



REPORT

To: Special Services Committee

7 December 2010

From: Head of Schools

Blueprint for Education in Shetland Decision on Scalloway School Secondary Department

1 Introduction

- 1.1 This Report is presented in line with the Schools (Consultation) (Scotland) Act 2010, following the decision to proceed to statutory consultation on a proposal to close the Secondary Department at Scalloway Junior High School. The Council is required to take account of the educational, community and financial consequences of any proposed changes. Having weighed up the balance of evidence presented, this Report recommends that approval to close the Secondary Department of Scalloway JHS School. If this approval is given there is a duty for the Schools Service to inform the Scottish Minister of the decision. Thereafter, Scottish Ministers may decide to call-in the decision.

2 Link to Council Priorities

- 2.1 In June 2007, the Services Committee agreed a 4-year plan (min ref: SC 21/07) as the service element of the Council's Corporate Plan. In relation to the Schools Service, the 4 year plan states:-

"Shetland schools population projections anticipate a substantial reduction in pupils within a relatively short time frame. The challenge for the authority is, therefore, to develop a modern "blueprint" for the shape of the Service across Shetland for 10 years time. This model will consider the educational and financial viability levels for schools, their host communities as well as important associated issues such as transport requirements. It will consider links with pre-school services and life long, vocational, further and higher education and training. It will consider the development of centres of excellence, focused on particular sectors of the economy across Shetland building on existing high quality facilities. It is anticipated that significant capital investment will be required to bring some schools and facilities up to a modern standard".

- 2.2 The Corporate Plan states that the Council will *“ensure a model for education is developed by 2009 that considers the educational and financial viability for schools and communities and its outputs are then implemented.”* This will *“help us work to create and maintain a culture where individual learners can strive to realise their full potential.”*
- 2.3 The overall objective of the Single Outcome Agreement is to maintain the number of economically active people throughout Shetland. In March 2010, the Council agreed that any changes to services, to meet challenging financial targets, would be tested against the strategic objectives in the Single Outcome Agreement, the updated Corporate Plan, and specifically the following key corporate objectives:
- Population – impact on the number of economically active people in Shetland
 - Equalities – impact on the fair and equitable distribution of resources in a way which does not widen any equality gap
 - Economic – impact on employment opportunities and building economic potential.
- 2.4 The Council has an overall financial policy framework to maintain reserves levels at £250m and to balance the Revenue Account each year by minimising the draw on Reserves. The predicted deficit to meet next financial year is £15-£17m on the Revenue Account. Each service has been tasked with coming up with proposals to save 15%, for consideration by the Financial Resources Member / Officer Working Group. For the Schools Service, the estimated cost of the service is £42m in the current year and a 15% reduction equates to about £5m.
- 2.5 The Council is currently drawing up a new Local Development Plan, which will focus on sustainable communities and draw information from the Housing Needs Demand Analysis.

3 Risk Management

- 3.1 The recent Report by the Controller of Audit to the Accounts Commission, under Section 102 (1) of the Local Government (Scotland) Act 1973, identified some key strategic risks, such as:

“The council has not demonstrated that it can set a clear strategic direction, backed by sound and consistent decision making. We found little evidence of elected members acting in the interests of Shetland Islands Council as a whole.”

and

“The council faces a challenging financial future. It has agreed budget savings for 2010/11 but has yet to demonstrate how it can sustain its current level of services in future years whilst maintaining its target reserves balance and delivering its capital plans. This will require difficult decisions to be taken and clear and consistent leadership by elected members.”

