(83,878)	(86)
Council Tax Freeze Support	(256)	(256)	0
Non Domestic Rates	(8,561)	(9,076)	515
Council Tax	(7,806)	(7,908)	102
Trading Contribution	(744)	(613)	(131)
Council Reserves	(3,000)	(3,000)	0
Total (Surplus)/Deficit	(0)	(0)	0

4.2.2 It can be seen from Table 2 that the budget estimates put forward by Budget Responsible Officers result in a draw upon Council Reserves of £3m, in line with the approved budget strategy.

4.2.3 Table 3 below shows the Net Departmental Expenditure by Service Area.

Table 3 Net Departmental Expenditure by Service Area	2009/10 No Growth Projection £000	2009/10 Budget £000	Variance (Adverse)/ Favourable £000
Chief Executive	328	360	(32)
Organisational Development	(75)	25	(100)
Legal & Administration	124	210	(85)
Finance	417	414	3
Housing	685	870	(185)
Educ & Social Care Directorate	3,269	3,249	20
Community Care	16,265	16,882	(616)
Schools	34,958	34,962	(3)
Children's Services	5,665	5,732	(68)
Criminal Justice	19	13	6
Lifelong Learning	470	472	(2)
Environment	7,602	7,344	257
Planning	(270)	(399)	129
Roads	5,401	5,351	50
Transport	8,843	8,934	(91)
Savings/Vacancy Factor	(2,522)	(3,074)	552
Total Net Dept Expenditure	81,182	81,346	(164)

4.2.4 It can be seen that Budget Responsible Officers had some success in getting their budgets down towards the ambitious no growth projection level in many areas. That proved difficult, however, in the big spending area of Community Care, where increasing demands and existing service design meant that the target was missed by £0.616m. In Organisational

Development and Housing, the income set in the no growth projection was at a higher level than that which is now to be received in 2009/10 or is part of the overall settlement (£0.100m on each area).

- 4.2.5 The Executive Director of Infrastructure has intimated that in 2009/10 there will be an immense pressure on the Planning function with a large number of major developments coming forward, which will have repercussions for years to come. A detailed report will follow in one cycle on the proposed expenditure and budgetary issues which are likely to be incurred.
- 4.2.6 A pattern of underspending of approved budgets has emerged in recent years (£3m in 2005/06, £4m in 2006/07, £3m in 2007/08). There is evidence that this pattern is continuing in the current year and it is reasonable to conclude that it will continue into 2009/10, so an element of anticipated savings has been included in the budgets above of £3m. Executive Management Team will work with Budget Responsible Officers to ensure that this outcome is achieved, and will report to Council throughout the year on progress towards this objective.
- 4.2.7 The big issue not incorporated into the above figures is the implementation of Single Status. While that issue has not been resolved in detail (and therefore cannot be incorporated into the budget in detail) the indications are that Single Status is likely to cost in the region of £4 million per annum to be added to the Council pay bill (a figure approved by the Council in principle). Much of that extra cost will fall upon the General Fund, and that needs to be taken into account now, at least in broad terms.
- 4.2.8 The contention from BROs around the Council is that the 2009/10 budget figures cannot be further cut to make room for absorbing the costs of Single Status without adverse effects on service delivery which the Council were not requested to sanction in its budget strategy. The recent discussion on re-introduction of a member led finance monitoring panel/committee on today's agenda could be an appropriate vehicle to take forward required additional efficiency savings for the future.
- 4.2.9 While Single Status is expected to cost around £4 million in year one, there is also the expectation that there will be some degree of cost recovery in future years (through job redesign, enhanced working and efficiencies). In the circumstances it may be realistic to accept that there will have to be some degree of over-drawing upon the Council's Reserves during a transitional period in which Single Status is implemented.
- 4.2.10 Drawing more from the Reserves than policy allows is a serious step to take, even for a temporary period. The Council may take some comfort, however, from the fact that it has drawn less from Reserves in the years 2005/06 to 2007/08 than policy allowed (£12.4 million less to support the General Fund Capital Programme, and £8.1 million less to support General Fund Revenue). And the pattern of spending on both capital and revenue in the current year (2008/09) suggests that that trend (of doing better than policy dictates) is continuing. I therefore conclude that a temporary period of drawing more from Reserves than policy allows is

the best option for funding the implementation of Single Status, provided that members and BROs make best endeavours to minimise the extent and duration of the period of over-drawing.

4.2.11 My view is that there will need to be a supplementary budget exercise to consider the impacts and options concerning Single Status implementation when the details of a settlement are known, but that in the meantime the General Fund budget for 2009/10 should be approved as set out in Table 2.

4.2.12 As part of the Scottish Government settlement, the Government have proposed a Concordat with local government, part of which requires the Council Tax to remain at the same level as in 2007/08. If the Council does not wish to do this then there will be a sum deducted from the settlement amounting to £0.256m (equivalent to a 3% increase in Council Tax for 2009/10).

4.3 Reserve Fund

4.3.1 Table 4 (a) below sets out the Reserve Fund budgets for 2009/10 by Service in comparison to the target.

Table 4 (a)	2009/10 No Growth Projection £000	2009/10 Budget £000	Variance (Adverse)/ Favourable £000
Reserve Fund Services			
Employee Costs	0	0	0
Operating Costs	1,670	1,925	(255)
Transfer Payments	3,736	10,791	(7,055)
Income	(4)	(4)	(0)
Net Dept Expenditure	5,403	12,712	(7,310)
Net Recharges	1,141	1,314	(172)
Capital Financing Costs	0	0	0
Transfer of Income from SDT	0	(7,325)	7,325
Total Net Expenditure	6,544	6,701	(157)

4.3.2 The Reserve Fund bids for 2009/10 are over the no growth projection by £0.157m. These budgets include the transfer of activities from the Shetland Development Trust for which there is a corresponding transfer of income £7.325m. This year is a transitional period for the re-integration of economic development activity back into the Council. There is a need in 2009/10 to look at the long term funding of economic development, loan recycling and the integration of capital projects into the capital programme process. This will allow us time to look at how we can manage the future years reduction in resources from Shetland Development Trust investments, which are currently being used to fund economic activity.

4.3.3 The contribution to the Reserve Fund from Harbour Account surpluses is likely to be below target due to lower than expected traffic levels through the Port of Sullom Voe. Restoration of profitability at the Port of Sullom Voe is a crucial issue, which will need to be the focus of attention in the

coming year. Future years spending levels are hugely dependent upon achieving that goal.

Table 4 (b) Reserve Fund Estimates	2009/10 No Growth Projection £000	2009/10 Budget £000	Variance (Adverse)/ Favourable £000
Organisational Development	242	358	(116)
Legal and Administration	1,053	1,071	(18)
Finance	21	28	(6)
Housing	159	157	2
Train Shetland & Adult Learning	329	308	22
Environment	255	250	5
Planning	797	841	(44)
Economic Development	3,688	11,013	(7,326)
Transfer of Income from SDT	0	(7,325)	7,325
Total Reserve Fund	6,544	6,700	(157)

4.3.3 The overspend of £0.157m is due to an increase in graduate placements budgeted for 2009/10 £0.116m and an increase in recharge costs under Planning services.

4.4 2009/10 Charges

4.4.1 The detailed review of charges is contained in Appendix B, and built into the estimates shown in Table 2.

4.4.2 Non Domestic Rates

4.4.2.1 The Scottish Government sets this charge and, although it is collected locally, the proceeds are nationally pooled and redistributed on a population basis using the Aggregate External Finance mechanism.

4.4.2.2 The Small Business Bonus Scheme was introduced by the Scottish Government from 1 April 2008. The new scheme, which replaced the Small Business Rate Relief Scheme, reduces the rates burden for businesses with properties for which the combined rateable is £15,000 or less.

4.4.2.3 The terms for 2009/10 scheme will be as follows, subject to Scottish Parliamentary approval of the necessary Regulations in March 2009.

Table 5 Combined rateable value of all business properties occupied by applicant	Percentage relief
	2009-10
Up to £8,000	100 %
£8,001 to £10,000	50 %
£10,001 to £15,000	25 %

4.4.2.4 For subjects with a rateable value below £29,000 the rate will be 48.1p in the pound, up from 45.8p.

- 4.4.2.5 The Small Business Bonus Scheme is similar to the former Small Business Rate Relief Scheme in that larger businesses will continue to contribute to the cost of the scheme by paying a supplement on the rate poundage for all subjects with a rateable value above £29,000. In 2009/10 this supplement will be 0.4p (0.4p in 2008/09) on the rate poundage of all properties with a rateable value above £29,000, therefore the rate will be 48.5p in the pound.

4.4.3 Council Tax

- 4.4.3.1 The Council agreed to a freeze on council tax for 2008/09 and was compensated with £0.256m of additional grant support. For 2009/10, the Scottish Government again has requested that Council's freeze the council tax and will be compensated by £0.256m in additional grant support.
- 4.4.3.2 Should the Council decide to freeze the Council tax, Band D Council Tax for 2009/10 will remain at £1,053. This will produce a yield of £7,908,156 to the General Fund, assuming a 95.5% collection rate.
- 4.4.3.4 Table 6 below shows the 2009/10 Council Tax charges compared to 2008/09.

<u>Table 6: General Fund - Council Tax in Accordance with Scottish Government Funding 2009/10</u>		
Property Band	Council Tax 2008/09 £	Council Tax 2009/10 £
A (0-£27,000) Disabled	585	585
A (0-£27,000)	702	702
B (£27,000-£35,000)	819	819
C (£35,000-£45,000)	936	936
D (£45,000-£58,000)	1,053	1,053
E (£58,000-£80,000)	1,287	1,287
F (£80,000-£106,000)	1,521	1,521
G (£106,000-£212,000)	1,755	1,755
H (£212,000 and over)	2,106	2,106

5.0 **3 Year Budgets: 2009/10 and 2010/11**

- 5.1 Table 7 below summarises the overall position on the General Fund for 2010/11 and 2011/12. This is required by the Scottish Government's three-year budgeting regime.
- 5.2 This has been done by extrapolating figures from the 2009/10 budget exercise, and modifying them for inflation in 2010/11 and 2011/12.

Table 7 General Fund 2010/11 and 2011/12 Estimates	2010/11 Estimate £000	2011/12 Estimate £000
Employee Costs	62,105	63,657
Operating Costs	34,058	34,739
Transfer Payments	11,138	11,361
Savings to be found (including vacancy factor)	(4,504)	(5,949)
Income	(20,890)	(21,307)
Net Expenditure	81,908	82,501
Net Recharges	23,530	24,001
Net Capital Financing Costs	322	329
General Fund Financing Required	105,761	106,831
Funding Income:		
Revenue Support Grant	(85,556)	(87,267)
Non-Domestic Rates	(9,258)	(9,443)
Council Tax Freeze Support	(256)	(256)
Council Tax	(8,066)	(8,227)
Trading Contribution	(625)	(638)
General Fund Reserves	(2,000)	(1,000)
BALANCED BUDGET	0	(0)

- 5.3 Table 7 gives an early assessment of the level of spending required to continue to adhere to the Council's current long-term policy on Reserves. Inflation each year has been set at 2% for all expenditure and income budgets. This results in savings required in 2010/11 of £4.504m and £5.949m in 2011/12 to meet the policy on use of reserves. If the current service growth trends are not addressed then the ability to fund future capital programmes from our reserves and remain debt free will be jeopardised. This will be particularly the case with the recent slump in investment returns from the markets.

6.0 Virements and Contracts

- 6.1 An exemption to section 7.11 of the Council's Financial Regulations is being sought by the Executive Director of Infrastructure Services. As in previous years, the Executive Director of Infrastructure Services seeks the authority to undertake virements greater than the 'de minimis' level on three services. The first service involves the request to undertake virements between the Road Maintenance and Winter Maintenance cost centres on the basis that the work is mutually exclusive. The second area is within the Winter Maintenance cost centre between 1102 Emergency Repairs (the labour costs recharged from the DLO) and 1222 consumables (for the purchase of salt) to provide operational flexibility to officers in the department and the third is between the bus contracts within the global figure as set out in Appendix D, in connection with the administration of the contracts by the Council on behalf of the Zetland Transport Partnership.

7.0 Policy and Delegated Authority

- 7.1 There are no delegated powers for the Chief Executive, the Executive Director Infrastructure, the Executive Director Education & Social Care or Heads of Service to determine the level of revenue resources required to provide Council's services. The ultimate decision on approving the revenue estimates lies with the Council.

- 7.2 The decision on setting the Council Tax lies with the Council.
- 7.3 The authority for setting pricing and charging arrangements lies with the Council. Proposals regarding benchmark figures for equalisation of charges must be referred to Shetland Charitable Trust.
- 7.4 The Council can approve that authority be delegated to the Executive Director of Infrastructure Services to carry out the virements detailed in paragraph 6.1.

8.0 Conclusions

- 8.1 In summary this report sets out the proposed Support Services, Recharged Services, General Fund and Reserve Fund budgets for the Council for the 2009/10 financial year.
- 8.2 A review of charges has also been undertaken and the proposals are detailed in Appendix B.
- 8.3 The Support Services budgets for 2009/10 are over the budget strategy no growth projection by £0.548m due to increasing staff costs with the transfer SDT staff, an additional property (Bio Solar Hus) and the budgeting for established posts this year which was not budgeted for in 2008/09.
- 8.4 The Recharged Ledger budgets for 2009/10 are over the budget strategy no growth projection by £0.024m. This is mainly on catering and cleaning costs.
- 8.5 The Reserve Fund budgets for 2009/10 are over the budget strategy no growth projection by £0.157m due mainly to the increase in graduate placements for 2009/10.
- 8.6 The central finding of this report is that the proposed General Fund revenue budget for 2009/10 requires use of the Council's Reserves to a level of £3m in line with the budget strategy. Following the trend for general under spending of budgets, there is a savings/vacancy element in the budget of £3m. There is a need for EMT to closely monitor activity to ensure the budget is not exceeded.

9.0 Recommendations

- 9.1 I recommend that Council:-
- a) consider the 2009/10 estimates as detailed in Tables 1a, 1b, 2 and 4, and agree the balancing of the General Fund budget by applying up to £3 million from Reserves to the General Fund;
 - b) instruct Executive Management Team to monitor budgets versus actuals to ensure that the Council's key financial objectives are achieved;
 - c) consider and agree the review of charges contained in Appendix B;
 - d) note the Non-Domestic Rates as indicated by the Scottish Executive in paragraph 4.4.2;

- e) agree to freeze the Council Tax charges in line with the Concordat between the Council and the Scottish Government at the 2007/08 level as set out in Table 6;
- f) consider and agree the 2010/11 and 2010/11 summary financial projections set out in Table 7;
- g) confirm the continued delegation to the Executive Director of Infrastructure Services the authority to undertake virements greater than the “de minimis” level between the Road Maintenance and Winter Maintenance cost centres (details in Appendix C) and within the Winter Maintenance cost centre between 1102 Emergency Repairs and 1222 Consumables;
- h) consider and agree the bus contract estimates contained in Appendix D, and the letting of any of the individual contracts as shown, within that global figure, in connection with the administration of the contracts by the Council on behalf of the Zetland Transport Partnership;
- i) subject to consideration of the above recommendations the Formal Resolutions set out in Appendix A should be adopted and agreed;

Date: 11 February 2008
Our Ref: HKT/C/1/2009

Report No: F-003-F

Shetland Islands Council – Revenue Estimates 2009/10**The Formal Resolutions Required****Recommendation**

It is recommended that to provide for the expenses foreseen in the Revenue Estimates for 2009/10, the Council RESOLVE THAT:-

- 1 they IMPOSE and LEVY the following assessments for the period from 1 April 2009 to 31 March 2010.
 - (i) **RATES**
 - (a) **THE SHETLAND ISLANDS COUNCIL DO DECERN AND ORDAIN** the whole occupiers in Shetland Islands liable for the aforesaid assessments, to make payment thereof to the Head of Finance, either by ten instalments, as near equal amounts as practicable, the first on or before 1 May 2009 and at monthly intervals thereafter, or in a single payment on or before 30 September 2009.
 - (ii) **COUNCIL TAXES**
 - (a) **Council Tax:** Council Tax of £1,053.00 – Band D equivalent, on all chargeable dwellings in Shetland and to be paid by the persons liable therefore under the Local Government Finance Act 1992, as amended by the Local Government etc. (Scotland) Act 1994.
 - (b) **THE SHETLAND ISLANDS COUNCIL DO DECERN AND ORDAIN** the persons liable as described in the Local Government Finance Act 1992, in respect of chargeable dwellings referred to in paragraph (ii) (a) for the aforesaid assessments to make payment thereof to the Head of Finance, either by 10 monthly instalments, as near equal in amount as practicable, the first on or before 1 April 2008 and at intervals thereafter, or in a single payment before 1 June 2009.
- 2
 - (a) The Council adopt the following regulations with regard to the lodging and hearing of appeals against rates, in terms of Section 283 of the Local Government (Scotland) Act 1947, viz:
 - (b) persons complaining that they have been improperly charged, must lodge their appeals with the Head of Finance not later than 28 days after receipt of a rates demand note and these appeals will be heard by Council on a date to be notified to appellants. Appellants may appeal personally in support of their appeals or be represented by an agent.
 - (c) no appeal against the valuation entered in the valuation roll is competent.
- 3 The de minimis sum (used to establish whether expenditure of a capital nature should be charged to capital or revenue) for the year commencing 1 April 2009 should be set equal to £10,000.
- 4 To provide the necessary financing supplementary income from taxes, charges and grants, the Head of Finance be authorised to ask the Bank of Scotland, Lerwick Branch to advance by way of overdraft, if and when necessary, a sum not exceeding £800,000.

REVIEW OF CHARGES - EXECUTIVE OFFICE

TOWN HALL CHARGES	2008/09 Charge £	2009/10 Charge £	Variance %
Weddings	33.00	33.75	2.27
Miscellaneous Functions (to 5pm)	14.85	15.25	2.69
Miscellaneous Functions (after 5pm)	21.00	21.50	2.38
Time after 1am	61.50	63.00	2.44
Preparation after 5pm	20.00	20.50	2.50

REVIEW OF CHARGES - LEGAL & ADMIN SERVICES

	2008/09 Charge £	2009/10 Charge £	Variance %
PROPERTY ENQUIRY CERTIFICATES	95.00	95.00	0.0
CIVIL MARRIAGES - LERWICK REGISTRATION OFFICE			
Approved Places – Licensing Scheme			
Application for 3 year licence	182.00	185.00	1.6
Application for 1 day licence	182.00	185.00	1.6
Marriage Room, County Buildings (Maximum no. 25)			
<i>4 to 25 guests - Monday to Friday – 10 a.m. to 4 p.m.</i>			
Accommodation and Booking Fee	27.00	28.00	3.7
<i>up to 25 guests - Outwith Normal Office Hours</i>			
Accommodation and Booking Fee	54.00	55.00	1.9
Registration Office – All Districts, except Lerwick - 4+ guests			
Accommodation and Booking Fee	27.00	28.00	3.7
Approved Places - All Districts			
Administration and Booking Fee	107.00	110.00	2.8
<i>All booking fees include a £10 non-refundable fee</i>			
LICENSING (Scotland) Act 2005 (New)			
(For noting only - Charges below are determined by Fees Regulations or the Licensing Board)			
Application Type			
Initial Premises Application Fee			
Category 1	200.00	200.00	0.0
Category 2	800.00	800.00	0.0
Category 3	1100.00	1100.00	0.0
Category 4	1300.00	1300.00	0.0
Category 5	1700.00	1700.00	0.0
Category 6	2000.00	2000.00	0.0
Annual Premises Licence Fee			
Category 1	180.00	180.00	0.0
Category 2	220.00	220.00	0.0
Category 3	280.00	280.00	0.0
Category 4	500.00	500.00	0.0
Category 5	700.00	700.00	0.0
Category 6	900.00	900.00	0.0
Vary Premises Licence 29(1) Substitution of manager	31.00	31.00	0.0
Vary Premises Licence 29(1) minor	20.00	20.00	0.0
Vary Premises Licence 29(1) other	50.00	50.00	0.0
Xfr by Licence Holder 33(1) with variation	75.00	75.00	0.0
Xfr by Licence Holder 33(1) with no variation	50.00	50.00	0.0
Xfr by another person 34(1) with variation	75.00	75.00	0.0
Xfr by another person 34(1) with no variation	50.00	50.00	0.0
Temporary Premises Licence 47(2)	75.00	75.00	0.0
Occasional Licence 56(1)	10.00	10.00	0.0
Extended Hours 68(1)	10.00	10.00	0.0
Personal Licence 72(1)	50.00	50.00	0.0
Replacement Personal Licence 92(1)	10.00	10.00	0.0

REVIEW OF CHARGES - COMMUNITY CARE SERVICES

	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
Social Work Establishments			
Permanent residents -single room per week (i)			
- Edward Thomason House	1253.00	1344.00	7.3
- Fernlea	1159.00	1185.00	2.2
- Isleshavn	1170.00	1200.00	2.6
- Nordalea	1714.00	1866.00	8.9
- North Haven	1038.00	1142.00	10.0
- Overtonlea	1042.00	1132.00	8.6
- Taing House	1012.00	1162.00	14.8
- Viewforth	1107.00	1239.00	11.9
- Wastview	1028.00	1148.00	11.7
COSLA Benchmark - Maximum Weekly Charge (ii)	467.00	485.00	3.9
Temporary residents all establishments			
- single room per week (iii)	187.00	195.00	4.3
Financial Assessment for Temporary Residential Care Disregarded Home Commitments Allowances:			
- Person living alone	32.00	33.00	3.1
- Person sharing a home	20.60	21.30	3.4
- Sheltered Housing tenant living alone	20.60	21.30	3.4
- Sheltered Housing tenant sharing a home	16.00	16.50	3.1
Stocketgaet and Sea View Living Expenses (iv)			
- Stocketgaet	60.35	67.36	11.6
- Seaview	60.35	98.06	62.5
Independent Living Project			
Charges for Communal Facilities			
- Rudda Park	15.00	15.00	0.0
- Arheim	0.00	15.00	n/a
Transition Experience Flat per night	11.00	11.00	0.0
Day Care per meal			
- Breakfast	1.45	1.50	3.4
- Main meal	2.40	2.50	4.2
- Tea	1.15	1.20	4.3
- Supper/Snack	1.15	1.20	4.3
Meals on Wheels - Per Meal	2.40	2.50	4.2
Social Work Premises			
Hourly room hire rate	7.25	7.50	3.4
There will be an additional charge for tea/coffee/biscuits.			

- (i) Residential Charges are subject to legislation and the method of calculation is based on the full economic cost including capital charges.
- (ii) From 7 April 2009, those residents in permanent care with savings/assets of over £22,000 (estimated) are responsible for meeting the full weekly cost of their care. However, the Shetland Charitable Trust agreed in 2000/01 to assist self-funding residents by equalising charges, so that no one pays more than the COSLA benchmark rate for residential care. The COSLA rate is not yet available, so an estimate has been used.
- (iii) The temporary residents' charge is based on the maximum income available from DWP benefits.
- (iv) Stocketgaet and Sea View living expenses are charged to the tenants. The Social Work Service then pays the bills in accordance with the principles outlined in Part 4 of the Adults with Incapacity (Scotland) Act 2000 due to the disabilities of the tenants. (Note that Part 4 does not, at present, apply to those in Supported Accommodation, but we are using it as a guide to best practice).

REVIEW OF CHARGES - COMMUNITY CARE SERVICES

2009/10 PRICING ARRANGEMENTS FOR INDEPENDENT SECTOR PROVIDERS

Crossreach	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
Negotiated price inclusive of enhancements for all client groups	719	770	7.1

Mainland Placements	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
Negotiated price will be on an individual basis in line with COSLA's benchmark figures.	Negotiable	Negotiable	n/a

DIRECT PAYMENT RATES - COMMUNITY CARE SERVICES

SERVICE	2008/09 Direct Payments Rate Payable £	2009/10 Direct Payments Rate Payable £	VARIANCE %
Personal Care per hour (4)	15.24	15.72	3.1
Domestic Tasks per hour (including Laundry and Meal preparation) (4)	9.96	10.28	3.2
Day Care per day – All age groups (4)	53.03	54.88	3.5
Residential Short Breaks per week	467.00	485.00	3.9
Short Breaks at Home per hour (e.g. Crossroads)	9.64	9.98	3.5

Notes:

1. All figures are gross and amounts payable would be net of any charges that apply. If a service user opts for Direct Payments and subsequently purchases the service from the Local Authority the charge would be equal to the Direct Payment rate.
2. Calculation of Direct Payment rates for other services would be done as required to meet the agreed care plan following an individual assessment of need.
3. An additional payment would be agreed on an individual basis with service users to cover training needs e.g. moving and handling for Personal Care Assistants. Training would also be made available through Social Work.
4. Rates may be updated and reported later in the year, once the outcome of Single Status is known.

REVIEW OF CHARGES - HOUSING SERVICES

	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
<u>Homeless Persons</u>			
Per Week			
-St Olaf Street:			
- Room 1 - Occupancy Charge	38.85	40.20	3.47
- Room 2 - Occupancy Charge	38.85	40.20	3.47
- Room 3 - Occupancy Charge	38.85	40.20	3.47
- Furniture Charge	6.00	6.20	3.33
- Electricity Charge	13.25	13.70	3.40
Total Charge	58.10	60.10	3.44
 -St Olaf Street:			
- Flat 1 (2 Apt) - Occupancy Charge	52.00	53.85	3.56
- Flat 2 (2 Apt) - Occupancy Charge	52.00	53.85	3.56
- Furniture Charge	9.70	10.05	3.61
- Electricity Charge	13.25	13.70	3.40
Total Charge	74.95	77.60	3.54
 -St Olaf Street:			
- Flat 3 (4 Apt) - Occupancy Charge	77.60	80.30	3.48
- Furniture Charge	16.95	17.55	3.54
- Electricity Charge	16.95	17.55	3.54
Total Charge	111.50	115.40	3.50
 -Burgh Road:			
- Rooms 1 to 6 - Occupancy Charge	38.85	40.20	3.47
- Furniture Charge	6.00	6.20	3.33
- Electricity Charge	13.25	13.70	3.40
- Service Charge	11.75	12.15	3.40
Total Charge	69.85	72.25	3.44

REVIEW OF CHARGES - HOUSING SERVICES

	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
-General Needs Stock Used for Homeless Persons:			
- 1 Apt - Occupancy Charge	38.85	40.20	3.47
- 2 Apt - Occupancy Charge	52.00	53.85	3.56
- 3 Apt - Occupancy Charge	64.50	66.75	3.49
- 4 Apt - Occupancy Charge	77.60	80.30	3.48
-Lerwick Chalets - Homeless Lets:			
- 2 Apt - Occupancy Charge	25.25	26.15	3.56
- 3 Apt - Occupancy Charge	32.25	33.40	3.57
-Landward Chalets - Homeless Lets:			
- 2 Apt - Occupancy Charge	21.95	22.70	3.42
- 3 Apt - Occupancy Charge	28.15	29.15	3.55
- 4 Apt - Occupancy Charge	34.35	35.55	3.49
- 5 Apt - Occupancy Charge	39.15	40.55	3.58
-Homeless Persons - General Needs Stock & Chalets:			
- Carpets and curtains (per bedroom)	1.85	1.95	5.41
- Fully furnished - sole occupancy			
2 Apt	4.30	4.45	3.49
3 Apt	6.00	6.20	3.33
4 Apt	7.85	8.15	3.82
- Fully furnished - shared units/1 Apt	2.40	2.50	4.17
- Part furnished - 2 Apt	1.85	1.95	5.41
3 Apt	3.65	3.80	4.11
4 Apt	5.40	5.60	3.70
- White goods - sole occupancy	3.70	3.85	4.05
- White goods - shared units/1 Apt	1.85	1.95	5.41
- Additional Special Furnishings Charges	5.65	5.85	3.54
-B&B Accommodation			
- Adult aged 16 or over	77.50	80.20	3.48
- Child under 16	43.10	44.60	3.48
In the event that larger properties are utilised as temporary accommodation, then the same formula as that used to calculate the rent levels will be used to calculate the charge applicable.			

REVIEW OF CHARGES - HOUSING SERVICES

TYPE OF CHARGE	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
<u>Caravan Site/Pitch Rents</u>			
Per Week			
-Hoofields (for private lets and homeless persons)	10.10	10.45	3.47
-Other (for private lets and homeless persons)	6.65	6.90	3.76
<u>12 North Road</u>			
Per Week			
-Flats 1 to 8 - Occupancy Charge	17.60	18.20	3.41
-Furniture Charge	6.00	6.20	3.33
-Service Charge	12.60	13.05	3.57
-Electricity in communal areas	3.65	3.80	4.11
Total Charge	39.85	41.25	3.51
<u>Sheltered Housing Heating</u>			
Per Week			
-1 Apt	9.90	10.25	3.54
-2 Apt	13.15	13.60	3.42
-3 Apt	15.80	16.35	3.48
-4 Apt	18.30	18.95	3.55
<u>Oil Heating Charge for General Needs Tenants</u>			
<u>Non Trad let in Sheltered OPD Block*</u>			
Per Week			
-1 Apt	0.00	15.00	New
-2 Apt	0.00	21.20	New
-3 Apt	0.00	24.26	New
<u>Economic Rents</u> Such houses and shops are on leases with fixed rental subject to review by the District Valuer/ Estates Management section at regular intervals <u>Mainland Recruited SIC Staff Properties</u> Such houses are subject to normal HRA General Needs rents with a 25% addition			

* This is a new charge to ensure that General Needs tenants in OPD blocks with communal heating systems are not benefitting from the subsidy which Sheltered Tenants enjoy. The OPD blocks are in Skeld, Bressay, Weisdale and Yell

REVIEW OF CHARGES - SPORTS & LEISURE SERVICES
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			2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
<u>Parks and Playing Fields - Jubilee Park</u>					
<u>Tennis</u>	Hire of Court (per hour per player)	Juveniles/OAP's	1.05	1.10	4.8
		Adults	1.85	1.95	5.4
	Hire of Tennis Racquets (per hour)	Juveniles/OAP's	1.05	1.10	4.8
		Adults	1.85	1.95	5.4
	Hire of Three Tennis Balls (per hour)	Juveniles/OAP's	0.90	0.95	5.6
		Adults	0.90	0.95	5.6
	Court Hire to Clubs per hour	Juveniles/OAP's	5.25	5.50	4.8
		Adults	11.00	11.50	4.5
<u>Putting</u>	Charge for 18 Holes	Juveniles/OAP's	1.00	1.05	5.0
		Adults	1.30	1.35	3.8
<u>Draughts</u>	Draughts per hour	Juveniles/OAP's	0.90	0.95	5.6
		Adults	1.20	1.25	4.2
<u>Bowling</u>	Charge per Rink per Player per hour	Juveniles/OAP's	1.20	1.25	4.2
		Adults	1.85	1.90	2.7
	Hire of Bowls per hour	Juveniles/OAP's	0.90	0.95	5.6
		Adults	1.20	1.25	4.2
	Hire of Shoes per hour	Juveniles/OAP's	0.90	0.95	5.6
		Adults	0.90	0.95	5.6
	Seasonal Hire of Green to Bowling Club (Excluding use of bowls and Shoes) Per Member	Under 16 Yrs	7.25	7.50	3.4
		Adults	13.50	14.00	3.7
	Hire of Kitchen and Viewing Area	Juveniles	3.15	3.25	3.2
<u>Parks and Playing Fields - Gilbertson Park</u>					
	Hire of Gilbertson Park	Juveniles/OAP's	6.25	6.50	4.0
	Games Hall per hour	Adults	12.50	13.00	4.0
	Hire of Kitchen Facilities (Per Hour)	Juveniles	2.10	2.25	7.1
		Adults	3.70	4.00	8.1
Note: All prices above exclude VAT. Bookings made for 10 weeks or more are exempt from VAT.					
<u>Misc</u>	Minibus Hire Charge per Mile		0.77	0.80	3.9
ISLESBURGH			2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
Room Hire Charges for Islesburgh Complex					
Voluntary Organisations	Meetings and Activities - Session		11.70	12.20	4.3
	Meetings and Activities - Extra hours after 11pm		4.25	4.50	5.9
	Social Functions - Session		28.00	29.00	3.6
	Social Functions - Extra hours after 11pm		11.70	12.20	4.3
	Room 16 Meetings and Activities - Session		28.00	29.00	3.6
	Room 16 Meetings and Activities - Extra hours after 11pm		11.70	12.20	4.3
	Room 16 Social Functions - Session		59.00	61.00	3.4
	Room 16 Social Functions - Extra hours after 11pm		21.50	22.25	3.5
	Radio Room and Room 13 (2 hours) - Session		5.90	6.10	3.4
	Radio Room and Room 13 (2 hours) - Extra hours after 11pm		4.30	4.50	4.7
Family Use	Room Hire - Session		23.50	24.50	4.3
	Room Hire - Extra hours after 11pm		11.70	12.20	4.3
	Children Parties - Session		23.50	24.50	4.3
	Weddings - Session		23.50	24.50	4.3
	Weddings - Extra hours after 11pm		11.70	12.20	4.3
	Other Private Social Function - Session		34.00	35.50	4.4
	Other Private Social Function - Extra hours after 11pm		17.00	17.75	4.4
	Room 16 Children's Parties - Session		34.00	35.50	4.4
	Room 16 Weddings - Session		64.00	67.00	4.7
	Room 16 Weddings - Extra hours after 11pm		26.80	28.00	4.5
	Room 16 Other Private Social Functions - Session		64.00	67.00	4.7
	Room 16 Other Private Social Functions - Extra hours after 11pm		26.80	28.00	4.5
	Radion Room and Room 13 (2 hours)		11.80	12.30	4.2
Public Sector Organisations	Meetings and Activities - Session		29.50	30.50	3.4
	Meetings and Activities - Extra hours after 11pm		11.80	12.25	3.8
	Social Functions - Session		59.00	61.00	3.4
	Social Functions - Extra hours after 11pm		29.50	30.50	3.4
	Room 16 Meetings and Activities - Session		82.00	50.00	-39.0
	Room 16 Meetings and Activiteis - Extra hours after 11pm		32.00	33.00	3.1
	Room 16 Social Functions - Session		107.00	111.00	3.7

	Room 16 Social Functions - Extra hours after 11pm	37.50	39.00	4.0	
	Radio Room and Room 13 (2 hours) - Session	14.60	15.25	4.5	
	Radio Room and Room 13 (2 hours) - Extra hours after 11pm	11.70	12.20	4.3	
Commercial Sector Bookings	Meetings and Activities - Session	36.50	38.00	4.1	
	Meetings and Activities - Extra hours after 11pm	16.50	17.25	4.5	
	Social Functions - Session	67.50	70.00	3.7	
	Social Functions - Extra hours after 11pm	34.00	35.50	4.4	
	Room 16 Meetings and Activities - Session	85.00	88.00	3.5	
	Room 16 Meetings and Activities - Extra hours after 11pm	33.00	34.50	4.5	
	Room 16 Social Functions - Session	116.00	120.00	3.4	
	Room 16 Social Functions - Extra hours after 11pm	38.50	40.00	3.9	
	Radio Room and Room 13 (2 hours) - Session	18.30	19.00	3.8	
	Radio Room and Room 13 (2 hours) - Extra hours after 11pm	16.50	17.25	4.5	
Comm. sector charges 2006/07 incl. VAT. Charges for 2007/08 are VAT Exempt					
Room Hire Notes					
1. Sessions last for a period of up to 4 hours e.g.: Morning 9.00 a.m. – 1.00 p.m., Afternoon 2.00 p.m. – 6.00 p.m., Evening 6.30 p.m. – 10.30p.m.					
2. The Radio Room and Room 13 can be booked on a two hourly basis for meetings. These times are set as follows:- 9am—11am, 11am—1pm, 2-4pm, 4-6pm, 6.30-8.30pm, 8.30-10.30pm. If either of these rooms are required outside the hours printed above the charge will revert to a normal four hour session rate.					
3. A 10% discount is available for block bookings of 10 room hires or more.					
4. A 20% discount is available for large scale events which exclusively occupy the first floor or more of Islesburgh Community Centre.					
5. A 50% concession in charges is available to Senior Citizens Groups, Under 18 Groups, and Additional Support Needs Groups.					
6. Eligibility to receive 50% concession is based on an organisation's purpose and/or their target membership falling within one of the above categories.					
7. These reductions apply to voluntary sector room bookings only, not catering or equipment hire.					
8. Voluntary sector groups in receipt of the 50% reduction on room hires will not be eligible for an additional 10%/20% reduction.					
9. Organisations wishing to make block bookings for a specific room must submit their application by 30th June each year for bookings during the period 1st January – 31st December the following year.					
10. Block bookings will be confirmed by 31st July for booking during the period 1st January – 31st December the following year.					
11. Bookings for large scale events can be made at any time up to 2 years in advance of the start of the year.					
12. Room bookings for one-off meetings or activities can be made at any time up to one year in advance.					
13. Bookings requiring a set-up period will be charged the applicable room hire rate for this period.					
14. Cancellations of room bookings must be confirmed at least five days in advance or the full charge is payable.					
15. Cancellation of large scale events must be confirmed at least one month In advance or 25% of the full charge is payable.					
16. All late night functions ending at midnight or later will incur an additional hours charge for guest departure and clearing up.					
17. All room hire charges are VAT exempt.					
Video Edit Facility					
People using the video edit suites are required to have completed the training course, for which the fee is £16.00 *.					
	Individual - per session*	8.50	9.00	5.9	
	or for 3 sessions booked at one time*	22.50	23.50	4.4	
	Commercial Users - per session*	145.00	150.00	3.4	
	Other, Non -Commercial Users - per session*	75.00	78.00	4.0	
Catering					
Use of kitchen and associated facilities for activities/functions within the Centre/House will be charged according to the number catered					
	Under 50 people	17.00	18.00	5.9	
	51-100 people	22.50	23.50	4.4	
	over 100 people	34.00	36.00	5.9	
(Please note that VAT is to be added unless kitchen hire is additional to a room booking, when it becomes exempt from VAT.)					
* Inclusive of VAT					
HOSTEL ACCOMMODATION		2008/09 CHARGE	2009/10 CHARGE	VARIANCE	
		£	£	%	
Islesburgh House operates as Lerwick Youth Hostel from 1st April to 30th September each year as part of the Scottish Youth Hostel Association and the					
Membership	Junior (5-17 yrs)	-	-	n/a	
SYHA	Senior (18 yrs & over)	-	-	n/a	
If you are not a member of the Scottish Youth Hostel Association, you may use the hostel through the Welcome Stamp scheme. Contact Islesbrugh for information and/or aplication form for SYHA and Hostelling International membership.					
Overnight Charges	Members - Junior (5-17 yrs)	Per Night	12.50	13.00	4.0
	Senior (18 yrs & over)	Per Night	15.50	16.00	3.2
	Non - Members - Junior (5-17 yrs)	Per Night	13.50	14.00	3.7
	Senior (18 yrs & over)	Per Night	16.50	17.00	3.0
Non - members pay an extra £1.00 per night (Welcome Stamp) for the first 7 nights of their stay.					
Winter Use					
Over the winter, Islesburgh House provides residential accommodation to Youth, Community and school groups. Minimum group size is 10 including the leader. The Hostel is not available between 20th December and 10 January each year.					
Accommodation					
Lerwick Youth Hostel provides self-catering dormitory accommodation. Dormatories vary in size from 4 to 12 beds. Family rooms may be available. The Hostel is non-smoking and open to Hostel residents from 0700-2345 daily.					
Charges include VAT @ 17.5%.					

REVIEW OF CHARGES - LIFE LONG LEARNING SERVICES
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		2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
<u>Evening Classes</u>				
<u>Misc</u>	Certificate - Under 18 (40 hours)	35.00	35.00	0.0
	Certificate - Over 18 (40 hours)	70.00	70.00	0.0
	Certificate - Over 60 (40 hours)	35.00	35.00	0.0
	Non-Certificate - Under 18 (20 hours)	17.50	17.50	0.0
	Non-Certificate - Under 18 (40 hours)	35.00	35.00	0.0
	Non-Certificate - Over 60 (20 hours)	17.50	17.50	0.0
	Non-Certificate - Over 60 (40 hours)	35.00	35.00	0.0
	Non-Certificate - Over 18 (20 hours)	35.00	35.00	0.0
	Non-Certificate - Over 18 (40 hours)	70.00	70.00	0.0

Notes

Charges being introduced for over 60's – 50% of adult rate

Fee waivers for those on benefits e.g. working tax credit. Disability living allowance

REVIEW OF CHARGES - SCHOOLS SERVICES

	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
<u>School Meals (increase effective from 1 August 2009)</u>			
Per Meal			
- primary pupils	1.50	1.55	3.3
- secondary pupils	1.60	1.65	3.1
- staff	3.00	3.10	3.3
- visitors	3.00	3.10	3.3
<u>School Milk</u>			
Per Week			
- pupil	0.50	0.50	0.0
<u>School Lettings</u>			
Per Hour			
- classroom	9.50	10.00	5.3
- one-court gymnasium	9.50	10.00	5.3
- dramatic performance	30.00	32.00	6.7
Per Function			
- school hall	150.00	160.00	6.7
- large school kitchen	65.00	70.00	7.7
- small school kitchen	55.00	60.00	9.1
Anderson High School			
- Games Hall Over 18s	18.20	19.20	5.5
- Games Hall Under 18s	9.10	9.60	5.5
- Gym Hall Under 18s	2.50	2.60	4.0
- Gym Hall Over 18s	5.00	5.10	2.0
- Multipurpose Sports Area Under 18s	5.80	5.90	1.7
- Multipurpose Sports Area Over 18s	11.60	12.18	5.0
- Multicourt Area	10.00	10.50	5.0
SRT - Hourly let of School Games Halls (Annual Agreement)	12.30	12.30	0.0
Tea/Coffee Facilities			
- large school kitchen	50.00	55.00	10.0
- small school kitchen	20.00	25.00	25.0
<u>Hall of Residence Board & Accommodation Charges</u>			
<u>- Placing Request Pupils</u>			
Full board			
- per week	130.00	140.00	7.7
- per day	22.00	25.00	13.6
<u>- Adults (Holiday periods only)</u>			
Per Day			
- dinner, bed and breakfast	34.00 (+VAT)	36.00 (+VAT)	5.9
- bed and breakfast	20.00 (+VAT)	22.00 (+VAT)	10.0
Hire of Conference Room - 1/2 Day	19.00	20.00	5.3
Hire of Conference Room - Full Day	26.00	28.00	7.7
Tea, Coffee and Biscuits (per head)	1.80	1.90	5.6
Soup and Sandwiches (per head)	2.75	3.00	9.1

REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - ENVIRONMENT & BUILDING

	2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
<u>Health Certificates</u>				
<5000Kg (5 Tonnes)	25.50	26.50	3.9	NO
>5000Kg (5 Tonnes)	41.00	42.00	2.4	NO
Issue copies of Certificates	2.00	3.00	50.0	NO
Charges in respect of Fishery products entering Preparation/Processing establishments	1 euro per tonne	1 euro per tonne	0.0	NO
Hygiene inspection charges in respect of General Landings of Fishery Products	1 euro per tonne	1 euro per tonne	0.0	NO
<u>Abandoned Vehicles</u>				
Uplift and disposal charge (set by Statute)	300.00	300.00	0.0	NO
<u>Civic Government Licences</u>				
3 year licence - fixed charge	112.00	115.00	2.7	NO
Variation/Single event	41.00	42.00	2.4	NO
In accordance with the provisions of the Civic Government (Scotland) Act 1982, the scale of licence fees must be sufficient to cover the expenses incurred by the licencing authority in implementing the licensing scheme. The above adjustments take into account the revenue lost as a result of the decision to no longer require public halls to be licensed.				
Issue of Statement of Facts	35.00	35.00	0.0	NO
<u>Burial Charges</u>				
Adult	100.00	105.00	5.0	NO
Children	50.00	55.00	10.0	NO
Ashes	50.00	55.00	10.0	NO
B Ground Reservation	100.00	105.00	5.0	NO
Animal Health Licences (including Pet Shops, Animal Boarding Establishments, Dog Breeding Establishments, Riding Establishments)	71.00	73.00	2.8	NO
Dangerous Wild Animals Act	190.00	190.00	0.0	NO
<u>Port Health</u>				
SHIP INSPECTION CHARGES - as of 1st January 2008				
Gross Tonnage				
Up to 3,000	100.00	100.00	0.0	NO
3,001 - 10,000	150.00	150.00	0.0	NO
10,001 - 20,000	200.00	200.00	0.0	NO
20,001 - 30,000	230.00	230.00	0.0	NO
Over 30,000	300.00	300.00	0.0	NO
With the exception of:				
Vessels with the capacity to carry between 50 and 1000 persons	300.00	300.00	0.0	NO
Vessels with the capacity to carry more than 1000 persons	500.00	500.00	0.0	NO
Extra charges may be added for exceptional costs such as launch hire.				
<u>Waste Disposal Charges Gremista</u>				
<u>Minimum Charges for load < than 200kg</u>	6.74	6.90	2.0	YES
<u>Standard Charges per tonne</u>				
Landfill (excluding landfill tax and handling charge).	33.68	34.52	2.5	YES
<u>Landfill Tax will be charged in addition to above (Landfill Tax (set by Legislation)</u>				
Non - Inert	32.00	40.00	25.0	YES
Inert	2.50	2.50	0.0	YES
<u>Waste Disposal Charges Gremista sorting shed</u>				
Minimum charge for load less than 200kg	9.40	11.00	17.0	YES
Standard charge per tonne	47.00	55.00	17.0	YES
Waste under contract or for which recycling, reuse and recovery markets can be found may be charged at a lower rate at the discretion of the Waste Services Manager. Such materials and good quality top soil - free or negotiated charge depending on operational requirements and difficulties in handling particular waste.				
Commercial Fridge/Freezers per unit	100.00	100.00	0.0	YES
<u>Waste to Energy</u>				
Standard charge per tonne	30.00	30.75	2.5	YES
Minimum Charge (up to 200 Kg)	6.00	6.15	2.5	YES
Pest Control	50.00	50.00	0.0	YES
<u>Compost Units</u>				
Large	5.00	10.00	100.0	YES
Standard	5.00	5.00	0.0	YES

	2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
<u>Refuse Collection Service</u>				
<u>Refuse Storage</u>				
Household Refuse Sacks (Box of 100)	11.83	12.07	2.0	YES
Refuse Container - 370 ltr	83.65	88.44	5.7	YES
Wheeled Bin - 240 ltr	-	30.00	N/A	YES
<u>Commercial Refuse Collections</u>				
Per premise per Week - Band A (standard rate for customers who receive one collection per week)	4.57	4.66	2.0	YES
Per premise per Week - Band B (standard rate for customers who receive more than one collection per week - Lerwick area only)	13.40	13.67	2.0	YES
<u>Commercial Refuse Containers - Annual Standing Charge</u>				
Wheeled Bin - 360 ltrs	-	23.00	N/A	YES
Wheeled Bin - 660 ltrs	-	53.40	N/A	YES
Wheeled Bin - 1100 ltrs	-	79.80	N/A	YES
<u>Commercial Refuse Containers - Collection/Disposal Charge per Uplift</u>				
Commercial Refuse Sack - approx 70 ltrs (per sack)	-	0.60	N/A	YES
Wheeled Bin - 360 ltrs	-	2.25	N/A	YES
Wheeled Bin - 660 ltrs	-	4.10	N/A	YES
Wheeled Bin - 1100 ltrs	-	6.69	N/A	YES
<u>Commercial Premises Glass Recycling Subsidy</u>				
Per premise per Week - Band A	2.08	2.12	1.9	YES
Per premise per Week - Band B	5.20	5.30	1.9	YES
Clinical Waste Collection - per premise per week	4.57	4.66	2.0	YES
Cooking Oil Collection - per premise per week	4.57	4.66	2.0	YES
Refuse Vehicle - per hour	10.26	10.47	2.0	YES
Refuse Driver - per hour	15.43	15.97	3.5	YES
Refuse Loader - per hour	14.44	14.95	3.5	YES
Pick-Up Vehicle - per hour	9.00	9.18	2.0	YES
Pick-Up Driver - per hour	13.95	14.44	3.5	YES
Pick-Up Loader - per hour	13.95	14.44	3.5	YES
<u>Refuse Skips</u>				
Skip Hire - per day	0.92	0.94	2.0	YES
Skip Hire - per week	6.44	6.57	2.0	YES
Skip Vehicle - per hour	10.09	10.29	2.0	YES
Skip Driver - per hour	14.94	15.46	3.5	YES
<u>Street Cleansing Service</u>				
Power Washer - per hour	2.22	2.27	2.1	YES
Street Orderly - per hour	13.95	14.44	3.5	YES
Schmidt Vehicle - per hour	10.33	10.54	2.0	YES
Schmidt Driver - per hour	14.94	15.46	3.5	YES
<u>Esplanade Toilets</u>				
Cleaners Van - per hour	4.57	4.66	2.0	YES
Cleaner / Van Driver - per hour	13.95	14.44	3.5	YES
Cleaner	13.95	14.44	3.5	YES
Shower, Towel, Soap	2.13	2.17	1.9	YES
Shower	1.02	1.04	2.0	YES
<u>Portaloo Hire</u>				
Per Hire	143.71	146.58	2.0	YES
Damages	136.38	139.11	2.0	YES
<u>Filthy Premises</u>				
Refuse Driver - per hour	30.86	31.94	3.5	YES
Refuse Loader - per hour	28.88	29.89	3.5	YES
Pick-Up Driver - per hour	27.91	28.89	3.5	YES
Pick-Up Loader - per hour	27.91	28.89	3.5	YES
Skip Driver - per hour	29.89	30.94	3.5	YES
Cleaner / Van Driver - per hour	27.91	28.89	3.5	YES
Cleaner	27.91	28.89	3.5	YES

	2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
Verification of weighing and measuring equipment in use for trade (in line with LACORS recommendations)				
WEIGHTS				
Weight 500 mg / 2CM or smaller	7.15	7.50	4.9	YES
Weight exceeding 500 mg / 2CM but not exceeding 5 kg	5.50	5.77	4.9	YES
Weight exceeding 5 kg	7.15	7.50	4.9	YES
MEASURES				
Linear measure not exceeding 1 metre - for each scale	8.00	8.40	5.0	YES
Capacity measure not exceeding 20 litres - for each subdivision	6.11	6.41	4.9	YES
Liquid capacity measure for making up and checking average quantity packages	22.40	23.52	5.0	YES
Templet - per scale, first item	39.26	40.90	4.2	YES
Templet - per scale, second and subsequent items	15.15	15.90	5.0	YES
WEIGHING INSTRUMENTS (non-NAWI)				
Not exceeding 15 kg	23.91	25.11	5.0	YES
Exceeding 15 kg but not exceeding 100 kg	34.01	35.71	5.0	YES
Exceeding 100 kg but not exceeding 1 tonne	82.24	86.53	5.2	YES
Exceeding 1 tonne but not exceeding 10 tonnes	168.88	177.32	5.0	YES
Exceeding 10 tonnes	601.40	631.47	5.0	YES
WEIGHING INSTRUMENTS (NAWI)				
Not exceeding 15 kg	35.82	37.61	5.0	YES
Exceeding 15 kg but not exceeding 100 kg	50.97	53.52	5.0	YES
Exceeding 100 kg but not exceeding 1 tonne	136.98	143.83	5.0	YES
Exceeding 1 tonne but not exceeding 10 tonnes	235.66	247.44	5.0	YES
Exceeding 10 tonnes	775.55	814.33	5.0	YES
MEASURING INSTRUMENTS FOR INTOXICATING LIQUOR				
Not exceeding 150ml	13.96	14.65	4.9	YES
Other	16.12	16.92	5.0	YES
MEASURING INSTRUMENTS FOR LIQUID FUEL AND LUBRICANTS (10% surcharge applicable to initial assessment of conformity under MID)				
Container type (unsubdivided)	58.49	61.41	5.0	YES
Single/multi-outlets (nozzles) - first nozzle tested (per site)	95.40	100.17	5.0	YES
Single/multi-outlets (nozzles) - each additional nozzle tested	58.61	61.54	5.0	YES
Testing of peripheral electronic equipment on a separate visit (per site)	64.36	67.57	5.0	YES
Testing of credit card acceptor (per unit, regardless of no. of slots/nozzles/pumps)	64.36	67.57	5.0	YES
ROAD TANKER FUEL MEASURING EQUIPMENT (ABOVE 100 LITRES)				
Meter measuring systems - per hour (reference meter provided by submitter)	42.75	44.89	5.0	YES
Replacement dipstick (including examination of compartment)	35.40	37.17	5.0	YES
Spare dipstick	16.12	16.92	5.0	YES
Calibration of weighing and measuring equipment (in line with LACORS recommendations)				
WEIGHTS				
Weight 500 mg / 2CM or smaller	7.15	7.50	4.9	YES
Weight exceeding 500 mg / 2CM but not exceeding 5 kg	5.50	5.77	4.9	YES
Weight exceeding 5 kg	7.15	7.50	4.9	YES
Adjustment and cleaning of weights - per hour	36.15	37.96	5.0	YES
MEASURES				
Linear measure not exceeding 1 metre - for each scale	8.00	8.40	5.0	YES
Capacity measure not exceeding 20 litres - for each subdivision	6.11	6.41	4.9	YES
Liquid capacity measure for making up and checking average quantity packages	22.40	23.52	5.0	YES
Templet - per scale, first item	39.26	40.90	4.2	YES
Templet - per scale, second and subsequent items	15.15	15.90	5.0	YES
WEIGHING INSTRUMENTS (non-EC)				
Not exceeding 15 kg	23.91	25.11	5.0	YES
Exceeding 15 kg but not exceeding 100 kg	34.01	35.71	5.0	YES
Exceeding 100 kg but not exceeding 1 tonne	82.24	86.53	5.2	YES
Exceeding 1 tonne but not exceeding 10 tonnes	168.88	177.32	5.0	YES
Exceeding 10 tonnes	601.40	631.47	5.0	YES
WEIGHING INSTRUMENTS (EC)				
Not exceeding 15 kg	35.82	37.61	5.0	YES
Exceeding 15 kg but not exceeding 100 kg	50.97	53.52	5.0	YES
Exceeding 100 kg but not exceeding 1 tonne	136.98	143.83	5.0	YES
Exceeding 1 tonne but not exceeding 10 tonnes	235.66	247.44	5.0	YES
Exceeding 10 tonnes	775.55	814.33	5.0	YES
WEIGHING INSTRUMENTS (UKAS PROCEDURE - INCLUDING STATEMENTS OF UNCERTAINTY)				
Range not exceeding 15 kg	35.82	37.61	5.0	YES
Range exceeding 15 kg but not exceeding 100 kg	50.97	53.52	5.0	YES
Range exceeding 100 kg but not exceeding 1 tonne	136.98	143.83	5.0	YES
Range exceeding 1 tonne but not exceeding 10 tonnes	235.66	247.44	5.0	YES
Range exceeding 10 tonnes	775.55	814.33	5.0	YES
MEASURING INSTRUMENTS FOR INTOXICATING LIQUOR				
Not exceeding 150ml	13.96	14.65	4.9	YES
Other	16.12	16.92	5.0	YES
MEASURING INSTRUMENTS FOR LIQUID FUEL AND LUBRICANTS				
Container type (unsubdivided)	58.49	61.41	5.0	YES
Single/multi-outlets (nozzles) - first nozzle tested (per site)	95.40	100.17	5.0	YES
Single/multi-outlets (nozzles) - each additional nozzle tested	58.61	61.54	5.0	YES
Testing of peripheral electronic equipment on a separate visit (per site)	64.36	67.57	5.0	YES
Testing of credit card acceptor (per unit, regardless of no. of slots/nozzles/pumps)	64.36	67.57	5.0	YES

	2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
ROAD TANKER FUEL MEASURING EQUIPMENT (ABOVE 100 LITRES)				
Meter measuring systems - per hour (reference meter provided by submitter)	42.75	44.89	5.0	YES
Replacement dipstick (including examination of compartment)	35.40	37.17	5.0	YES
Spare dipstick	16.12	16.92	5.0	YES
CALIBRATION CERTIFICATES				
Basic calibration certificate	21.38	22.45	5.0	YES
Detailed results in calibration certificate	21.38	22.45	5.0	YES
<u>Hire of test weights</u>				
Weight Hire - per individual weight hired	4.19	4.40	5.0	YES
Delivery and collection of hired weights - per officer hour (plus transport costs)	36.15	37.96	5.0	YES
<u>Manufacture and Storage of Explosives Regulations 2005</u>				
License to store explosives (one year's duration)	170.00	Not yet known		NO
Renewal of a licence to store explosives (one year's duration)	80.00	known		NO
Registration in relation to the storage of explosives (one year's duration)	100.00	(set annually)		NO
Renewal of a registration in relation to the storage of explosives (one year's duration)	50.00	by		NO
Varying name of licensee or address of site	33.00	regulations		NO
Any other kind of variation	33.00	for use		NO
Transfer of Licence or registration	33.00	from		NO
Replacement of licence or registration if lost	33.00	1st April)		NO
<u>Petroleum (Consolidation) Act 1928</u>				
Licence to keep petroleum spirit (not exceeding 2 500 litres)	40.00	Not yet known (set annually		NO
Licence to keep petroleum spirit (exceeding 2 500 litres but not exceeding 50 000 litres)	55.00	by regulations for use from		NO
Licence to keep petroleum spirit (exceeding 50 000 litres)	115.00	1st April)		NO
<u>Petroleum (Transfer of Licences Act 1936)</u>				
Transfer of petroleum spirit licence	8.00	Not yet known (set annually		NO
		by regulations for use from		
		1st April)		

REVIEW OF CHARGES - INFRASTRUCTURE SERVICES (PLANNING)

	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
SEARCH OF RECORDS For up to one hour and issue of duplicate documents e.g. planning permission, building warrants, certificate of completion			
Charge per document	32.00	35.00	9.38
COST PER HOUR or part thereof, after first hour	22.00	30.00	36.36
LETTER OF COMFORT Issued in respect of no appropriate documentation being available	135.00	150.00	11.11
SITE VISIT To confirm compliance, etc, the following charge will be applicable in addition to the above (per visit)	75.00	100.00	33.33
PLANNING LISTS Charge per annum	0.00	0.00	0.00
NOTES Planning Fees and Building Warrant Fees are currently set by Central Government and are not therefore subject to this review. Map Extract Scheme Fees are set by Ordnance Survey and a reasonable Administration Charge will be added to recover costs.			

REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - INTER ISLAND ROLL ON/ROLL OFF FERRIES

FARES TABLE WITH EFFECT FROM 1 APRIL 2009

	Mainland to Bressay Mainland to Whalsay Mainland to Yell*		Mainland to Fair Isle Mainland to Foula Fair Isle to Mainland Foula to Mainland		Mainland to Skerries Mainland to Papa Stour Skerries to Mainland Papa Stour to Mainland		Yell to Unst Yell to Fetlar Unst to Fetlar (Non-Residents + All Commercials)	
	Return Fare		Single Fare		Single Fare		Return Fare	
	2008/09 £	2009/10 £	2008/09 £	2009/10 £	2008/09 £	2009/10 £	2008/09 £	6 months only 2009/10 £
Passengers:								
Adults - Single	3.30	3.40	3.00	3.20	3.00	3.20	Free	3.40
Adults - 10 Journey Ticket	15.80	16.20	n/a	n/a	n/a	n/a	Free	16.20
Adults - 20 Journey Ticket	n/a	n/a	31.60	32.40	31.60	32.40	Free	n/a
Children - up to 16 years - Single	0.40	0.40	0.20	0.20	0.20	0.20	Free	0.40
Children - 10 Journey Ticket	2.80	3.00	n/a	n/a	n/a	n/a	Free	3.00
Children - 20 Journey Ticket	n/a	n/a	2.80	3.00	2.80	3.00	Free	n/a
Concessionary Pass Holders with valid SIC Pass	Free	Free	Free	Free	Free	Free	Free	Free
Cars & Other Vehicles not exceeding 5.5m in length:								
Cars & Other Vehicles & Driver - Single	7.80	8.00	14.60	15.00	3.90	4.00	Free	8.00
Cars & Other Vehicles & Driver - 10 Journey	62.00	63.60	n/a	n/a	n/a	n/a	Free	63.60
Motorcycle & Driver - Single	n/a	n/a	n/a	n/a	62.00	63.60	Free	n/a
	6.00	6.20	8.00	8.20	3.00	3.10	Free	6.20
*Mainland to Yell and Yell to Mainland sailings after 2315 and before 0615, additional charge:								
Adult - Single	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Car & Driver - Single	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Commercial Vehicles & Driver:								
5.01m - 8.00 m	19.00	19.20	n/a	n/a	9.50	9.60	Free	9.60
8.01m - 12.00 m	36.80	37.00	n/a	n/a	18.40	18.50	Free	18.50
12.01m - 18.00 m	51.40	51.70	n/a	n/a	25.70	25.85	Free	25.85
18.00m plus - prior arrangement only not less than	150.00	151.00	n/a	n/a	75.00	75.50	Free	75.50
Tankers:								
up to 7.50m	34.80	34.80	n/a	n/a	17.40	17.40	Free	17.40
7.51m - 10.00m	62.80	63.00	n/a	n/a	31.40	31.50	Free	31.50
10.01m - 16.00 m	82.20	82.40	n/a	n/a	41.10	41.20	Free	41.20
Plant:								
up to 7.50m	49.00	49.20	n/a	n/a	24.50	24.60	Free	24.60
7.51m - 10.00m	87.80	88.00	n/a	n/a	43.90	44.00	Free	44.00
10.01m - 16.00m	119.80	120.20	n/a	n/a	59.90	60.10	Free	60.10

Unst & Fetlar Residents Concessionary Tickets (only available (1) to residents of Unst or Fetlar who can prove residency and (2) on Bluemull Sound Vessels)	Mainland to Unst or Fetlar Return	
	2008/09 £	2009/10 £
Passengers:		
Adult - 3 Journey	n/a	7.30
Adult - 10 Journey	n/a	24.30
Children up to 16 years - 10 Journey		4.50
Cars & Driver:		
3 Journey	n/a	28.60
10 Journey	n/a	95.40

Subject to report to be submitted to Inter Islands Ferries Board:

Should the Council decide to re-instate fares on Bluemull Sound in summer timetable period only.

- (1) Unst & Fetlar Residents will pay 50% of the Yell Sound Rate on Bluemull Sound
- (2) Non Unst & Fetlar Residents would pay 100% of the Yell Sound Rate on Bluemull Sound
- (3) Commercial Vehicles, of 5.5m and over, whether it be Commercial, Bus, Tanker or Plant would pay 50% of the Yell Sound Rate on the Bluemull Sound

Loose Freight Ro-Ro Services		
Carton/Mail Bag (per item) - Large	1.10	1.20
Carton/Mail Bag (per item) - Small	0.60	0.60
Freight Services - Skerries, Papa Stour, Fair Isle & Foula		
Bulk Cargo per Tonne (arrangement only)	9.50	9.60
Carton/Mail Bag (per item) - Large	1.10	1.20
Carton/Mail Bag (per item) - Small	0.60	0.60
Freight Services - Papa Stour, Fair Isle & Foula		
Carton/Parcel (per item)	0.55	0.56
Gas bottle (per item)	0.65	0.62
Feeding (per item)	0.35	0.35
Coal (per bag)	0.55	0.62
Livestock exc. Lambs & Foals (each)	0.65	0.62
Freight rates for other items on request.		
See attached sheet		
Ferry Hires		
See attached Sheet		

Subject to report to be submitted to Inter Islands Ferries Board:

Bulk parcel carriage discount rate - Bressay and Whalsay only

Open to island based retailers whose annual parcel charges would exceed £300 if paying cash rate.

Carton/Mail Bag (per item) - Large	0.60
Carton/Mail Bag (per item) - Small	0.30

All retailers would have parcels charged via credit account cards

Non Bulk Cargo Rate Guide - April 2009

Papa Stour, Foula, Fair Isle and Skerries

Charging for items not listed: Match as near as possible to an item below, (taking size, weight and care/time required when handling into account.)

So far as is possible, similar rates should be applied by all crews/agents

Crew Req: This is an indication of the number of crew that may be required to carry/stow an item, and may be of assistance when pricing items not listed.

Charging Band	Description/Example of Rate	Type	ex-VAT	inc-VAT	Crew Req
2	Bale of Hay (not round bale)	Agricultural	£0.30	£0.35	1
2	Animal Feed - All Bags up to 50Kg	Agricultural	£0.30	£0.35	1
2	Straining Post/Stay	Agricultural	£0.30	£0.35	2
2	2" by 2" timber/rhone pipes - 4.8m lengths	Construction	£0.30	£0.35	1
2	Roll of Insulation	Construction	£0.30	£0.35	1
2	Corrugated Iron/Profile Sheet	Construction	£0.30	£0.35	2
2	Foal	Livestock	£0.30	£0.35	n/a
2	Lamb	Livestock	£0.30	£0.35	n/a
2	Car Tyre	Miscellaneous	£0.30	£0.35	1
2	Small/Medium Carton/Parcel (up to a scurt full)	Miscellaneous	£0.30	£0.35	1
3	Coil of Fencing Wire	Agricultural	£0.53	£0.61	1
3	Bag of Wool (100Kg)	Agricultural	£0.53	£0.61	2
3	Bag of Fertilizer	Agricultural	£0.53	£0.61	1
3	4" by 2" timber - 4.8m lengths	Construction	£0.53	£0.61	2
3	6" by 2" timber - 4.8m lengths	Construction	£0.53	£0.61	2
3	Plywood/Plasterboard (per sheet)	Construction	£0.53	£0.61	2
3	Roll of Roofing Felt	Construction	£0.53	£0.61	1
3	Bag of Cement	Construction	£0.53	£0.61	1
3	Roll of Carpet/Lino	Household	£0.53	£0.61	2
3	Ewe/Ram/Hug/Grice etc	Livestock	£0.53	£0.61	n/a
3	Empty Pallet/Crate	Miscellaneous	£0.53	£0.61	1
3	Fish Carton (per bundle)	Miscellaneous	£0.53	£0.61	1
3	Five Gallon Drum	Miscellaneous	£0.53	£0.61	1
3	Large Carton/Tea Box (a good scurt full)	Miscellaneous	£0.53	£0.61	1
3	Small Gas Bottle (25kg size)	Miscellaneous	£0.53	£0.61	1
3	Medium/Large Heavy Parcel	Miscellaneous	£0.53	£0.61	2
3	Bag of Coal	Miscellaneous	£0.53	£0.61	1
4	Per 10 Fencing Posts	Agricultural	£1.53	£1.76	1
4	Per 10 Bales of Hay	Agricultural	£1.53	£1.76	2
4	Small Cultivators	Agricultural	£1.53	£1.76	2
4	Per 10 Concrete Blocks (100 or 150mm)	Construction	£1.53	£1.76	2
4	Wash Hand Basin/Sink	Construction	£1.53	£1.76	1
4	WC	Construction	£1.53	£1.76	1
4	Radiator	Construction	£1.53	£1.76	2
4	Shower Tray	Construction	£1.53	£1.76	2
4	Small/Medium Window	Construction	£1.53	£1.76	2
4	Small Generators/Pumps	Miscellaneous	£1.53	£1.76	2
4	Push Bike	Miscellaneous	£1.53	£1.76	1
5	10' Gate	Agricultural	£2.59	£2.98	2
5	Tractor Tyre (Rear)	Agricultural	£2.59	£2.98	2
5	Large Hay/Silage Bales (black bales)	Agricultural	£2.59	£2.98	3

5	Bath	Construction	£2.59	£2.98	2
5	Door	Construction	£2.59	£2.98	2
5	Large Window	Construction	£2.59	£2.98	2
5	Bed (Single)	Household	£2.59	£2.98	2
5	Chair (Large)	Household	£2.59	£2.98	2
5	Table	Household	£2.59	£2.98	2
5	TV/Hi-Fi/Computer etc	Household	£2.59	£2.98	2
5	Calf	Livestock	£2.59	£2.98	n/a
5	Pony	Livestock	£2.59	£2.98	n/a
5	Wheelbarrow	Miscellaneous	£2.59	£2.98	1
5	40G/200L Fuel Barrel (Return Rate)	Miscellaneous	£2.59	£2.98	2
5	Large Gas Bottles	Miscellaneous	£2.59	£2.98	2
6	Per 50 Fencing Posts	Agricultural	£6.48	£7.45	2
6	Quad	Agricultural	£6.48	£7.45	3
6	Per 'Lift' of Concrete Blocks: 32 - 6" or 44 - 4"	Construction	£6.48	£7.45	2
6	Hot Water Tank	Construction	£6.48	£7.45	2
6	650 Gallon Tank (empty)	Construction	£6.48	£7.45	3
6	Garage Door	Construction	£6.48	£7.45	3
6	Cooker	Household	£6.48	£7.45	2
6	Fridge or Freezer (small)	Household	£6.48	£7.45	2
6	Three Piece Suite or Similar	Household	£6.48	£7.45	2
6	Washing Machine	Household	£6.48	£7.45	2
6	Double Bed	Household	£6.48	£7.45	2
6	Cow/Bull/Ostrach/Alpaca	Livestock	£6.48	£7.45	n/a
6	Assorted Palletted Goods	Miscellaneous	£6.48	£7.45	3
6	Small Trailer	Miscellaneous	£6.48	£7.45	3
7	Rayburn Cooker	Construction	£11.89	£13.67	4
7	Skip	Miscellaneous	£11.89	£13.67	3
7	Car - non ro-ro	Miscellaneous	£11.89	£13.67	4
7	Small Rowing Boat	Miscellaneous	£11.89	£13.67	4
Scrap	Scrap Cars, based 1.15 tonne/car	Miscellaneous	£9.43	£10.84	4
Mail	Mail Bag - Large	Mail	£1.02	£1.17	1

Commercial, Community Council and Private Charter Hire Rates 2009/2010

Effective 1st April 2009

SIC FERRY SERVICES

Commercial and private charter rates are not subject to VAT, unless the charter is for carriage of cargo only.

Prices correct at time of publication. **Rates subject to change without prior notification.**

All commercial and private charterers (chartering any vessel after 1st April 2008) shall have to sign and comply with the terms of the Council's Charter Party Agreement (example published online).

All rates are for the period specified and are deemed as part hour/block thereof.

Vessel	Route/Notes	Community Council & Private Hire Rate	Commercial Charter Rates												
		Per 3-hour block	First 3-hour block	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.
				4	5	6	7	8	9	10	11	12	13	14	15
				or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof
Good Shepherd	Crew working within salary	Fuel Cost Only	£150.00	£196.00	£248.00	£300.00	£346.00	£398.00	£450.00	£496.00	£548.00	£600.00	£646.00	£698.00	£750.00
Good Shepherd	Crew working at straight time	£180.00	£330.00	£556.00	£608.00	£660.00	£886.00	£938.00	£990.00	£1,216.00	£1,268.00	£1,320.00	£1,546.00	£1,598.00	£1,650.00
Snolda	4-Crew	£180.00	£330.00	£556.00	£608.00	£660.00	£886.00	£938.00	£990.00	£1,216.00	£1,268.00	£1,320.00	£1,546.00	£1,598.00	£1,650.00
Thora		£260.00	£370.00	£636.00	£688.00	£740.00	£1,006.00	£1,058.00	£1,110.00	£1,376.00	£1,428.00	£1,480.00	£1,746.00	£1,798.00	£1,850.00
Snolda	4-Crew	£260.00	£420.00	£736.00	£788.00	£840.00	£1,156.00	£1,208.00	£1,260.00	£1,576.00	£1,628.00	£1,680.00	£1,996.00	£2,048.00	£2,100.00
Snolda	To Fair Isle	£320.00	£480.00	£856.00	£908.00	£960.00	£1,336.00	£1,388.00	£1,440.00	£1,816.00	£1,868.00	£1,920.00	£2,296.00	£2,348.00	£2,400.00
Bigga	4-Crew	£260.00	£320.00	£598.00	£619.00	£640.00	£918.00	£939.00	£960.00	£1,238.00	£1,259.00	£1,280.00	£1,558.00	£1,579.00	£1,600.00
Fivla	4-Crew	£260.00	£320.00	£598.00	£619.00	£640.00	£918.00	£939.00	£960.00	£1,238.00	£1,259.00	£1,280.00	£1,558.00	£1,579.00	£1,600.00
Leirna		£320.00	£380.00	£718.00	£739.00	£760.00	£1,098.00	£1,119.00	£1,140.00	£1,478.00	£1,499.00	£1,520.00	£1,858.00	£1,879.00	£1,900.00
Hendra		£320.00	£380.00	£718.00	£739.00	£760.00	£1,098.00	£1,119.00	£1,140.00	£1,478.00	£1,499.00	£1,520.00	£1,858.00	£1,879.00	£1,900.00
Geira	4-Crew	£260.00	£320.00	£598.00	£619.00	£640.00	£918.00	£939.00	£960.00	£1,238.00	£1,259.00	£1,280.00	£1,558.00	£1,579.00	£1,600.00
Linga		£320.00	£430.00	£786.00	£823.00	£860.00	£1,216.00	£1,253.00	£1,290.00	£1,646.00	£1,683.00	£1,720.00	£2,076.00	£2,113.00	£2,150.00
Daggri		£320.00	£430.00	£786.00	£823.00	£860.00	£1,216.00	£1,253.00	£1,290.00	£1,646.00	£1,683.00	£1,720.00	£2,076.00	£2,113.00	£2,150.00
Dagalien		£320.00	£430.00	£786.00	£823.00	£860.00	£1,216.00	£1,253.00	£1,290.00	£1,646.00	£1,683.00	£1,720.00	£2,076.00	£2,113.00	£2,150.00
Daggri/Dagalien Outside Yell Sound and/or +95 pax		£380.00	£510.00	£946.00	£983.00	£1,020.00	£1,456.00	£1,493.00	£1,530.00	£1,966.00	£2,003.00	£2,040.00	£2,476.00	£2,513.00	£2,550.00
Filla		£320.00	£550.00	£944.00	£1,022.00	£1,100.00	£1,494.00	£1,572.00	£1,650.00	£2,044.00	£2,122.00	£2,200.00	£2,594.00	£2,672.00	£2,750.00
Filla	To Fair Isle	£380.00	£610.00	£1,064.00	£1,142.00	£1,220.00	£1,674.00	£1,752.00	£1,830.00	£2,284.00	£2,362.00	£2,440.00	£2,894.00	£2,942.00	£3,050.00
Other:		NOTE: All Community Council, Private Hire and Commercial Charter Rates EXCLUDES fuel costs. Fuel shall be charged at cost – Estimates available on request.													
Use of Daggrri/Dagalien Galley	inc galley prep & use of refrigerator	£240.00	£240.00	per Hire											
Use of Daggrri/Daqalien Galley	SIC vending machines off	£300.00	£300.00	per Hire											
The vessel's Master has full authority throughout the charter, to commence, deviate, alter or cancel the charter depending of the circumstances of the case and with due regard for the safety of the vessel under his command. Limited liability															

In all cases the Council's liability is limited.

All charters are subject to the terms and conditions, as described in the Charter Party Agreement and Council's Terms and Conditions of Carriage, as amended.