- 3.2 At a meeting on 15 September 2010, the Council agreed a Corporate Improvement Action Plan to address the concerns of the Accounts Commission, which included the following key outcomes:
- Develop clear authoritative strategic leadership with a clear and common purpose;
 - Develop a body operating effectively with all Members demonstrating shared corporate responsibility;
 - Incorporate Best Value based challenge to ensure robust appraisal of policy choices;
 - Members able to? distinguish the separate duties of local representative and corporate responsibilities;
 - An agreed and sustainable medium / long term financial strategy that both sustains high quality services and maintains reserves at an appropriate level.
- 3.3 The Blueprint for Education needs to be considered in the context of the strategic challenges facing the Council. It is a significant change management project, which addresses strategic priorities, allocation of resources based on need, a best value option appraisal and choices over value for money.
- 3.4 The risk of not addressing the issues raised through the Blueprint for Education may include:
- not being able to afford to continue the current model of delivery, so the quality of provision being eroded over time through reduced resources and staffing;
 - not sustaining the best possible educational opportunities for pupils, based on evidence of attainment and achievement;
 - not providing equality of opportunity;
 - not being able to fully develop and sustain the service to embrace the new curriculum challenges, including vocational opportunities;
 - the service being unable to demonstrate value for money, in its current form;
 - Members potentially facing challenges from Audit Scotland, and others, that the Council is not able to take, “difficult decisions” and provide “clear and consistent leadership” to their staff, and to the community;
 - reputational damage from the service users and communities concerned, regarding mixed messages or inability to take decisions; and
 - impact on the ability of Members and staff to work together to reach a common and shared understanding of the policy direction, by staff being asked to work up proposals for policy changes which are then not acceptable.
- 3.5 The risks associated with any changes to the current model of delivery may include:
- disruption to pupils and staff, through changes to well established patterns of delivery;

- loss of jobs in rural areas, which may be seen to be contrary to the Council's policies on sustaining rural communities, decentralisation and regeneration efforts;
 - loss of confidence in rural areas, where the school is seen as a core element of a sustainable community and changes to the school estate may be seen to be the catalyst for depopulation and economic / social decline.
- 3.6 The educational risk is key to the decision on any proposal for the closure of part of a school. It is not appropriate to set one school against another, as each offers a different learning experience and each has different strengths. The educational provision on offer at the Anderson High School was classified in the most recent inspection as having 11 "very good" quality indicators, 5 "good" and one "adequate". Overall, the Schools Services consider that there should be no detrimental impact on young people's educational experiences resulting from the proposal to close the Secondary Department at Scalloway and this view is endorsed by the Her Majesty's Inspectorate of education Report.

4 Background

- 4.1 At Services Committee on 17 June 2010 (Min Ref: SC47/10) it was agreed to progress Secondary Proposal 2 from the five secondary proposals put forward, namely to close Scalloway and Skerries Secondary Departments.
- 4.2 A closure proposal is subject to a statutory consultation processes as set out in the Schools (Consultation) (Scotland) Act 2010. The first step in this process is to publish a Proposal Paper The Proposal Paper was published in August 2010 and made available through a variety of mechanisms to ensure that a robust consultation process was undertaken which enabled stakeholders to comment on the proposal. The consultation was carried out with a statutory list of consultees. The formal proposal is:
1. That Education provision at Scalloway Junior High School secondary department (Secondary 1 to Secondary 4) be discontinued with effect from 30 June 2011 or as soon as possible thereafter; and
 2. That the pupils of Scalloway Junior High School secondary department continue their education at the Anderson High School, from 17 August 2011, or as soon as possible thereafter.
- 4.3 In line with the legislation the proposal and consultation responses were submitted to Her Majesty's Inspectorate of education. A formal response from Her Majesty's Inspectorate of education was published in October 2010.
- The Schools Service published the response to the consultation, in the form of a Consultation Report in November 2010. This was

circulated at the time, both electronically and in paper copy. It is referred to as Appendix 1. The Consultation Report contains:

- a record and a summary of the number of written responses received during the statutory consultation period, and the Schools Service's response to these;
- a summary of the representations made at the public meetings held during the consultation period, and the Schools Service's response to these;
- the full text of Her Majesty's Inspectorate of Education report on the educational aspects of each of the proposal and the Schools Service's response to the issues raised in their reports;
- a statement of how the Schools Service has reviewed the proposal following all the representations made during the consultation period;
- details of any omissions or inaccuracies in the Proposal papers.