Rates for 4-Crew vessels shall be higher if these vessels require 5-Crew – check at time of chartering. Charter Rates shall be reviewed following the introduction of Single Status Agreement on Council employee Terms and Conditions

For charters beyond 15 hours, or for further information and detailed quotes, please contact David Polson on 01806 244225, or david.polson@shetland.gov.uk

REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - ROADS

	2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
Roads				
<u>Traffic Orders & Notices</u>				
Temporary Traffic Order or Notice to close a Road or impose any other traffic restriction made under Section 14 of the Road Traffic Regulation Act 1984.				
Temporary notice (in an emergency, not exceeding 5 days)	165.00	165.00	0.0	NO
Temporary Traffic Order (up to 18 months)	270.00	270.00	0.0	NO
Note 1 - plus cost of necessary newspaper adverts				
Note 2 - charges are levied using powers in the New Roads and Street Works Act and apply only to Utilities and similar.				
<u>Permit System and Charges</u>				
New Roads and Street Works Act 1991, Section 109				
Permission for minor road works consent to open the road for the purpose of installing or maintaining apparatus within the public road.	95.00	95.00	0.0	NO
Roads (Scotland) Act 1984, Section 56				
Permission for minor road works consent to construct a new access, vehicular crossing or make an opening within the public road.	70.00	75.00	7.1	NO
Permission to temporarily occupy a portion of the public road in connection with building operations and/or to erect staging and scaffolding:-				
- up to 3 months	52.00	52.00	0.0	NO
- up to 6 months	95.00	95.00	0.0	NO
Permission to place a builders skip within the public road:-				
- up to 1 month	10.00	10.00	0.0	NO
- up to 3 months	20.00	20.00	0.0	NO
<u>NR&SWA Inspection Fees</u>				
The inspection fees we as a Roads Authority can charge Utilities when they excavate in a public Road is given in the Road Works (Inspection Fees) (Scotland) Amendment Regulations 2008 (No. 43). For information, the present fee is £25.00.	24.00	25.00	4.2	NO
<u>Gritting Fees</u>				
Gritting fee, per occasion a griter treats a private road:-				
- Blacksness Pier, Scottish Water accesses	30.00	30.00	0.0	YES
- Greenhead Base	25.00	30.00	20.0	YES
- Smaller private roads / accesses	10.00	10.00	0.0	YES

		2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
<u>Scord Quarry Products</u>					
Note:- Aggregate Levey Tax to be added to all quarry products					
DRY STONE					
As dug hardcore	per tonne	2.74	2.74	0.0	YES
Primary armouring	per tonne	6.44	6.44	0.0	YES
Armouring	per tonne	4.28	4.28	0.0	YES
Quarry cleanings	per tonne	2.74	2.74	0.0	YES
Type 1	per tonne	3.11	3.11	0.0	YES
Crusher Run	per tonne	5.39	5.39	0.0	YES
Dust	per tonne	7.08	7.08	0.0	YES
Frost Grit	per tonne	8.30	8.30	0.0	YES
All-in-aggregate	per tonne	7.58	7.58	0.0	YES
Aggregate 40mm	per tonne	7.58	7.58	0.0	YES
Aggregate 28mm	per tonne	7.58	7.58	0.0	YES
Aggregate 20mm	per tonne	7.58	7.58	0.0	YES
Aggregate 14mm	per tonne	7.58	7.58	0.0	YES
Aggregate 10mm	per tonne	7.58	7.58	0.0	YES
Aggregate 6mm	per tonne	7.58	7.58	0.0	YES
Aggregate Levy Tax to all Dry Stone products - presently £1.95 per tonne (2008)					
Delivery charges for dry stone based on full truck capacity, are charged at:-					
- Fixed element	per load delivered	16.50	16.50	0.0	YES
- Variable element	per mile hauled (measured one direction only)	2.50	2.50	0.0	YES
The above applies to Mainland deliveries only (Isles delivery based on cost)					
COATED STONE					
Roadbase 28mm	per tonne	48.03	48.03	0.0	YES
DBM 20mm	per tonne	50.67	50.67	0.0	YES
Wearing Course 14mm	per tonne	52.95	52.95	0.0	YES
Wearing Course 10mm	per tonne	54.40	54.40	0.0	YES
Wearing Course 6mm	per tonne	56.66	56.66	0.0	YES
Delayed Set	per tonne	60.11	60.11	0.0	YES
M. T. Asphalt	per tonne	64.26	64.26	0.0	YES
Note:- Cut-back will only be added at the customer's written request. Premium charge for cut-back £2.50/tonne.		2.50	2.50	0.0	YES
Aggregate Levy Tax to all Coated Stone products - presently £1.85 per tonne (2008)					
TERMS AND CONDITIONS					
Council's usual terms & conditions, plus:-					
1) Minimum charge per transaction		12.00	12.00	0.0	YES
2) Discounts					
(a) Major customers					
Annual trade with Scord Quarry exceeding	Discount (coated stone only)				
£250,000	10%				
£500,000	13.50%				
£750,000	17.50%				
(b) Prompt payment					
Settlement within	Discount (all materials)				
20 days	2.50%				
10 days	5%				
3) Out of hours opening - by special agreement dependent upon volume - subject to a minimum call-out charge of £75		125.00	125.00	0.0	YES

			2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
<u>Charge for Laboratory Testing of Construction Materials</u>						
1 CLASSIFICATION TESTS - SOILS						
1/1	Liquid Limit (BS 1377 : Part 2 : 1990 . Method 4.3)	per test	26.00	26.00	0.0	YES
1/2	Plastic Limit (BS 1377 : Part 2 : 1990 . Method 5.3)	per test	13.00	13.00	0.0	YES
1/3	Plasticity & Liquidity Index (BS 1377 : Part 2 : 1990 . Method 5.4)	per test	10.50	10.50	0.0	YES
1/4	Specific Gravity (Density Bottle) (BS 1377 : Part 2 : 1990 . Method 8.3)	per test	21.00	21.00	0.0	YES
1/5	Particle Size Distribution (Washed Analysis) (BS 1377 : Part 2 : 1990 . Method 9.2)	per test	31.00	31.00	0.0	YES
2 COMPACTION TESTS - SOILS						
2/1	2.5kg Rammer (for Soils to Medium Gravel Size (BS 1377 : Part 4 : 1990 . Method 3.3)	per set	67.00	67.00	0.0	YES
2/2	2.5kg Rammer (for Soils to Coarse Gravel Size) (BS 1377 : Part 4 : 1990 . Method 3.4)	per set	67.00	67.00	0.0	YES
2/3	4.5kg Rammer (for Soils to Medium Gravel Size (BS 1377 : Part 4 : 1990 . Method 3.5)	per set	77.00	77.00	0.0	YES
2/4	4.5kg Rammer (for Soils to Coarse Gravel Size) (BS 1377 : Part 4 : 1990 . Method 3.6)	per set	77.00	77.00	0.0	YES
2/5	Vibrating Hammer (BS 1377 : Part 4 : 1990 . Method 3.7)	per set	92.00	92.00	0.0	YES
2/6	Moisture Condition Value (BS 1377 : Part 4 : 1990 . Method 5)	per set	25.50	25.50	0.0	YES
2/7	California Bearing Ratio (BS 1377 : Part 4 : 1990 . Method 7)	per set	36.00	36.00	0.0	YES
3 AGGREGATE TESTING						
3/1	Relative Density & Water Absorption (BS EN 1097 :part 6 : 2000)	per test	25.50	25.50	0.0	YES
3/2	Compacted Bulk Density of Received Material (BS 812 : Part 2 : 1975)	per test	25.50	25.50	0.0	YES
3/3	Bulk Density of Received Material (BS EN 1097 : Part3 : 1998)	per test	15.50	15.50	0.0	YES
3/4	Grading of Sub-bases & Capping Layers (BS EN 933 : Part 1 : 1997)	per test	31.00	31.00	0.0	YES
3/5	Grading of Concrete Aggregates (BS EN 933 : Part 1 : 1997)	per test	31.00	31.00	0.0	YES
3/6	Flakiness Index (BS EN 933 : Part 3 : 1997)	per test	13.00	13.00	0.0	YES
3/7	Elongation Index (BS 812 : Part 105.2 : 1985)	per test	13.00	13.00	0.0	YES
3/8	Aggregate Crushing Value (BS EN 1097 : Part2 : 1998)	per test	51.00	51.00	0.0	YES
3/9	Ten Per Cent Fines Value (BS EN 1097 : Part2 : 1998)	per test	51.00	51.00	0.0	YES
3/10	Aggregate Impact Value (BS EN 1097 : Part2 : 1998)	per test	20.50	20.50	0.0	YES

		2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT	
4 CONCRETE TESTING						
4/1	Compressive Strength of Concrete Cubes (BS EN 12390 : Part 3 : 2002)(from certified cube moulds)	per cube	6.00	6.50	8.3	YES
4/2	Compressive Strength of Concrete Cubes (BS EN 12390 : Part 3 : 2002)(from cube moulds that are not certified)	per cube	7.50	8.00	6.7	YES
4/3	Compressive Strength of Concrete Cores (BS EN 12504 : Part 1 : 2000)	per core	42.00	42.00	0.0	YES
4/4	Compressive Strength of Concrete Blocks (Fibre Board) (BS 1052 : Part1 : 1999)	per block	10.50	10.50	0.0	YES
5 BITUMINOUS TESTING						
5/1	Binder Content & Grading (By Difference) (BS EN 12697 : Part 2 : 2002)	per test	42.00	42.00	0.0	YES
5/2	Percentage Refusal Density (BS 598 : Part 104 : 1989)	per set	185.00	185.00	0.0	YES
6 FIELD TESTING - SOILS						
6/1	In-Situ Density Test (Nuclear Density Gauge) (BS 1377 : Part 9 : 1990 . Method 2.5)	per hr.	32.00	33.00	3.1	YES
6/2	Vertical Deformation under Plate Loading (BS 1377 : Part 9 : 1990 . Method 4.1)	per test	42.00	42.00	0.0	YES
6/3	CBR by Clegg Impact Hammer (In-house Method)	per hr.	32.00	33.00	3.1	YES
7 FIELD TESTING - CONCRETE						
7/1	Cube Making (Including Workability Test) (BS EN 12390 : Part 2 : 2000)	per hr.	32.00	33.00	3.1	YES
7/2	Determination of Air Content (BS EN 12390 : Part 8 : 2000)	per test	13.00	13.00	0.0	YES
7/3	Density of Compacted Fresh Concrete (BS EN : 12350 : Part 6 : 2000)	per test	15.50	15.50	0.0	YES
7/4	Cover Meter Survey (BS 1881 : Part 201 : 1986)	per hr.	32.00	33.00	3.1	YES
7/5	Half-cell Potential Measurement (BS 1881 : Part 201 : 1986)	per hr.	32.00	33.00	3.1	YES
7/6	Schmidt Hammer Tests (BS EN 12504 : Part 2 : 2001)	per hr.	32.00	33.00	3.1	YES
7/7	Core Cutting	per hr.	32.00	33.00	3.1	YES
8 FIELD TESTING - BLACKTOP						
8/1	On-site Sampling of Blacktop (BS EN 12697 : Part 27 : 2001)	per hr.	32.00	33.00	3.1	YES
8/2	Determination of Texture Depth (BS 598 : Part 3 : 1985 . Method 7)	per test	13.00	13.00	0.0	YES
8/3	Core Cutting for PRD & Pavement Examination	per hr.	32.00	33.00	3.1	YES
8/4	Rolling Straight Edge (Spec. for Highway Works : Cl. 702)	per hr.	32.00	33.00	3.1	YES
8/5	Skid Resistance Meter (TRRL)	per hr.	32.00	33.00	3.1	YES

	2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
<p>9 TIME BASED CHARGES</p> <p>9/1 Work done on a time basis will be charged per hour; as well as labour, the charge will cover the use of a vehicle, normal tools and equipment.</p> <p>9/2 Mileage to site will be charged at Standard Council rates.</p> <p>10 OTHER TESTS</p> <p>10/1 Any other tests required will either be charged at a rate based on a comparable test listed above, or a charge will be calculated taking account of equipment required and time normally taken to carry out the test. If not appropriate charges will be on a time basis.</p>	32.00	33.00	3.13	YES

REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - Transport

		2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
Inter-Island Air Services					
Lerwick - Foula	Single fare	32.00	33.00	3.3	NO
Lerwick - Foula Island Resident	Return fare	36.00	37.00		NO
Lerwick - Skerries	Single fare	27.00	28.00	3.7	NO
Lerwick - Skerries Island Resident	Return fare	24.00	25.00		NO
Lerwick - Papa Stour	Single fare	27.00	28.00	3.7	NO
Lerwick - Papa Stour - Island Resident	Return fare	24.00	25.00		NO
Lerwick - Fair Isle	Single fare	32.00	33.00	3.1	NO
Lerwick - Fair Isle - Island Resident	Return fare	36.00	37.00		NO
Note, Discounted Island resident fares are unchanged					
Tingwall Airport - Landing Charges					
Over 3 tonnes but less than 200 tonnes	per tonne	17.00	17.00	0.0	YES
Islander Aircraft on Inter-island contract flights	per landing	0.00	0.00	0.0	YES
Landing Supplements (per passenger)					
Charter Flights		2.80	2.90	3.6	NO
Islander Aircraft on Inter-island contract flights		0.00	0.00	0.0	NO
Parking Charges					
For each 24 hours or part thereof		5.00	5.00	0.0	YES

		2008/09 CHARGE (ex VAT) £	2009/10 CHARGE (ex VAT) £	VARIANCE %	VAT
Taxi Licensing Charges					
In accordance with the provision of the Civic Government (Scotland) Act 1982, the scale of fees requires to be sufficient to meet the expenses incurred by the licensing authority in carrying out their function in terms of the above Act and are reviewed each year as part of the department's budgetary process.					
Taxi or Private Hire Car Drivers Licence		46.00	47.00	2.2	NO
Taxi or Private Hire Car Licence (grant)		370.00	380.00	2.7	NO
Taxi or Private Hire Car Licence (renewal)		80.00	82.00	2.5	NO
Deposit on Taxi/PHC Licence Plates		30.00	30.00	0.0	NO
Vehicle Inspection		31.50	32.00	1.6	YES
Re - Test		10.00	10.00	0.0	YES
Installation of meter		31.50	32.00	1.6	YES
Check and Calibrate meter		16.00	16.00	0.0	YES
Replacement drivers I.D. Badge		5.00	5.00	0.0	NO
Replacement Licence (Driver or Car)		5.00	5.00	0.0	NO
Bus Services To:					
Sumburgh Airport		2.70	2.80	3.7	NO
Sumburgh		2.30	2.40	4.3	NO
Sandwick		1.80	1.80	0.0	NO
Cunningsburgh		1.80	1.80	0.0	NO
Walls/Skeld/Aith		2.60	2.70	3.8	NO
Bixter		1.90	1.90	0.0	NO
Weisdale		1.70	1.70	0.0	NO
Hillswick/Mossbank/Toft		2.60	2.70	3.8	NO
Brae		2.40	2.50	4.2	NO
Scalloway		1.70	1.70	0.0	NO
Lerwick Town Service		0.60	0.60	0.0	NO
North Isles Integrated Service		4.20	4.30	2.4	NO
Note, Discounted multi travel tickets are available offering 20% reduction on fares					
The National Concessionary Travel Scheme provides Scotland-wide free bus travel for elderly and disabled persons. Also Young Persons 16 to 18 years receive one third off full adult fare on all Scotland-wide bus services					
Half fares are payable by children aged between 5 and 16 years old					
Hire of Council buses (Whalsay)		£1.20 per mile plus £8.00 per hour	£1.20 per mile plus £8.00 per hour		NO
Hire of Council buses (Lerwick)		£16.00 after midnight £14.00 - £22.00 per hour	£16.00 after midnight £14.00 - £23.00 per hour		NO

REVIEW OF CHARGES - CHILDREN'S SERVICES

	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
Laburnum			
Respite Residential Charges (One-off payment of £3.50 per stay for up to 7 nights thereafter further payment of £3.50 for each consecutive stay of up to 7 nights)	3.57		-100.0
Day Care per meal			
- Breakfast	1.43		-100.0
- Snack	1.12		-100.0
- Main meal	2.35		-100.0
Islesburgh Pre-School Group			
Charge per hour outside funded place (i.e for hours from 8.45 am - 9.30 am and 12 noon - 1pm)	2.25	2.40	6.7
Funded Place - 9.30 am - 12 noon	no charge	no charge	
Snack per session	0.20	0.20	0.0
Out of School Clubs			
Islesburgh Out of School Club (per session)	7.25	7.50	3.4
Islesburgh Breakfast Club	3.10	3.10	0.0
Islesburgh Holiday Programme:			
- Full Day (trips additional)	13.50	14.00	3.7
- Half Day (trips additional)	7.20	7.50	4.2
Ness Out of School Club*			
- Per Hour	2.60	2.60	0.0
- Per Session	5.15	5.20	1.0
Ness Holiday Programme*			
- Full Day	12.40	12.40	0.0
- Half Day	7.25	7.30	0.7
Kidzone (Mossbank) Out of School Club* (per hour)	2.05	2.10	2.4
Kidzone Holiday Programme*			
- Full Day	12.40	12.40	0.0
- Half Day (per hour)	2.05	2.10	2.4
The recommendation is that charging at Kidzone should remain on an hourly basis. This structure best suits the needs of the children and families in this community, which differ, to some extent, from the market using Islesburgh.			
Notes:			
Snack is provided at all clubs at no additional cost.			
* Where transport is required for trips there may be an additional charge.			

Operating costs identified under ledger codes GRY6501 to GRY6741 (Operation sub-codes)

Breakdown of Road Revenue Codes for year 2009/10 (Operating costs sub-codes):-

Code		Minimum Expenditure £k	Budget Provision £k	Maximum Expenditure £k
GRY6501	Grass Cutting - Verges	30	42	80
GRY6511	Drainage Maintenance	300	414	700
GRY6521	Traffic Signs	40	72	120
GRY6531	Road Markings & Cats Eyes	100	226	300
GRY6541	Roads Sweeping	20	58	75
GRY6551	Street Lighting - Maintenance	100	344	450
GRY6552	Christmas Lighting & Trees	4	10	15
GRY6555	Routine Maintenance General	0	0	20
GRY6601	Localised Reconstruction	150	287	450
GRY6605	Patching	100	155	300
GRY6611	Resurfacing	600	1,115	1,400
GRY6615	Footpath Maintenance	80	120	250
GRY6625	Surface Dressing	250	477	850
GRY6635	Road Drainage Improvements	180	226	500
GRY6645	Verge Maintenance	80	143	200
GRY6655	Crash Barriers and Railings	100	115	200
GRY6665	Minor Improvements	20	40	150
GRY6675	Streetlighting (Renewals)	5	11	80
GRY6681	Sea Defences	0	18	80
GRY6685	Structures (Retaining Walls)	0	18	80
GRY6691	Structures (Bridges & Culverts)	10	18	80
GRY6692	Cattlegrids	60	98	160
GRY6695	Structural Maintenance General	5	14	50
GRY6701	Road Authority Functions	30	35	100
GRY6711	Surveys & Inspections	30	53	100
GRY6721	Winter Service	800	1,058	1,400
GRY6731	NRSWA Functions	0	4	20
GRY6741	Road Safety	0	2	20
GRY6761	Roads Asset Management	10	21	30
Total SIC Budget Provision (All Operation sub-codes)			5,194	

Bus Routes - Estimated Expenditure 2009/10

Individual Bus Routes	
GRY7235	Belmont - Saxa Vord
GRY7236	Lerwick Town Service
GRY7237	Lerwick - Hillswick
GRY7238	Lerwick - Laxo
GRY7239	Lerwick - Mossbank
GRY7241	Lerwick - Scalloway - Burra
GRY7242	Lerwick - Sumburgh
GRY7244	Lerwick - Walls
GRY7245	Ulsta - Gutcher - Cullivoe
GRY7246	Ulsta - Mid Yell - West Sandwick
GRY7247	Intra District Feeders
Overall Maximum figure	£817,507



REPORT

To: SHETLAND ISLANDS COUNCIL

18 February 2009

From: Head of Finance

**HOUSING REVENUE ACCOUNT (HRA) ESTIMATES AND CHARGE SETTING –
2009/10
Report No: F-004-F**

1.0 Introduction

1.1 On 10 September 2008 (min ref: 121/08), the Shetland Islands Council approved the budget strategy to be adopted for the Housing Revenue Account for the 2009/10 revenue estimates process.

1.2 Members agreed the following strategy option: -

“To pursue Housing Revenue Account debt relief while minimising revenue spending out of Reserves and maximising investment of Reserves over several years in additional housing stock.

1.3 As there is no imminent prospect of the HRA debt being paid off, the 2009/10 budget has been prepared on the basis that the outstanding debt requires to be serviced.

2.0 Links to Corporate Priorities

2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to prioritising and planning so we can sustain the services we want to provide and help develop our economy, in particular, to keep revenue budgets within sustainable limits.

3.0 2009/10 Estimates

3.1 The Council is required to set a balanced budget for the HRA. Table 1 below shows the position on the HRA when the yield from rents is increased by 2%, which results in an average rent increase of 3.72%.

Table 1	2009/10 Proposed Budget £000
<u>Expenditure:</u>	
Supervision & Management	1,112,427
Repair & Maintenance	1,848,761
Void Rents & Charges	186,900
Hostel	55,605
CFCR	600,000
Capital Charges - Dwellings	3,147,436
Capital Charges - Hostel	89,939
	7,041,068
<u>Income:</u>	
HSG - General	(1,434,865)
Interest on Revenue Balances	(18,146)
Rents - Dwellings	(5,235,150)
Rents - Hostel	(65,130)
Rents - Other	(102,226)
Contribution from Housing R & R Fund	(185,551)
	(7,041,068)
Balanced HRA	0

- 3.2 From Table 1 it can be seen that the proposed rent increase requires a contribution from the Housing Repairs & Renewals Fund of £0.185m in order to balance the HRA.
- 3.3 The budgets detailed in Table 1 above include Capital from Current Revenue (CFCR) funding of £0.6m for investing in additional housing stock in line with Council's agreed strategy for the HRA.
- 3.4 The draw on the Housing Repairs and Renewals Fund is less than the target by £1.6m. This is wholly due to the fall in interest rates, which has reduced the debt interest calculations for 2009/10. However it should be noted that as well as the interest rate falling, it could also rise and for each 1% rise there is approximately £0.500m increase in cost.
- 3.5 Appendix A shows a Cost Centre summary of the proposed 2009/10 budgets for information. Appendix B shows the effect of the 3.72% increase on rent levels.

4.0 Housing Repair and Renewals Fund

- 4.1 The projected fund balance on the Housing Repair and Renewals Fund is shown in Table 2 below: -

Table 2	£000
Projected Balance at 1 April 2009	(10,253)
Projected Investment Income 2009/10	(308)
Projected Contribution 2009/10	185
Projected Balance at 31 March 2010	(10,376)

- 4.2 The above table shows that the estimated closing position of the Housing Repairs and Renewals fund at the end of 2009/10 is predicted to be marginally above the projected opening balance as at 1 April 2009. This is due to the expected draw being lower than the budgeted investment in 2009/10. This is prudent given that the main fluctuating feature in this year's budget is the interest rate on housing debt, which may by the end of 2009/10 be significantly different.
- 4.3 There is a need for this fund to be self-sustaining, to ensure that there are not significant increases in rents in the future. A balance has to be struck between using the fund to support revenue spending and to increasing housing stock.

5.0 Review of Charges/Payments

- 5.1 It is proposed that Members consider increasing average rent by 3.72%, an increase in average rent from £54.93 to £56.98. The effect of this increase on rents is shown in more detail in Appendix B.
- 5.2 Appendix C sets out the Housing Revenue Account charges and Appendix D sets out the decant compensation payments to tenants for 2009/10.
- 5.3 In order to fulfil the requirements of the Housing (Scotland) Act 2001 and the provisions of the Council's Tenant Participation Strategy, all tenants and the Shetland Tenants Forum have been consulted on the proposed rent increases. The conclusion of the Shetland Tenants Forum representatives following detailed consultation is that they are happy with the proposals for 2009/10, in that the Council is striving to retain existing levels of service whilst minimising the impact on rents as far as possible, and in recognition that the inflation rate is currently fluctuating.
- 5.4 All tenants were consulted through a postal survey. The return rate was disappointing at 6% compared to 17% in 2007. Of the surveys returned the following table shows the analysis of the results:

	Too high	Too low	About right
Do you think your current rent is:	27%	0	73%
Do you think the proposed increase is:	28%	0	72%
	Poor/very poor	Neither good nor poor	Good/very good
Do you think the rent you pay represents value for money?	11%	14%	75%

These results show that the majority of those responding are satisfied with the level of proposed increase and also feel that they are getting value for money. The percentages returned are similar to 2007, with a slight increase of 8% rating the value for money as good or very good.

6.0 Financial Implications

- 6.1 There is a need increase average rents by £3.72% and to draw £0.185m from the Housing Repairs and Renewals Fund to balance the Housing Revenue Account.

7.0 Policy and Delegated Authority

- 7.1 Approval of the revenue estimates and level of rents and charges require a decision of the Council, in terms of Section 8.0 of the Council's Scheme of Delegations.

8.0 Conclusions

- 8.1 In summary this report sets out the proposed 2009/10 estimates for the Housing Revenue Account. These are detailed in Appendix A.
- 8.2 The Council is statutorily obliged to set a balanced budget for the HRA; this is achieved by drawing £0.185m from the Housing Repairs and Renewals Fund and increase average rents by 3.72%.
- 8.3 A review of rents, charges and decant compensation payments has been undertaken and the proposals are detailed in Appendices B, C and D respectively.

9.0 Recommendations

- 9.1 I recommend that the Council:
- 9.1.1 consider and agree the 2009/10 estimates contained in paragraph 3.1 and detailed in Appendix A;

- 9.1.2 consider and agree the proposed increase to average rent as detailed in Appendix B, and approve the contribution of £0.185m from the Housing Repairs & Renewals fund;
- 9.1.3 consider and agree charges as detailed in Appendix C;
- 9.1.4 consider and agree the decant compensation payments as detailed in Appendix D;

Date: 26 January 2009
Our Ref: HKT/E/1/2009

Report No: F-004-F

2009/10 REVENUE ESTIMATES**COST CENTRE DETAIL - HOUSING REVENUE ACCOUNT**

	2009/10 Budget £
Housing Support Grant	(1,434,865)
Debt Charges	3,147,436
Ladies Drive Hostel	80,414
Waiting List Allocation	242,153
Rents General Needs	(4,395,834)
Rents Sheltered Housing	(545,594)
Supervision and Management	8,686
Customer Services	359,818
Garages	36,356
Repairs & Maintenance - Responsive	811,500
Repairs & Maintenance - Planned	1,167,196
Other (inc CFCR/Contributions)	600,000
Corporate & Democratic Core	108,785
Grazing Lets	(500)
Transfer from the Housing Repairs & Renewals Fund	185,551

2009/10 REVENUE ESTIMATES

PROPOSED RENT LEVELS - HOUSING REVENUE ACCOUNT

Apt. Size	Area	Category	2008/09 Rent Per Week £	2009/10 Rent Per Week £	Weekly Increase £
8 Apartment	Lerwick	Base	96.54	100.41	3.87
8 Apartment	Lerwick	Central Heating	106.11	110.36	4.25
8 Apartment	Lerwick	Double Glazing	101.47	105.53	4.06
8 Apartment	Lerwick	Both	111.03	115.49	4.46
7 Apartment	Lerwick	Base	86.97	90.46	3.49
7 Apartment	Lerwick	Central Heating	95.67	99.50	3.83
7 Apartment	Lerwick	Double Glazing	91.32	94.98	3.66
7 Apartment	Lerwick	Both	100.02	104.03	4.01
6 Apartment	Lerwick	Base	77.41	80.51	3.10
6 Apartment	Lerwick	Central Heating	85.23	88.65	3.42
6 Apartment	Lerwick	Double Glazing	81.17	84.43	3.26
6 Apartment	Lerwick	Both	89.00	92.57	3.57
5 Apartment	Lerwick	Base	67.55	70.26	2.71
5 Apartment	Lerwick	Central Heating	74.22	77.19	2.97
5 Apartment	Lerwick	Double Glazing	71.03	73.87	2.84
5 Apartment	Lerwick	Both	77.70	80.81	3.11
4 Apartment	Lerwick	Base	57.98	60.31	2.33
4 Apartment	Lerwick	Central Heating	63.78	66.34	2.56
4 Apartment	Lerwick	Double Glazing	60.88	63.32	2.44
4 Apartment	Lerwick	Both	66.68	69.35	2.67
3 Apartment	Lerwick	Base	48.41	50.36	1.95
3 Apartment	Lerwick	Central Heating	53.05	55.18	2.13
3 Apartment	Lerwick	Double Glazing	50.73	52.77	2.04
3 Apartment	Lerwick	Both	55.37	57.59	2.22
2 Apartment	Lerwick	Base	38.56	40.10	1.54
2 Apartment	Lerwick	Central Heating	42.62	44.32	1.70
2 Apartment	Lerwick	Double Glazing	40.59	42.21	1.62
2 Apartment	Lerwick	Both	44.65	46.44	1.79
1 Apartment	Lerwick	Base	28.99	30.15	1.16
1 Apartment	Lerwick	Central Heating	31.89	33.17	1.28
1 Apartment	Lerwick	Double Glazing	30.44	31.66	1.22
1 Apartment	Lerwick	Both	33.34	34.68	1.34
8 Apartment	Non Lerwick	Base	91.71	95.39	3.68
8 Apartment	Non Lerwick	Central Heating	100.80	104.84	4.04
8 Apartment	Non Lerwick	Double Glazing	96.39	100.26	3.87
8 Apartment	Non Lerwick	Both	105.48	109.71	4.23
7 Apartment	Non Lerwick	Base	82.62	85.94	3.32
7 Apartment	Non Lerwick	Central Heating	90.89	94.53	3.64
7 Apartment	Non Lerwick	Double Glazing	86.75	90.23	3.48
7 Apartment	Non Lerwick	Both	95.02	98.83	3.81
6 Apartment	Non Lerwick	Base	73.53	76.48	2.95
6 Apartment	Non Lerwick	Central Heating	80.97	84.22	3.25
6 Apartment	Non Lerwick	Double Glazing	77.12	80.21	3.09
6 Apartment	Non Lerwick	Both	84.55	87.94	3.39
5 Apartment	Non Lerwick	Base	64.17	66.74	2.57
5 Apartment	Non Lerwick	Central Heating	70.51	73.33	2.82
5 Apartment	Non Lerwick	Double Glazing	67.48	70.18	2.70
5 Apartment	Non Lerwick	Both	73.81	76.77	2.96
4 Apartment	Non Lerwick	Base	55.08	57.29	2.21
4 Apartment	Non Lerwick	Central Heating	60.59	63.02	2.43
4 Apartment	Non Lerwick	Double Glazing	57.84	60.15	2.31
4 Apartment	Non Lerwick	Both	63.34	65.88	2.54
3 Apartment	Non Lerwick	Base	45.99	47.84	1.85
3 Apartment	Non Lerwick	Central Heating	50.40	52.42	2.02
3 Apartment	Non Lerwick	Double Glazing	48.20	50.13	1.93
3 Apartment	Non Lerwick	Both	52.60	54.71	2.11
2 Apartment	Non Lerwick	Base	36.63	38.10	1.47
2 Apartment	Non Lerwick	Central Heating	40.49	42.11	1.62
2 Apartment	Non Lerwick	Double Glazing	38.56	40.10	1.54
2 Apartment	Non Lerwick	Both	42.41	44.11	1.70
1 Apartment	Non Lerwick	Base	27.54	28.65	1.11
1 Apartment	Non Lerwick	Central Heating	30.30	31.51	1.21
1 Apartment	Non Lerwick	Double Glazing	28.92	30.08	1.16
1 Apartment	Non Lerwick	Both	31.67	32.94	1.27
AVERAGE RENT			54.93	56.98	2.05

Notes:

- a) Central Heating is base + 10%
- b) Double Glazing is base + 5%
- c) Both is base + 15%
- d) Non-Lerwick properties have a 95% rent differential

2009/10 REVENUE ESTIMATES

REVIEW OF CHARGES - HOUSING REVENUE ACCOUNT

TYPE OF CHARGE	2008/09 CHARGE £	2009/10 CHARGE £	VARIANCE %
GARAGES:			
Garage Rents (no electricity)	5.55	5.75	3.60
Garage Rents (electricity)	8.20	8.50	3.66
Double Garage (electricity)	12.30	12.75	3.66
Garage Site Rent	1.20	1.25	4.17
SHEDS:			
Soldian Court and Voderview, Lerwick	0.70	0.75	7.14

2009/10 REVENUE ESTIMATES

DECANT COMPENSATION PAYMENTS			
Payment Description	2008/09 £	2009/10 £	% Increase
Disturbance Allowance	250	250	-
Special Disturbance Addition***	500	500	-
Per Room Allowance	120	125	4.17
Flooring Allowance *	80	85	6.25
Carpet Allowance **	240	250	4.17

* Flooring Allowance only paid when the kitchen and bathrooms have been altered

** Carpet Allowance one-off payment when size of room is increased,

*** Special Disturbance Addition only where property is demolished and rebuilt



REPORT

To: **Special Harbour Board
Shetland Islands Council**

**2 February 2009
18 February 2009**

From: **Service Manager Management Accountancy
Executive Services Department**

TABLE OF DUES 2009/10 REPORT NO: F-001-F

1.0 Introduction

- 1.1 On 10 September 2008 (min ref: 121/08), the Shetland Islands Council approved the budget strategy to be adopted for the Harbour Account for the 2009/10 revenue estimates process.
- 1.2 Members agreed that the Harbour Account should continue to pursue efficiency savings on its operations and should review charging with a view to at least maintaining current levels of profitability at the Port of Sullom Voe.
- 1.3 The 2009/10 revenue estimates along with the Table of Dues for the Harbour Accounts to be proposed by the Head of Ports & Harbours Operations will be presented today. It is necessary to set the Dues at this meeting to give the customary six weeks notice of any changes.
- 1.4 This report has been considered by the Harbour User Panels who have an advisory role. At the Harbour Panel A (harbour users), minutes attached as Appendix C, the Sullom Voe Terminal Manager Lindsay Boswell attended. He commented that he was disappointed at the proposed increase in harbour fees, which are well above inflation. He said that oil prices are significantly lower than in recent times and any increase, particularly an increase above inflation, is very unwelcome and unhelpful to efforts to keep Terminal costs competitive and attract new business. He requested that the Council reviews the proposal and seeks ways to reduce these costs to the industry and bring forward a modified proposal. There was no attendance and no comments have been submitted on the Tables of Dues by the Harbour Users Panel B (small ports users).
- 1.5 In response to these comments the Chief Executive states that he has been in dialogue and urging the Sullom Voe operators and owners for well over two years to engage with the Council to establish a mechanism

for Port Charges at Sullom Voe which are independent of volumes of oil passing through the terminal. The 'equalisation account' which was established to buffer charges approaching the closure of the terminal when low volumes of traffic is inevitable was exhausted in 2000/2001 when the terminal was anticipated to be closed. No negotiation has yet taken place on this issue which has resulted in the Council having to base charges on forecast volumes going through the port and adjusting these accordingly as is being recommended in this instance however, discussions do continue.

- 1.6 The key assumptions used in estimating expenditure are provision for 22 launch crew, 11 marine officers & 2 VTSO's, 50 towage crew, an ad-hoc helicopter service and remote meteorological office service, together with ongoing maintenance and upkeep of the harbour.

2.0 Links to Corporate Priorities

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to prioritising and planning so we can sustain the services we want to provide and help develop our economy, in particular, to keep revenue budgets within sustainable limits.

3.0 Review of Charging Structure

- 3.1 The proposed charging system to be levied from 1 April 2009. Sullom Voe charges are presented as Appendix A (this also incorporates charges for all services not just harbour dues). Appendix B sets out the charges for all other Ports and Harbours.
- 3.2 A consolidated Sullom Voe Port charge, which includes harbour, mooring, pilotage and boarding and landing elements, has now been established. In addition to its usefulness as a tool for comparing the Council's charges with that of our major competitors, it has also simplified the charging process within the Ports and Harbours Service. It is recommended that the Council increase the charge for 2008/09 by 17% to meet the increased cost of supplies and the viability of the Port. The consolidated charge for a segregated ballast tanker visiting the harbour in 2009/10 is proposed to be £0.84 per GT.
- 3.3 Legally the Council is required to stipulate separate charges for each of the chargeable elements and proposals are set out in the Table of Dues (attached as Appendix A). A separate agreement is in place concerning shipping dues paid by the vessel importing Schiehallion cargo.
- 3.4 There is an additional charge included under Scale E – Rates for use of Hard Standing Area. The charge is for Warehouse–Indoor Storage at Scalloway, there is a short-term charge of £0.21 per square metre per day and a long-term charge of £0.07 per square metre per day (minimum of 120 days). Under the Schedule of Pilotage Charges, the hire of the

Sullom Shearwater has been included at £136.62 per hour or part thereof. Ship to Ship transfers have remained at the 2008/09 rate, this is a service which is still being developed.

- 3.5 It is proposed to adjust the charges for non-oil related traffic and for goods dues by 3.5% except fish landing dues, which are not changed from 2008/09 rate.

4.0 Conclusions

- 4.1 In summary, this report sets out the proposed Harbour Charges for 2009/10 as put forward by the Head of Ports & Harbours Operations.
- 4.2 A review of charges at Sullom Voe has been undertaken and the proposals are detailed in Appendix A. The charges proposed for all the Council's Harbours (not just Sullom Voe) are detailed in Appendix B.
- 4.3 A consolidated charge has been established which includes a charge for ship dues, mooring, pilotage and boarding and landing. This charge is £0.84 per GT for segregated ballast tankers and £1.01 for non-segregated. This does not include towage charges.
- 4.4 The Charge Equalisation Reserves which were set up to enable the phased closure of the Port (then expected around 2000/2001) without distorting charge levels unreasonably, has now been eliminated. The Port now requires as a minimum to operate without drawing on any Reserves. Charge setting in the future will predominantly be influenced by the volumes of oil passing through the Terminal in the absence of a mechanism to cushion the impact of a continued volume decline.

5.0 Policy and Delegated Authority

- 5.1 In terms of Section 16 of the Council's Scheme of Delegation, the Harbour Board will consider all proposals for the setting of dues and recommend accordingly to the Council.

6.0 Recommendations

- 6.1 I recommend that: the Harbour Board considers and agrees the Tables of Dues contained in Appendices A and B;
- 6.2 and subject to the above, these harbour charges should be forwarded for consideration by the Council at the final budget-setting meeting on the 18 February 2008.

Date: 23 January 2008
Ref: HKT/E/1/2009 (P&H)

Report No: F-001-F

SHETLAND ISLANDS COUNCIL

TABLE OF DUES TO BE LEVIED AT SULLOM VOE

**FROM 1ST APRIL 2009
(Harbours Act 1964)**

DEFINITION

1. Segregated Ballast Tanker

- 1.1 A tanker holding an International Oil Pollution Certificate showing the ship to have segregated ballast tanks in full compliance with Regulation 13 of MARPOL. In addition the ship must be operated in this manner.

CONSOLIDATED CHARGE

2. Consolidated Charge

- 2.1 The consolidated charge for segregated ballast tankers entering the Port of Sullom Voe will be £0.84 for segregated ballast tankers and £1.01 for LPG/Other vessels. This charge is made up of the following elements, ship dues, pilotage, mooring and boarding and landing.

Example - Consolidated Charge for segregated ballast tankers is made up of the following:

Shipping Dues	- applied per visit	£0.69
Mooring Charge	- applied per visit	£0.03
Pilotage Charge	- applied (£0.04 x 2)	£0.08
B & L Charge	- applied (£0.02 x 2)	£0.04
Total Consolidated Charge		<u>£0.84</u>

RATES AND CONDITIONS OF TOWAGE – SULLOM VOE AREA

3. Cost per arrival/departure.

Gross Tonnage	Per Visit - Tanker	
	Arrival	Departure
0 up to but not including 10,000	£15580.00	£ 7790.00
10,000 up to but not including 65,000	£19068.00	£ 9534.00
65,000 up to but not including 100,000	£28740.00	£14370.00
over 100,000	£40328.00	£30246.00
Gross Tonnage	Per Visit – LPG/Other	

0 up to but not including 10,000	£ 7790.00	£ 7790.00
10,000 up to but not including 65,000	£ 9534.00	£ 9534.00
65,000 up to but not including 100,000	£28740.00	£14370.00
over 100,000	£40328.00	£30246.00

4. TARIFF

4.1 Cancellation

A charge of 10 per cent of the above rates will apply if tugs depart the tug jetty and are cancelled before making fast to vessel

4.2 Aborted Berthings or Sailings

A charge of 50 per cent of the above rates will apply if a movement is unable to be completed after a tug or tugs have been made fast, or have commenced assistance

4.3 Push Up

A charge of £564.00 per tug per hour or part thereof will be levied if a tug or tugs are required to push-up on a vessel during periods of extreme weather conditions

4.4 Escorting Charges

Minimum charge of £1510.00 for 3 hours and £564.00 per hour per tug thereafter

4.5 Standby Charge

A charge of £564.00 per tug per hour or part thereof will be levied if tugs are not used within an hour of order time.

4.6 Firefighting and Oil Dispersal Duties

Within the Terminal and approaches will be charged at a minimum of £1510.00 per 3 hours and £564.00 per hour per tug thereafter plus cost of firefighting foam and oil dispersant liquids.

4.7 Late Order Charges

A surcharge of 15 per cent may be charged if less than 12 hours notice is given in writing.

4.8 Bunker Surcharge

A bunker surcharge will be charged per tug movement, dependent on fuel costs
(Rates available on application)

**ALL TOWAGE UNDERTAKEN SUBJECT TO UNITED KINGDOM STANDARD
CONDITIONS FOR TOWAGE AND OTHER SERVICES (REVISED 1986)
COPIES OF WHICH ARE AVAILABLE ON REQUEST**

SHIPS DUES

Conditions

1. Ship Dues shall apply to all vessels entering the limits of any of the Council's harbours except in circumstances mentioned at (2) and (3) below. These rates shall also be charged by way of berth rents where a Council pier is used in any location outside the Council's harbour areas. Vessels will be allowed to overstay the four-day period in port without additional charge if the harbour is closed, or if cargo/unberthing is suspended due to adverse weather conditions, or if the vessel is permitted to wait alongside until a second crude oil type becomes available. For the avoidance of doubt, if for operational reasons, the Terminal requires the berth to be vacated, then the above will NOT apply.
2. Ship Dues will not be levied on any vessel, which enters a harbour area in order to enable a pilot to board in difficult weather conditions, and subsequently has to depart as a result of the pilot not being able to board. Pilotage and Boarding and Landing charges will however apply in accordance with section 2 (ii) of the schedule of Pilotage Charges.
3. If a vessel is required to leave the harbour by the Harbourmaster for any reason unconnected with defects in the vessel, or the vessel's operation, no ship dues will be levied on the subsequent re-entry. Please note this concession does not apply to pilotage, boarding and landing or mooring boats.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.
6. Craft based at Sullom Voe and operated by the Oil Industry for the sole purpose of pollution control shall be exempted from Harbour Dues provided they occupy berths designated by the Harbourmaster. When berthed other than at a berth designated for the purpose by the Harbourmaster the full Harbour Dues will be payable.
7. With reference to the four-day period in section 1 above, the following times will be subtracted from the overall time in port:
 - a) Tankers that for operational reasons, are called to the pilot station in advance of bad weather conditions, a fixed period of 12 hours.
 - b) Tankers that are required to move berth for two or more types of crude oil, a fixed period of three hours per move.
8. Ships dues are inclusive of a fee for garbage waste disposal

SCALE A -**VESSELS PER ENTRY AND STAY PER FOUR-DAY PERIOD OR PART THEREOF**

VESSELS ENGAGED IN THE PROVISION OF SERVICES, SUPPLY OF MATERIALS
OR EXPORT OF PRODUCTS FROM THE SULLOM VOE OIL TERMINAL

Per gross ton	- segregated ballast tankers	£0.69
	- LPG/Other	£0.83

ANY OTHER VESSEL CALLING AT A COUNCIL PIER OR HARBOUR

Per gross ton	£0.42
Barges – GrossTonnage by calculation or certificate	£0.42
Passengers disembarking per person – (tourist traffic/passenger liners only)	£2.07

Live Fish Carriers

Vessels carrying live fish can apply for an annual composite rate charge equivalent to
40 trips x gt rate

Fish Feed Ships

Vessels regularly involved in the transport of salmon feed using SIC pier and harbours
can apply for an annual composite rate charge equivalent to 40 trips x gt rate.

For vessels primarily engaged in the supply/operation or harvesting of farmed
fish/farmed shellfish can apply for an annual rate based on the gt bands below:-

Up to 15 gt	£172.96
16 gt to 100 gt	£345.92
101 gt to 150 gt	£1729.60
151 gt to 200 gt	£2417.00
201 gt to 300 gt	£3459.20
301 gt to 400 gt	£4612.27
401 gt to 500 gt	£5765.33

SALMON CAGES LAUNCHED AND FLOATING IN HARBOUR per 4 day period

Up to 70 Metre Cage	£34.67
70 Metre Cage	£35.54
80 Metre Cage	£40.62
90 Metre Cage	£45.71
100 Metre Cage and over	£50.79

MINIMUM CHARGE PER ENTRY AND STAY	£6.93
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SCALE B -

COMPOUNDED ADVANCE ANNUAL CHARGES COVERING USE OF ALL COUNCIL PIERS AND HARBOURS

1. A seasonal compound annual fee, payable in advance, will be charged for each pleasure craft berthed within a Harbour area, but not within an established Marina.

The following seasonal fee covers 1 April to 30 September, inclusive: -

a) Exceeding 15m overall length	£94.54
b) Exceeding 10m and up to 15m	£69.35
c) Up to 10m	£44.11

Charge per calendar month between 1 October and 31 March inclusive, in addition to section 1 above: -

a) Exceeding 15m overall length	£23.65
b) Exceeding 10m and up to 15m	£17.34
c) Up to 10m	£11.04

For registered fishing vessels and salmon farm tenders

a) Up to and including 8m overall length	£27.88
b) In excess of 8m overall length, per metre or part of overall length	£19.68

Vessels regularly providing services within a Council harbour
(over 8 metres overall length) - per gross ton £31.22

The compounded charge herein referred to shall cease to be applicable to any vessel continuously occupying a berth at a pier for a period in excess of 3 calendar months. Such vessels will then be liable for period dues as per Scale A

GOODS DUES

Conditions:

9. (i) Goods dues shall apply to all goods discharged or loaded over one of the Council's piers or handled in the fish market, or to any transfer of goods from craft to craft, craft to shore and from shore to craft which takes place within the limits of a Council harbour but which does not involve the use of a pier except as in (ii) below. Goods dues SHALL NOT apply to goods carried on scheduled ferry services operated or subsidised by the Council. Goods dues SHALL NOT apply in respect of oil or gas loaded into tankers over the oil jetties in Sullom Voe.

- (ii) Salmon Farmers and Shellfish Farmers operating within or serviced from a harbour area but not making use of a Council pier or landing place are required to pay a due of £141.18 annually. Where a Council pier or landing place is used, the full tariff is applicable.

SCALE C - RATES ON FISHING GEAR

Vessels storing nets on any pier, outwith designated net mending areas
Per net per day £33.28

However, where nets are stored in bins as provided by the Council the following bin rates apply: -

Per Glass Fibre Bin per annum £120.67

Per Small Metal Bin (1.925m x 1.925m) per annum £263.44

Per Large Metal Bin (1.925m x 2.60m) per annum £298.30

The above rates are inclusive of insurance and shall be applied to pro rata on a daily basis as appropriate.

Where insufficient bins are available to meet demand, charges are abated for nets left in the designated storage areas to those applicable to a large metal storage bin during the period until a bin is available.

Charge for the use of designated net mending area where not paying compounded dues or landing dues on that visit - £70.94 per net for the first seven days, thereafter the rates for use of hard standing areas will apply.

Where excessive waste net materials are left behind after use of the net mending area vessels will be charged for collection and disposal of the materials.

Minimum charge per hour £30.60

SCALE D - RATES ON GOODS

Fresh fish and shellfish - per £1.00 value ad valorem £0.025

Farmed Fish - per tonne £7.25

Farmed Shellfish – per tonne £3.62

Any fish or shellfish landed outwith a Council pier
and stored in the Fish market – per £1.00 value ad valorem £0.025

Fishing vessels less than 15gt engaged in inshore fishing will be required to purchase a Landing Disc for 6 or 12 months as below:-

6 month disc £61.07

12 month disc	£111.41
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Vessels as above who land mackerel through Scalloway Fish Market will be eligible to apply for a 6 or 12 month disc as above

* This exemption will not apply to fish/shellfish being landed through the Fish Market other than as stated above

Fishermen, vessel owners and agents are advised that if the value of fish consigned through a Shetland Islands Council port is not declared within 1 calendar month of landing, a charge of £2.78 per box will be levied in lieu of the published dues.

Tractors, lorries, machinery and motor cars, (any goods which they might be carrying will be charged separately in accordance with the table of dues) - per tonne £6.50

Bulk Materials

Aggregates both coarse and fine, fertilisers, boulders and cement/sand - per tonne (bulk includes carriage in flexible intermediate bulk containers - FIBC's)	£0.16
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Salmon Feed - per tonne	£1.27
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Salmon Nets (from/to cages) per net	£19.41
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Ice – per tonne	£1.61
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Water - per tonne	£1.66
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Fuel/Gas Oil/Diesel	£1.61
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Live Animals	£0.34
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Any other goods not specified above, per tonne	£1.66
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Minimum charge on any one item	£6.73
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Water/Power Bollards

Electricity – when electricity is supplied from the power bollards a minimum charge of £5.55 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply. Rates available on application

Water – when water is supplied from the water bollards a minimum charge of £5.55 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply. Rates available on application.

SCALE E - RATES FOR USE OF HARD STANDING AREA

Outdoor Storage

Short Term - per square metre per day £0.16

Long Term (min 120 days) - per square metre per day £0.06

(NB: Long Term Storage rates only apply on receipt of a written request)

Warehouse – Indoor Storage, Scalloway

Short Term – per square meter per day £0.21

Long Term (min 120 days) – per square metre per day £0.07

(NB: Long Term Storage rates for Warehouse will only apply on receipt of a written request)

Trailers/Containers parked on harbour property not engaged in loading/discharging of goods unless a written request for long term storage is received shall be liable for the following charge

Per day £3.88

Minimum charge £5.55

However, to avoid any delay to the ship when bulk cargo is being handled e.g. sand, aggregate, limestone etc., the consignee/shipper shall be assigned an area of the quay for stock piling purposes at the rate of 400m² per 1000 tonnes. The shipper shall be responsible for clearing up the designated area after the total cargo has been shipped. One week (7 days) per cargo will be allowed free of hard standing storage fees. Any cargo remaining after one week will attract hard standing storage dues at the above rate.

SALMON CAGES UNDER CONSTRUCTION

Storage of parts before construction commences – as hard standing rate above.

Whilst construction takes place - £61.19 per day plus hard standing charge for parts.

Charges for building aquaculture cages in harbour waters will be based on the area times an assumed GROSS TONNAGE. Therefore charges will be levied as per Scale A plus hard standing charge for parts.

CHARGES FOR HARBOUR CRAFT AND PLANT

10. A daily hire rate for any of the following plant can be negotiated at time of hire.

Hire of the SULLOM SPINDRIFT/SULLOM SHOORMAL/
SULLOM SPRAY per hour or part thereof £300.90

Hire of the Sullom 'A', 'B' or 'C' per hour or part thereof	£106.68
Hire of Sullom Shearwater per hour or part thereof (Subject to availability)	£136.62
Hire of the Marine Travel Lift per hour or part thereof	£117.60
Hire of Fork Lift Truck per hour or part thereof	£34.88

SCALE F – SHIP TO SHIP TRANSFER OF OIL

1. Ship-to-ship transfers of oil at a Sullom Voe Terminal jetty, excluding bunker transfers:-

(a) Import vessel(s) per gross cargo tonne	£0.49
(b) Export Vessel	Free of Charge

The above includes Ship Dues/Pilotage/Boarding and Landing/Mooring/Normal Towage. Any other services will be charged as detailed in the Table of Dues.

2. Where an export tanker loads crude ex shore tankage before or after a ship-to-ship transfer:-

(a) Import vessel(s) per gross cargo tonne	£0.49
(b) Export vessel will be berthed and moved once	Free of Charge

Thereafter the export vessel will attract Ship Dues/Pilotage/Boarding and Landing/departure towage (as published by Shetland Towage Ltd) and any other harbour charges as detailed in the Table of Dues.

SULLOM VOE HARBOUR AREA
SCHEDULE OF MOORING RATES

Effective from 1st April 2009

1. At any one of the oil loading jetties, per mooring operation

- segregated ballast tankers	£0.03
- LPG/Other	£0.05

A 'mooring operation' shall be any occasion on which the services of one or more mooring boats are required for the purposes of mooring. Where a vessel is required to shift from one jetty to another the above rates will apply for each separate mooring.

At any other jetty - per mooring boat per hour or part thereof	£106.68
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At any jetty but not requiring a mooring boat - per hour or part thereof	£49.30
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SULLOM VOE HARBOUR AREA
SCHEDULE OF PILOTAGE CHARGES
(PILOTAGE ACT 1987)

Effective from 1st April 2009

1. The following charge is payable for piloting a vessel inwards or outwards in the Harbour Area and for each piloted movement within the harbour: -

Per gross ton	- segregated ballast tankers	£0.04
	- LPG/Other	£0.05

Minimum charge per act of pilotage £100.67

2. A charge of £61.78 per hour or part thereof shall be applicable in the following cases: -

- (i) when a pilot is requested for the departure, moving or arrival of a vessel and the vessel fails to move or arrive within one hour of the stated time of departure, move or arrival;
- (ii) when a pilot is requested and the requirement is cancelled after the pilot has set out to undertake pilotage;
- (iii) for detention aboard ship of a pilot by request of the Master, Owner or Agent and no pilotage service is being rendered, and
- (iv) when a pilot is in attendance on board a vessel berthed alongside during periods of severe weather.

3. Vessels, which are being towed, by a vessel under pilotage and any vessel being led within the Harbour Area by a vessel which is under pilotage shall pay pilotage dues as if the pilot were on board.

4. Marine Officers of the Shetland Islands Council undergoing training may from time to time accompany the pilot but such trainees shall not be considered to be assistants to the pilot and no extra charge shall accrue to any vessel in respect of such trainees.

5. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
6. In calculating pilotage charges a fraction of a gross ton shall be reckoned as one gross ton.

SULLOM VOE HARBOUR AREA

SCHEDULE OF BOARDING AND LANDING CHARGES

(PILOTAGE ACT 1987)

Effective from 1 April 2009

1. For each act of pilotage undertaken every vessel shall pay a boarding fee or a landing fee of: -

Per gross ton - segregated ballast tankers	£0.02
- LPG/Other	£0.02
Minimum charge per act of pilotage	£100.67
2. If the pilot launch is detained under any of the circumstances as mentioned in paragraph two of the scale of charges for pilotage a charge shall apply as follows: -

For each hour or part thereof	£300.90
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3. When a helicopter is used to board or land the Pilot all charges incurred in respect of aircraft usage, including abortive missions, will be charged to the ship's account. In addition, as a launch is required for safety cover, the normal boarding and landing fee will be charged.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.
6. Vessels which cannot provide regulation boarding equipment and in particular those with forward leading accommodation ladders, may receive or land their pilots by helicopter, if a helicopter is available. In such cases all charges incurred in respect of aircraft usage, including abortive missions will be charged to the ships account.

7. Special rates are applicable for the performance of duties outside those normally associated with pilotage and these are available on request from the General Manager – Ports and Harbours Operations.

The Shetland Islands Council reserve the right to apply discretionary rates to any charge in the Table of Dues on application.

SHETLAND ISLANDS COUNCIL

TABLE OF DUES TO BE LEVIED AT ALL PIERS AND HARBOURS

**FROM 1ST APRIL 2009
(Harbours Act 1964)**

DEFINITION

SHIPS DUES

Conditions

1. Ship Dues shall apply to all vessels entering the limits of any of the Council's harbours except in circumstances mentioned at (2) and (3) below. These rates shall also be charged by way of berth rents where a Council pier is used in any location outside the Council's harbour areas. Vessels will be allowed to overstay the four-day period in port without additional charge if the harbour is closed, or if cargo/unberthing is suspended due to adverse weather conditions.
2. Ship Dues will not be levied on any vessel, which enters a harbour area in order to enable a pilot to board in difficult weather conditions, and subsequently has to depart as a result of the pilot not being able to board. Pilotage and Boarding and Landing charges will however apply in accordance with section 2 (ii) of the schedule of Pilotage Charges.
3. If a vessel is required to leave the harbour by the Harbourmaster for any reason unconnected with defects in the vessel, or the vessel's operation, no ship dues will be levied on the subsequent re-entry. Please note this concession does not apply to pilotage, boarding and landing or mooring boats.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.
6. Ships dues are inclusive of a fee for garbage waste disposal.

**SCALE A -
VESSELS PER ENTRY AND STAY PER FOUR-DAY PERIOD OR PART THEREOF**

VESSELS CALLING AT SCALLOWAY HARBOUR IN EXCESS OF 300 GROSS TONNAGE (INCLUSIVE OF PILOTAGE)

Per gross ton	
£0.52	
Passengers disembarking per person - (tourist traffic/passenger liners only)	£2.07

ANY OTHER VESSEL CALLING AT A COUNCIL PIER OR HARBOUR

Per gross ton	£0.42
Barges – GrossTonnage by calculation or certificate	£0.42
Passengers disembarking per person - (tourist traffic/passenger liners only)	£2.07

Live Fish Carriers

Vessels carrying live fish can apply for an annual composite rate charge equivalent to 40 trips x gt rate

Fish Feed Ships

Vessels regularly involved in the transport of salmon feed using SIC pier and harbours can apply for an annual composite rate charge equivalent to 40 trips x gt rate.

For vessels primarily engaged in the supply/operation or harvesting of farmed fish/farmed shellfish can apply for an annual rate based on the gt bands below:-

Up to 15 gt	£172.96
16 gt to 100 gt	£345.92
101 gt to 150 gt	£1729.60
151 gt to 200 gt	£2417.00
201 gt to 300 gt	£3459.20
301 gt to 400 gt	£4612.27
401 gt to 500 gt	£5765.33

SALMON CAGES LAUNCHED AND FLOATING IN HARBOUR

Per 4 day period

Up to 70 Metre Cage	£34.67
70 Metre Cage	£35.54
80 Metre Cage	£40.62
90 Metre Cage	£45.71
100 Metre Cage and over	£50.79

MINIMUM CHARGE PER ENTRY AND STAY	£6.93
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**SCALE B -
COMPOUNDED ADVANCE ANNUAL CHARGES COVERING USE OF ALL COUNCIL
PIERS AND HARBOURS**

1. A seasonal compound annual fee, payable in advance, will be charged for each pleasure craft berthed within a Harbour area, but not within an established Marina.

The following seasonal fee covers 1 April to 30 September, inclusive: -

a)	Exceeding 15m overall length	£94.54
b)	Exceeding 10m and up to 15m	£69.35
c)	Up to 10m	£44.11

Charge per calendar month between 1 October and 31 March inclusive, in addition to section 1 above: -

a)	Exceeding 15m overall length	£23.65
b)	Exceeding 10m and up to 15m	£17.34
c)	Up to 10m	£11.04

For registered fishing vessels and salmon farm tenders

a)	Up to and including 8m overall length	£27.88
b)	In excess of 8m overall length, per metre or part of overall length	£19.68

Vessels regularly providing services within a Council harbour
(over 8 metres overall length) - per gross ton

£31.22

The compounded charge herein referred to shall cease to be applicable to any vessel continuously occupying a berth at a pier for a period in excess of 3 calendar months. Such vessels will then be liable for period dues as per Scale A

GOODS DUES

Conditions:

7. (i) Goods dues shall apply to all goods discharged or loaded over one of the Council's piers or handled in the fish market, or to any transfer of goods from craft to craft, craft to shore and from shore to craft which takes place within the limits of a Council harbour but which does not involve the use of a pier except as in (ii) below. Goods dues SHALL NOT apply to goods carried on scheduled ferry services operated or subsidised by the Council. Goods dues SHALL NOT apply in respect of oil or gas loaded into tankers over the oil jetties in Sullom Voe.

- (ii) Salmon Farmers and Shellfish Farmers operating within or serviced from a harbour area but not making use of a Council pier or landing place are required to pay a due of £141.18 annually. Where a Council pier or landing place is used, the full tariff is applicable.

SCALE C - RATES ON FISHING GEAR

Vessels storing nets on any pier, outwith designated net mending areas	
Per net per day	£33.28

However, where nets are stored in bins as provided by the Council the following bin rates apply: -

Per Glass Fibre Bin per annum	£120.67
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Per Small Metal Bin (1.925m x 1.925m) per annum	£263.44
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Per Large Metal Bin (1.925m x 2.60m) per annum	£298.30
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The above rates are inclusive of insurance and shall be applied to pro rata on a daily basis as appropriate.

Where insufficient bins are available to meet demand, charges are abated for nets left in the designated storage areas to those applicable to a large metal storage bin during the period until a bin is available.

Charge for the use of designated net mending area where not paying compounded dues or landing dues on that visit - £70.94 per net for the first seven days, thereafter the rates for use of hard standing areas will apply.

Where excessive waste net materials are left behind after use of the net mending area vessels will be charged for collection and disposal of the materials.

Minimum charge per hour	£30.60
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SCALE D - RATES ON GOODS

Fresh fish and shellfish - per £1.00 value ad valorem	£0.025
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Farmed Fish - per tonne	£7.25
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Farmed Shellfish - per tonne	£3.62
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Any fish or shellfish landed outwith a Council pier and stored in the Fish market – per £1.00 value ad valorem	£0.025
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Fishing vessels less than 15gt engaged in inshore fishing will be required to purchase a Landing Disc for 6 or 12 months as below.

6 month disc	£61.07
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12 month disc	£1111.41
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Vessels as above who land mackerel through Scalloway Fish Market will be eligible to apply for a 6 or 12 month disc as above

*This exemption will not apply to fish/shellfish being landed through the Fish Market other than as stated above

Fishermen, vessel owners and agents are advised that if the value of fish consigned through a Shetland Islands Council port is not declared within 1 calendar month of landing, a charge of £2.78 per box will be levied in lieu of the published dues.

Tractors, lorries, machinery and motor cars, (any goods which they might be carrying will be charged separately in accordance with the table of dues) - per tonne	£6.50
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Bulk Materials

Aggregates both coarse and fine, fertilisers, boulders and cement/sand - per tonne (bulk includes carriage in flexible intermediate bulk containers - FIBC's)	£0.16
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Salmon Feed - per tonne	£1.27
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Salmon Nets (from/to cages) per net	£19.41
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Ice – per tonne	£1.61
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Water - per tonne	£1.66
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Fuel/Gas Oil/Diesel	£1.61
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Live Animals	£0.34
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Any other goods not specified above, per tonne	£1.66
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Minimum charge on any one item	£6.73
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Water/Power Bollards

Electricity – when electricity is supplied from the power bollards a minimum charge of £5.55 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply.
Rates available on application

Water – when water is supplied from the water bollards a minimum charge of £5.55 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply.
Rates available on application.

SCALE E - RATES FOR USE OF HARD STANDING AREA

Outdoor Storage

Short Term - per square metre per day £0.16

Long Term (min 120 days) - per square metre per day £0.06

(NB: Long Term Storage rates only apply on receipt of a written request)

Warehouse – Indoor Storage, Scalloway

Short Term - per square metre per day £0.21

Long Term (min 120 days) - per square metre per day £0.07

(NB: Long Term Storage rates for Warehouse will only apply on receipt of a written request)

Trailers/Containers parked on harbour property not engaged in loading/discharging of goods unless a written request for long term storage is received shall be liable for the following charge

Per day £3.88

Minimum charge £5.55

However, to avoid any delay to the ship when bulk cargo is being handled e.g. sand, aggregate, limestone etc., the consignee/shipper shall be assigned an area of the quay for stock piling purposes at the rate of 400m² per 1000 tonnes. The shipper shall be responsible for clearing up the designated area after the total cargo has been shipped. One week (7 days) per cargo will be allowed free of hard standing storage fees. Any cargo remaining after one week will attract hard standing storage dues at the above rate.

SALMON CAGES UNDER CONSTRUCTION

Storage of parts before construction commences – as hard standing rate above.

Whilst construction takes place - £61.19 per day plus hard standing charge for parts.

Charges for building aquaculture cages in harbour waters will be based on the area times an assumed GROSS TONNAGE. Therefore charges will be levied as per Scale A plus hard standing charge for parts.

CHARGES FOR HARBOUR CRAFT AND PLANT (BASED AT SCALLOWAY HARBOUR)

8. A daily hire rate for any of the following plant can be negotiated at time of hire.

Hire of the Scalloway Harbour Launch per hour or part thereof	£74.52
Hire of Fork Lift Truck per hour or part thereof	£34.88
Hire of power washers per hour or part thereof	£15.96

SCALLOWAY HARBOUR AREA

SCHEDULE OF PILOTAGE CHARGES

(PILOTAGE ACT 1987)

Effective from 1 April 2009

1. The following charge is payable for piloting a vessel less than 300 Gross Tonnage inwards or outwards in the Pilotage District to or from either an anchorage, buoy or berth and for each piloted movement within the harbour: -

Per act of pilotage £30.89
2. Vessels in excess of 300 Gross Tonnage entering Scalloway Harbour shall pay the following charge, which is a proportion of a composite harbour charge levied on all such vessels: -

Per gross ton £0.10
3. A charge of £28.35 per hour or part thereof shall be applicable in the following cases: -
 - i) When a pilot is requested for the departure, shifting or arrival of a vessel and the vessel fails to move or arrive within one hour of the stated time of departure, shift or arrival;
 - ii) when a pilot is requested and the request is cancelled after the pilot has set out to undertake pilotage, and
 - iii) for detention aboard ship of a pilot by request of the Master, Owner or Agent and no pilotage service is being rendered.
4. Vessels that are being towed by a vessel under pilotage and any vessel being led within the Pilotage District by a vessel, which is under pilotage, shall pay pilotage dues as if the pilot were on board.
5. Marine Officers of the Shetland Islands Council undergoing training may from time to time accompany the licensed pilot but such trainees shall not be considered to be assistants to the pilot and no extra charge shall accrue to any vessel in respect of such trainees.

6. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
7. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.
8. Special rates are applicable for the performance of duties outside those normally associated with pilotage and these are available on request from the General Manager – Ports and Harbours Operations.

SCALLOWAY HARBOUR AREA

SCHEDULE OF BOARDING AND LANDING CHARGES

(PILOTAGE ACT 1987)

Effective from 1 April 2009

1. For each act of pilotage undertaken every vessel shall pay a boarding fee or a landing fee of: -

£74.52 per hour or part thereof for use of the pilot cutter plus, outside normal working hours, there shall be an additional charge for labour involved. Rates available on application.
2. If the pilot launch is detained by virtue of any of the circumstances in paragraph three of the scale of charges for pilotage a charge shall apply as follows: -

For each hour or part thereof £74.52
3. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
4. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.

The Shetland Islands Council reserves the right to apply discretionary rates to any charge in the Table of Dues on application.

Harbour Users Panel A

Minutes of Meeting held on Tuesday 13 January 2009 at 14.00 hours

Present:

A Cooper	Chair, Harbour Board
L Boswell	Terminal Manager, SVT
B Edwards	Operations Manager Ports, Ports and Harbours
S Summers	Admin Manager, Ports and Harbours
R Moore	Harbour Master, Ports and Harbours

Apologies:

C Smith	Area Manager, OBC
H Tait	Accountant, Finance Services

Minutes taken by: Samantha McKimm

Table of Dues to be Levied at Sullom Voe

Minute:

The Chairman opened the meeting explaining the Harbour Users Panel A is conducted by the Shetland Islands Council under the ZCC Act. The meetings are normally convened once a year to comment on harbour charges. The final minutes will be reported to the Harbour Board on 02 February, approval is then granted at the full Council meeting.

RM advised the meeting that instructions received from the Chief Executive set a proposed increase of 17% for oil related business in the new Table of Dues. RM reported Non Oil related business was proposed to increase by 3% and Ship-to-Ship operations would remain at the current charge. RM advised this increase was partly due to the non-expected reduction in shipping numbers in 2008. RM advised the slight changes in format in the Table of Dues would not result in any hidden charges.

LB informed the meeting that the Confidentially Agreement had been agreed and put in place and asked if the increase was a result of the Shipping Forecast.

RM confirmed that the increase was based on the forecast figures and informed the meeting that SIC can't make a loss but doesn't want to drive business away.

LB asked what the increase was based on?

SS reported that Hazel Tait confirmed figures used were received from Morgan Goodlad, Chief Executive on 8 December 2008.

MO-O SM

LB commented that he was disappointed with the proposed increase in harbour fees, which are well above inflation. He said that oil prices are significantly lower than in recent times and any increase, particularly an increase above inflation, is very unwelcome and unhelpful to efforts to keep Terminal costs competitive and attract new business.

LB requested that the Council reviews the proposal and seeks ways to reduce these costs to the industry and bring forward a modified proposal.

AC advised the group that there are issues with medium to long term forecasting. AC informed Members that the Chief Executive has been unable to see any future plans which the Terminal participants have for service delivery and as a result was having to set charges in isolation:-

1. AC advised the group that the SIC don't want to make a loss but recognise they also need to meet the need of the customers. AC stressed he was worried the increase would effect Schiehallion and any new business in the future. AC commented that once the new tugs are delivered, the manning levels for all water borne staff would need to be reviewed and resolve agreements with the Unions to cut down costs. He concluded by saying that it was inappropriate for Mr Boswell to link charges to the current low oil price because there was no offer to pay higher dues when oil prices are high.

RM mentioned that the shipping numbers have not met the Forecasts supplied by SVT at the time of SIC budget setting. RM stated that this has an effect as the SIC set their budget on the basis of the Forecasts. RM acknowledged that it could be difficult to forecast oil production rates and downtime.

LB finished by raising disappointment on the significant increase and looked forward to any improvement and agreed, where possible, to work with the Port Authority in achieving a more efficient service.

With no further comments or business, the meeting was closed.



REPORT

To: **Special Harbour Board
Shetland Islands Council**

**2 February 2009
18 February 2009**

From: **Service Manager Management Accountancy
Executive Services Department**

PORTS AND HARBOUR ESTIMATES – 2009/10 REPORT NUMBER: F-002-F

1.0 Introduction

- 1.1 On 10 September 2008 (min ref: 121/08), the Shetland Islands Council approved the budget strategy to be adopted for the Harbour Account for the 2009/10 revenue estimates process.
- 1.2 Members agreed that the Harbour Account should continue to pursue efficiency savings on its operations and should review charging with a view to at least maintaining current levels of profitability at the Port of Sullom Voe.

2.0 Links to Corporate Priorities

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to prioritising and planning so we can sustain the services we want to provide and help develop our economy, in particular, to keep revenue budgets within sustainable limits.

3.0 2009/10 Estimates Compared to No Growth Projection

3.1 Support and Recharged Ledgers

- 3.1.1 Appendix A(1) compares the 2009/10 Support Ledger estimates put forward by the Head of Ports and Harbours Operations against the no growth projection set by the Council. The position is summarised in the following table:

Table 1 Ports & Harbours Support Ledger	2009/10 No Growth Projection £000	2009/10 Budget £000	2009/10 Variance £000
Income	(17)	(18)	2
Employee Costs	887	900	(13)
Operating Costs	247	214	33
Net Controllable Expenditure	1,118	1,096	22
Financing Costs	18	22	(4)
Net Recharges	(1,136)	(1,118)	(17)
Total Net Expenditure	0.0	0.0	0.0

3.1.2 Table 1 shows that there is a favourable variance in Net Controllable Departmental expenditure on the Support Ledger of £0.022m. This is due to reduced fuel and travel costs.

3.1.3 Appendix A(2) compares the 2009/10 Recharged Ledger estimates put forward by the Head of Ports & Harbours Operations against the no growth projection set by the Council. The position is summarised Table 2 below:

Table 2 Ports & Harbours Recharged Ledger	2009/10 No Growth Projection £000	2009/10 Budget £000	2009/10 Variance £000
Income	(46)	(46)	(1)
Employee Costs	629	609	19
Operating Costs	4,402	4,582	(180)
Net Controllable Expenditure	4,984	5,146	(162)
Financing Costs	0	0	0
Net Recharges	(4,984)	(5,146)	162
Total Net Expenditure	0	0	0

3.1.4 The overall Net Departmental controllable expenditure is higher than the no growth projection for 2009/10. This is due to increased fuel costs for the tug boats.

3.2 Harbour Account

3.2.1 Appendix A(3) compares the 2009/10 Harbour estimates put forward by the Head of Ports & Harbours Operations against the

no growth projection set by the Council. The position is summarised in the following table:

Table 3 Ports & Harbours Harbour Ledger	2009/10 No Growth Projection £000	2009/10 Budget £000	2009/10 Variance £000
Income	(17,236)	(15,257)	(1,979)
Employee Costs	5,602	5,569	33
Operating Costs	1,246	1,012	234
Transfer Payments	81	81	0
Net Controllable Expenditure	(10,307)	(8,596)	(1,711)
Financing Costs	430	138	292
Net Recharges	5,878	6,103	(225)
Total Net (Income)/Expenditure	(4,000)	(2,355)	(1,645)

3.2.2 Table 3 shows that there is an unfavourable variance on the Harbour Account of £1.645m against the no growth projection which was set at achieving a £4m net income in line with the long term financial strategy. This has not been achieved with reduced Harbour and Towage income resulting from reduced throughput. A 17% increase in dues is being recommended which is based upon maintaining the 2008/2009 position. The principal loss in volume forecast for 2009/2010 is due to another anticipated loss of Schiehallion traffic mid year due to further planned maintenance at the field. It is hoped this will be restored in subsequent years should we be successful at securing the Schiehallion contract beyond 2010.

3.2.3 The Ports and Harbours service is to be reviewed and reports will be coming forward throughout 2009/10 to continue to reduce costs on the Harbour operation in order to meet the long term financial plan and make the operation sustainable into the future.

3.2.4 Appendix B(1) and B(2) compare the 2009/10 estimates to the no growth projection by cost centre for the Ports & Harbours service.

3.3 Review of Charges

3.3.1 A separate report on the Table of Dues is being presented to the Harbour Board today and as such does not form part of this report. However it should be noted that Sullom Voe Harbour charges are proposed to increase by 17% and income arising from that level of charging is included in these estimates.

4.0 Financial Implications

- 4.1 Ports & Harbour's Support Ledger is under the no growth projection by £0.022m and Recharged Services is over by £0.162m respectively. The Harbour estimates show an unfavourable performance against the target income generation level of £4m for 2009/10, with net income expected to be £2.355m, some £1.645m under this target. This is a significant shortfall against the assumptions included in the Council's financial planning. Any future projections will need to take account of this shortfall and its impact.

5.0 Policy and Delegated Authority

- 5.1 In terms of Section 16 of the Council's Scheme of Delegation, the Harbour Board will be responsible for monitoring current budgets and approving future budgets for submission to the Council for approval.

6.0 Conclusions

- 6.1 In summary this report sets out the proposed Harbour estimates for 2009/10 financial year, as put forward by the Head of Ports & Harbours Operations detailed in Appendices A(1), A(2), A(3), B(1) and B (2). These estimates have been compared against the no growth projections set by the Council's budget strategy and explanations of any major variances from this have been given.
- 6.2 The budgets put forward by the Head of Ports & Harbours Operations on the Support Ledger is under no growth projection by £0.022m, on the Recharged Ledger are over by £0.162m due to fuel cost increases for the tug boats. The Harbour Account is budgeted to generate £1.645m less than the planned target of £4m. This shortfall will have to be taken into account in future financial projections.
- 6.3 A review of charges is discussed in a separate report titled "Harbour Dues 2009/10".

7.0 Recommendations

- 7.1 I recommend that the Harbour Board consider and accept the 2009/10 estimates contained in Appendices A(1), A(2), A(3) and B(1), B(2);
- 7.2 subject to the above, these estimates should be forwarded for consideration by the Council at the final budget-setting meeting on the 18 February 2009.

Date: 26 January 2009
Our Ref: HKT/E/1/2009(P&H)

Report No: F-002-F

SUPPORT : 2009/10 ESTIMATE COMPARED TO 2009/10 NO GROWTH PROJECTION

PORTS & HARBOURS

	NO GROWTH PROJECTION 2009/10 £	BUDGET 2009/10 £	FAV/(ADVERSE) VARIANCE £
INCOME			
Client Receipts	(663)	(150)	(513)
Financing	(15,828)	(18,279)	2,451
Grants	-	-	-
Reimbursements	(102)	(50)	(52)
Rents	-	-	-
TOTAL INCOME	(16,593)	(18,479)	1,886
EXPENDITURE			
Employee Costs			
Allowances	28,719	32,803	(4,084)
Basic Pay	652,122	654,806	(2,684)
Bonus	-	-	-
National Insurance	55,404	54,917	487
Other	21,994	20,017	1,977
Overtime	16,002	15,864	138
Pension Contributions	113,038	122,060	(9,022)
Sub-Total (Employee Costs)	887,279	900,467	(13,188)
Operating Costs			
Administration	38,097	31,300	6,797
Agency Payments	4,080	4,000	80
Property and Fixed Plant	97,764	89,248	8,516
Supplies and Services	34,925	34,490	435
Transport & Mobile Plant	72,397	55,368	17,029
Sub-Total (Operating Costs)	247,263	214,406	32,857
Transfer Payments	-	-	-
TOTAL EXPENDITURE	1,134,542	1,114,873	19,669
NET CONTROLLABLE EXPENDITURE	1,117,949	1,096,394	21,555
Financing Costs	17,704	21,882	(4,178)
Recharges In/Out	(1,135,653)	(1,118,276)	(17,377)
TOTAL SUPPORT	0	-	0

RECHARGED LEDGER : 2009/10 ESTIMATE COMPARED TO NO GROWTH PROJECTION

PORTS & HARBOURS

	NO GROWTH PROJECTION 2009/10 £	BUDGET 2009/10 £	FAV/(ADVERSE) VARIANCE £
INCOME			
Client Receipts	(23,970)	(23,500)	(470)
Financing	(22,440)	(22,000)	(440)
Grants	-	-	-
Reimbursements	(51)	(80)	29
Rents	-	-	-
TOTAL INCOME	(46,461)	(45,580)	(881)
EXPENDITURE			
Employee Costs			
Allowances	47,956	40,876	7,080
Basic Pay	384,014	372,980	11,034
Bonus	-	-	-
National Insurance	38,534	36,117	2,417
Other	3,181	2,164	1,017
Overtime	93,647	93,524	123
Pension Contributions	61,274	63,693	(2,419)
Sub-Total (Employee Costs)	628,605	609,354	19,251
Operating Costs			
Administration	20,162	25,540	(5,378)
Agency Payments	140,306	140,000	306
Property and Fixed Plant	712,536	709,679	2,857
Supplies and Services	279,383	296,863	(17,480)
Transport & Mobile Plant	3,249,629	3,409,858	(160,229)
Sub-Total (Operating Costs)	4,402,016	4,581,940	(179,924)
Transfer Payments	-	-	-
TOTAL EXPENDITURE	5,030,621	5,191,294	(160,673)
NET CONTROLLABLE EXPENDITURE	4,984,160	5,145,714	(161,554)
Financing Costs	-	-	-
Recharges In/Out	(4,984,160)	(5,145,714)	161,554
TOTAL RECHARGED	-	-	-

HARBOUR ACCOUNT : 2009/10 ESTIMATE COMPARED TO NO GROWTH PROJECTION

PORTS & HARBOURS

	NO GROWTH PROJECTION 2009/10 £	BUDGET 2009/10 £	FAV/(ADVERSE) VARIANCE £
INCOME			
Client Receipts	(2,361,325)	(2,441,140)	79,815
Financing	(777,811)	(778,193)	382
Harbour Charges	(14,094,108)	(12,033,346)	(2,060,762)
Reimbursements	(10)	(10)	(0)
Rents	(2,550)	(4,500)	1,950
TOTAL INCOME	(17,235,805)	(15,257,189)	(1,978,616)
EXPENDITURE			
Employee Costs			
Allowances	491,720	465,659	26,061
Basic Pay	3,646,696	3,637,584	9,112
Bonus	138,973	138,158	815
National Insurance	402,670	386,387	16,283
Other	29,691	18,116	11,575
Overtime	260,307	262,087	(1,780)
Pension Contributions	631,882	660,532	(28,650)
Sub-Total (Employee Costs)	5,601,939	5,568,523	33,416
Operating Costs			
Administration	191,417	180,891	10,526
Agency Payments	9,180	11,500	(2,320)
Property and Fixed Plant	507,142	358,976	148,166
Supplies and Services	150,041	149,922	119
Transport & Mobile Plant	388,295	310,687	77,608
Sub-Total (Operating Costs)	1,246,076	1,011,976	234,100
Transfer Payments	80,580	80,580	-
TOTAL EXPENDITURE	6,928,595	6,661,079	267,516
NET CONTROLLABLE EXPENDITURE	(10,307,210)	(8,596,110)	(1,711,100)
Financing Costs	429,541	137,750	291,791
Recharges In/Out	5,877,669	6,103,081	(225,412)
TOTAL HARBOUR ACCOUNT	(4,000,000)	(2,355,279)	(1,644,721)

HARBOUR ACCOUNT : 2009/10 ESTIMATE COMPARED TO THE NO GROWTH PROJECTION

MARINE OPERATIONS DEPARTMENT

Cost Centre Summary

		NO GROWTH PROJECTION	BUDGET	UNDER/(OVER)
		2009/10	2009/10	2009/10
		£	£	£
PRM0150	Canteen Service	28,102	28,067	35
PRM2002	Transfer to Funds	2,599,240	1,214,925	1,384,315
PRM2100	Sullom Voe	(6,896,892)	(5,070,736)	(1,826,156)
PRM2101	B & L Sullom Voe	(183,652)	(234,557)	50,905
PRM2102	Pilotage Sullom Voe	(666,631)	(641,244)	(25,387)
PRM2103	Mooring Sullom Voe	(285,619)	(270,242)	(15,377)
PRM2110	Marine Officers	1,076,730	1,067,675	9,055
PRM2111	Launch Crews	1,190,876	1,198,372	(7,496)
PRM2112	Towage Crews	(1,409,762)	(1,203,723)	(206,039)
PRM2116	Pollution Control	59,961	49,810	10,151
PRM2120	SOTEAG	12,553	6,689	5,864
PRM2121	SVA	80,580	80,580	-
PRM2122	SVOSAG	11,686	6,039	5,647
PRM2140	Nav Aids/Comms - SV	235,667	216,748	18,919
PRM2141	Buildings - SV	176,959	185,574	(8,615)
PRM2142	Pilot Boats - SV	272,984	308,660	(35,676)
PRM2143	Mooring Boats - SV	66,047	57,574	8,473
PRM2144	Workboats - SV	48,146	37,141	11,005
PRM2145	Vehicles - SV	101,083	127,066	(25,983)
PRM2146	Plant - SV	89,593	89,447	146
PRM2147	Sellaness Tug Jetty	99,360	94,790	4,570
PRM2148	Tug Boats - SV	1,933,988	1,616,639	317,349
PRM2150	Jetties/Spur Booms - SV*	(0)	-	(0)
PRM2200	Blacksness	222,594	234,863	(12,269)
PRM2201	B & L Scalloway	(7,245)	-	(7,245)
PRM2202	Pilotage Scalloway	(11,033)	1,000	(12,033)
PRM2205	Nav Aids Scalloway	130,191	113,874	16,317
PRM2206	Pilot Boat Scalloway	5,844	6,253	(409)
PRM2207	Workboat Scalloway	54,318	29,569	24,749
PRM2208	Vehicles Scalloway	5,201	2,677	2,524
PRM2300	Baltasound	280,816	36,493	244,323
PRM2301	Collafirth	44,404	23,323	21,081
PRM2302	Toft	18,644	7,102	11,542
PRM2303	Garth & Graven Pier	20,450	8,833	11,617
PRM2310	Billister	14,355	3,478	10,877
PRM2312	Cullivoe	116,901	109,824	7,077
PRM2313	Easterdale	4,549	5,740	(1,191)
PRM2314	Fair Isle	14,008	22,644	(8,636)
PRM2315	Hamnavoe	13,043	6,870	6,173
PRM2316	Melby Pier	3,466	259	3,207
PRM2317	Mid Yell	47,342	47,565	(223)
PRM2318	Out Skerries	99,660	92,073	7,587
PRM2319	Symbister	213,580	219,449	(5,869)
PRM2320	Toogs	6,731	5,354	1,377
PRM2321	Uyeasound	8,986	3,811	5,175
PRM2322	Vaila/Grutness	11,515	12,685	(1,170)
PRM2323	West Burrafirth	40,540	40,892	(352)
PRM2324	Humber Inflatable	68	36	32
PRM2325	Orkney Spinner	21	11	10
PRM2326	Avon Searider	54	28	26
		(0)	-	(0)

* Note: Jetties/Spur Booms wholly funded by Sullom Voe Terminal Operators.