- 4.4 Members are asked to bring copies of the Consultation Report along to this meeting, in order that the detailed information contained within in can form part of the decision making process today and the formal record of the meeting. This report has been published in electronic and printed formats and has been advertised in the local media. It is available on the Council website and free of charge in printed form from Hayfield House, Lerwick Library, Scalloway Junior High School and the Anderson High School
- 4.5 The Schools (Consultation) (Scotland) Act 2010 requires the Council to consider all the information pertinent to the proposal. For the Scalloway Junior High School Secondary Department proposal, the following main factors were taken into account: education; viable alternatives; transport; effect on community; and financial implications.
- 4.6 If minded to approve the recommendations, the Council is required to notify the Scottish Ministers of its decision and provide them with a copy of the Proposal Document and Consultation Report. The Scottish Ministers have a six week period from the date of that final decision on Wednesday 8 December 2010 to decide if they will call-in the decision. Within the first three weeks of that six week period, the Scottish Ministers will take account of any relevant representations made to them by any person. If the Scottish Ministers call-in the decision they may refuse to consent to the proposal or grant their consent to the proposal subject to conditions or unconditionally. Until the outcome of the call-in has been notified, the Council would be unable to proceed to implement the proposal.
- 4.7 Should the decision be taken at full Council on 8 December, the Council has 6 working days to inform the Scottish Ministers, so by Wednesday 15 December 2010.

5 Proposal: Closure of Scalloway Secondary Department

- 5.1 Appendix 1, the Consultation Report, contains a full analysis of all the issues raised through the consultation process. The summary of the

written responses indicates that the majority of respondents disagree with the proposal. Table 1 below, an extract from Appendix 1, shows an analysis of the responses, including the key issues of concern.

Table 1: Summary of the written responses

Number of written consultation responses received	411	
Number of responses that:-		
• supported the proposal	31	(7.5%)
• disagreed with the proposal	338	(82.2%)
• did not indicate an opinion	20	(4.9%)
• requested further information	22	(5.4%)

Of the 31 who agreed with the proposal, the most often stated reasons were;		
Financial issues	13	
Quality of education	11	
Timescale of programme	6	
Travelling distance / time	5	

Of the 338 who disagreed with the proposal, the ten most often stated reasons were;		
Quality of education	252	
Condition of buildings	190	
Community concerns	174	
Access to community services	81	
Travelling distance / time	120	
Financial issues	117	
Transition issues	112	
Out of school activities	94	
Peer interaction	74	
Democratic (or decision making process)	69	

- 5.2 One of the key issues to consider is that it is not always a like for like comparison. Due to other decisions taken on the implementation of the Education Blueprint, significant changes would happen at Scalloway Junior High School if the Secondary Department was retained. If Scalloway Junior High School secondary department were to remain open, the package of savings also approved at Committee in June 2010 would reduce secondary staffing levels in the department to a minimum. It would become part of the 'Hub' based at the Anderson High School. Teaching staff would be shared and only the required minimum would be provided to deliver the curriculum. Currently the level of staffing in the school enables S1 and S2 to be divided into two teaching groups. This would no longer be the case except where national staffing levels required this (eg in the delivery of practical subjects like home economics, art, science and technical) where twenty is the maximum allowable number of pupils in a class.

5.3 The Consultation Report is a comprehensive analysis of all the issues which have been raised and the Schools Services' responses to those. The key issues are around:

- Quality of Education
- Attainment and achievement levels;
- Additional Support Needs;
- Pastoral care and ethos;
- Delivery of Curriculum for Excellence;
- Transition arrangements;
- Peer and social interaction;
- Condition and quality of facilities;
- Social and dining space;
- Impact on other related services and facilities, such as out of school activity, evening classes, the library, the leisure facilities, the youth club and the park;
- Impact on Scalloway, in terms of social, cultural, community and economic interaction with the school;
- Travelling distances and times.

5.4 The key conclusions from the Consultation Report (Appendix 1) are set out below.

"In recognition of the importance of education to communities in Shetland, prior to determining formal proposals for changes to the school estate, the Schools Service carried out an extensive informal consultation process across Shetland. This was to share with stakeholders the challenges for education in Shetland together with its aspirations for a review of educational provision designed to provide a Blueprint for Education in Shetland to secure a sustainable financial position for the Schools Service, whilst continuing to provide quality education for all the pupils in the islands.

The Standards in Schools (Scotland) Act 2000 requires local authorities *"to secure that the education is directed to the development of the personality, talents and mental and physical abilities of the child or young person to their fullest potential"*.