RECHARGED LEDGER : 2009/10 ESTIMATE COMPARED TO CEILING

MARINE OPERATIONS DEPARTMENT

Cost Centre Summary

		CEILING	BUDGET	UNDER/(OVER)
		2009/10	2009/10	CEILING
		£	£	£
VRM3200	Port Engineering Services	651,530	635,972	15,558
VRM3205	Nav Aids Sullom Voe	34,479	36,902	(2,423)
VRM3206	Radar Sullom Voe	15,092	15,475	(383)
VRM3207	VHF Radio Sullom Voe	9,180	9,500	(320)
VRM3210	Maintenance Workshop	64,698	65,882	(1,184)
VRM3211	Helicopter Hangar	1,265	3,947	(2,682)
VRM3212	Meteorological Office	2,188	2,328	(140)
VRM3213	Long Term Store	2,352	2,530	(178)
VRM3214	Crew Accommodation	6,558	6,507	51
VRM3215	Pollution Store	14,596	14,385	211
VRM3221	Sullom Shoormal	41,801	36,710	5,091
VRM3222	Sullom Spindrift	40,264	35,225	5,039
VRM3223	Sullom Spray	40,259	35,223	5,036
VRM3225	Dunter	266,784	432,131	(165,347)
VRM3226	Shalder	369,234	272,511	96,723
VRM3227	Stanechakker	229,240	172,314	56,926
VRM3228	Tirrick	322,416	284,672	37,744
VRM3229	Tystie	259,506	453,610	(194,104)
VRM3230	Sullom A	7,261	6,616	645
VRM3231	Sullom B	7,261	6,616	645
VRM3232	Sullom C	7,261	6,616	645
VRM3235	Vehicles Sullom Voe	36,119	29,750	6,369
VRM3236	Boat Hoist	(1,254)	(1,153)	(101)
VRM3237	Small Plant	4,488	4,500	(12)
VRM3239	Sullom Shearwater	15,126	12,879	2,247
VRM3240	Tug Jetty	54,099	59,577	(5,478)
VRM3250	Jetty 1*	374,484	374,484	-
VRM3251	Jetty 2*	674,484	674,484	-
VRM3252	Jetty 3*	374,484	374,484	-
VRM3253	Jetty 4*	671,335	671,335	-
VRM3254	Construction Jetty*	32,100	32,100	-
VRM3255	Spur Booms*	8,210	8,210	-
VRM3257	Jetties Maintenance Contract*	-	-	-
VRM3261	Nav Aids Scalloway	8,696	10,525	(1,830)
VRM3262	Offices & Stores Scalloway	28,525	32,584	(4,059)
VRM3263	Fish Market	5,091	11,392	(6,301)
VRM3264	Piers Scalloway	57,168	65,164	(7,996)
VRM3266	Vehicles Scalloway	3,206	2,500	706
VRM3267	Lyrie	14,432	12,874	1,558
VRM3270	Baltasound Pier Maintenance	35,089	23,039	12,050
VRM3271	Collafirth Pier Maintenance	28,927	18,557	10,370
VRM3272	Toft Pier Maintenance	11,618	6,289	5,329
VRM3273	Garth Pier Maintenance	7,419	7,636	(217)
VRM3280	Billister Pier Maintenance	7,841	3,169	4,672
VRM3282	Cullivoe Pier Maintenance	61,459	68,486	(7,027)
VRM3283	Easterdale Pier Maintenance	1,291	5,472	(4,181)
VRM3284	Fair Isle Pier Maintenance	6,961	10,047	(3,086)
VRM3285	Hamnavoe Pier Maintenance	6,430	4,159	2,271
VRM3286	Melby Pier Maintenance	62	109	(47)
VRM3287	Mid Yell Pier Maintenance	14,459	14,758	(299)
VRM3288	Out Skerries Pier Maintenance	6,728	7,977	(1,249)
VRM3289	Symbister Pier Maintenance	25,540	27,928	(2,388)
VRM3290	Toogs Pier Maintenance	216	5,262	(5,046)
VRM3291	Uyeasound Pier Maintenance	2,471	2,638	(167)
VRM3292	Vaila/Gruting Pier Maintenance	4,565	4,977	(412)
VRM3293	West Burrafirth Pier Maintenance	13,824	23,850	(10,026)
		4,988,921	5,145,714	(156,793)



REPORT

To: Shetland Islands Council

18 February 2009

From: Capital Programme Service Manager

Report No: CPS-02-09-F

Subject: Progress Report – Capital Programme

1.0 Introduction

- 1.1 This report seeks to advise the Council on the progress of the programme with a view to establishing an overview for all projects.
- 1.2 This report also reports on slippage/ savings which have occurred within the Capital Programme and makes recommendations on allocating this slippage to other projects.

2.0 Links to Council 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 3 of the Corporate Plan commits us to manage the Capital Programme in line with available funds.
- 2.3 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.

3.0 Background

- 3.1 In response to recommendations from the Audit and Scrutiny Committee the tables have been broken down by service area. We have also added programme progress, however this is very much dependant on information provided to Capital Programme Services. In cases where such information is not forthcoming this is highlighted in the appendices.

- 3.2 The management and control of the Capital programme will help to keep expenditure within sustainable limits. Continuation with recommendations would reinforce the best value message and contribute to the change in culture needed to control expenditure.

4.0 Slippage/ Savings

4.1 A total of slippage/ savings have been identified as follows:

• GCX4315 IP Phones (slippage identified due to delays in Pathfinder)	£70,000
• GCJ3006 Grants Rolling Programme (underspend)	£20,500
• GCJ3006 Grants Rolling Programme (slippage, various projects being progressed)	£31,000
• GCJ3002 Dyke Repairs (slippage, works on site)	£71,000
• GCA0106 Care Home Additional Beds (slippage – new programme proposed for future years)	£278,604
• GCY various codes Burial Ground Rolling Programme (underspends – land purchasing problems)	£713,227
• GCY5129 Energy Recovery Plant (underspend – works in progress)	£30,000
• GCY5133 Rova Head Re-instatement (works complete - underspend)	£70,000
• GCY6121 Mid Yell Link (slippage, scope of works increased for 09/ 10)	£120,000
• GCJ7212 Bressay Link (underspend)	£130,000
• GCJ7213 Whalsay Link (underspend)	£100,000
• GCJ7626 Ferry Terminal Structural Improvements (slippage)	£60,000
• PCM2101 Plant Vehicles & Equipment (slippage – purchase of generator delayed)	£40,000

- PCM2104 Navigational Aids Sullom Voe (slippage) £40,000

Total Slippage identified £1,774,331

4.2 It is proposed to allocate this slippage to minor overspends that have occurred, see Appendix A.

- GCB006 Ness of Sound Byre Roof (increased scope of work due to very poor condition of structure when exposed) £4,500
- GCY7211 Transport Offices Grantfield (increased scope – building warrant fees) £800
- GCY7552 Bluemull STAG (increased scope – additional work required) £1,800
- RCM2208 Scalloway Dredging Consents (increased scope – work on consents) £5,700

Total slippage allocated £12,800

4.3 As the process of prioritising the Capital Programme for future years is the subject of another report it is not proposed to bring forward new projects onto the Capital Programme at this time. Ongoing projects which already have commitments into future years have been incorporated into the future years report where known, however there may be further slippage identified before the end of the current financial year. Allocating slippage to projects as identified in paragraph 4.2 leaves the sum of £1,761,531 unallocated in this financial year.

4.4 Appendix B gives a summary of the Council's 2008/ 09 funded capital projects with proposed adjustments.

4.5 Appendix C shows project expenditure and progress by service area as requested by the Audit and Scrutiny Committee. Please note that the figures refer to the budget position in period 9 (December); this is due to timing in the availability of the latest figures.

5.0 Proposal

5.1 It is proposed that Members:

5.1.1 Note the progress of the current committed projects; and

5.1.2 Approve the allocation of slippage

6.0 Financial Implications

- 6.1 Approved budget strategy for the General Fund Capital Programme is to limit the draw on Reserves to £20 million in 2008/09.
- 6.2 Slippage reported herewith reduces the General Fund Capital Programme budget, and ultimately draw on Reserves from £20.5 million to £18.9 million for 2008/ 09 in line with 6.1 above.

7.0 Policy and Delegated Authority

- 7.1 Decisions relating to approval or variation to the Council's Capital Programme requires approval of the Council (Section 8.0 – Scheme of Delegations).

8.0 Conclusion

- 8.1 The ongoing prioritisation of the existing capital projects will greatly assist with the planning and programming of these works. This should then lead to more economic delivery taking into account the resources available and the prevailing market conditions. The programming will also help local contractors and suppliers to plan their business and training requirements to meet the Council's planned objectives.

9.0 Recommendations

- 9.1 It is recommended that the Council:
 - 9.1.1 Note the progress of the current committed projects; and
 - 9.1.2 Approve the allocation of £12,800 slippage.

Our Ref: CPS-02-09-F/GMF/RS

Date: 12 February 2009

Enclosed:

Appendix A Summary of Budget Adjustments
Appendix B Prioritised Projects with Funding Allocations
Appendix C Capital Programme Progress Report

CPS-02-09 Budget Adjustments

08/09 Budgets			
Project	Additional Budget Required £	Budget Slippage / Savings £	Net Budget Saving £
IP Phones GCX4315 (slippage to 09/10)	0.00	70,000.00	70,000.00
Ness of Sound Byre Roof GCB6006(increased scope)	4,500.00	0.00	(4,500)
Grants Rolling Programme GCJ3006 (underspend)	0.00	20,500.00	20,500.00
Grants Rolling Programme GCJ3006 (slippage)	0.00	31,000.00	31,000.00
Dyke Repairs GCJ3002 (slippage)	0.00	71,000.00	71,000.00
Care Home Add Beds (RP) GCA0106 (underspend)	0.00	278,604.00	278,604.00
Burial Ground Rolling Prog(various codes underspend)	0.00	713,227.00	713,227.00
Energy Recovery Plant Update GCY5129(underspend)	0.00	30,000.00	30,000.00
Rova Head Re-instatement GCY5133 (underspend)	0.00	70,000.00	70,000.00
Mid Yell Link GCY6121 (further slippage)	0.00	120,000.00	120,000.00
Transport Offices Grantfield GCY7211(increased scope)	800.00	0.00	(800.00)
Bressay Link GCY7212 (underspend)	0.00	130,000.00	130,000.00
Whalsay Link GCY7213 (underspend)	0.00	100,000.00	100,000.00
FT Structural Improvements GCY7626 (slippage)	0.00	60,000.00	60,000.00
Bluemull STAG GCY7552 (increased scope)	1,800.00	0.00	(1,800.00)
Plant Vehicles & Equipment PCM2101 (slippage)	0.00	40,000.00	40,000.00
Navigational Aids - Sullom Voe PCM2104 (slippage)	0.00	40,000.00	40,000.00
Scalloway Dredging RCM2208 (increased scope)	5,700.00	0.00	(5,700.00)
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00
Totals	12,800.00	1,774,331.00	1,761,531.00

09/10 Budgets				
Project	Budget Slippage from 08/09 £	Additional Budget Required £	Reduction in Budget Required £	Overall Total Budget Amendments £
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
Totals	0.00	0.00	0.00	0.00

IP Phones GCX4315	70,000.00	Carry forward already actioned CPS-01-09 refers
Grants Rolling Programme GCJ3006	31,000.00	Carry forward already actioned CPS-01-09 refers
Dyke Repairs GCJ3002	71,000.00	Carry forward already actioned CPS-01-09 refers
Plant Vehicles & Equipment PCM2101	80,000.00	Carry forward already actioned CPS-01-09 refers
Mid Yell Link GCY6121	120,000.00	Carry forward already actioned CPS-01-09 refers
Ferry Terminal Structural Improvements	60,000.00	Not carried forward at this time pending result of budget setting exercise CPS-01-09

Summary of Councils Funded Capital Projects 08/09

Budget Adjustments CPS-02-09

General Fund

Project Cost Centre	General Fund Projects	Existing Budget Allocation	CPS-02-09 Adjustments	Revised Budget Allocation
GCK2000	Feasibility Studies	400,000		400,000
GCL4403	Lerwick Library Design Works	80,000		80,000
GCL4402	Cinema and Music Venue	1,000,000		1,000,000
GCE1304	AHS - ECI	1,400,000		1,400,000
GCE1315	Mid Yell JHS	1,000,000		1,000,000
GCE3402	Sandwick - ASN	500,000		500,000
GCE1240	Bells Brae Alterations	100,000		100,000
GCA0231	Care Homes Fire Upgrade	80,000		80,000
GCY5132	Replacement Esplanade Toilets	302,000		302,000
GCY5133	Rova Head Reinstatement	1,900,000	(70,000)	1,830,000
GCY6106	A971 Haggersta to Cova	30,000		30,000
GCY6120	A970 Oversund Junction	353,500		353,500
GCY6123	Gilbertson Road Reconstruction	10,000		10,000
GCY6201	Bressay Link	250,000	(130,000)	120,000
GCJ3001	Water Based Facilities (Marinas)	445,000		445,000
GCX4311	SSIS Upgrade	94,500		94,500
GCX4315	IP Phones	150,000	(70,000)	80,000
GCJ3006	Community Organisation Grants	73,000		73,000
GCE1170	Cunningsburgh Nursery	20,000		20,000
GCY6116	B9074 Trondra Phase 2	11,000		11,000
GCY6121	B9081 Mid Yell (Hillend Section)	190,000	(120,000)	70,000
GCJ3002	Knab Dyke	271,079	(71,000)	200,079
GCY7552	Bluemull STAG for Ferries Terminals	75,000	1,800	76,800
GCY7508	FS Ext Links OD Survey	25,000		25,000
GCX4321	Risk Management	17,000		17,000
GCY9006	Energy Conservation	14,000		14,000
GCY9016	Public Toilets Rolling Programme	59,500		59,500
GCY9010	Conservation Grant Programme	20,000		20,000
GCX4323	Shetland Public Sector Network	285,000		285,000
GCX4328	CHRIS 5 (part funding)	10,000		10,000
GCY5129	Energy Recovery Plant	110,000	(30,000)	80,000
GCY6401	Scord Quarry Fixed Plant Replacement	215,000		215,000
GCY7626	Urgent Repairs to Ferry Terminals	290,000	(60,000)	230,000
GCK2002	Contingency and Final Accounts	220,000		220,000
GCB6002	Town Hall Steps	19,000		19,000
GCB6006	Ness of Sound Farm Byre Roof	38,000	4,500	42,500
GCY7551	Whalsay Link	250,000	(100,000)	150,000
GCY5137	Gremista Landfill Phase 2 (Design)	125,000		125,000
GCY****	Burial Ground Rolling Programme	924,638	(713,227)	211,411
GCA****	Social Care Rolling Programme	1,198,000	(278,604)	919,396
GCY9208	Roads Rolling Air Service	10,000		10,000
GCY9207	Roads Rolling Accident Investigation & Prevention	40,000		40,000
GCJ3003	Refurbishment of Play Areas	179,163		179,163
GCB6004	Disability Discrimination Act Works	170,000		170,000
GCY7601	Ferries Capital Rolling Programme	180,000		180,000
GCX4312	Schools ICT Equipment	226,000		226,000
GCH3120	Housing Temporary Accom (Homelessness)	22,391		22,391
GCY9211	Roads Rolling Roads Drainage Improvements	40,000		40,000
GCY9202	Roads Rolling Bridge Replacements	250,000		250,000
GCY9210	Roads Rolling Road Reconstruction	155,000		155,000
GCY9204	Roads Rolling Streetlighting Replacement	190,000		190,000
GCX4300	PC & LAN replacement	236,000		236,000
GCY9212	Roads Rolling Crash Barrier Replacement	220,129		220,129
GCJ3006	Community Organisation Grants	147,009	(51,500)	95,509

Project Cost Centre	General Fund Projects cont...	Existing Budget Allocation	CPS-02-09 Adjustments	Revised Budget Allocation
GCE1500	Education Capital Maintenance	1,301,818		1,301,818
GCX4319	LV/MV Photocopiers	70,000		70,000
GCH3102	Housing Chalet Accommodation	16,120		16,120
GCB6001	Copper Pipework Replacement	145,071		145,071
GCY9209	Roads Rolling Minor Works & Purchases Bus Service	47,254		47,254
GCY9201	Roads Rolling Development Related	50,000		50,000
GCY9206	Roads Rolling Traffic Management	133,508		133,508
GCY9200	Roads Rolling Minor Works & Purchases	49,109		49,109
GCY9203	Roads Rolling Footways	100,000		100,000
GCY6403	New Mid Yell Workshop	20,000		20,000
GCY5501	Gremista Re-cladding	23,000		23,000
GCY9030	Replacement Power Dist Sys - Gremista W/Shop	13,658		13,658
GCY7211	Transport Offices Grantfield	0	800	800
GCY7254	Vehicle & Plant Replacement Programme	1,000,000		1,000,000
GCH3100	Housing Staff Accommodation	14,589		14,589
Project Cost Centre	Capital Budgets created through Revenue Savings / Scottish Exec Funding	Existing Budget Allocation	CPS-02-09 Adjustments	Revised Budget Allocation
GCE1461	Education MIS	100,000		100,000
GCK2001	CCTV Lerwick	239,029		239,029
GCY9203	Cycling / Walking Safer Streets	40,000		40,000
GCX4319	LV/MV Photocopiers	2,500		2,500
GCX4328	CHRIS 5 (part funding)	65,800		65,800
	Sub Total	18,052,365	(1,687,231)	16,365,134
Project Cost Centre	Port Operations Capital Funding (Non Sullom Voe Harbour General Fund)	Existing Budget Allocation	CPS-02-09 Adjustments	Revised Budget Allocation
RCM2208	Scalloway Dredging	8,500	5,700	14,200
RCM2309	Peerie Dock, Symbister	32,000		32,000
RCM2314	Uyeasound Pier	2,500,000		2,500,000
	General Fund Total	20,592,865	(1,681,531)	18,911,334

Harbour Account

Project Cost Centre	Port Operations Capital Funding	Existing Budget Allocation	CPS-02-09 Adjustments	Revised Budget Allocation
PCM2104	Ports & Harbours Nav Aids	70,000	(40,000)	30,000
PCM2101	Ports & Harbours Plant & Equipment	95,000	(40,000)	55,000
	Sub Total	165,000	(80,000)	85,000
Project Cost Centre	Capital Expenditure not funded by the Capital Programme to be met by the Harbour Account in the form of debt charges 2008/09	Existing Budget Allocation	CPS-02-09 Adjustments	Revised Budget Allocation
RCM2313	Sellaness Tugs	2,561,600		2,561,600
	Sub Total	2,561,600	0	2,561,600
	Port Operations Total	2,726,600	(80,000)	2,646,600

Housing Revenue Account

Project Cost Centre	Ring Fenced Housing Expenditure 2008/09	Existing Budget Allocation
HCH3303	Land/Property Acquisition	1,739,190
HCH3403	Environmental Improvements	232,000
HCH3512	Community Care Projects	100,000
HCH3525	Feasibility Studies HRA	25,000
HCH3526	Opportunity Conversion	123,000
HCH3700	Tenants Rights Compensation	5,000
HCH3706	Heating Replacement Programme	150,000
HCH3708	External Re-Render Programme	393,000
HCH3709	Landward Crudens	115,000
HCH3710	Lerwick Crudens	923,000
HCH3711	Retentions/Final Account	40,000
HCH3712	Housing Quality Standard	340,000
HCH3800	Cap Rec/Sale Council Houses	95,903
	Total HRA Capital Requirement	4,281,093

Revised budget		Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Economic Development											
0.00		GCD1570	Wind Farm Development	258,881.00	0.00	258,881.00	No Report			To be transferred to Charitable Trust	
0.00				258,881.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
ICT Projects										
236,000.00	GCX4300	PC/Lan Upgrade	162,548.00	140,686.00	236,000.00			N/A		
0.00	GCX4311	WAN Upgrade	232.00	0.00	0.00			N/A		
0.00	GCX4310	Decentralised Working	3.00	0.00	0.00			N/A		
94,500.00	GCX4311	SSIS Upgrade	16,833.00	11,090.00	94,500.00			N/A		
226,000.00	GCX4312	Computers for Schools	149,602.00	139,782.00	226,000.00			N/A		
150,000.00	GCX4315	IP Phones	92.00	1,313.00	80,000.00		Estimated slippage of 70K identified due to delays in Pathfinder	N/A		70K c/f to 09/10 CPS-01-09 refers, however further slippage will be reported in March
72,500.00	GCX4319	LV/MV Photocopiers	48,497.00	36,905.00	72,500.00			N/A		
17,000.00	GCX4321	Risk Management System	1,637.00	1,637.00	17,000.00			N/A		
285,000.00	GCX4323	Shetland Public Sector Network	151,398.00	154,298.00	285,000.00			N/A		
75,800.00	GCX4328	Chris 5	72,366.00	75,800.00	75,800.00		On Traget	N/A	Complete Jan 09	
1,156,800.00			603,208.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Legal & Administration Rolling Programme										
145,071.00	GCB6001	Copper Pipework Replacement	90,850.00	0.00	145,071.00					
19,000.00	GCB6002	Town Hall Steps	11,711.00	19,000.00	19,000.00	Complete	6K previously offered as saving	Excellent	Project complete and under budget	
170,000.00	GCB6004	DDA Access Audit Construction	50,609.00	0.00	170,000.00					
38,000.00	GCB6006	Ness of Sound Farm	15,000.00	0.00	42,500.00		Additional urgent repairs to metalwork have been required			Additional budget requirement to be requested from full council
372,071.00			168,170.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Housing Projects										
14,589.00	GCH3100	Staff Accommodation	1,049.00	0.00	14,589.00					
16,120.00	GCH3102	Chalets	1,008.00	0.00	16,120.00					
22,391.00	GCH3120	Homelessness Housing	10,688.00	0.00	22,391.00					
53,100.00			12,745.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Housing & Capital Programme Services Rolling Programmes										
400,000.00	GCK2000	Feasibility Studies: Overall	39,181.00	475,000.00	400,000.00		Various projects progressing	N/A	Over subscribed in funding requests, but some studies unlikely to go ahead this year.	Spend will be through recharges at year end.
239,029.00	GCK2001	CCTV System Lerwick	79,112.00	220,000.00	220,000.00	Work in progress	Scotshield on site Feb 09 - complete by year end	N/A	Scottish Executive funding c/f from 07/08	None - not council funds
220,000.00	GCK2002	Contingency & Final Accounts	16,807.00	20,038.00	220,000.00		Not yet allocated		Budget held to cover unforeseen events	
859,029.00			135,100.00							

**CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
EDUCATION & SOCIAL CARE SERVICES**

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Sports & Leisure - Grants & Rolling Programme										
220,009.00	G CJ3006	Grants Rolling Programme	70,702.00	324,420.00	168,347.00		Anticipate 20.5K underspend, and further 31K c/f to 09/10 (156K total c/f)	N/A	Various applications being processed	Further 31K previously reported to full council
445,000.00	G CJ3001	Water Based Facilities	375,428.00	475,000.00	445,000.00		Anticipate full commitment but 30K c/f to 09/10	N/A	Marinas committed, but unable to claim full grants by year end	30K allocated to 09/10
271,079.00	G CJ3002	Dyke Repairs	106,655.00	271,009.00	200,079.00	75% complete	On site	Excellent	Knab Dyke on site	71K slippage to be reported to full council (included in 09/10).
179,163.00	G CJ3003	Play Areas	134,080.00	189,783.00	179,163.00	On target	On time and on budget		Late retention payment received	Late retention payment actioned by CPS
1,000,000.00	G CL4402	Cinema/Music Venue	372,160.00	1,000,000.00	1,000,000.00	Design programme on target	Tenders received and preferred contractor identified. Project awaiting ERDF Grant decision and negotiations with contractor	N/A	Project to be transferred to Shetland Arts at acceptance of Tender.	Slippage previously reported to full council
80,000.00	G CL4403	Lerwick Library Design Phase	0.00	80,000.00	80,000.00	Design	Design Ongoing	N/A	Min Ref 87/07. Design phase only, brief has been developed and design proposals ongoing in 08/09.	Requires approval and prioritisation for construction phase in future years - anticipate 2.4M.
2,195,251.00			1,059,025.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Education Projects										
20,000.00	G CE1170	Cunningsburgh Nursery	0.00	20,000.00	20,000.00	Complete	Final A/C to be processed	Progress slow, L&A damages applied	Contractor did not complete defects. Payment withheld.	Alternative contractor to complete snagging by year end.
100,000.00	G CE1240	Bells Brae Alterations	0.00	100,000.00	100,000.00	On target	Final A/C to be processed		On site	A Lyall to chase up contractor
1,400,000.00	G CE1304	Anderson High School Replacement	872,534.00	700,000.00	1,400,000.00		Now in early contractor involvement ongoing		Design brief being re-developed with reduced area.	
1,000,000.00	G CE1315	Mid Yell J.H.S.	607,940.00		1,000,000.00	Design Stage	Tenders returned, awaiting evaluation		Enabling project (site works) on site. Main contractor selected and in project review stage.	
100,000.00	G CE1461	Education MIS Replacement	6,469.00		100,000.00				100% funding from revenue savings	
1,301,818.00	G CE1500	Maintenance School Buildings	1,107,870.00	867,281.00	1,301,818.00				Additional budget requested and received at full council	
0.00	G CE1512	Re-roofing	(8,000.00)		0.00		Final A/C to be processed		06/07 Accrual (Final account)	
0.00	G CE3401	AHS ASN	(3,000.00)		0.00		Final A/C to be processed		06/07 Accrual (Final account)	
500,000.00	G CE3402	Sandwick JHS Add Support Needs	347,016.00	500,000.00	500,000.00	on programme	Cost reduction exercise reduced tender cost, to be complete Feb 09		On programme Feb 09 completion - possible retention required 09/10	
4,421,818.00			2,930,829.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Social Care Projects & Rolling Programme										
1,931.00	G CA0120	Special Studies	0.00	1,931.00	1,931.00	Recharge	N/A Internal recharge	N/A	YE Recharge	
85,882.00	G CA1000	Special Aids Stock Items	55,670.00	18,900.00	85,882.00		On target for full spend	N/A	On target	
251,640.00	G CA1001	Specialist Aids	99,019.00	75,250.00	251,640.00		On target for full spend	N/A	On target	
42,361.00	G CA1003	Minor Adaptions	26,448.00	7,209.00	42,361.00		On target for full spend	N/A	On target	
207,611.00	G CA1004	Major Adaptions	95,190.00	78,000.00	207,611.00		On target for full spend	N/A	On target	
132,273.00	G CA1005	Housing Renovations	70,185.00	61,000.00	132,273.00		On target for full spend	N/A	On target	
22,248.00	G CA1006	Professional Fees	15,282.00	0.00	22,248.00		On target for full spend	N/A	On target	
41,604.00	G CA1007	Specialist Aids Refurbishment	23,474.00	4,574.00	41,604.00		On target for full spend	N/A	On target	
24,005.00	G CA0100	Inspection, Health & Safety	16,441.00	24,005.00	24,005.00		On target for full spend		On target	
37,959.00	G CA0101	Building Fabric	33,935.00	37,959.00	37,959.00		Small projects including floor finishes, room refurbishments, toilet and fire upgrades. Please note budgets can be moved around within rolling programme headings.		On target	
34,959.00	G CA0102	Electrical Sys Upgrade	993.00	34,959.00	34,959.00				On target	
14,959.00	G CA0103	Mechanical Sys Upgrade	6,526.00	14,959.00	14,959.00				On target	
1,959.00	G CA0104	Plant Equip Replacements	8,440.00	8,440.00	1,959.00				On target	
20,005.00	G CA0105	Safety Surfaces	10,375.00	20,005.00	20,005.00				On target	
210,436.00	G CA0106	Care Homes Rolling Programme	0.00	0.00	0.00		Spend to proceed 09/10		Report to Services Comm Feb 09	Budget for this in 09/10 to be agreed

CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
EDUCATION & SOCIAL CARE SERVICES cont

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Social Care Projects										
0.00	GCA0221	Kantersted Respite Unit	(86,436.00)	0.00	0.00	Complete	Final A/C passed to contractor	Final account to be agreed. Some outstanding M&E issues to be resolved as a defect.	06/07 Accrual	
80,000.00	GCA0231	Care Homes Fire Upgrade	43,936.00	77,638.00	80,000.00		Fees paid and Leog on site 33K+		Fees to be split between CT/SIC	Check spilt of CT/SIC Properties
1,209,832.00			419,478.00							

**CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
INFRASTRUCTURE SERVICES**

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Environment - General Rolling Programme										
14,000.00	GCY9006	Energy Conservation	13,978.00	14,000.00	14,000.00	Complete	Balance c/f 07/08		Overspend transferred out	BRO authorised transfer of overspend to revenue
59,500.00	GCY9016	Public Toilet Rolling Programme	43,081.00	0.00	59,500.00	Fully Committed	Balance c/f 07/08			
13,658.00	GCY9030	Replace Power Dist System Gremista	13,658.00	13,658.00	13,658.00	Continuation of project from last year			BRO previously requested additional funding from council	
87,158.00			70,717.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Environmental Projects										
9,127.00	GCY5114	South Whiteness Burial Ground	11,981.00	0.00	23,121.00	Majority of work complete, some snagging work to be carried out	Due to various land purchase problems the BRO is reporting a £713,277 underspend in this financial year			Report underspend to council
0.00	GCY5120	Dunrossness Burial Ground	34,794.00		34,794.00	Retention payment				
280,791.00	GCY5121	Fetlar Burial Ground	2,125.00		33,890.00	Awaiting land purchase, unlikely to start this year				
	GCY5122	Bigton Burial Ground	6,218.00		9,611.00	Retention payment				
4,405.00	GCY5123	Lund Burial Ground	10,213.00		14,087.00	Work complete				
366,374.00	GCY5124	Bixter Burial Ground	1,456.00		10,456.00	Awaiting land purchase, unlikely to start this year				
232,619.00	GCY5125	Voe Burial Ground	5,081.00		7,601.00	Awaiting land purchase, unlikely to start this year				
23,981.00	GCY5126	Muckle Roe Burial Ground	25,437.00		62,970.00	Increase in Engineering Design and road access land purchase				
7,341.00	GCY5127	Skerries Burial Ground	11,207.00		14,831.00	Design on schedule				
110,000.00	GCY5129	Energy Recovery Plant Update Works	40,104.00		80,000.00	Work in progress				30K underspend to be reported to council.
302,000.00	GCY5132	Esplanade Toilets	27,807.00	302,000.00	302,000.00	Project Slipped	100K to 09/10		50% with LPA	Slippage already reported to council
1,900,000.00	GCY5133	Rova Head Reinstatement	1,483,745.00		1,830,000.00	Work complete, awaiting final charges	Project ongoing & on schedule.			70K underspend to be reported to council.
125,000.00	GCY5137	Gremista Landfill Phase 2	15,801.00		125,000.00	Work in progress	Design fees only this financial year. Consultants appointed.			
0.00	GCY5400	Local Air Quality Management	2,317.00		0.00	BRO invoicing partner for additional expenditure				Invoice being raised by M Dunn
23,000.00	GCY5501	Recladding Gremista Workshop	3,337.00		23,000.00	Project Design Fees			BRO previously requested additional funding from council	
3,384,638.00			1,681,623.00							

**CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
INFRASTRUCTURE SERVICES**

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Roads Rolling Programme										
49,109.00	GCY9200	Minor Works, Roads	53,105.00		53,105.00	No detailed report, but BRO advises that the rolling programme will be spent in full this year. Please note budgets can be moved within rolling programme headings.				BRO to advise of updated split between codes.
50,000.00	GCY9201	Development Related Roads	2,508.00		50,000.00					
250,000.00	GCY9202	Bridge Replacements	43,520.00		250,000.00					
140,000.00	GCY9203	Footways	104,099.00		140,000.00					
190,000.00	GCY9204	Street Lighting Replacements	5,235.00		190,000.00					
133,508.00	GCY9206	Traffic Management	61,132.00		133,508.00					
40,000.00	GCY9207	AIP	54,181.00		54,181.00					
10,000.00	GCY9208	Minor - Airstrips	0.00		10,000.00					
47,254.00	GCY9209	Minor Works & Purchases, Bus Services	7,786.00		47,254.00					
155,000.00	GCY9210	Road Reconstruction	142,966.00		155,000.00					
40,000.00	GCY9211	Drainage Improvements	0.00		40,000.00					
220,129.00	GCY9212	Crash Barrier Replacement	0.00		201,952.00					
1,325,000.00			474,532.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Roads Projects										
30,000.00	GCY6106	Haggersta A971	3,569.00	10,000.00	30,000.00	BRO advises this is behind schedule			BRO advised council of slippage	
11,000.00	GCY6116	B9074 Trondra Phase 2	12,203.00	10,778.00	12,203.00	Overspent	No report			BRO to detail reason for overspend
0.00	GCY6118	Germatwatt Footways	7,242.00		7,242.00	Incorrect coding - to be transferred out	Feasibility work on possible future projects			BRO to journal costs to feasibility code
353,500.00	GCY6120	A970 Oversund Junction	283,210.00		353,500.00	Complete				BRO reported direct to council requesting additional funding and advising of income adjustment
190,000.00	GCY6121	B9081 Mid Yell Link to A968	934.00	4,000.00	70,000.00	Scope of project increased, but slipped into next year				Report further slippage of 120K to council
10,000.00	GCY6123	Gilbertson Road	6,757.00	10,000.00	10,000.00	Minor snagging and retention due				
0.00	GCY6125	B9071 Bixter to Aith Phase 2	2,034.00		2,034.00	Incorrect coding - to be transferred out	Feasibility work on possible future projects			BRO to journal costs to feasibility code
0.00	GCY6126	Sletts Road Sea Wall	87.00		87.00	Incorrect coding - to be transferred out	Feasibility work on possible future projects			BRO to journal costs to feasibility code
0.00	GCY6299	Completed Schemes	1,202.00		1,202.00	Incorrect coding - to be transferred out				BRO to arrange virement to cover expenditure
215,000.00	GCY6401	Scord Quarry Plant Purchase	213,401.00	215,000.00	215,000.00	On Schedule	Fully committed			
20,000.00	GCY6403	Mid Yell Workshop	2,886.00		20,000.00	Design Fees			BRO reported direct to council requesting funding	
829,500.00			533,525.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Transport Rolling Programme										
1,000,000.00	GCY7254	Transport - Vehicle and Plant Replacement	344,845.00	167,605.00	1,000,000.00	Review of requirements underway				Budget implications to be reported in March cycle
1,000,000.00			344,845.00							

**CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
INFRASTRUCTURE SERVICES**

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Transport Projects										
0.00	GCY7203	Sumburgh Runway Extension	31,552.00				Ongoing involvement due to upgrading works			All costs to be oncharged to HIAL
0.00	GCY7211	Transport Offices Grantfield	789.00		789.00	Additional work required re building warrant				Request additional funding from council
250,000.00	GCY7212	Bressay Link	60,941.00		120,000.00	Underspent - progress report to Infrastructure Committee refers				Report underspend to council
250,000.00	GCY7213	Whalsay Link	87,807.00		150,000.00	Underspent - progress report to Infrastructure Committee refers				Report underspend to council
500,000.00			181,089.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Planning Rolling Programme										
20,000.00	GCY9010	Conservation Grants	0.00		20,000.00	Committed	Balance c/f 07/08		Grantee will draw funds this financial year	
20,000.00			0.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Planning Projects										
0.00	GCY8400	Water Meters & Waste Control Measures	294.00		0.00	No report	Miscode?			Transfer expenditure or request funding from council
0.00			294.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Ferry Operations										
180,000.00	GCY7601	Ferries Rolling Programme	6,275.00	0.00	180,000.00	BRO anticipates full spend by year end				
180,000.00			6,275.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Ferry Terminal & Replacement Programme										
290,000.00	GCY7626	Ferry Terminal Structural Improvements	1,586.00		230,000.00	Project Manager anticipates slippage of 60K to 09/10				Do not allocate slippage to 09/10, because if budget (CPS-01-09 approved) the slippage will not be required
290,000.00			1,586.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Shetland Transport Partnership										
25,000.00	GCY7508	FS Ext Links OD Survey	23,878.00	0.00	25,000.00	BRO anticipates full spend by year end				
75,000.00	GCY7552	Bluemull STAG for Ferries/Terminals	76,776.00	0.00	76,776.00	Additional work required				Request additional funding from
100,000.00			100,654.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<u>Port Operations</u>								
8,500.00	RCM2208	Scalloway Dredging Consents	5,658.00	8,500.00	12,058.00	Work on consents now being processd	8.5K c/f from 07/08	n/a		Additional funding to be requested from council
32,000.00	RCM2309	Peerie Dock, Symbister	14,568.00	32,000.00	32,000.00		Project delayed due to planning issues		32K c/f from 07/08	
2,561,600.00	RCM2313	Tugs for Sellaness	16,338.00	0.00	2,561,600.00	No report				
2,500,000.00	RCM2314	Uyeasound Harbour Development	1,870,345.00	2.79M	2,500,000.00	On schedule	Site works ongoing, no major issues.		Project on schedule and within budget, but tarmac surfacing dependant on weather conditions	
5,102,100.00			1,906,909.00							

CAPITAL PROGRAMME - PROGRESS REPORT PORTS & HARBOURS (HARBOUR ACCOUNT)

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<u>Port Operations</u>								
95,000.00	PCM2101	Plant Vehicles & Equip	43,634.00	55,000.00	55,000.00		Purchase of generator (80K) has been delayed and is now not expected on site until April 09	n/a		c/f balance of 40K to 09/10 to cover 50% generator costs
70,000.00	PCM2104	Nav Aids - Sullom Voe	1,995.00	5,000.00	5,000.00		Navigational Aids have not required full spend this year, resulting in underspend of 65K, however 40K of this is to carried forward to cover 50% generator costs (see above)	n/a		c/f 40K of the 65K balance to 09/10 to cover 50% generator costs
165,000.00			45,629.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		Housing								
1,739,190.00	HCH3303	Land/Property Acq	12,294.00	0.00	1,739,190.00	Ongoing	Under Review	n/a	Increase investment in additional housing stock by purchasing or building	Pursue acquisitions and review market
232,000.00	HCH3404	Environmental Improvements.	79,278.00	0.00	232,000.00		Staneyhill Contract on site			
100,000.00	HCH3512	Community Care Projects	10,593.00	0.00	100,000.00	Ongoing	Several small contracts tendered	n/a	Projects being prioritised	
25,000.00	HCH3525	Feasibility Studies HRA	15,217.00	0.00	25,000.00	Ongoing		n/a	4 feasibilities current	To progress these to 100%
123,000.00	HCH3526	Opportunity Conversions	4,716.00	0.00	123,000.00		Awaiting feasibility study	n/a		
5,000.00	HCH3700	Tenants Rights Compensation	0.00	0.00	5,000.00			n/a	Legal requirement to budget for this	None required
150,000.00	HCH3706	Heating Replacement Program	119,617.00	0.00	150,000.00	On Target	One contract complete, phase 2 on site		Phase 2 Firth & Mossbank	
393,000.00	HCH3708	External Re-Render Programme	292,705.00	0.00	393,000.00	On Target	Anticipate full spend	Satisfactory	Cunningsburgh & Brae nearing completion	
115,000.00	HCH3709	Landward Crudens	7,044.00	0.00	115,000.00	On Target	Retentions / Final Account			
923,000.00	HCH3710	Lerwick Crudens	155,513.00	0.00	923,000.00		Contract now on site - potential slippage to 09/10		Contractor now on site	
40,000.00	HCH3711	Retentions/Final Accounts	0.00	0.00	0.00					
340,000.00	HCH3712	Housing Quality Standard	52,388.00	0.00	380,000.00		Contracts for kitchen upgrades now being prepared			
95,903.00	HCH3800	Cap Rec/Sale Council Hs	8,273.00	0.00	95,903.00		This code also contains income of approx £1M which is not shown here			
	HCH3801	Capital Receipt - Sale of Land	0.00	0.00						
4,281,093.00			757,638.00							



REPORT

To: Shetland Islands Council

18 February 2009

From: Head of Finance
Executive Services Department

TREASURY MANAGEMENT STRATEGY STATEMENT 2009/10 **Report No: F-006-F**

1. Introduction

- 1.1 This Treasury Management Strategy Statement sets out the Council's policy in relation to its strategy for borrowing and investing, in connection to the cash reserves and funding resources of the Council for the financial year 2009/10.
- 1.2 The Treasury Section within Finance carries out all the daily cash management functions, which is crucial for the day-to-day operations of the Council. There have been strict internal guidelines in place for many years, which control the operation of this function and these are set out within this report. The Treasury Section also deals with external fund management as well as co-ordinating the Council's relationship with their banker, but these functions are out with the scope of this report.