In summary, the report by Her Majesty's Inspectorate of Education recognises:

"The proposal from Shetland Islands Council to close Scalloway Junior High School secondary department and transfer pupils to Anderson High School with effect from August 2011, may offer some educational benefits to pupils directly affected by the proposal and to the wider community of the council. Overall, there should be no detrimental impact on young people's educational experiences resulting from the proposal. The proposal would not adversely affect the quality of education for children in Anderson High School".

The Schools Service recommends that a transfer of pupils from Scalloway Junior High School secondary department will

secure educational benefits for **all** pupils in Shetland and for the pupils of Scalloway Junior High School secondary department.

Pupils from Scalloway Junior High School secondary department will continue to experience a high quality educational experience at the Anderson High School and in addition will experience:

- the best possible arrangements for their secondary education within Curriculum for Excellence;
- a wider range of course and subject choice;
- a wider range of opportunities for pupils, both curricular and extra-curricular, which pupils can opt into;
- greater flexibility in grouping pupils for effective learning and teaching;
- greater flexibility in the deployment of staff to meet learning needs;
- access to a larger group of teaching staff who will offer a wider range of expertise resulting in increased opportunities for sharing effective practice, more collegiate support and a wider range of learning and teaching approaches;
- more management support to promote school improvement.”

6 Financial Implications

- 6.1 It is not possible for the Schools Service to continue to run the current model of provision within the financial constraints which are placed on the service year on year. There is a need to radically change the current levels of staffing, to meet the challenging financial targets year on year. That work is progressing alongside the review of the number of schools required to deliver an efficient service.
- 6.2 In order to protect staffing levels, up until now the Schools Service has made the required savings through reductions in operating costs. However, should the Blueprint proposals not be accepted, the level of savings now required will not be achieved without significantly affecting staffing levels in all schools in Shetland. This would be detrimental to the education of all pupils in Shetland, including those who attend Scalloway Junior High School Secondary Department.
- 6.3 The proposal offers the Council the opportunity to deliver a more efficient service, without adversely impacting on the quality of provision available to the pupils. In that regard, the Council has a statutory duty to demonstrate best value.
- 6.4 The proposal to close Scalloway Junior High School Secondary Department will secure annual revenue savings of £707,000.
- 6.5 If Members are not minded to agree to the proposal, the equivalent level of savings could be found by cutting an additional 15 teaching posts across the rest of Schools Service or by reducing the funding for

each pupil across all schools in primary and secondary by £212 per pupil

7 Policy and Delegated Authority

- 7.1 In accordance with Section 13 of the Council's Scheme of Delegations, the Services Committee has delegated authority to make decisions relating to matters within its remit for which the overall objectives have been approved by Council, in addition to appropriate budget provision. Responsibility for the Schools Service rests with Services Committee. The proposals within the Education Blueprint constitute a policy change so a decision of the Council is required, supported by a recommendation from this Committee.

8 Conclusions

- 8.1 In any local authority area, proposed school closures are one of the most challenging decisions facing Councils. In the decision making process, there is a need to weigh up the balance of risks, consequences and costs from an educational, community and financial perspective. There is a need to consider both the corporate responsibility issues placed on the Council from a leadership perspective (population, economic growth, quality of services, equality of access and opportunity, financial policies and best value), as well as considering the very real constituency concerns expressed over changes to existing services.
- 8.2 The proposal meets all the Council's legal obligations on statutory service provision as well as the policy direction set with regard to the principles of the Education Blueprint. It provides an opportunity to deliver a more effective education service in a more efficient way, within the current financial policy framework.
- 8.3 School rolls in Shetland have been falling for a number of years and population projections show this is set to continue. There are currently thirty-four schools in Shetland meaning a high level of over capacity.
- 8.4 Until now, Shetland Islands Council has been in a position to use reserves to support the generous provisions in the school estate within this community in terms of the numbers of schools and the generous levels of staffing within them. As a result Shetland provides high quality education to all its pupils as evidenced in almost all reports by Her Majesty's Inspectorate. However, due to the spare capacity and the high levels of staffing, this comes at a significantly higher cost per pupil than the Scottish average.
- 8.5 Given the financial climate facing the Council this position is now untenable. The Blueprint aims to protect the quality of education offered to all pupils in Shetland by creating a more sustainable education system for the future, thus providing educational benefits for all the children in this community, including those who attend Scalloway Junior High School secondary department.

9 Recommendation

9.1 It is recommended that Services Committee ask the Council to approve that:

- (a) Education provision at Scalloway Junior High School secondary department (Secondary 1 to Secondary 4) be discontinued with effect from 30 June 2011 or as soon as possible thereafter; and
- (b) the pupils of Scalloway Junior High School secondary department continue their education at the Anderson High School, from 17 August 2011, or as soon as possible thereafter, and

should the proposal be approved:

- (c) note that the Scottish Ministers have a six week period from the date of that final decision to decide if they will call-in the proposal so no action can be taken regarding implementation; and
- (d) the Head of Schools would work with pupils, parents and staff in Scalloway Junior High School secondary department and the Anderson High School to develop a transition plan that would ensure an effective transition for pupils to the Anderson High School.

November 2010

Our Ref: HAS/HB/AE

Report No: ESCD-32-F

Links to Consultation Reports

Consultation Report and Appendices

Scalloway Junior High School Secondary Department

<http://www.shetland.gov.uk/education/ConsultationReportandAppendices-Scalloway.asp>

Consultation Report and Appendices

Skerries School Secondary Department

<http://www.shetland.gov.uk/education/ConsultationReportandAppendices-Skerries.asp>

Consultation Report and Appendices

Relocation of the Anderson High School

<http://www.shetland.gov.uk/education/ConsultationReportandAppendicesAHSRelocation.asp>



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1 Introduction

- 1.1 This Report is presented in line with the Schools (Consultation) (Scotland) Act 2010, following the decision to proceed to statutory consultation on a proposal to close the Secondary Department at Skerries School. The Council is required to take account of the educational, community and financial consequences of any proposed changes. Having weighed up the balance of evidence presented, this Report recommends approval to close the Secondary Department of Skerries School. If this approval is given there is a duty for the Schools Service to inform the Scottish Minister of the decision.

2 Link to Council Priorities

- 2.1 In June 2007, the Services Committee agreed a 4-year plan (min ref: SC 21/07) as the service element of the Council's Corporate Plan. In relation to the Schools Service, the 4 year plan states:-

"Shetland schools population projections anticipate a substantial reduction in pupils within a relatively short time frame. The challenge for the authority is, therefore, to develop a modern "blueprint" for the shape of the Service across Shetland for 10 years time. This model will consider the educational and financial viability levels for schools, their host communities as well as important associated issues such as transport requirements. It will consider links with pre-school services and life long, vocational, further and higher education and training. It will consider the development of centres of excellence, focused on particular sectors of the economy across Shetland building on existing high quality facilities. It is anticipated that significant capital investment will be required to bring some schools and facilities up to a modern standard".

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financial viability for schools and communities and its outputs are then implemented.” This will “help us work to create and maintain a culture where individual learners can strive to realise their full potential.”

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3 Risk Management

- 3.1 The recent Report by the Controller of Audit to the Accounts Commission, under Section 102 (1) of the Local Government (Scotland) Act 1973, identified some key strategic risks, such as:

“The council has not demonstrated that it can set a clear strategic direction, backed by sound and consistent decision making. We found little evidence of elected members acting in the interests of Shetland Islands Council as a whole.”

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“The council faces a challenging financial future. It has agreed budget savings for 2010/11 but has yet to demonstrate how it can sustain its current level of services in future years whilst maintaining its target reserves balance and delivering its capital plans. This will require difficult decisions to be taken and clear and consistent leadership by elected members.”