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 assisting the Council in ensuring the financial resources are managed so that the Council can sustain and develop the economy.

3. Background

- 3.1 This report complies with CIPFA's Code of Practice for Treasury Management in the Public Services, which the Council formally adopted on 10 July 2002 (minute reference 120/02). The objective of this code is to provide guidance on the best practice for treasury management.
- 3.2 Cash management involves the two main areas of cash reserves and debt management, and these are specifically dealt with in this report. Cash reserves include amounts held in accounts with the Council's bank and deposited with other approved institutions, but not invested in shares, long term bonds, property, etc.
- 3.3 In relation to debt management the Council at present has no external borrowings, although there is an agreed overdraft facility with the Council's bank to cover any short-term situations if required. The Council is debt free on all internal accounts except the Housing Revenue Account and the Harbour Account. The Housing and Harbour Debt are currently financed from internal reserves, and do not require external borrowing.
- 3.4 Set out at Annex A is the suggested Treasury Management Strategy Statement document for 2009/10 which encompasses:
- Treasury Management Prudential Indicators
 - Approved Lending Organisations
 - Capital Borrowing Strategy
 - External Fund Management
 - Delegation and Reporting

4. Financial Implications

- 4.1 The Treasury Management Strategy adopted will have consequences for the daily operating cash capabilities of the Council.

5. Policy and Delegated Authority

- 5.1 The Head of Finance currently has delegated authority for Cash and Debt Management, which was approved following consideration of a report by the Shetland Islands Council on 10 July 2002 (minute reference 120/02).
- 5.2 This report complies with CIPFA's Code of Practice for Treasury Management in the Public Services, which the Council formally adopted on 10 July 2002 (minute reference 120/02).

6. Conclusions

- 6.2 This report proposes the Treasury Management Strategy Statement for the Shetland Islands Council to be followed for the financial year 2009/10.
- 6.3 The Strategy Statement meets the requirements of best practice as per CIPFA's Code of Practice on Treasury Management in the Public Services.

7. Recommendation

- 7.1 I recommend that the Council adopt the Treasury Management Strategy Statement set out in Annex A, for the financial year 2009/10.

Date: 6 February 2009
Our Ref: CAB/DS

Report No: F-006-F

SHETLAND ISLANDS COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

2009/10

1. Introduction

- 1.1 This Treasury Management Strategy Statement details the activities and guidelines to be followed by the Treasury Section for all areas of cash management in the forthcoming financial year (2009/10). Its production and submission to the Shetland Islands Council is a requirement of the CIPFA Code of Practice for Treasury Management in the Public services.
- 1.2 Cash Management for the Shetland Islands Council is carried out within the Treasury Section of Finance, and consists of the daily management of fifteen bank accounts (including those for the Pension Fund and the Shetland Charitable Trust) and the associated short-term lendings. On the 16th January 2009 the Treasury Section had £19 million invested with the Council's bank along with £6 million on short-term fixed rate loans, also with the Council's bank.
- 1.3 Debt Management is also carried out within the Treasury Section, and currently there is no external borrowing. There is an agreed overdraft facility with the bank of £800,000 that can be used to cover the accounts managed by Treasury, for any short-term situations if required. The Council is debt free on all internal accounts except the Housing Revenue Account and the Harbour Account. The Housing and Harbour Debt are currently financed from internal reserves, and do not require external borrowing.
- 1.4 The Local Government in Scotland Act 2003 requires the Council to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Act also requires the Council, in conjunction with this, to set out its treasury strategy for borrowing and investment. The suggested strategy for 2009/10 covers the following:
 - Treasury Management Prudential Indicators
 - Approved Lending Organisations
 - Capital Borrowing Strategy
 - External Fund Management
 - Delegation and Reporting

2. Treasury Management Prudential Indicators for 2009/10 –2011/12

2.1 The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

2.2 CIPFA Code of Practice for Treasury Management

Shetland Islands Council adopted the CIPFA Code of Practice for Treasury Management in the Public Services in July 2002 (minute ref: 120/02).

2.3 Upper limit on fixed interest rate exposure

	2008/09 £000	2009/10 £000	2010/11 £000
Upper limit - fixed interest rate exposure	-65,000	-69,000	-67,000

The indicator for Shetland Islands Council is negative because of the substantial cash investments the Council holds relating to the Capital Fund, Reserve Fund, Repairs & Renewals Fund and other Miscellaneous Funds.

2.4 Upper limit on variable interest rate exposure

	2008/09 £000	2009/10 £000	2010/11 £000
Upper limit - variable interest rate exposure	-53,000	-54,000	-52,000

The indicator for Shetland Islands Council is negative because of the substantial cash investments the Council holds relating to the Capital Fund, Reserve Fund, Repairs & Renewals Fund and other Miscellaneous Funds.

2.5 Amount of fixed rate borrowing, maturing in each period

The Council has no fixed rate borrowing.

2.6 Upper limits on sums invested for longer than 364 days

At the 31st March 2008 the Council had around £257 million invested with external fund managers. It is not possible to predict when each of these will mature as it will be dependent on conditions in the stock market.

The purpose of this indicator is to contain the local authority's exposure to the possibility of loss arising as a result of having to seek early repayment or redemption of principal sums invested to cover current commitments. It is not anticipated that early repayment or redemption of principal sums invested will be required.

3. **Approved Lending Organisations**

3.1 It is paramount that the Council safeguards any surplus funds that it may have from time to time. The Council, Shetland Charitable Trust plus its related companies and the Pension Fund will only lend to:

- A Bank or Building Society with at least a -AA long term Fitch IBCA rating,
- Bank of Scotland - Council's own bank,
- Any bank which is a wholly owned subsidiary of the above,
- Any Local Authority.

The –AA long term rating is defined by Fitch IBCA (International Bank Credit Association) as a “low expectation of investment risk.... adverse changes in business, economic or financial conditions may increase risk, albeit not very significantly”.

3.2 The Cash Management Officer will maintain an approved lending list of the financial institutions that meet the above criteria, which will be displayed in Treasury.

3.3 In addition the following guidelines will apply:

- No more than £3 million to be lent to any single organisation from one account, apart from the Council's own bank.
- No more than £6 million to be lent to any one organisation in total from all accounts, apart from the Council's own bank.

4. Capital Borrowing Strategy

- 4.1 As per the Prudential Code there will be no capital borrowings required during 2009/10.

5. External Fund Management

- 5.1 All surplus funds with a projected life span of 5 years or more and a book value exceeding £5 million should be invested with Fund Managers, where statute permits.

This has the advantages of:

- allowing diversification of fund investment instead of relying on cash deposits;
- the funds being in the best position to take account of market movements;
- better long term returns for the fund.

6. Delegation and Reporting

- 6.1 The Council recognises that, in order to best manage the risks involved in Cash and Debt Management and to permit the making of the immediate daily decisions required by the money markets, it is inappropriate and impractical to pursue a system of Council (or Committee) involvement in the decision making process. The Council, therefore, delegates all matters relating to Cash and Debt Management, except where prohibited by law or where these matters relate to Externally Managed Funds, to the Head of Finance and his nominees. The delegated authority will cover any borrowing and lending transactions within the approved policy parameters for the year 2009/10.

- 6.2 The Head of Finance will report annually before the start of each financial year on the proposed Treasury Management Strategy Statement to be followed for the forthcoming year.



REPORT

To: Shetland Islands Council – 18 February 2009

From: Assistant Chief Executive

Financial Monitoring

Report No. CE-07-D1

1. Introduction

- 1.1 This report asks members to consider a number of mechanisms, which will allow them to consider the Council's financial affairs in terms of policy and monitoring.

2. Background

- 2.1 At the last meeting of the Council on 3 December 2008 during the discussion on abstract of accounts Members asked for a report to be brought forward to this Council meeting looking at how the Council could monitor financial matters.
- 2.2 There was some discussion about the role of the Finance Review Panel (FRP) with some members of the view that this was a body that was set up to take efficiency savings forward and that it should be reconvened. The successful motion included a proposal for consideration where Chairs, Vice-chairs and Spokespersons form the FRP with 6-monthly financial reports for each committee.
- 2.3 The Chief Executive advised that the FRP had been established during the last budget setting process and had remained to be used to agree efficiencies, however the clear decision of the Council was not to continue with the FRP.

- 2.4 During the last Council the Executive Committee existed as part of the formal Committee and decision making structure and included within its remit financial planning and monitoring. I have attached as appendix 1 the terms of reference and delegated authority for the Executive Committee, which members will note, covered finance as well as other general corporate matters, which are now reported directly to the full Council.
- 2.5 One of the key areas of delegated authority to the Executive Committee was “to advise the Council on the coordination, control and proper management of the financial affairs of the Council and to secure the proper financial administration of the Council’s affairs”. In practice however, the Executive Committee more often than not referred the financial reports directly to Council for consideration without engaging in rigorous debate at Committee.
- 2.6 Until the late 1990s the Council had as part of its decision making process the Policy and Resources Committee. The terms of reference for the PR Committee are attached as appendix 2. Members will note that the remit again was beyond financial matters and dealt with general resource issues, which included human, physical and financial as well as the Capital Programme.
- 2.7 The current Committee structure has 3 principal Committees, which supports the full Council, which has corporate resource issues as part of its normal agenda.

3. Proposals

- 3.1 It is for members to consider whether they would prefer to have an informal mechanism perhaps dealing principally with finance such as a Finance Review Panel or a formal Sub-Committee or Committee as part of the overall decision making process. In terms of the proposal at the last Council meeting this group can comprise the Chairs, Vice-chairs and Spokespersons linked to the principal committees. If Members chose to have an informal group dealing either solely with finance or broader corporate issues, I would ask them to delegate authority to me to appoint relevant Officials and establish the groups remit.
- 3.2 Whatever vehicle is chosen I would advocate that the body should be flexible and available to meet as and when required particularly in the run up to the budget process e.g. October through to March.
- 3.3 I would propose that whatever group is established takes an independent and fresh look at the budgets and monitors with a focus on stewardship of the funds rather than looking backwards which is more the realm of Audit and Scrutiny Committee.

- 3.4 If the body is to be restricted to financial matters I would suggest that it is a forum where time and space can be given to dealing with the main issues of monitoring and policy and be advisory to Shetland Islands Council. It should in other words be a vehicle where detailed consideration can be given to the resources side of the equation.
- 3.5 A decision needs to be taken whether resources issues should be broader than finance and take in other areas including human and physical resources and efficiencies that can be made overall.
- 3.6 Should a more formal process be desired rather than an informal working group I am happy to report next cycle with terms of reference and membership proposals. In terms of the relevant legislation the Council has a complement of 9 senior Councillors plus the Convenor and Vice Convenor. In terms of structure we are operating with 7 senior Councillors plus the 2 most senior Office bearers. There is therefore scope should members wish to follow a more formal route and appoint a chair outwith the current cadre of senior Councillors.

4 Financial Implications

- 4.1 There are no financial implications arising directly from the terms of this report.

5 Policy and Delegated Authority

- 5.1 Decisions on establishing either an informal or a formal body rests with the Council.

6. Conclusions

- 6.1 The Council during its last meeting decided to look at how we could best deal with financial monitoring. The Council has a choice of either an informal group dealing exclusively with financial matters of monitoring and policy or extending that to other resource issues. Beyond that there is scope for a more formal body such as existed in previous Council which advised and reported directly to the full Council.

7. Recommendations

7.1 I recommend that the Council consider the proposals as set out in section 3 and decide whether to establish

- a. An informal group with a membership and delegated authority as set out in 3.1, which focuses exclusively on matter of financial monitoring and policy;
- b. An informal group with a membership and delegated authority as set out in 3.1, which focuses on matters of financial monitoring and policy and includes human and physical resources as well as the Capital Programme; or
- c. A formal group as part of the Committee and decision making structure which focuses on finance including Capital Programme or as a wider remit taking in other corporate issues including HR, ICT and Admin. The composition and remit of this body will be reported during the next cycle of meetings

WES/IS
10/02/09

CE-07-D1

10.0 EXECUTIVE COMMITTEE

Subject to the exclusions from, and limitations of, delegations, with particular reference to the other provisions of this Scheme, including those delegating any function or power of the Council to another Committee, the Executive Committee is authorised to discharge all the powers and duties of the Council in relation to any of the undernoted functions.

General Terms of Reference

The Executive Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision, including:

Remit

- Financial Planning and Monitoring
- Policy and Planning Co-ordination
- Corporate Governance
 - Community Planning and Focus
 - Community Councils
 - Best Value
 - Standards of Conduct
 - Risk Management
 - Organisational Development and Structures
 - Staffing Appeals

Delegated Authority

To advise the Council on the co-ordination, control and proper management of the financial affairs of the Council and to secure the proper financial administration of the Council's affairs.

To undertake the planning, preparation, revision and control of the Council's budget estimates of capital and revenue expenditure and make recommendations to the Council as to:-

- the annual Estimates of capital and revenue expenditure.
- the rentals of houses on the housing revenue account.
- the level of Council Tax.
- the level of charges for any Council services

To advise the Council in the formulation of its policies, objectives and priorities and to recommend such forward programmes and other steps as may be necessary to achieve these.

To review the overall effectiveness of the Council's work and the standards and levels of service provided, and to keep under review the need for new services, the expansion of existing services, and the necessity for existing ones and make recommendations to the Council accordingly.

To ensure through the process of Service Planning that the most effective contribution to the achievement of the Council's objectives is being made.

Overseeing the overall arrangements for discharging the functions of the Council relating to Best Value in the provision of Council Services.

To review and advise the Council on the organisational structure of the Council and development of the workforce.

To ensure implementation of Council policies, procedures, Plans and standards for effectively fulfilling the statutory and other responsibilities of the Council in terms of those functions and services that are within the remit of the Committee.

To ensure the effective discharge of the Council's responsibilities in respect of those functions and services that are within the Committee's remit, and to monitor performance in achieving the objectives of the Committee and Council.

To co-ordinate and monitor the effective use of resources, human, physical and financial, for the provision of those services that are within the remit of the Committee.

To approve expenditure as follows:-

- Revenue or capital expenditure within any allocation delegated to the Executive Committee by the Council
- In response to applications for financial assistance not otherwise delegated to any Committee or officer, within any framework and criteria approved by the Council.

To review and monitor the effectiveness of Council services in responding to the needs of the Shetland Islands area and, where necessary, to bring forward to the Council proposals for changes in policy, service delivery arrangements or resource allocations in order to make these more sensitive to the needs of the local area.

To support the Council's work with Partner organisations and to liaise with and generally support the work of local community and voluntary organisations including community councils and parent councils.

To advise the Council as to any local adjustments to individual boundaries or other matters relating to the constitution and operation of Community Councils in Shetland.

Standards Committee Functions

To promote and maintain high standards of conduct by Members of the Council

To assist Members of the Council to observe any National Codes of Conduct, the Councillors' Code of Conduct and the requirements of the other elements of the Council's ethical framework and its regulatory schemes.

To advise the Council on the adoption or revision of Codes of Conduct and the other elements of its ethical framework.

To monitor the operation of the Councillors' Code of Conduct and that framework

To advise, train or arrange to train members of the Council on matters relating to national or local Codes of Conduct and the framework.

To consider matters referred to it in terms of requirements which may in future be laid down by statute.

Appendix 2

Policy and Resources Committee (1993) Terms of Reference as follows:

To develop, for approval by the Council, corporate policies, strategies, plans and quality standards governing the overall direction of the Council covering all resources.

To act on behalf of the Council to influence national decision making on all aspects of local government in the light of policies adopted by the Council.

To co-ordinate and monitor, on behalf of the Council, the use of resources, human, physical and financial, for all activities of the Council, including the capital programme.

To monitor, regulate and control, on behalf of the Council, the finances of the Council, in accordance with the Council's Administrative and Financial Regulations, and to make and amend Financial Procedures to such extent as is from time to time deemed necessary for sound financial management.

To consider the financial estimates of Council Committees, and to make recommendations to the Council as to the level of local government taxation, rates, water rates and of other charges to be levied.

To manage Emergency Planning issues on behalf of the Council.

To develop and monitor corporate communication.

To manage the corporate development of the Council's human resources.

To act on behalf of the Council to ensure the effective discharge of the responsibilities of the Commercial Services Department, by delegation where appropriate, and to monitor the performance of the Department in achieving its objectives.

To act on behalf of the Council to ensure the effective discharge of the responsibilities of the Design and Technical Services Department, by delegation where appropriate, and to monitor the performance of the Department in achieving its objectives.

To act on behalf of the Council to ensure the effective discharge of the responsibilities of the Finance Department, by delegation where appropriate, and to monitor the performance of the Department in achieving its objectives.

AUTHORITY

All matters within the foregoing remit shall stand referred to the Policy and Resources Committee.

The Committee shall have delegated authority to act on behalf of the Council, in accordance with approved policies, in the discharge of its responsibilities and shall have the power to further delegate the discharge of those responsibilities to officers where appropriate.

OUTPUT

The output of the Committee will be reflected in the action plans for the Chief Executive's Department, the Commercial Services Department, the Design and Technical Services Department and the Finance Department.

Action plan outputs will be reported to the Committee six monthly by the Chief Executive, the Director of Commercial Services, the Director of Design and Technical Services and the Director of Finance.



REPORT

To: Shetland Island Council

18th February 2009

From: ICT Unit Manager

Report No: CE-05-D1

Housing Management System

1. Introduction

- 1.1. This report seeks approval for the procurement of a Housing Management System to replace the current system. It details the current situation, the stages already completed, and recommends next steps required in the project.

2. Links to Corporate Priorities

- 2.1. Housing – having a reliable, fit-for purpose Housing Management System will enable Housing Service to increase property availability (by reducing times to re-let and reducing repair and maintenance lead-times).
- 2.2. Sustainable Organisation – implementation of mobile working system within the Housing Service will provide housing officers the ability to initiate work orders from on-site, potentially reducing associated staff travel costs.
- 2.3. External Communication Links – the system would provide links to other local authorities, data sharing between other local agencies and links with Scottish Government. The system and its operation will comply with all aspects of the Data Protection Act 1998.

3. Background

- 3.1. Shetland Islands Council currently uses Orchard's ArcHouse as its Management Information System for the Housing Service. The system provides functionality including property and estate management, allocations and appointment management and repair management. This system has been in place since its implementation in 1999. It has had minor upgrades in the intervening period.
- 3.2. The system is now approaching the end of its supported life and the vendor Orchard will cease support for it in April 2011. Orchard has a replacement product, ArcHouse Plus that they wish all current ArcHouse users to upgrade to. Research has confirmed that there are also other systems provided by other suppliers that could meet the Council's requirements and these are in use in other Scottish local authorities.

- 3.3. The Housing Service now wish to implement new functionality, namely Document Management and Mobile Working. A Document management System would allow the Service to improve performance both in terms of allocation of properties and management of existing tenancies. Mobile Working would allow the Service to increase productivity as staff would be able to address issues such as repair requests on-site.
- 3.4. Currently the Housing Service uses the existing Building Maintenance system, Servitor, for management of Housing Direct Labour. However the Housing Service has its own separate trade staff, and would benefit from a dedicated DLO module to manage this resource.
- 3.5. The existing supplier Orchard were approached for quotes to provide Document Management, Mobile Working and Housing DLO upgrades for the current system. The quote for this was £146,690. It was identified by council officers that the cost of replacing the entire Housing system currently in use, and ensuring the new functionality desired was included, would likely be possible for a similar capital expenditure.
- 3.6. A market survey of suppliers who currently provide such systems for other Scottish local authority Housing Services was undertaken. The budget estimate from this exercise is £205,000. This confirmed the Housing Services estimate of likely costs.
- 3.7 The Housing Service has identified that funding to replace or upgrade the Housing Management System could be met from the Housing Revenue Account (HRA).
- 3.8 The one-off acquisition of a replacement Housing management System would:
 - provide the Housing Service with an up-to-date and fit-for purpose tool for managing Housing service in Shetland;
 - enable Housing Service to continue to improve repair response times if officers have the functionality to raise jobs immediately on-site;
 - provide compliance with Scottish Government initiatives such as the Data Sharing partnership;
 - improve the management of planned maintenance and repairs by implementing a dedicated Housing DLO system.

4. Progress to date

- 4.1. In August 2008 the Housing Service requested quotes from Orchard to implement Document Management, Housing DLO and Mobile Working within the existing system.
- 4.2. In October 2008 a market survey was completed to identify potential options and suppliers of systems to replace the current system. Requests for information were sent to these suppliers, including the current vendor, to establish budget requirement to replace the current system with a system that meets all the Housing Services requirements.

5. Proposed Next Stages

5.1. The following stages are now required to proceed with the project:

- Report to Council seeking approval to proceed (this report);
- A contract notice placed in the European Journal and other appropriate publications seeking expressions of interest from potential suppliers
- Questionnaires sent to all interested suppliers, completed questionnaires received and financially and technically evaluated. Short-list of qualifying suppliers agreed.
- Full tender exercise commencing with the issue of an Invitation to Tender;
- Subject to receipt of a suitable tender, appointment of a supplier and award of contract;
- Installation and conversion of data from the current system;
- Training of staff and commissioning of system.

5.2. The project will adhere to PRINCE project management principles in line with standard practice for ICT procurement projects.

6. Financial Implications

6.1 To implement a replacement Housing Management System, the capital costs in 2009/2010 would be:

- £20,000 Project Management and Business Consultancy
- £20,000 Staff Training
- £155,000 System Hardware, Software and configuration

6.2 This is a total implementation cost of £195,000, which will be met from the Housing Revenue Account. A separate Housing Revenue Account capital budget code will be established if approved. Budget has been provided in the 2009/10 estimates which are subject to Council approval

6.3 The ArcHouse Housing system currently costs the Housing Service £25,000 per annum in revenue charges for maintenance, licences and support.

6.4 The current estimated annual costs of a replacement system would be £20,000 per annum, representing an annual revenue reduction of £5,000 commencing 2010/2011.

6.5 Housing Service would not be seeking funding from the existing General Fund Capital Programme, if approved as proposed.

7. Policy and Delegated Authority

7.1 The Council's Standing Orders relating to Tenders and Contracts apply. The contract will be awarded on a "Most Economically Advantageous Tender" basis.

7.2 The system and its operation will comply with all aspects of the Data Protection Act 1998.

8. Conclusion

- 8.1. A fit-for-purpose, best-value Housing Management System would provide an efficient system to manage housing allocations, estate and property management, maintenance and repairs;
- 8.2. It would provide a range of wider benefits to the council, including compliance with Scottish Government data sharing initiatives, interfaces other council services including Building Services stores, rents and social care.

9. Recommendations

I recommend that Council:-

- 9.1. approve the Housing Management System replacement project, with funding as referred to in paragraph 6.2;
- 9.2. approve commencement of the tendering process, by the ICT Unit Manager, in consultation with the ICT Management Board, and delegate authority to him to award the contract, subject to the Council's Standing Orders Relating to Tenders and Contracts;

Appendix A – Project Initiation Document. v1.1

Date: 9th February 2009
Our ref: SM/CC

Report No: CE-05-D1



**Shetland
Islands Council**

Information & Communications Technology

Project Initiation Document (PID) (Version 14)

Replacement Housing System Authorisation Stage Version 1.1

PROJECT INITIATION DOCUMENT v.14	Project: Housing Systems Review
Author: Craig Chapman	Stage: Initiation
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1. Project Initiation Document Sign-off Form

Project Initiation Document Minor ICT Project

Project Authorisation Sign Off

We accept this Project Initiation Document as superseding all previous documents and authorise the project to go ahead.

Project Authorisation	Name	Approved Date
Senior Executive	Chris Medley Head of Service	
Senior Business	Anita Jamieson Service Manager	
Senior Technical	Stuart Moncrieff, ICT Unit Manager	

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2. Project Brief

Background:

Housing Service manages 2184 active properties, houses 2492 tenants and currently has 944 general and 178 homeless applications on its books. The service received almost 9000 repair requests from October 2007 to September 2008.

Housing Service currently use arcHouse by Orchard as their Housing Management Information System. They have had this core system in place since 1999 with minor upgrades being applied over the last 9 years. The system is not currently meeting all of Housings requirements, and this system is no longer Orchards main package. Orchard intend to withdraw support for arcHouse in April 2011. This has recently been revised from an end date of April 2010 so it is very unlikely that any support will be extended beyond this deadline.

In addition, the Housing Service currently uses Servitor for management of their Direct Works requirements. However this has never provided the functionality or usability required by the Service.

Housing wish to now move forward by implementing systems to manage both their Direct Works and other business areas, namely, Document Management and Mobile Working. They have received quotes from Orchard for modules to cover these three business areas. These quotes were £26,590, £52,600 and £67,500 respectively. The total funding required solely to implement these three modules would be £146,690. This is clearly above the tendering threshold, and is approaching the EU threshold. Furthermore Orchard's position regarding the procurement of any additional modules for arcHouse, such as those above, is that they will not accept orders after December 2009. Again this is a revised deadline from December 2008 and is unlikely that this will be extended.

At a fact-finding meeting with ICT and Housing management staff it was agreed that the quotes above seem very high and that it was likely that *all* of Housings Information Systems could be reviewed and potentially replaced for around this cost. Therefore, considering this, and that fact that the current systems are now approaching ten years old, the most appropriate action would be to conduct a market survey with a view to establishing funding and tendering for a full solution to

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	<p>replace all Housing's current systems. Modules for the above business areas would be included in the requirements.</p> <p>A complete list of business areas, provided by Housing, that should be reviewed by a full tendering exercise are included in the Scope section of this document.</p> <p>The purpose of this project is to conduct a full tendering exercise to replace all or some (if more appropriate/achievable) of Housing's Information Systems. Initial Market Survey and Request for Information exercises should allow for detailed breakdown of costs of upgrading some, or all systems. This will allow us to establish a robust Business Case and detailed budget requirements. The tender exercise should be conducted to allow Shetland Islands Council and potential suppliers to tender for 'all or part' solutions.</p>
Objectives:	<ul style="list-style-type: none"> • Establish costs of replacing Housings Core Information Systems, namely archHouse. • Establish costs of implementing further modules as required by Housing Service. • Undertake a full EU tender exercise to procure replacement systems as identified as required as above. • Implement Housing Systems as required, including full data migration, acceptance testing, training, and connectivity to other systems including Swift, DLO, Rents & Benefits.
Scope	<p><u>Within Scope</u></p> <ul style="list-style-type: none"> • Review and implement 'off the shelf' packages for some or all of the following business areas of the Housing Service: <ul style="list-style-type: none"> ○ Property Management ○ Estate management ○ Property Attributes ○ Responsive Repairs ○ Planned Repairs ○ Asbestos Management ○ Housing DLO ○ Appointment System ○ Right To Buy ○ Voids ○ Garages ○ Service Charges ○ Common Areas

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	<ul style="list-style-type: none"> ○ Allocations ○ Homelessness ○ Temporary Accommodation ○ HL1 Reporting ○ Choice Based Lettings ○ Supported Accommodation ○ Reporting ○ Document Management ○ Work Flow ○ Web-enabled Access ○ E-enabled reporting citizen access ● Review of Interfaces to the following Service areas (Systems): <ul style="list-style-type: none"> ○ Revenues (Rents/Benefits) ○ Building Services (Servitor DLO) ○ Social Care/Data Sharing Partnership (Swift/MAS) ○ Hjaltland Housing Association (Common Housing Register) <p><u>Outwith Scope</u></p> <ul style="list-style-type: none"> ● Any other ICT systems currently in use by the Housing Service e.g. E-mail, Web-based technical libraries etc ● Upgrades to current workstations/laptops/printers. ● Any additional equipment required by staff to utilise mobile working systems e.g. Blackberries, PDA's, laptops.
Business Case	<p>Benefits to the business of the Council:</p> <ul style="list-style-type: none"> ● Current system is now almost 10 years old and is no longer the supplier Orchard's current package. Upgrading or migrating to a newer system will improve service delivery. ● Management of Housing direct works via Orchard is not providing suitable system. ● Adding additional functionality for mobile working, direct works and document management will be as expensive as completely replacing Housings entire Information System (this will be confirmed by a Feasibility Study, before any commitment has been made) <p>Implementation of an up-to-date and fit-for purpose Housing Management Information System with facilities for mobile working, improved reporting facilities and more efficient management of direct works will increase Housings ability to continually improve service delivery and therefore meet the targets of the Corporate Plan.</p>
Constraints:	<ul style="list-style-type: none"> ● Budget for this project has yet to be established.

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	<ul style="list-style-type: none"> • Currently Housing share stores with the rest of the council DLO and the stores system is Servitor. • Servitor is used to manage and pay the housing trades. • Technology Forge's system CAFM is currently being implemented for Building Services and other related services of the council. This system covers Asset Management and Property Repairs and maintenance for council properties.
Customers:	<ul style="list-style-type: none"> • All Housing Staff • All Housing tenants • All clients on the Housing waiting list
Volumes	<p>Estimate of number of key transactions and other volumetrics for this project:</p> <ul style="list-style-type: none"> • 2184 active properties including blocks and garages • 2955 total properties on Orchard including those sold or disposed of • 2492 tenants • 944 general applications for housing (6074 since 1999) • 45 garage applications (160 since 1999) • 178 homeless applications (1838 since 1999) • 8952 repair requests per year (750 per month, 172 per week) • More detailed transaction data will be gathered for a Request for Information document and more fully quantified for Schedule I of an Invitation To Tender. • Over 14,000 tenants and applicants currently on the system since 1999.
Deliverables:	<p>Authorisation Stage</p> <ul style="list-style-type: none"> • Market Survey to establish: <ul style="list-style-type: none"> ○ current systems available, ○ Indicative budget requirements, ○ Solutions in use in other UK local authorities and housing associations • Request for Information to establish: <ul style="list-style-type: none"> ○ Detailed budget costs broken down by module/solution/business area ○ Potential timescales for any implementation ○ Potential supplier relationships ○ Relationships with other local authorities • Report to Council to establish budget and approval for project to move to procurement stage

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	<p>Procurement Stage</p> <ul style="list-style-type: none">• Invitation to tender<ul style="list-style-type: none">○ Advertisement of contract○ Pre-qualification questionnaire○ Supplier shortlist○ Invitation to Tender Document• Tender Evaluation<ul style="list-style-type: none">○ Tender response evaluation○ Site visits○ System Demos• Contract(s) awarded <p>Implementation Stage</p> <ul style="list-style-type: none">• Implementation plan agreed• Hardware installed and tested• Core system and modules installed and tested• Customisation specified, agreed, implemented and tested• Interfaces specified, agreed, implemented and tested• Users trained• Data migrated from existing system(s) specified, agreed and implemented												
<p>Risk Analysis:</p>	<p>Risks associated with this project (the things which could cause the project to fail). Estimate the risk in terms of probability and impact on a scale of 1 to 5, where:-</p> <ul style="list-style-type: none">• 1 is very low• 2 is low• 3 is average• 4 is high• 5 is very high <table><tr><th>Description of Risk</th><th>Prob</th><th>Impact</th><th>Risk</th></tr><tr><td>Complex inter-relationship between</td><td>2</td><td>3</td><td>6</td></tr><tr><td><ul style="list-style-type: none">• The System selected does not</td><td>1</td><td>5</td><td>5</td></tr></table>	Description of Risk	Prob	Impact	Risk	Complex inter-relationship between	2	3	6	<ul style="list-style-type: none">• The System selected does not	1	5	5
Description of Risk	Prob	Impact	Risk										
Complex inter-relationship between	2	3	6										
<ul style="list-style-type: none">• The System selected does not	1	5	5										

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	meet the requirements.					
	<ul style="list-style-type: none">Costs identified in Feasibility Study identify that replacing all systems would be prohibitively expensive Following feasibility study findings, it will be possible to only add new modules required, and not replace the core system at this time.	2	3	6		
	<ul style="list-style-type: none">Capital Budget cannot be found for this project. Funding from the Housing Revenue Account would avoid the project having to compete for Capital Funding with other council projects	2	5	10		
	<ul style="list-style-type: none">User resistance to change Housing staff would largely welcome a new system and they are not currently getting the best service from the current one.	1	3	3		
	National Data-sharing requirements change meaning implemented systems are not compliant/compatible <ul style="list-style-type: none">Data sharing requirements are constantly changing and experience national delays; this should not be a reason to not move forward in individual service areas.	3	2	6		
Assumption	<ul style="list-style-type: none">Staff resources as detailed in this document will be made available by Housing Service and the ICT Unit					
Resourcing:	Estimate of staff resources that will be required to successfully implement the entire project:					
	Overall Project Stage	Major Task	Project	User Days	Technical	Total
	Authorisation	Produce PID				
		Market Survey,	5	2	-	7
	Produce Tender	Write report for funding	4	-	1	5
		Document Requirements	12	30	8	50
		Produce Tender	6	6	1	13

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		Produce Tender	6	6	1	13
	Issue ITT	Issues ITT	2	-	1	3
	Evaluate tender	Initial Evaluation	6	12	1	19
		Demonstrations (assume 3 demos, 1 days each)	6	36	3	45
		Site Visits	7	25	5	37
		Evaluation Report	5	2	1	8
	Implementation	Install Hardware and Software	1	-	5	6
		Familiarisation and Training	3	60	2	65
		Conformance Testing	5	60	5	70
		Procedures	1	60	-	61
	Re-work	Specify Requirements	5	30	3	38
		Acceptance Testing	1	18	1	20
	Data Conversion	Plan	3	12	2	17
		Final Data Cleansing	5	20	2	27
		Data Transition	5	10	2	17
	Implementation	Document Procedures	2	60	10	72
		Train Users	2	60	3	65
	Go Live	Go Live	1	20	1	22
	Post Implementation	Operations Handover	1	2	2	5
		Post Implementation Review	5	12	2	19
		Total Days Required	98	542	63	703
Impact on Building Services	<p>Expected input required from Building Services. This could include network points, power points, associated builders works, and any need for building warrants.</p> <ul style="list-style-type: none"> • None. 					

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	<p>Has this been discussed with Building Services Y/N?</p> <p>Has the work been formally agreed with Building Services Y/N?</p> <p>Have timescales for Building Services work been incorporated into the Project Plan N/A?</p> <p>Building Services Work Order Number _____</p>
Internal Audit Involvement	<p>Financial or other implications which means that Internal Audit ought to be involved?</p> <ul style="list-style-type: none"> Internal Audit have a watching brief with all ICT projects and systems. <p>Has this been discussed with Internal Audit Y/N?</p> <p>What level of involvement has been agreed with Internal Audit None/ Project Board / Project Team / Other</p> <p>Please explain level of involvement:-</p> <ul style="list-style-type: none"> Internal Audit will be copied the approved PID Internal Audit will have the opportunity to review any report to council, Invitation To Tender, other document as required.
Network Strategy	<p>List impact on the network or any expectations of network requirements:-</p> <ul style="list-style-type: none"> Any mobile working using Housing systems may have network requirements that have not yet been addressed for other mobile working initiatives e.g. the use of Blackberries, Mobile Phones, PDAs, Laptops and Tablets to access corporate Housing systems.
Related Projects	<p>List any projects, or parts of other projects, which have to be successfully completed before this project can be started/completed, and explain:-</p> <ul style="list-style-type: none"> None <p>List any projects which will require this project, or parts of this project, to be completed before other projects can be started/completed, and explain:-</p> <ul style="list-style-type: none"> Implementation of any new Housing system will have an impact on the Data-sharing project.

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ICT Security	<p>List any issues for ICT Security, associated with this project:-</p> <ul style="list-style-type: none"> Any implemented systems should comply with the ICT Security Policy e.g. with respect to account security/passwords/audit requirements.
Data Protection	<p>Does this project involve personal data or are there any other implications under Data protection? Explain below:-</p> <ul style="list-style-type: none"> Housing Systems hold personal data on clients. Housing will have a current Data Protection Registration for this purpose. It is not envisaged at this time any significant changes to the data held on clients will be part of any system replacement or implementation of any new functionality. <p>Has this been discussed with Legal Y/N? - Not at this time.</p> <p>Please explain level of involvement:-</p> <ul style="list-style-type: none"> Legal Services will be involved as and when required and consideration may be given to including representation on the Project Board to ensure compliance. Legal Services and Contract Compliance will be fully involved in the issue of any Tender, subsequent evaluation, contract negotiation and award.
Server Requirements	<p>Describe any requirements for environmental (including air-conditioning, rack space, access) and power requirements (including UPS and generators) required for this project:-</p> <ul style="list-style-type: none"> Any new Housing systems will require server space in the ICT Unit machine room Servers requirements may be specified as part of a supplier package, or procured separately <p>Where will servers be located:-</p> <ul style="list-style-type: none"> ICT Unit Machine Room <p>How will backups be carried out, estimate data volumes:-</p> <ul style="list-style-type: none"> It is expected that additional licences for the Enterprise Backup system will be required. Probably 2-3 servers. Current Housing system will require continued backup

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	provision from 1 year from the implementation date of any replacement system.
Environment and Sustainability	<p>Potential environmental impact issues and steps taken to alleviate these and promote sustainability (in terms of both environmental sustainability and socio-economic sustainability):-</p> <ul style="list-style-type: none"> • Implementation of a mobile working module will improve staff ability to action issues on-site, potentially reducing staff travel times and transport costs.
Acceptance Test Plan	<p>Will a formal acceptance test plan be produced for this project? (Yes/No)</p> <p>Reason: A formal EU Tender Exercise is anticipated at this time. Formal acceptance testing will be required.</p> <p>If a formal acceptance test plan is to be produced, please give details:-</p> <p>Full Acceptance Testing of any implemented system will be done with respect to the requirements detailed in Schedule I of the Invitation to Tender and subsequently agreed Contract.</p>
Budget:	<ul style="list-style-type: none"> • Based on a Request For Information response from potential suppliers, the budget estimate is £195,000 for implementation costs. Ongoing costs are estimated at £20,000 per annum to be paid by Housing Service. • Budget source for this project is currently expected to be the Housing Revenue Account.