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- Develop clear authoritative strategic leadership with a clear and common purpose;
 - Develop a body operating effectively with all Members demonstrating shared corporate responsibility;
 - Incorporate Best Value based challenge to ensure robust appraisal of policy choices;
 - Members able to distinguish the separate duties of local representative and corporate responsibilities;
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- 3.3 The Blueprint for Education needs to be considered in the context of the strategic challenges facing the Council. It is a significant change management project, which addresses strategic priorities, allocation of resources based on need, a best value option appraisal and choices over value for money.
- 3.4 The risk of not addressing the issues raised through the Blueprint for Education may include:
- not being able to afford to continue the current model of delivery, so the quality of provision being eroded over time through reduced resources and staffing;
 - not sustaining the best possible educational opportunities for pupils, based on evidence of attainment and achievement;
 - not providing equality of opportunity;
 - not being able to fully develop and sustain the service to embrace the new curriculum challenges, including vocational opportunities;
 - the service being unable to demonstrate value for money, in its current form;
 - Members potentially facing challenges from Audit Scotland, and others, that the Council is not able to take, “difficult decisions” and provide “clear and consistent leadership” to their staff, and to the community;
 - reputational damage from the service users and communities concerned, regarding mixed messages or inability to take decisions; and
 - impact on the ability of Members and staff to work together to reach a common and shared understanding of the policy direction, by staff being asked to work up proposals for policy changes which are then not acceptable.
- 3.5 The risks associated with any changes to the current model of delivery may include:
- disruption to pupils and staff, through changes to well established patterns of delivery;

- loss of jobs in rural areas, which may be seen to be contrary to the Council's policies on sustaining rural communities, decentralisation and regeneration efforts;
 - loss of confidence in rural areas, where the school is seen as a core element of a sustainable community and changes to the school estate may be seen to be the catalyst for depopulation and economic / social decline.
- 3.6 The educational risk is key to the decision on any proposals for the closure of part of a school. It is not appropriate to set one school against another, as each offers a different learning experience and each has different strengths. The educational provision on offer at the Anderson High School was classified in the most recent inspection as having 11 "very good" quality indicators, 5 "good" and one "adequate". With regard to Skerries Secondary Department, the Schools Service considers, and the Her Majesty's Inspectorate of education report agrees, that there would be clear educational benefits for the Skerries pupils were they to receive their secondary education at the Anderson High School.

4 Background

- 4.1 At Services Committee on 17 June 2010 (Min Ref: SC47/10) it was agreed to progress Secondary Proposal 2 from the five secondary proposals put forward, namely to close Scalloway and Skerries Secondary Departments.
- 4.2 A closure proposal is subject to a statutory consultation processes as set out in the Schools (Consultation) (Scotland) Act 2010. The first step in this process is to publish a Proposal Paper. The Proposal Paper was published in August 2010 and made available through a variety of mechanisms to ensure that a robust consultation process was undertaken which enabled stakeholders to comment on the proposal. The consultation was carried out with a statutory list of consultees. The formal proposal is:
1. Education provision at Skerries School Secondary Department (Secondary 1 to Secondary 4) be discontinued with effect from 30 June 2011 or as soon as possible thereafter;
 2. That the pupils of Skerries School Secondary Department continue their education at the Anderson High School, from 17 August 2011, or as soon as possible thereafter.
- 4.3 In line with the legislation, the proposals and consultation responses were submitted to Her Majesty's Inspectorate of education. A formal response from Her Majesty's Inspectorate of education was published in October 2010.
- 4.4 In line with the statutory process, the Schools Service published the response to the consultation, in the form of a Consultation Report, in November 2010. This was circulated at the time, both electronically and in paper copy. It is referred to as Appendix 1. The Report contains:

- a record and a summary of the number of written responses received during the statutory consultation period, and the Schools Service's response to these;
- a summary of the representations made at the public meetings held during the consultation period, and the Schools Service's response to these;
- the full text of Her Majesty's Inspectorate of Education report on the educational aspects of each of the proposal and the Schools Service's response to the issues raised in their reports;
- a statement of how the Schools Service has reviewed the proposal following all the representations made during the consultation period;
- details of any omissions or inaccuracies in the Proposal papers.