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3. Organisation and Reporting Structure

ROLES		NAMES OF STAFF
Project Board	Senior Executive	Chris Medley Head of Service, Housing & Capital Programmes
	Senior Business	Anita Jamieson Service manager, Housing Business Support
	Other	Vaila Simpson Service manager, Housing & Property
	Senior Technical	Stuart Moncrieff, ICT Unit Manager
Project Manager		Craig Chapman ICT Unit
Project Team	Business Assurance	Vaila Simpson
	User Assurance	Keith Lobban, Systems Officer – Housing Systems
	Technical Assurance	Sandy West, ICT Unit
	Other Implementation Team Members	ICT Staff TBC. Hazel Robertson, Keith Poleson, Leigh Smith, Ronnie Calderwood, Shirley Mills, Tony Dobson

Reporting:	<p>The Project Manager will report to the Project Board.</p> <p>The Project Manager will have overall responsibility for the project and ensuring that all aspects of the projects are carried out to plan, on time, within budget and that all deliverables are achieved.</p> <p>Minutes must be taken of all Project Board meetings.</p>
Limits of Authority:	<p>The Project Board must authorise any changes from the PID or the scope of the project.</p> <p>Any changes must be documented. Fundamental changes to the project will require a complete review of the PID (eg. this is normal when moving from PID version 1.0 to 2.0). Other changes should be documented in the Project Board minutes.</p> <p>Normally changes to the project must be authorised at a board meeting. However, where this is impractical, authority may be granted by email but the changes must be ratified at the next board meeting. Such exceptions must be discussed and agreed in advance with the ICT Unit Manager.</p>

4. Products

Management Statement

Explain how success of the project will be managed:-

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Management Products	Planned (Y/N)	If not planned, please state reason
Signed off PID	Y	
Operations Handover documents	Y	
Post Implementation Review	Y	

Quality Statement

Explain how success of the project will be ensured:-

Quality Products	Planned (Y/N)	If not planned, please state reason
Proposed Solution	Y	
ICT Briefing Session	Y	

Technical Products

Technical products have been listed in the Deliverables section.

5. Timescales and Resource Plans

Authorisation

Tasks	Duration	Start Date	End Date
start feasibility	0 days	Tue 30/09/08	Tue 30/09/08
Initial meeting with Department	1 days	Tue 30/09/08	Tue 30/09/08
Analyse Soctim benchmark data	1 days	Wed 01/10/08	Wed 01/10/08
Approve version 1.0 PID	0 days	Mon 20/10/08	Mon 20/10/08
Draft outline requirement spec	5 days	Mon 20/10/08	Fri 24/10/08
agree outline requirement spec	1 days	Mon 27/10/08	Mon 27/10/08
identify possible suppliers and products	1 days	Tue 28/10/08	Tue 28/10/08
write RFI	3 days	Wed 29/10/08	Fri 31/10/08
receive replies	1 days	Mon 24/11/08	Mon 24/11/08
compare RFI responses	2 days	Tue 25/11/08	Wed 26/11/08
identify possible user sites	1 days	Tue 28/10/08	Tue 28/10/08
determine user site questions	1 days	Wed 29/10/08	Wed 29/10/08
contact possible user sites	2 days	Thu 30/10/08	Fri 31/10/08
collate user site reponses	1 days	Mon 03/11/08	Mon 03/11/08
examine existing records	5 days	Tue 28/10/08	Mon 03/11/08

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examine existing procedures	5 days	Tue 04/11/08	Mon 10/11/08
write scope and readiness report	1 days	Tue 11/11/08	Tue 11/11/08
agree scope and readiness report	1 days	Wed 12/11/08	Wed 12/11/08
write feasibility study report	1 days	Thu 27/11/08	Thu 27/11/08
revise PID version 0.1	1 days	Fri 28/11/08	Fri 28/11/08
agree feasibility study and PID	1 days	Mon 01/12/08	Mon 01/12/08
end feasibility study	0 days	Mon 01/12/08	Mon 01/12/08

Tender

Tasks	Duration	Start Date	End Date
start ITT	0 days	Mon 01/12/08	Mon 01/12/08
draw up advert	1 days	Mon 01/12/08	Mon 01/12/08
place advert	1 days	Tue 02/12/08	Tue 02/12/08
receive expressions of interest	1 days	Fri 23/01/09	Fri 23/01/09
do financial checks	20 days	Mon 26/01/09	Fri 20/02/09
do technical checks	3 days	Mon 26/01/09	Wed 28/01/09
draw up tender list	1 days	Mon 23/02/09	Mon 23/02/09
investigate requirements	10 days	Mon 01/12/08	Fri 12/12/08
document requirements	10 days	Mon 15/12/08	Fri 26/12/08
agree requirements	2 days	Mon 29/12/08	Tue 30/12/08
produce schedule 1	10 days	Wed 31/12/08	Tue 13/01/09
agree schedule 1	2 days	Wed 14/01/09	Thu 15/01/09
produce certificate of non-collusion	5 days	Fri 16/01/09	Thu 22/01/09
produce form of tender	5 days	Fri 23/01/09	Thu 29/01/09
produce schedule 2	2 days	Fri 30/01/09	Mon 02/02/09
produce schedule 3	2 days	Tue 03/02/09	Wed 04/02/09
produce schedule 4	2 days	Thu 05/02/09	Fri 06/02/09
produce schedule 5	2 days	Mon 09/02/09	Tue 10/02/09
produce schedule 6	2 days	Wed 11/02/09	Thu 12/02/09
produce appendices	3 days	Fri 13/02/09	Tue 17/02/09
collate ITT	2 days	Wed 18/02/09	Thu 19/02/09
Project Board - agree ITT	0 days	Thu 19/02/09	Thu 19/02/09
Full Council Approval	0 days	Wed 03/12/08	Wed 03/12/08
issue ITTs	1 days	Fri 20/02/09	Fri 20/02/09
receive tenders	1 days	Mon 06/04/09	Mon 06/04/09
analyse tenders	2 days	Tue 07/04/09	Wed 08/04/09
compare tenders	2 days	Thu 09/04/09	Fri 10/04/09
do telephone surveys	2 days	Mon 13/04/09	Tue 14/04/09
document initial tender comparison matrix	2 days	Wed 15/04/09	Thu 16/04/09
produce shortlist	1 days	Fri 17/04/09	Fri 17/04/09
agree shortlist	1 days	Mon 20/04/09	Mon 20/04/09

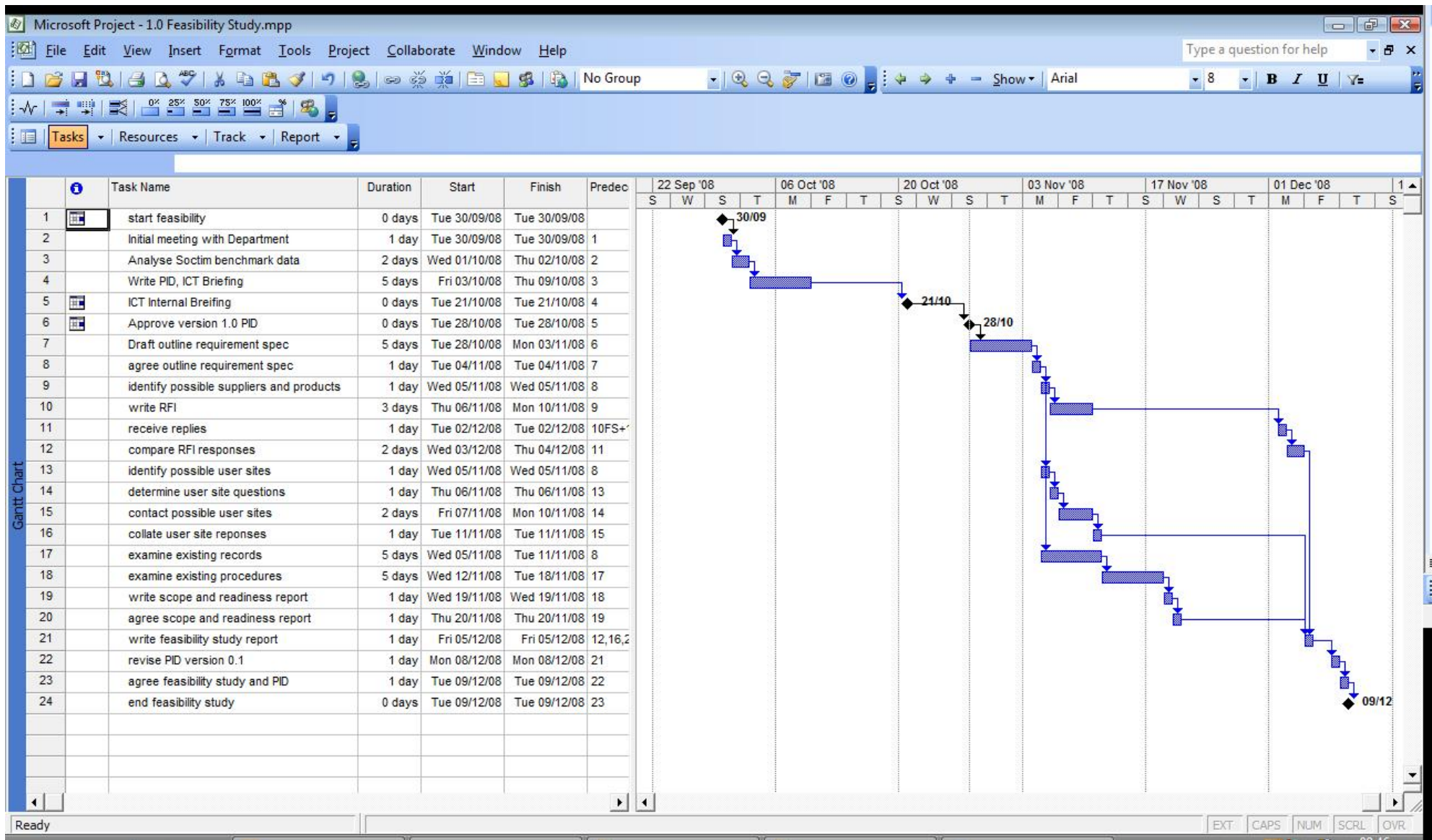
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arrange demos	5 days	Tue 21/04/09	Mon 27/04/09
view demos	2 days	Tue 05/05/09	Wed 06/05/09
arrange site visits	3 days	Tue 21/04/09	Thu 23/04/09
make travel arrangements	2 days	Fri 24/04/09	Mon 27/04/09
travel to sites	0 days	Mon 27/04/09	Mon 27/04/09
make site visits	4 days	Tue 28/04/09	Fri 01/05/09
travel home	0 days	Fri 01/05/09	Fri 01/05/09
update tender evaluation matrix	1 days	Thu 07/05/09	Thu 07/05/09
agree tender evaluation matrix	1 days	Fri 08/05/09	Fri 08/05/09
write tender evaluation report	1 days	Mon 11/05/09	Mon 11/05/09
agree tender evaluation matrix	1 days	Tue 12/05/09	Tue 12/05/09
write letter of award	1 days	Wed 13/05/09	Wed 13/05/09
write rejection letters	1 days	Thu 14/05/09	Thu 14/05/09
agree contract	10 days	Fri 15/05/09	Thu 28/05/09
Mandatory Standstill	20 days	Fri 29/05/09	Thu 25/06/09
end ITT	0 days	Thu 25/06/09	Thu 25/06/09

Implementation

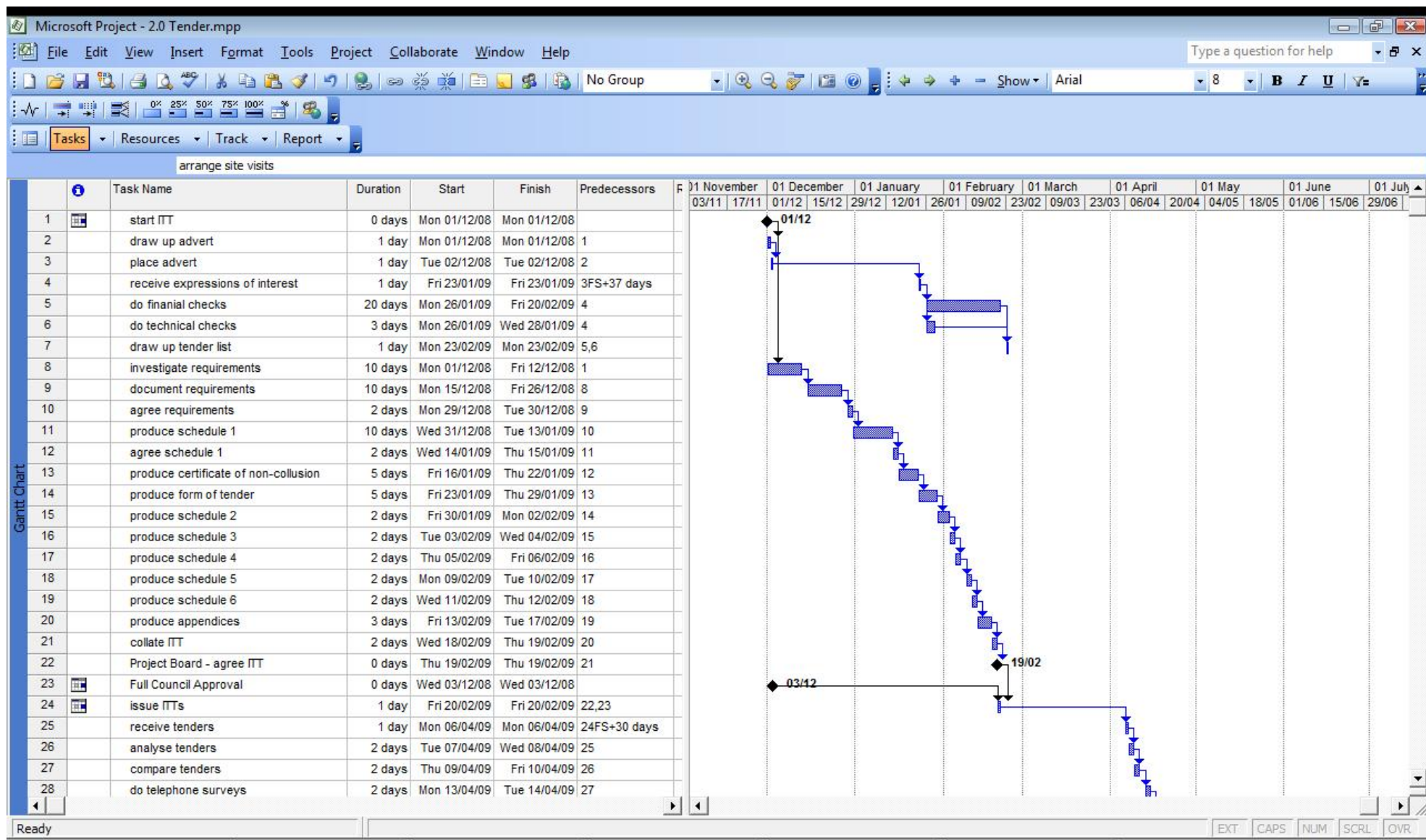
Likely go live in April 2010

Authorisation



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Tender





REPORT

To: Shetland Islands Council

18 February 2009

From: Head of Economic Development

**Report No: DV008-F
A LOCAL APPROACH TO MARKETING**

1.0 Introduction

- 1.1 This report updates the Council on progress to develop a local approach to managing visitor marketing. It has been prepared in line with the Development Committee's recommendation to Council on 5 June 2008 [Min Ref 15/08] which was approved by the Council on 25 June 2008 [Min Ref 86/08] that the Council should:

“Research appropriate local mechanisms for providing visitor information and destination marketing services for Shetland that build on existing local partnerships and utilise existing local skills and resources”; and, “Seek clarification on the European and domestic legal requirements with regard to setting up and operating a Destination Marketing Organisation (DMO) in Shetland.

“Subject to a positive outcome from the research described above, authorise the Head of Business Development, or his nominee, to progress the setting up of a DMO that: can provide high quality and effective Shetland destination marketing and visitor information services, where there is a real benefit in these services being managed locally”.

- 1.2 This report describes how a Shetland DMO could be set up within the Economic Development Unit, and contribute to Shetland's wider marketing ambition to build a strong reputation for all Shetland's target markets.
- 1.3 It considers the view of the Tourism and Culture Panel, discusses the proposal with reference to both domestic and European law and reflects on the merits of setting up a new mechanism for promoting Shetland in light of the recent economic downturn.

- 1.4 Finally the report recommends that a Shetland DMO be established that can provide high quality and effective Shetland destination marketing to all Shetland's target markets and offer visitor information services at strategic locations throughout Shetland.

2.0 Links with Corporate Plan

- 2.1 This report has strong links with Council Corporate Plan Policies to "Further improve Shetland's reputation as a place that offers excellent products and meets the needs of consumers" and "Promote Shetland as a tourist destination".

3.0 Background

- 3.1 The stimulus for rethinking our approach to marketing Shetland to visitors was VisitScotland's move to step up its efforts to market every region under a single Scottish identity by centralising the management of all functions and budgets. This has greatly diminished our ability to present Shetland's strengths as a distinct destination; it has also reduced or, in some cases, completely removed any local input into decisions that directly affect Shetland's visitor marketing and local visitor services. [Ref report no DV024 presented to the Development Committee on 5 June 2008].
- 3.2 The fundamental problem in depending on Scotland-wide initiatives to attract visitors here is that Shetland's major strength lies in the fact that it is different and most of VisitScotland's national marketing campaigns are of little or no value to Shetland. We don't have a clan culture, tartan, whisky and Gaelic heritage. We have no major golf courses, cannot easily be included in a short break or long weekend to Scotland and can only be reached from the mainland by relatively expensive air links or a fourteen hour ferry crossing.
- 3.3 However we do have different but equally fascinating aspects to our culture reflected in our dialect, our place names, our music and our festivals. We also have world-class archaeological and geological sites, excellent leisure facilities and spectacular scenery. Although it has strong links with both Scandinavia and Scotland, Shetland feels and behaves like another country with a unique identity and distinct culture and heritage. Anything that undermines this distinctiveness will damage that competitive advantage.
- 3.4 Visitor marketing is an important tool in the community's efforts to build a reputation for Shetland across large sections of the economy. Visitor marketing is important for building a strong reputation for quality, distinctiveness and integrity not just in relation to tourism, but to all areas of Shetland's economy.

3.5 VisitScotland's Role in Shetland

- 3.5.1 In 2006, fourteen local Tourist Boards including the Shetland Tourist Board were dissolved by act of parliament and amalgamated into one Scotland-wide Board named "VisitScotland" (ref Tourist Boards (Scotland) Act 2006). This meant much closer links to regional and central services with all local staff becoming employees of VisitScotland and the former Chief Executive of the Shetland Tourist Board maintaining management responsibility over staff and functions in Shetland but in a new role as Area Director of VisitScotland.
- 3.5.2 For 3 years this arrangement - together with a carefully crafted service level agreement, which included Shetland Islands Council fully funding Shetland's local marketing budget and marketing staff - ensured that local marketing priorities were respected. It enabled Shetland to buy into marketing opportunities from VisitScotland when appropriate but also to locally manage and promote Shetland's own offer under the Shetland brand when it was different from the Scottish offer or not a priority for VisitScotland.
- 3.5.3 Then, in December 2007, VisitScotland introduced further management restructuring, abolishing regional control of all its activities and introducing 4 new functional directorates: Visitor Engagement, Business Engagement, Strategic Partners and Corporate Services, each of which is managed remotely from the mainland.
- 3.5.4 Detailed and exhaustive negotiations with senior managers at VisitScotland to retain local autonomy over existing and future Shetland-specific marketing initiatives have resulted in no agreement being reached.
- 3.5.5 It is true that VisitScotland must decide on the most effective way to target its budgets and use its staff to achieve its objectives on a national scale. However the onus is also on Shetland to do the same at a local level.
- 3.5.6 A considerable amount of Council funding and resources has been invested in understanding, developing and protecting Shetland's unique identity and in strengthening Shetland's ability to promote its distinctiveness to visitors under the Shetland brand - including over £1m paid to VisitShetland in the last 3 years.
- 3.5.7 Examples of Shetland branded and funded marketing activities that have been developed and managed locally include the tourism website VisitShetland .com; online foreign language guides in seven languages; a Shetland interactive promotional DVD/CD Rom; joint visitor and airport information at Sumburgh Airport; a manned rural information network developed in partnership with local industry; an SMS text

messaging information service: a Welcome Ashore service that meets every cruise ship visiting Lerwick, a pioneering online radio station; the Shetland Mini Guide; an online expert cruising panel answering enquiries from yachtspeople planning a visit to Shetland; a number of Shetland branded marketing campaigns aimed at route development with the south of England and Scandinavia; and targeted marketing and promotion appropriate to the Shetland visitor market eg Island games, walkers and wildlife enthusiasts, yacht people, hamefarers, foodies, Tall Ships, geology and archaeology enthusiasts etc.

3.6 Shetland Marketing

- 3.6.1 VisitScotland's changes have come at a time when, in other respects, the outlook for marketing Shetland and its products is improving.
- 3.6.2 In 2003 the Council commissioned Corporate Edge, an internationally respected branding company, to analyse Shetland's strengths and its target customer. The outcome of this exercise was a general recognition of a need to build and expand Shetland's reputation by connecting the name of Shetland - *which is our brand* - with high quality, encouraging product and service improvement; and promoting the best of what Shetland has to offer.
- 3.6.3 Subsequent research to better understand Shetland's potential visitors has included, in particular: the Shetland Visitor Survey 2006 and follow up Visitor Calibration 2008; Shetland Occupancy Surveys 2005, 2007 and 2008; Shetland Tourism Plan 2006-2009; Shetland Tourism Branding Research 2008; Shetland Websites Audit 2008; A Heritage Plan for Shetland 2006; which generated the Shetland Heritage Investment Programme 2007-2112; Shetland Visitor Accommodation Requirements for the 21st Century 2007; The Fully Independent Traveller Market 2007 and an Impact Assessment of the Shetland Tourism Industry 2007 (Shetland Tourism Satellite Account).
- 3.6.4 As a direct result of this and complementary research from other industry sectors, Shetland has actively developed economic development policies that recognise the importance of: celebrating Shetland values, culture, history, landscape, and people; promoting better understanding of our customers; linking all economic development activity to market needs; maximising income through the production of high quality products and services that justify a relatively high price and are sustainable in environmental and social as well as economic terms; and raising the profile of the best of what Shetland has to offer in terms of products and services, quality of life and as a place to visit.

- 3.6.5 In an environment where local funding options are limited, and in the face of global economic uncertainty, Council budgets are under continuous review. Although, as previously stated, the stimulus for this report is the change of approach by VisitScotland, the setting up of a DMO within the Economic Development Unit of the Council is also being considered as part of the current integration of services formerly provided by Highlands and Islands Enterprise, Shetland Islands Council and Shetland Development Trust.
- 3.6.6 It is proposed that a local mechanism to promote Shetland to all its markets would better target existing marketing budgets and resources and serve to enhance the marketing of Shetland as a whole.

3.7 Research

- 3.7.1 Over the last few months, the Economic Development Unit (EDU) has discussed the VisitScotland changes and the potential structure and role of DMOs with a number of existing Scottish destination marketing organisations and Scottish local authorities. Meetings have also been held with VisitScotland staff at every level, government officials and Scottish Ministers with a remit in tourism.
- 3.7.2 In 2006, when all Scottish tourist boards were amalgamated into one Scotland-wide board named VisitScotland, different regions responded differently. Glasgow established the value of having its own marketing bureau, which operates as an arms length organisation of Glasgow City Council and attracts around £6m of local authority funding annually, with a remit “to position Metropolitan Glasgow to its key markets to create customers, generate investment and sustainable net economic benefit”
- 3.7.3 Edinburgh adopted a slightly different approach and formed an alliance of public and private organisations (i.e. Destination Edinburgh Marketing Alliance) to promote Edinburgh as a destination for talent, trade, inward investment and tourism. A Board made up of both public and private sector representatives oversees the alliance and beneath the Board sits a delivery group that brings together representatives from the current key stakeholders.
- 3.7.4 Some smaller regions with a unique selling point like Aviemore and the Cairngorms attracted project funding to set up a “not for profit” private sector led and membership based DMO with an ambition “to establish and maintain Aviemore and the Cairngorms as a world class mountain destination making it a great place to live, work and visit”

- 3.7.5 Orkney and Shetland, sought to promote marketing their areas by using their service level agreement with VisitScotland, Orkney are also investigating other mechanisms for marketing their local area which offer the best value for their regional marketing budget.
- 3.7.6 This does not mean that Shetland or other areas are questioning the value of VisitScotland *per se*. It is generally recognised that some functions can be better managed centrally. However, when tapping into the passion for a particular region and matching local action with opportunities, DMOs are making the case that the best, and most productive decisions are made and managed locally.
- 3.7.7 Shetland's assertion is that it requires a local mechanism that can attract public funding and support to provide local marketing services. It should have autonomy to purchase products and services from suppliers, including VisitScotland, when they offer the best value for money and are the most effective way of achieving Shetland's marketing objectives.
- 3.7.8 The Economic Development Unit has considered what an "ideal" mechanism for Shetland might look like.

4.0 Proposal

4.1 Scope and Remit of a Shetland DMO

- 4.1.1 When considering what a Shetland DMO should do, it is important to bear in mind that promotion is only one part of successful marketing.

Shetland's overall aims for marketing are:

- To build a strong reputation for Shetland, particularly for quality, distinctiveness and integrity, in relevant markets;
- To support the development of products and services that are appropriate to Shetland's target market;
- To improve skills, enhance market knowledge and raise confidence among all who offer products or services in Shetland.

- 4.1.2 The Council already offers a range of marketing support "in-house" through its Economic Development Unit, including market research; business and marketing advice and funding to new and existing businesses; support for product development, quality improvement and training; investment in relevant infrastructure projects; and organising and managing strategic events and exhibitions. The DMO would be formed as a small focus unit based within the EDU but with its own dedicated resources, and identity. Its activities would be

clearly defined. A detailed list of year one targets for the proposed DMO are attached in Appendix 1. It might be based within the EDU, but location within the Market Cross building, alongside VisitScotland staff, is an option that could be explored. Options for staff resources are currently being explored, including contracting out.

- 4.1.3 There may be a case for the DMO offering an event management service but this would be considered during the preparation of an events strategy, work on which is currently under way. There is no discrete events team at present. Historically, large events (eg Tall Ships Races and the Islands Games) have been managed by setting up a bespoke limited company for the duration of the project. Staff in the EDU and in other Council departments manage smaller events in addition to their other responsibilities e.g. Food Festival, Flavour of Shetland, the Doors Open Days.

4.2 Legal

The major legal constraint on Shetland Islands Council setting up a DMO is the extent to which such an organisation can promote tourism within Shetland without contravening the terms of Section 90(2) of the Local Government (Scotland) 1973. In general terms Section 90(2) of the Act prohibits the local authority from promoting leisure tourism except through Visit Scotland or except with the specific consent of the Scottish Government. Our researches indicate that the Scottish Government is unlikely to grant Shetland such consent. As explained in Section 3 of this report, tourism is an integral part of the promotion of Shetland as a destination.

- 4.2.1 Shetland Islands Council has sought specialist legal advice from Burness LLP, the law firm involved in setting up the legal vehicles for both the Glasgow City Marketing Bureau and Edinburgh Convention Bureau. In particular Burness were asked for a legal opinion on whether the proposed Shetland DMO could be accommodated within the existing statutory framework; and for initial advice on procurement and state aid issues insofar as they might have a bearing on the implementation of Shetland proposal to set up a DMO.
- 4.2.2 Because of the specialist nature of what is being proposed, it is intended that Burness LLP would continue to act on Shetland Islands Council's behalf in all legal matters relating to the setting up of a Shetland DMO. It should be noted that any assumptions made with regards to the nature and role of the proposed Shetland DMO in this report would be subject to final legal consideration and approval.
- 4.2.3 Burness are satisfied that there is a legal basis on which the Council could proceed but has highlighted the fact that the statutory provisions relevant to Shetland's proposals could be

subject to different interpretations, and, similarly, the principles of EU law relating to procurement and state aid, in their application to arrangements of this kind, are by no means clear-cut. It is impossible, therefore, to exclude entirely the possibility of a challenge being raised, nor to give a 100% guarantee that any such challenge would not ultimately be upheld. The possibility of a future change in the law should also be borne in mind, particularly in relation to EU law where the legal principles in relation to procurement and state aid are subject to ongoing development.

- 4.2.4 Any support given by the Shetland DMO to local tourism related businesses would be required to fall below the state aid de minimis threshold; be the subject of an approved scheme; or otherwise be permissible under EU Law.
 - 4.2.5 In the light of the most recent legal advice, we have carefully considered the various options for most efficient delivery of destination marketing services. We have considered the option of setting up a Company Limited by Guarantee, similar to the model of the Glasgow City Marketing Bureau, at arms length to the local authority and with a clear purpose. However we are unable to justify the added set up and operational costs. On the other hand, setting up the DMO operation within the council itself has the advantages that, although the same additional resources would be needed, no new legal entity would be required and the new DMO service could be integrated with existing line management and administration, thus saving on overheads.
 - 4.2.6 However, the integration of the DMO within the EDU carries certain risks. Adding the DMO's functions and responsibilities to existing council structures has the potential to constrain its ability to present the sort of separate identity to industry and the public that has been such a huge asset in the case of other DMOs, most obviously the Glasgow City Marketing Bureau.
 - 4.2.7 On balance, it is considered preferable to set up a DMO within the EDU but as an entity which can be clearly identified with, and is sharply focused on, its distinctive Shetland promotional role and can engage with business and other interests to the maximum possible extent.
- 4.3 The Shetland DMO model would be innovative in that it endorses the fact that no single organisation or sector can be responsible for building a strong reputation for Shetland. It is founded on the principle that the best way to promote Shetland is to tap into existing local knowledge, skills and resources. In practice this would mean that a number of locally funded marketing activities currently

channelled through VisitScotland would be overseen by “Promoting Shetland” (the working title for the new Shetland DMO) but carried out, under contracts or agreement, by local businesses, trusts and community enterprises.

- 4.4 This course of action is based on local research and the declared willingness of local businesses, community enterprises, trusts and other local organisations to work together to build a strong and positive reputation for Shetland.
- 4.5 In the case of businesses or other organisations attracting Council grants; providing a service to the DMO; or working on joint marketing initiatives with other local businesses, a code of conduct would be drawn up and included in local grant conditions or in legally binding agreements between parties.
- 4.6 The DMO would concentrate on identifying and pursuing the most relevant promotional opportunities for Shetland’s target markets initially in the tourism sector but, as experience is gained in other sectors, act as an ambassador for Shetland, and support other Shetland ambassadors in line with Shetland’s marketing and events strategies.

4.7 Operational arrangements

- 4.7.1 For the last few years, VisitScotland has provided a visitor-only destination marketing and local information service to Shetland as part of an integrated Scottish tourism network with a majority funding contribution from Shetland Islands Council (£425,000 in 2007-2008). If a Shetland DMO was established along the lines proposed in this report, its remit would include Shetland’s visitor marketing and local information services but also the promotion of all aspects of Shetland to its target markets.
- 4.7.2 The Council has requested a list of the core services that VisitScotland is committed to provide in Shetland as part of its national remit for promoting all regions of Scotland. This information will be used along with a “menu of opportunity” (essentially a shopping list of services offered by VisitScotland to each local authority) to avoid unnecessary duplication and ensure that Shetland continues to benefit from and add value to any relevant opportunities to market Shetland as part of Scotland. At the same time the Shetland DMO will complement VisitScotland’s activities and Shetland’s wider economic development ambitions by marketing Shetland as a distinct destination to all its target markets, including visitors.
- 4.7.3 For the purposes of this report it is assumed that VisitScotland would provide national marketing and information services to Shetland businesses. Either directly, or indirectly through the Shetland DMO, the Council would continue to buy into

marketing opportunities from VisitScotland that were of benefit to Shetland. However, if the proposals in this report are approved, funding to VisitScotland would be significantly adjusted to reflect the reduced activity carried out by VisitScotland in Shetland.

- 4.7.4 It is envisaged that the Shetland DMO would require the equivalent of 2 full time staff. This small staffing complement would be possible because the DMO would support or contract local commercial or voluntary organisations to carry out some of the functions for which it had responsibility. For example, under the new model it is proposed that a Shetland visitor guide and Shetland visitor website are provided commercially by local operators and that, over a period of time local visitor information and booking services are integrated into existing local services e.g. tour operators; Shetland Museum and Archives; and rural visitor attractions.
- 4.7.5 The DMO would ensure that anyone involved in these arrangements observed an agreed code of conduct. As one of the organisations involved in the marketing of Shetland, it would support joint working, promote high standards in its own work and contribute to improving Shetland's reputation. It would hold an image library and central databases (for example, contact lists of people who'd expressed an interest in visiting Shetland). It would identify promotional opportunities in line with the agreed marketing strategy. It would, wherever possible, rely on individual sectors and businesses to engage directly with their respective customers.
- 4.7.6 Inevitably, it would take time to set up a new organisation, and for it to become fully effective. The intention would be for the DMO to be operating by April 2009. For practical reasons the Shetland Visitor Guide and Shetland Visitor website would be a priority in year 1. By year 3 the expectation would be that the DMO would be working to its full potential in providing Shetland visitor marketing and local information services. It would also be contributing to the growth and promotion of other key sectors ie Food and Drink, Creative Industries, Renewable Energy and Textiles etc.

4.8 The Industry View

- 4.8.1 A progress report was presented to the Tourism and Culture Panel on 19 November 2008 that described the research carried out by EDU into possible local mechanisms for providing visitor information and destination marketing services for Shetland, including the outline proposal as described in this report.
- 4.8.2 There was a lengthy discussion, which recognised the general concern over VisitScotland's performance; the need to look at alternative ways of raising Shetland profile; the importance of

local control of visitor contact in Shetland; the potential legal and practical difficulties associated with setting up a new organisation; the possible dilution of effort if the new DMO serves more than just the tourism sector; the need to develop synergies between the DMO and VisitScotland and the DMO; and the importance of adopting a united approach. On the motion of Dr J W G Wills, seconded by Mr R C Nickerson, the Tourism and Culture Panel agreed to the recommendation that specialist legal advice should be sought to establish compliance with the law and, subject to that advice, the proposal for setting up a Shetland DMO, as described, should be presented to the Development Committee for approval..

- 4.8.2 The Shetland Tourism Association, members of which attended the Tourism and Culture Panel meeting on the 19 November 2008, also met separately to discuss the proposals in the report and agreed on the motion of Dr J W G Wills seconded by Mr Joe Rocks to: endorse the report; offer to take part in discussions to take it forward; express their concern about the position of the Visitor Services Centre for the next season and request that STA has representation on any board or steering group.

5.0 Financial Implications

- 5.1 A breakdown of the estimated costs of setting up and operating a Shetland DMO is attached as Appendix 2. It includes an estimated £100,000 for the purchase of local information and Shetland marketing services from VisitScotland. The budget has been prepared with the best information available at the time but would need to remain flexible, within the overall total, to allow resources to be aligned to the division of roles between VisitScotland and the new DMO. It assumes that VisitScotland will continue to have an area office in Shetland and fund its own core operating costs.
- 5.2 Shetland has invested a considerable amount of funding in refurbishing and locally branding the Market Cross building (which is owned by SLAP) and Sumburgh Gateway. It would seek to protect this investment through a service level agreement with VisitScotland. We believe that there could be merit in having the Shetland DMO staff located alongside VisitScotland staff in the Market Cross premises and, as noted earlier we would propose to explore this with VisitScotland.
- 5.3 Shetland investment has also fully funded the hosting, branding, development and management of the VisitShetland.com website and the Council therefore assumes that, subject to any third party agreements, the contents of the site, if not the domain name, can remain in local ownership.

- 5.4 The annual cost of providing a Shetland DMO, as described, would be approximately £463,392 per annum, which is £38,392 more than the 2007- 2008 contribution from Shetland Islands Council to VisitScotland. The DMO would however have a much wider role in Shetland than is currently included in the Council's service level agreement with VisitScotland. Overall the Economic Development unit are requesting a no growth budget in 2009/10.
- 5.5 It should be noted that there appears to be little evidence that any Scottish regional DMO is likely to be fully effective or self-sustaining in the longer term without financial backing from a public authority; and that the relative size and number of Shetland's tourism businesses offers little scope for generating income from membership.
- 5.6 No projected income has been included from the sale of advertising or booking etc because, if the approach described is adopted, these transactions would take place between local providers and their customers with no commercial benefit to the Shetland DMO.
- 5.7 Any significant change in the Shetland DMO's responsibilities, for example the addition of events management to its functions, would have to be linked to a corresponding increase in funding and resources.
- 5.8 In the current financial year the sum of £10,000 for set up costs will be provided from the economic infrastructure projects budgeted (RRD 1530 2402).
- 5.9 In the financial year 2009-2010, subject to approval from full Council, the sum of £300,000 has been budgeted for under the Reserve Fund heading Tourism Infrastructure (RRD1621 2402), the remainder of the funding has been budget for under the Reserve Fund Headings; Tourism General (RRD 1630), £80,000, and Shetland Promotional Costs (RRD 50312402) £73,392.
- 5.10 If the recommendations in this report are approved support from the Council to the DMO would be required on an ongoing basis. This is no different to the previous position in relation to the Shetland Tourist Board and latterly VisitShetland.

6.0 Policy and Delegated Authority

- 6.1 The setting up of a local mechanism for marketing Shetland has been considered with reference to the Council's Economic Development Policy:

No 6 "Continue to promote Shetland as a high quality visitor destination",

No 24 "Improve Shetland's reputation as a place that offers products of excellent quality that meet the needs and aspirations of the consumer most likely to be interested in

what Shetland has to offer; and, services provided to a standard that consistently exceeds customer expectations; and,

No 25 “Enable individuals and businesses to develop and promote Shetland products and services with confidence and pride” Dev. Comm. (Min Ref 01/08), SIC (Min Ref 55/08)

- 6.2 The Council has authority to make a decision on the recommendations of this report.

7.0 Conclusion

- 7.1 There is now experience of the latest changes that VisitScotland has introduced, in action. After speaking to those directly or indirectly involved, I remain convinced that Shetland Islands Council would get much better value for money and a more effective service by investing in a local DMO to promote Shetland as a distinct destination to all its target markets than by contributing roughly the same amount of funding to VisitScotland. All that would be achieved by funding VisitScotland would be the promotion of Shetland to visitors as a remote region of Scotland and the loss of Shetland’s distinctiveness.
- 7.2 In the face of an economic downturn, a decreasing and ageing population and increasing pressure on Council budgets, it is imperative that Shetland targets its limited local resources to achieve the greatest benefits for its community.
- 7.3 Setting up a Shetland DMO, as described, is considered the best option to target those resources to meet local marketing priorities and contribute to building Shetland’s reputation for high quality products and services across all industry sectors.
- 7.4 However it should be recognised that reputations are not created overnight and it will take some time, certainly several years, for Shetland to secure its desired position in the market. Establishing a Shetland DMO is only the first stage; if it is to reach its potential, more work will need to be done to ensure the degree of collaboration between agencies that is proposed in this report.

8.0 Recommendation

8.1 I recommend that the Council:

- a) Gives delegated authority to establish a Shetland DMO operation within the Council as set out in section 4 of this report either by directly employed staff or by contract with third party providers to the Head of Economic Development and instructs him to bring a report to the Development Committee for annual approval on the operation of the DMO, including the service level agreement between the Council and Visit Scotland.
- b) Approves spending of £463,392 for setting up and the first year operation of the DMO, which includes an estimated £100,000 for the purchase of marketing services from Visit Scotland.

Our Ref: NRJG/LC/JJ
Date: 12 February 2009

Report No: DV008-F

Appendix 1
DMO TARGETS
(YEAR 1)

ACTIVITY	BUDGET	TARGET	Potential Partners
Fam trips / Hospitality	£20,000	At least 10 visits from media / travel writers, industry / events rep etc At least 10 media features	VisitScotland Local Business Transport Operators
Media Advertising	£30,000	At least 15 Shetland specific adverts / advertorials promoting Shetland as a destination to live work or visit	
Direct marketing	£20,000	At least 2 Shetland specific direct marketing campaigns At least 20,000 contacts with customers who are likely to have a specific interest in what Shetland has to offer.	VisitScotland Special interest groups Local Operators Trade Associations SAT and S Arts Trusts Transport Operators
Distribution Costs	£15,000	At least 50,000 units distributed eg information guides, specialist packs, inserts etc Provide promotional material for at least 6 Shetland events/ promotions eg London Boat Show, Foodies at the Festival, One Life Live, Celtic Connections.	VisitScotland Local Operators Trade Associations Transport Operators
PR Consultancy	£20,000	Submission of at least 30 Shetland specific promotional initiatives including short promotional pieces, editorial and articles	VisitScotland Special interest groups Local Operators Trade Associations Transport Operators
Web Presence/ Services	£25,000	Ensure the provision, development and back up services for at least 4 Shetland branded websites under local control including - 1 visitor website, 1 live and work website and 1 marketing toolkit for Shetland businesses website either internally or through third party agreements. Progress access to online booking and sales whenever relevant.	Local Operators
Print services	£30,000	Ensure the provision of Shetland branded visitor guides (at least 50,000 copies) + at least one other niche publication (20,000 copies) both of which will be downloadable on line.	Local Operators
Route Development	£25,000	1 international campaign targeting the new Norwegian route in partnership with Flybe and VisitScotland + at least 1 other partnership initiative	VisitScotland Northlink, Flybe
Promotional DVD CD ROM	£20,000	Collate feedback and produce 20,000 copies of version 2	Special interest groups Local Operators Trade Associations SAT and S Arts Trusts
Brand Man / Image library	£20,000	At least 3 photographers commissioned for specific activities and at least 100 new images tagged and archived	All sources
Information Network	£70,000	Ensure provision of visitor information services to meet customer needs in Lerwick and at 11 manned visitor attractions through out Shetland At least 1 Training Event, maintain and develop update 11 unmanned information Boards at ferries.	VisitScotland. Shetland College Local operators Community Museums Shetland Trusts Shetland Box Office STGA

			Specialists
Monitor and evaluate performance against specific activities Economic Development targets and with regards customer satisfaction	-	Feedback to Council the business sector and community through Shetland in Statistics and through relevant strategy groups etc	
Welcome Ashore	£6,000	Face to face information service to every cruise ship, provision of basic orientation information on disembarkation and Shuttle bus from Holmsgarth terminal into town centre	Lerwick Port Authority
Sumburgh Gateway	£25,000	Joint Airport and Visitor Information service provided at Sumburgh Airport	HIAL
Digital Information network	£15,000	60 North Tourist Radio SMS messaging service and maintenance of 4 web cams	Local Service providers
Sponsorship Ambassadors	£5,000	Use at least 3 ambassadors to add value to events etc. tours, book reading, music	Creative Industries , Shetland Business Champions
Misc. / Opportunity Marketing	£10,000	Unplanned opportunities to promote Shetland as they arise	Any source, as appropriate
Industry Engagement	-	Attend meetings eg STA, Shetland Seafood and other industry trade associations as appropriate, Shetland Hamefarin 2010, Shetland Tall Ships 2011, marketing, events and cultural strategies etc.	
Promote access to services and contribute to improved integration of services	-	Raise awareness and provide referral service to Business Gateway, EDU Business Development, HIE, and other support services, I	
Support Quality Improvement	-	Raise awareness off all relevant industry quality standards Support initiatives that contribute to quality improvement in local skills products and services Demonstrate at least 10 examples of high-quality Shetland products and services, which reflect Shetlands quality ambitions and meet customer demand.	

PROMOTING SHETLAND**COSTS****OPERATIONAL COSTS**

Staffing costs	2 FT staff equivalent	90,000
Travel and subsistence	internal and external travel costs	3000
Insurance		392
Consultancy / professional fees	legal	3000
Rent rates general office costs	Sharing premises	1000

LOCAL MARKETING BUDGET

Fam trips Hospitality costs	travel writers, media, industry reps etc	20000
Media Advertising	Shetland specific adverts	30000
Direct marketing	Live work or visit - specific audiences	20000
Distribution costs	postage, inserts, packs etc	15000
PR , consultancy	Copywriters, design work etc	20000
Web Presence / Services	managing servers, content manage	25000
Print Services	info guides eg visitor, walking, marina etc	30000
Route Development	Flyby, Northlink etc (match funded)	25000
Promotional DVD CD Rom	Development and production	20000
Brand Management / Image Library	Images and generic branding	20000
Information Network	Lerwick and rural network	70000
Welcome Ashore service	Service to cruise liners (Match funded LPA)	6000
Sumburgh Gateway	Airport/ Visitor info (match funded HIAL)	25,000
Digital information network	Radio, Text and Web Cam	15000
Sponsorship/ ambassadors	Adding value to existing activities	5000
Miscellaneous / opportunity marketing	unscheduled marketing opportunities	10000
TOTAL SIC FUNDING REQUIRED		453,392



REPORT

To: Shetland Islands Council

18 February 2009

From: Head of Legal and Administration

Appointments to Shetland Ocean Alliance (SHOAL)

Report No. LA-06-F

1.0 Introduction

- 1.1 The purpose of this report is seek an appointment from the Council to the Shetland Oceans Alliance (SHOAL).

2.0 Links to Corporate Priorities

- 2.1 The purpose of this report supports the Council's corporate priority actions for a sustainable environment.

3.0 Background

- 3.1 SHOAL have asked the Council to appoint a Member to fill a vacancy previously held by Shetland Development Trust Trustee Bobby Hunter.
- 3.2 A letter from SHOAL is attached as Appendix 1, along with background information regarding the composition and remit of SHOAL at Appendix 2.

4.0 Proposal

- 4.1 The Council is asked to appoint 1 Member to represent the Council on SHOAL.
- 4.2 To assist Members in considering its appointments, current Councillor appointments are Josie Simpson and Gussie Angus.

5.0 Financial Implications

- 5.1 Expenses incurred by Members in attending meetings etc are recoverable if they form part of an approved duty in terms of Section 3.2 of the Council's Scheme of Members' Approved Duties. The

proposed expenses will be contained within the Members' Travel and Expenses budget, and have already been budgeted for under the 2009/10 Revenue Estimates process.

6.0 Policy and Delegated Authority

- 6.1 In the absence of any specific delegated authority for appointment a decision of the Council is required.
- 6.2 Attendance at meetings as a nominated or appointed representative is deemed an approved duty in terms of Section 3.2 of the Council's Scheme of Members' Approved Duties.
- 6.3 It is Council practice that voting, if necessary, shall be conducted by secret ballot using first-past-the-post principles.

7.0 Recommendations

- 7.1 I recommend that the Council appoints 1 elected Member to represent the Council on the Shetland Ocean Alliance (SHOAL).

2 February 2009
AC



Shetland Oceans Alliance
NAFC Marine Centre
Scalloway
Shetland ZE1 0UN

The Chief Executive
Shetland Islands Council
Town Hall
Hillhead
Lerwick ZE1 0HB

4th February 2009

Dear Mr Goodlad,

Appointment of an SIC Representative to SHOAL

Following a recent (2nd February) meeting, I am writing to you on behalf of the Shetland Ocean's Alliance (SHOAL) to request that the Shetland Islands Council appoint a representative to SHOAL to fill a currently vacant position.

The vacant position was previously held by Mr Bobby Hunter, as an independent trustee of the Shetland Development Trust. Mr Hunter stood down from this position following the incorporation of the Trust into the SIC.

For your information, SHOAL was reconstituted in 2007 as a partnership between the Shetland Fishermen's Association and the Shetland Development Trust to promote the interests of Shetland's fishing industry on an ongoing basis, with three representatives appointed by each organisation. The remaining positions are currently held by Cllr. Josie Simpson (Chair) and Cllr. Gussie Angus on behalf of the SIC (previously the SDT), and Mr Leslie Tait, Mr Hansen Black and Mr Brian Isbister on behalf of the Shetland Fishing Industry.

Yours Sincerely,

Ian R. Napier.

*SHOAL is a partnership between the Shetland Islands Council and the Shetland Fishing Industry
to promote the sustainable long-term future of the industry.*



ShetlandDevelopmentTrust

REPORT
30 May 2007

Shetland Oceans Alliance (SHOAL)

1.0 Introduction

- 1.1 The purpose of this report is to propose re-constitution of Shetland Oceans Alliance (SHOAL) and to ask this meeting to appoint 3 Member Trustees onto SHOAL.

2.0 Background

- 2.1 In February 2000, following approval at a meeting of Shetland Island Council's Development Committee, SHOAL was established as a partnership between the Council and the Shetland Fishermen's Association to 'promote the sustainable long-term future of Shetland's fishing industry.
- 2.2 Up until 2005, SHOAL was very active in making representations to Scottish, UK and European politicians on behalf of Shetland's fishing industry, including participating in the review of the Common Fisheries Policy held during 2002/03.
- 2.3 The last formal meeting of SHOAL took place in March 2005.

3.0 Proposal

- 3.1 Recently, the Council has been approached by the Shetland Fishermen's Association with a request to re-constitute and re-activate SHOAL to promote the interests of Shetland's fishing industry on an ongoing basis.
- 3.2 Dr Ian Napier of the NAFC Marine Centre has undertaken a review of SHOAL and its activities, and his report, attached at Appendix 1, discusses the need for SHOAL and makes proposals for its future.
- 3.3 It is proposed that SHOAL be re-constituted based on a partnership comprising 3 representatives from the Trust and 3 representatives from the fishing industry.
- 3.4 It is further proposed that Trust representatives should include the Chair of the Shetland Development Trust, the European Spokesperson if appointed, and one other Member. The 3 industry representatives proposed are the Chief Executive and Chairman of Shetland Fishermen's Association, and the Chief Executive of Shetland Fish Producers' Organisation.

4.0 Financial Implications

- 4.1 The activities in supporting the fishing industry through SHOAL will be met from existing SDT budgets and in line with Admin Regulations.

5.0 General Observations

- 5.1 Fisheries continues to be a key sector within the Shetland economy. In 2006, combined fisheries output (fish catching, fish processing and salmon farming) was estimated to be worth £250 million.
- 5.2 Following recent renewed confidence in the fishing industry, it is felt that an organisation such as SHOAL will assist in the long-term sustainability of the industry.
- 5.3 The SDT is the proposed delivery mechanism for the Council's economic development function and in this regard it is appropriate for the appointments to SHOAL to be made via the SDT.

6.0 Conclusion

- 6.1 This report proposes re-constituting SHOAL based on the review undertaken by Dr Ian Napier of NAFC Marine Centre.

7.0 Recommendations

- 7.1 It is recommended that Trust Members appoint 3 Trustees onto SHOAL as proposed at paragraph 3.4 above.
- 7.2 It is further recommended that attendance at SHOAL meetings be classed as an Approved Duty.

Sally Spence, Economic Development Unit
Dr Ian Napier, NAFC Marine Centre
21 May 2007

SHOAL **Shetland Oceans Alliance**

Shetland Oceans Alliance (SHOAL) operated from 2000 to 2005 as a partnership between the Shetland Islands Council and the Shetland Fishermen's Association 'to promote the sustainable long-term future of Shetland's fishing industry'.

Although SHOAL has been inactive for two years, it is proposed that it should be reconstituted and re-activated to represent the interests of Shetland's fishing industry on an ongoing basis.

Background

SHOAL was established in early 2000 as a partnership between the Shetland Islands Council and the Shetland Fishermen's Association 'to promote the sustainable long-term future of Shetland's fishing industry'. SHOAL's main role was to lobby and make representations to Scottish, UK and European politicians and officials on behalf of the Shetland fishing industry. To this end SHOAL produced a variety of booklets, leaflets, etc., as lobbying material, wrote letters to politicians and officials, held meetings with them, and produced press releases.

SHOAL was established primarily to respond to the review of the Common Fisheries Policy in 2002/03, including making proposals on behalf of Shetland and responding to the draft proposals. Subsequently, SHOAL lobbied mainly on issues related to the annual end-of-year fisheries negotiations, and to the decommissioning of whitefish vessels. Due to the focus on the end of year negotiations SHOAL's activity tended to be irregular with concentrations towards the end of the year.

It was generally believed locally that SHOAL achieved a high degree of 'brand recognition' in national and European political circles and provided a useful banner under which to promote the future of Shetland's fishing industry.

Constitution & Membership

SHOAL operated on a relatively informal basis; it did not have a formal constitution and its membership was not formally defined.

Membership varied over time, but was centred on representatives of the Shetland Fishermen's Association and a small number of SIC Councillors. A report to an SIC meeting on 31st March 2004 ratified the appointment of the Council's Convener (Cllr. Sandy Cluness), European Spokesperson (Cllr. Gussie Angus), Economic Development Spokesperson (Cllr. Drew Ratter), Chair of Harbour Board (Cllr. Josie Simpson), and Environment Spokesperson (Jim Henry) onto SHOAL. SHOAL's work was supported by

Appendix 2

officials from the SIC's Development Department, staff of the NAFC Marine Centre, and Ms. Dominique Rommel (independent fisheries consultant).

Other persons were invited to join SHOAL at various times, including representatives of the (then) Shetland Fish Processor's Association (in 2001) and Shetland Fishing SOS (in 2003). Some consideration was given to expanding SHOAL's remit to include aquaculture, but no action was taken on this.

The following persons attended the last meeting of SHOAL (23rd March 2005), or sent their apologies:

Cllr. Sandy Cluness	(Co-Chair)
Cllr. Josie Simpson	(Co-Chair)
Cllr. Gussie Angus	
Cllr. Drew Ratter	
Morgan Goodlad	
Miss Sally Spence	(SIC Economic Development Department)
Hansen Black	(Shetland Fishermen's Association)
James Anderson	(Shetland Fishermen's Association)
Brian Isbister	(Shetland Fish Producer's Organisation)
Ruth Henderson	(Shetland Fish Processor's Assoc./Seafood Shetland)
Peter Dryburgh	(NAFC)
Leslie Tait	(NAFC)
Ian Napier	(NAFC)
Caroline Hepburn	(NAFC - Minutes)
Dominique Rommel	(fisheries consultant)
Ertie Nicholson	
Isobel Johnson	(Shetland Fishing SOS)
Marjobelle Irvine	(Shetland Fishing SOS)
Alison Simpson	(Shetland Fishing SOS)

Cessation of Activities

SHOAL has not met since March 2005, although no decision was ever taken to cease its activities.

Two factors appear to have contributed to the lack of further SHOAL meetings: Firstly, with the review of the Common Fisheries Policy completed in 2003 the purpose for which SHOAL was created had ended. Although SHOAL continued to operate after that time on other fisheries issues it no longer had such a clear purpose.

Secondly, the admittance of additional members to SHOAL diluted its members' unity of purpose, and made it difficult for SHOAL to achieve consensus. This undermined its efforts to present a united front on behalf of the Shetland fishing industry.

The Future

The Need for SHOAL

Despite recent declines fishing remains an important industry in Shetland. Following several very difficult years there have been signs of increased optimism within the industry, for example investments in new fishing vessels. At the same time, however, the industry remains under severe pressure from fisheries management measures and other external factors. This is especially true of the whitefish sector.

A number of issues have arisen recently, or are ongoing, which have the potential to significantly adversely affect the local fishing industry and where it is felt that the industry would benefit from having an organisation like SHOAL to make its case. These include ASDA's decision to stop selling monkfish, and the European Commission's ongoing cod recovery plan.

In general, it is felt that there is a need for an organisation like SHOAL that can take active (and proactive) action on behalf of the Shetland fishing industry at national and European levels on an ongoing basis.

Proposal

In view of the above, it is proposed that SHOAL should be reconstituted to promote the interests of Shetland's fishing industry on an ongoing basis.

Membership

To ensure that SHOAL remains an effective and focussed organisation it is suggested that SHOAL revert to a partnership between the Shetland Islands Council and the Shetland Fishermen's Association, with perhaps three representatives from each.

Any decision to expand the membership would require the approval of the existing membership.

Role

SHOAL's primary role would be to promote the interests of Shetland's fishing industry. More specifically, SHOAL would work to ensure that politicians and officials are fully informed of the nature and status of Shetland's fishing industry, of the practical effects of management measures, and of how management might be improved to contribute to the long-term sustainability of Shetland's fishing industry.

SHOAL would also take action to challenge inaccurate or misleading information that has the potential to affect Shetland's fishing industry.

SHOAL's role will be important in cases where there may be a divergence of interests between the Shetland and Scottish fishing industries (e.g. over the cod recovery plan), and where it will be particularly important to ensure that Shetland's case is heard.

Methods

As before SHOAL will use a variety of methods to fulfil its role, including:

- > writing to and meeting with relevant politicians, officials and others.
- > producing information leaflets and other material.
- > issuing press releases on relevant topics.

Consideration would be given to other appropriate methods, such as establishing a web site.

Support

The NAFC Marine Centre will provide a secretariat for SHOAL, and act as coordinator for it, with support and assistance from the new Shetland Community Development Trust (which will incorporate the previous SIC Economic Development Department).

Coordination

It will be necessary to coordinate the activities of SHOAL, the Shetland Fishermen's Association and the Shetland Islands Council, to ensure that all three present a common position on relevant issues.

Ian R. Napier
23rd April 2007



REPORT

To: Shetland Islands Council

18 February 2009

From: Head of Legal and Administration

Appointments to Shetland Wind Farm Environmental Advisory Group Report No. LA-01-F

1.0 Introduction

- 1.1 The purpose of this report is seek nominations from the Council to the Shetland Wind Farm Environmental Advisory Group.

2.0 Links to Corporate Priorities

- 2.1 The purpose of this report supports the Council's corporate priority actions for a sustainable environment.

3.0 Background

- 3.1 The Viking Energy Partnership are to establish a Shetland Wind Farm Environmental Advisory Group (SWEAG), based largely on the principles and operation of the existing Shetland Oil Terminal Environmental Advisory Group (SOTEAG). In addition, the SWEAG will go on to establish a Monitoring Committee, with appointments being made by the SWEAG.
- 3.2 A letter from the Viking Energy Partnership is attached as Appendix 1, which provides background to the SWEAG, a copy of its proposed terms of reference, and recommendations as to the further steps required to establish the SWEAG, its membership, office bearers and Monitoring Committee.

4.0 Proposal

- 4.1 The Council is asked to appoint 2 Members to represent the Council on the SWEAG.
- 4.2 To assist Members in considering its appointments, current Directors of the Viking Energy Partnership who are also Councillors and

therefore not eligible for appointment are Bill Manson, Alastair Cooper and Allan Wishart.

- 4.3 The consequences of appointment are that elected members may be inhibited from taking part in some, or all, decisions related to Viking Energy Partnership. This should be a consideration for individuals, either as Trustees of the Shetland Charitable Trust, or as Members of the Council as Planning Authority. Accordingly, those Members appointed to represent the Council should be mindful of their need to register their appointment in the Registers of Interests, and to declare an interest in Viking Energy Partnership matters when required, or when they believe it is appropriate to do so.

5.0 Financial Implications

- 5.1 Expenses incurred by Members in attending meetings etc are recoverable if they form part of an approved duty in terms of Section 3.2 of the Council's Scheme of Members' Approved Duties. The proposed expenses will be contained within the Members' Travel and Expenses budget, and have already been budgeted for under the 2009/10 Revenue Estimates process.

6.0 Policy and Delegated Authority

- 6.1 In the absence of any specific delegated authority for appointment a decision of the Council is required.
- 6.2 Attendance at meetings as a nominated or appointed representative is deemed an approved duty in terms of Section 3.2 of the Council's Scheme of Members' Approved Duties.
- 6.3 It is Council practice that voting, if necessary, shall be conducted by secret ballot using first-past-the-post principles.

7.0 Recommendations

- 7.1 I recommend that the Council appoint 2 elected Members to represent the Council on the Shetland Wind Farm Environmental Advisory Group.

2 February 2009
AC

Morgan Goodlad
Chief Executive
Shetland Islands Council
Town Hall
Lerwick

Dear Morgan

Shetland Wind Farm Environmental Advisory Group

I am writing on behalf of the Viking Energy Partnership, through which Shetland Islands Council and Scottish and Southern Energy are committed to pursuing a proposal to construct a large wind farm in the northern part of the Shetland mainland. The wind farm, if constructed, would produce in the region of 550 mW from approximately 150 turbines erected in four groups; the electricity would be exported by an undersea cable to the UK mainland.

The Viking Energy Partnership recognises that Shetland has an outstanding natural environment that is of exceptional interest. As is well known, the Council has, in the past, taken special steps to conserve and protect that environment. The operational standards at the Sullom Voe Oil Terminal became a benchmark for similar facilities elsewhere and all involved in the Viking Energy project are firmly of the view that any wind farm development must echo the approach taken in that instance.

In particular, it is intended to establish an environmental advisory group that would, in many respects, parallel the Shetland Oil Terminal Environmental Advisory Group (SOTEAG), which has been instrumental in achieving and maintaining the high standards set at Sullom Voe. There would be a related Monitoring Committee. The Group and the Monitoring Committee would be independently chaired and serviced by an independent secretariat. In the case of SOTEAG, senior university staff have always chaired the Group and the Monitoring Committee, though they need not come from the same university. The university in which the Chair of the Group is employed has provided the secretariat.

I have appended a paper which sets out the proposal in rather more detail. At this stage, I am writing to invite the Council to become a member of the Shetland Windfarm Environmental Advisory Group (SWEAG). I am also writing to all the Scottish universities to invite initial expressions of interest in providing a Chair and Secretariat for the Group and a Chair for the Monitoring Committee. It is suggested that the Council should appoint two members to SWEAG; neither should be a Director of Viking Energy.

I would further propose that an inaugural meeting of SWEAG be held, under independent interim chairmanship, on Tuesday 24 February 2009 at 2.15pm

in the Council Chamber, Town Hall, Lerwick. As one of its first tasks, it will need to consider the expressions of interest submitted by universities and determine how it wishes to proceed with the appointments of a Chair, Vice-Chair and Secretariat.

I should be grateful if you could let me know, if possible by Monday 9 February 2009, whether or not the Council will wish to take up this invitation to join SWEAG.

Yours sincerely

Alastair Hamilton
Senior Adviser
Economic Development

The Viking Windfarm: Proposal for the Establishment of an Environmental Advisory Group

Introduction

In a Consultation Strategy previously considered by the Viking Energy Board, proposals were made to establish two groups that would exercise, respectively, environmental and community oversight of the Viking Windfarm. This paper is concerned with the formation of the first of these bodies.

Background

The Viking Windfarm is a major development by any standard. In its geographical extent, it is by far the largest single project ever contemplated in Shetland. It will have impacts on the Shetland environment that are being considered during the evolution of the proposals. The Viking Energy partnership has, to date, a good track record in establishing links with environmental bodies and taking account of their advice. However, the proposals will move through several phases, including

- adjustment of the design during the planning phase;
- construction;
- operation; and
- decommissioning.

In each of these phases, there will be a need for dialogue with environmental bodies. It will also be important to monitor the effects of the windfarm once it is commissioned in order to ensure that its impact is checked and that any lessons learned can be fed back into the operation of this and other similar schemes.

It is clear that the interest being expressed in renewable energy in Shetland is not confined to the development of the Viking Windfarm. It is possible that there could be interest in developing other significant wind farms but there is also the prospect of other forms of renewable energy, in particular wave and tidal power. In any of these developments, very careful account will need to be taken of environmental issues and it is likely that a formal framework will need to be established in order to provide environmental advice and carry out monitoring. However, this report is concerned specifically with the proposed Viking Windfarm.

This report proposes that a group be established to provide environmental advisory and monitoring services and that it be called the Shetland Windfarm Environmental Advisory Group.

A Model for Environmental Dialogue and Monitoring

Given that the effects of renewable energy developments such as the Viking Windfarm will be both significant and long-term, it is important to design mechanisms for dialogue and monitoring that are inclusive and enduring. It is also essential that the arrangements earn the trust not only of all those with a particular interest in environmental matters but also the community at large. These requirements are unlikely to be satisfied by an informal, ad hoc approach. Engagement needs to be consistent and sustained if it is to be successful. The dialogue and monitoring should be conducted in a manner that is transparent, with independent oversight.

A model exists in Shetland that can be readily adapted to fill this role. The islands have more than thirty years' experience of the development and operation of another major project, the oil terminal at Sullom Voe. Like the windfarm, the oil terminal was expected to have significant effects on the Shetland environment and the local authority was insistent that adequate steps be taken to reduce these effects to a minimum. These steps included action taken during the design, construction and operation of the terminal. It was recognised from the outset that the active participation of environmental organisations was essential, so an environmental advisory group, known as the Shetland Oil Terminal Environmental Advisory Group (SOTEAG), was established¹. SOTEAG also established a Monitoring Committee, the membership of which was selected on the basis of individual expertise rather than membership of particular organisations.

These arrangements set a new level of best practice and they have been both admired and adapted for use elsewhere. They allow for scrutiny of any new development proposals and provide a foundation for long-term monitoring. Independence is assured through the provision of a Chair and Secretariat by Aberdeen University. The monitoring programme is undertaken by a contractor employed by the university and is supervised by the Monitoring Committee, which again is independently chaired by an academic. The cost of these arrangements is shared between the oil industry partners at Sullom Voe and the Shetland Islands Council, who are the shareholders in the Sullom Voe Association Ltd, a joint venture company established to construct and manage the oil terminal.

SOTEAG's membership and terms of reference are set out in Appendix 1. The membership and terms of reference of the Monitoring Committee are set out in Appendix 2.

Terms of Reference and Composition of the Shetland Windfarm Environmental Advisory Group (SWEAG)

Proposed terms of reference, membership and funding arrangements for SWEAG are set out below. It is suggested that SWEAG should also set up a

¹ SOTEAG was in fact the second such group to be established. It was the successor to the Sullom Voe Environmental Advisory Group, which was disbanded not long after its formation in view of what was seen as a lack of independence from the oil industry.

Monitoring Committee, with a remit broadly similar to that of the SOTEAG equivalent. However, although possible terms of reference for the Monitoring Committee are also set out below, it is proposed that the selection of the membership of that Committee should be a matter for decision by SWEAG.

It is suggested that the Chair and Secretariat of SWEAG be drawn from the same academic institution, to ensure good communication, but that the Vice-Chair might, if felt appropriate, be appointed from another institution.

Proposed Terms of Reference

It is suggested that the terms of reference for SWEAG should be as follows:

SWEAG shall examine and advise upon the environmental implications of the Viking Windfarm during project development, construction, site rehabilitation, commissioning, operation and decommissioning. SWEAG may, at its discretion, resolve to extend its remit to other wind farms, should it be invited to do so.

It is suggested that the terms of reference for the SWEAG Monitoring Committee should be as follows:

(a) To advise SWEAG on a monitoring strategy that will allow early detection of environmental change resulting from wind farm and associated developments during the constructional and operational phases.

(b) To define the requirements of monitoring programmes, to consider proposals to meet their requirements, and to make recommendations to SWEAG on their implementation.

(c) To initiate additional studies in relation to environmental damage and recovery in the event of a major incident.

(d) To interpret and assess the results of these programmes and other relevant information and report to SWEAG.

(e) To be alert to any future renewable energy developments in Shetland and, if invited to do so, provide early advice on appropriate monitoring programmes.

Proposed Membership

It is suggested that the membership of SWEAG should be as set out below. Each organisation named would have one representative, except where noted. A substitute would be permitted where the usual representative was unable to attend a meeting.

Independent academic Chair

Independent academic Vice-Chair (ex officio Chair of Monitoring Committee)

Independent academic Secretary
Shetland Islands Council (2 elected members, not being Directors of Viking Energy Ltd)
Scottish and Southern Energy PLC
Viking Energy Ltd
Scottish Agricultural College
Scottish Executive Environment and Rural Affairs Department
Scottish Environment Protection Agency
Scottish Natural Heritage
Shetland Salmon Farmers' Association
National Farmers' Union
Scottish Crofting Foundation
Royal Society for the Protection of Birds
Shetland Bird Club
Head of Planning, Shetland Islands Council
Head of Environment, Shetland Islands Council

In determining membership of the Monitoring Committee, it is recommended that SWEAG make appointments on a personal basis, taking into account all the specialisms likely to be involved in monitoring the effects of wind farm development.

Proposed Funding

The present annual budget of SOTEAG is in the region of £240,000, of which just over half is attributable to the monitoring programme and just under half is spent on administration.

It seems likely that the administration costs for SWEAG would be broadly similar to the SOTEAG figure of around £112,000. Monitoring costs for SWEAG are likely to be relatively high during and immediately after the construction phase, since there will need to be several monitoring programmes covering water, soil, mammals, ornithology, etc. It might be reasonable to assume an initial figure similar to SOTEAG's overall monitoring budget, namely £125,000. Once the site is established and construction disturbance is no longer an issue, the main focus is likely to be on ornithology and costs are likely to be significantly lower, but the determination of what budget is appropriate needs to be a matter for discussion between the Monitoring Committee, SWEAG and the project sponsors at the appropriate time. The costs would be shared between the partners in the Viking Windfarm.

It is suggested that the Chair and Vice-Chair should each be paid an annual honorarium of £3,000 but that this should be subject to review in order to take account, on the one hand, of inflation and, on the other, of any reduction in workload.

Where a member of SOTEAG represents a government (or local government) agency, or a business, their costs in attending meetings should be met by that agency. Where a member represents a charity or a voluntary organisation, or

is appointed on a purely personal basis, expenses should be payable in connection with attendance at meetings.

Meeting Arrangements

It is suggested that SWEAG and the Monitoring Committee should each meet three times each year until the Viking Windfarm is operational and twice per year thereafter, with a possible reduction to once per year as experience is gained. The frequency of meetings would need to increase during any decommissioning work.

Recommendation: Next Steps

If these proposals are broadly acceptable, it is recommended that the following further steps be taken.

- (a) Each of the bodies proposed to be represented on SWEAG should be asked to confirm their willingness to participate;
- (b) Draft job profiles for the posts of Chair and Vice Chair should be prepared;
- (c) An inaugural meeting of SWEAG should be held, under interim independent chairmanship, to agree the job profiles and determine a process of recruitment for the Chair, Vice-Chair and Secretariat
- (d) All Scottish universities should be asked to indicate their interest in the provision of a Chair, Vice-Chair and Secretariat for SWEAG
- (e) The recruitment arrangements should then be put in hand
- (f) The regular meetings of SWEAG and its Monitoring Committee should then begin.

APPENDIX 1

SOTEAG Members

University of Aberdeen (Chairman)
University of Aberdeen
University of Lancaster (Chairman, Monitoring Committee *ex officio*)
Shetland Islands Council (2)
Ninian Pipeline System
Brent Pipeline System
Scottish Office Agriculture, Environment & Fisheries Department
Scottish Environment Protection Agency
Scottish Natural Heritage
Shetland Fishermen's Association
Shetland Salmon Farmers' Association
Shetland Agricultural Association
Shetland Bird Club
Aberdeen University Research & Industrial Services (AURIS Ltd.), Secretary
Observers
Marine Operations Department, Shetland Islands Council
Pollution Control Superintendent, Sullom Voe Terminal (1977-1997)
Director of Environmental Services, Shetland Islands Council
Director of Planning, Shetland Islands Council
Scottish Agricultural College
Environmental Officer, Sullom Voe Terminal
Process Engineering Superintendent, Sullom Voe Terminal

SOTEAG's Terms of Reference

SOTEAG shall examine and advise on the environmental implications of the terminal at Sullom Voe during all stages of construction, site rehabilitation, commissioning and operation. The area for review shall be restricted to within the zone for which the Shetland Islands Council is responsible for environmental matters and will include the activities of tankers trading to Sullom Voe.

THE SOTEAG MONITORING COMMITTEE

Membership is based on the individual expertise of the members, not on the institution that is represented. The Chairman is appointed from SOTEAG, and the terminal has ex-officio representation. The Monitoring Committee is currently drawn from:

University of Lancaster (Chairman)
Marine Environmental Consultant, Offshore Oil/Fisheries
Shetland Islands Council
Scottish Natural Heritage
Shell U.K. Exploration & Production
Sullom Voe Terminal
Scottish Environment Protection Agency
NERC Institute of Terrestrial Ecology
Dunstaffnage Marine Laboratory
Secretary SOTEAG

SOTEAG Monitoring Committee - Terms of Reference

- (a) To advise SOTEAG on a monitoring strategy that will allow early detection of environmental change resulting from oil terminal and associated developments during the constructional and operational phases. Consideration of effluents and emissions to the environment and the adequacy of their monitoring will be a necessary part of this responsibility.
- (b) To define the requirements of monitoring programmes, to consider proposals to meet their requirements, and to make recommendations to SOTEAG on their implementation.
- (c) To initiate additional studies in relation to environmental damage and recovery in the event of a major accident.
- (d) To interpret and assess the results of these programmes and other relevant information and report to SOTEAG.
- (e) To be alert to any future oil-related developments in Shetland and provide early advice on appropriate monitoring programmes.



REPORT

To: Shetland Islands Council

18 February 2009

From: Human Resources Manager

Report No: CE-08-F

Chief Executive Recruitment and Selection

1 Introduction

- 1.1 The current Chief Executive, Morgan Goodlad has announced his intention to leave Shetland Islands Council at the end of May 2009. The purpose of this report is to seek Council approval for the process and indicative costs involved in the appointment of a new Chief Executive

2. Links to Council Priorities

This appointment directly links to all aspects of the Single Outcome Agreement, Corporate Plan and Community Plan. The Chief Executive role is fundamental for directing actions through the relevant services.

3. Background

- 3.1 The Council is required by statute to appoint an officer as Head of Paid Service (Local Government and Housing Act 1989). The Chief Executive has that role in terms of the Council's Scheme of Delegations. The Head of Paid Service is required to report to the authority, where he or she considers it appropriate it appropriate to do so, on the co-ordination of the discharge of the authority's functions and the management and organisation of its staff. CoSLA guidance on recommended Chief Executive duties is attached as Appendix 1.

4 Recruitment process

- 4.1 Effective Senior Chief Official recruitment is critical if Shetland Islands

Council is going to continually improve its performance, manage change and meet the challenges facing us in the future. Normal recruitment practices, though well suited for the majority of Council management positions, do not provide the level of assessment necessary for such senior appointments.

- 4.2 The Council has previously employed SOLACE to provide specialist assistance to assess and select candidates for senior roles. This typically involves assessment centre activities (psychometric testing/profiling and determining key behaviours).
- 4.3 For this particular role we will also expect an external consultant to work closely with Members to define the role, competencies and performance objectives at an early stage in the process. We would also look for assistance in developing Member confidence and skills in their role during the assessment and selection process.
- 4.4 The cost of this assistance in the past has ranged from between £20 to £40k and detailed estimates are being sought at the time of writing. Advertising costs would be additional and will vary according to the media chosen. It is intended to advertise this post on the national recruitment portal myjobscotland.gov.
- 4.5 In terms of the existing Recruitment and Selection Policy and practice, the decision to appoint a Chief Executive is made by the full Council, taking advice from external consultants and from a panel of Council Members, with the final interview and decision taken by Full Council. The current Recruitment and Selection Policy states that full Council, taking advice from the Executive Committee, should take the decision. However, in the absence of the Executive Committee, it is recommended that the selection panel consist of the Convener, Vice Convener, and the Chairpersons and Vice-Chairpersons of the Infrastructure Committee and the Services Committee.

5 Policy and Delegated Authority

- 5.1 Under the Council's Recruitment and Selection Policy, the procedures relating to the appointment of the Chief Executive are not delegated to a Committee and therefore a decision of the Council is required.

6 Financial Implications

- 6.1 The grading of the Chief Executive post is set by the JNC for Chief Officials of Local Authorities (Scotland). All posts are on a Single Point Scale and the salary for this post with effect from 1 April 2009 will be £97,095 per annum plus allowances (Distance Islands, Telephone and Essential Car User). This is included in the Council's existing staffing costs.
- 6.2 The use of external consultants to support the recruitment process will cost in excess of £20k plus advertising.

- 6.3 Provision for these amounts within the appropriate budgets will be achieved by virement.

7 Recommendations

7.1 I recommend that the Council agrees to: -

- 7.1.1 Establish a selection panel for the recruitment of a Chief Executive, with the membership as proposed in Section 4.5 above, to undertake the short-listing activity and in depth interview to progress to final formal presentation and decision by the Council; and
- 7.1.2 Allocate resources towards the cost of recruitment which includes the appointment of external, specialist assistance.

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Role of the Chief Executive

- 1 Providing leadership, coherence and motivation to the business of the Council, its workforce and its dealings with partner agencies and other external organisations.
- 2 Co-ordinating policy development across the range of Council activities
- 3 Overseeing the managerial, project management and resource framework.
- 4 Providing the Council with clear, unambiguous advice on key policy options
- 5 Ensuring that political and management expectations are matched by the Council's capability to deliver
- 6 Ensuring that that specific policies exist within service areas and that they form part of a coherent overall Council strategy
- 7 Securing the preparation of integrated service plans and budgets.
- 8 Ensuring that policies developed by service departments support the overall corporate objectives of the Council
- 9 Ensuring that policies are delivered effectively and reflect value for money
- 10 Monitoring and evaluating the implementation of strategic decisions
- 11 Encouraging and developing Community Planning/Partnership activities
- 12 Maintaining constructive and productive networks.
- 13 Facilitating partnerships with external agencies
- 14 Promoting the area locally, nationally, internationally

- 15 Setting and communicating a clear vision
- 16 Ensuring that appropriate performance management measures are in place
- 17 Promoting and developing a spirit of genuine and effective partnership between officers and members
- 18 Liasing fully with any majority group/grouping while retaining the trust and respect of the minority parties and individual members in their dealings with the Council
- 19 Leading and developing the management culture
- 20 Encouraging and motivating the workforce
- 21 Developing and promoting equal opportunities
- 22 Ensuring that the working culture delivers on all major objectives
- 23 Mediating between conflicting service interests
- 24 Providing stability in any unstable environment
- 25 Ensuring continuous improvement in service delivery
- 26 Gearing the administration to relate to Scottish Parliament
- 27 Promoting democratic government
- 28 Demonstrating leadership by example