- 4.5 Members are asked to bring copies of the Consultation Report along to this meeting, in order that the detailed information contained within it can form part of the decision making process today and the formal record of the meeting. This report has been published in electronic and printed formats and has been advertised in the local media. It is available on the Council website and free of charge in printed form from Hayfield House, Lerwick Library, Skerries School and the Anderson High School.
- 4.6 The statutory requirement is to give special regard to the three factors outlined in the Act when considering a closing a rural school, namely any viable alternative to the closure proposal; the likely effect on the local community in consequence of the proposal if implemented and the likely effect caused by any different travel arrangements that may be required in consequence of the proposal if implemented. The Council must demonstrate adequately that these 3 factors have given "special regard" by both the Schools Service and the Counillors.
- 4.7 The Schools (Consultation) (Scotland) Act 2010 requires the Council to consider all the information pertinent to the proposal. For the Skerries School Secondary Department proposal, the following factors were taken into account: education; viable alternatives; transport; effect on community; and financial implications.
- 4.8 If minded to approve the recommendation, the Council is required to notify the Scottish Ministers of its decision and provide them with a copy of the Proposal Paper and Consultation Report. The Scottish Ministers have a six week period from the date of that final decision on Wednesday 8 December 2010 to decide if they will call-in the proposal. Within the first three weeks of that six week period, the Scottish Ministers will take account of any relevant representations made to them by any person. If the Scottish Ministers call-in the proposal they may refuse to consent to the proposal or grant their consent to the proposal subject to conditions or unconditionally. Until the outcome of the call-in has been notified, the Council would be unable to proceed to implement the proposal.

- 4.9 Should the decision be taken at full Council on 8 December, the Council has 6 working days to inform the Scottish Ministers, so by Wednesday 15 December 2010.

5 Proposal: Closure of Skerries Secondary Department

- 5.1 Appendix 1, the Consultation Report, contains a full analysis of all the issues raised through the consultation process. The summary of the written responses indicates that the majority of respondents disagree with the proposal. Table 1 below, an extract from Appendix 1, shows an analysis of the responses, including the key issues of concern.

Table 1: Summary of the written responses

Number of written consultation responses received	120	
Number of responses that:-		
• supported the proposal	33	(27.5%)
• disagreed with the proposal	81	(67.5%)
• did not indicate an opinion	6	(5.0%)

Of the **33** who agreed with the proposal, the most often stated reasons were;

Quality of education	19
Financial reasons	12
Peer interaction	7
Equality of education	5

Of the **81** who disagreed with the proposal, the ten most often stated reasons were;

Community concerns	69
Quality of education	64
Travelling distance / time	56
Employment issues	53
Peer interaction	47
Hall of residence	43
Relationships / friends	26
Financial issues	16
Child safety	8
Democratic (or decision making process)	7

- 5.2 In response to community concerns, and as a result of a specific request, the Schools Service commissioned a socio-economic study on the impact of closing Skerries School secondary department on the viability of Skerries community. The full text of the study is included in the Consultation Report and the key issues summarised below.
- 5.3 The Report identifies a number of impacts of closing the Skerries School Secondary Department. These are:
- Loss of employment opportunities in the island;

- These job losses themselves are important to the Skerries economy;
- Reduction of income to Skerries Hall;
- Loss of access to adult education;
- Loss of a teacher, would mean a loss of a professional position on the Isle;
- Loss of two families;
- Attracting staff to jobs in the Isle without a secondary department would be difficult;
- Loss of population would affect Social Care on the island and the viability of the retained fire crew;
- Affect the Voluntary Sector - people who organise events and fundraise;
- Ability to recruit families to the island would be affected;
- Young people on Skerries may consider their future differently.

5.4 A number of potential mitigating effects have been considered in the report. These are:

- The potential to expand Bound Skerries Limited as the fish farm currently holds about 25% of its maximum stock;
- The potential to expand the range of products from Bound Skerries Limited;
- The scope to develop tourism and attract more visitors to Skerries;
- Allied to tourism the scope to reintroduce craft skills to Skerries, this could include knitwear, felting and other products;
- Possibilities to explore the potential for renewable energy development in Skerries.

5.5 The report notes that such developments might go ahead whether or not the secondary department is closed.

5.6 The Report concludes that:

- Skerries is a fragile community but has almost full employment;
- Recruitment to jobs is difficult in Skerries;
- Two families have said they will leave if the secondary department closes. This would have a severe impact on the balance of the population on the island;
- Employers are concerned that it will be difficult to recruit staff if the secondary department closes;
- Potential for community to work with Highlands and Islands Enterprise to develop an action plan to sustain and increase the population;
- A stable educational environment will be important in drawing up and implementing development plans;
- Development potential would be stronger with the secondary school retained.

5.7 The Consultation Report is a comprehensive analysis of all the issues which have been raised and the Schools Services' responses to those. The key issues are around:

- The impact on the social and economic fabric of the isle, now and in the future;
- Attainment and achievement levels;
- Pupils with Additional Support Needs;
- Delivery of Curriculum for Excellence;
- Transition arrangements;
- Peer and social interaction;
- Isolation from family and island life and the Halls of Residence;
- Travelling distances and times and escort arrangements;
- Centralisation of services and facilities towards Lerwick.

5.8 The key conclusions from the Consultation Report (Appendix 1) are set out below.

In recognition of the importance of education to communities in Shetland, prior to determining formal proposals for changes to the school estate, the Schools Service carried out an extensive informal consultation process across Shetland. This was to share with stakeholders the challenges for education in Shetland together with its aspirations for a review of educational provision designed to provide a Blueprint for Education in Shetland to secure a sustainable financial position for the Schools Service, whilst continuing to provide quality education for all the pupils in the islands.

The Standards in Schools (Scotland) Act 2000 requires local authorities *“to secure that the education is directed to the development of the personality, talents and mental and physical abilities of the child or young person to their fullest potential”*.

In summary, the report by Her Majesty’s Inspectorate of education recognises:

“The Council correctly concluded that maintaining the status quo did not provide young people in the secondary department with a sufficiently broad range of educational experiences. It is not viable for the Council to develop and sustain such a range and quality of educational experiences within its current budget. Current arrangements do not give the best transition for young people entering the senior phase of *Curriculum for Excellence*.”

The Schools Service recommends that a transfer of pupils from Skerries School Secondary Department will secure educational benefits for **all** pupils in Shetland and for the pupils of Skerries School Secondary Department.

Pupils from Skerries School Secondary Department will experience a high quality educational experience at the Anderson High School and in addition will experience:

- a significant increase in curricular opportunities at all levels and stages;

- increased access to subject specialist teachers;
- more staff, including promoted staff, offering a wide range of expertise and allowing better and consistent quality assurance of individual learner's progress;
- improved access to resources, including specialist subject resources, Information Communication Technology, Physical Education, sports and leisure, after-school activities, social groups, clubs and societies and school trips and exchanges;
- the best possible transition from a broad general education to the Curriculum for Excellence senior phase;
- access to a larger peer group;
- access to a larger teaching staff group who are able to work collaboratively in teams to benefit of pupil's learning;
- larger staff provision which creates more collegiate time to commit to the school improvement agenda.

6 Financial Implications

- 6.1 It is not possible for the Schools Service to continue to run the current model of provision within the financial constraints which are placed on the service year on year. There is a need to radically change the current levels of staffing, to meet the challenging financial targets year on year. That work is progressing alongside the review of the number of schools required to deliver an efficient service.
- 6.2 In order to protect staffing levels, up until now the Schools Service has made the required savings through reductions in operating costs. However, should the Blueprint proposals not be accepted, the level of savings now required will not be achieved without significantly affecting staffing levels in all schools in Shetland. This would be detrimental to the education of all pupils in Shetland, including those who attend Skerries School Secondary Department.
- 6.3 The proposal offers the Council the opportunity to deliver a more efficient service, without adversely impacting on the quality of provision available to the pupils. In that regard, the Council has a statutory duty to demonstrate best value.
- 6.4 The proposal to close Skerries School Secondary Department will secure annual revenue savings of £73,000.
- 6.5 If Members are not minded to agree to the proposal, the equivalent level of savings could be found by cutting an additional 1.5 teaching posts across the rest of Schools Service or by reducing the funding for each child across all schools in primary and secondary by £21.94.

7 Policy and Delegated Authority

- 7.1 In accordance with Section 13 of the Council's Scheme of Delegations, the Services Committee has delegated authority to make decisions relating to matters within its remit for which the overall objectives have been approved by Council, in addition to appropriate budget provision. Responsibility for the Schools Service rests with

Services Committee. The proposals within the Education Blueprint constitute a policy change so a decision of the Council is required, supported by a recommendation from this Committee.

8 Conclusions

- 8.1 In any local authority area, proposed school closures are one of the most challenging decisions facing Councils. In the decision making process, there is a need to weigh up the balance of risks, consequences and costs from an educational, community and financial perspective. There is a need to consider both the corporate responsibility issues placed on the Council from a leadership perspective (population, economic growth, quality of services, equality of access and opportunity, financial policies and best value), as well as considering the very real constituency concerns expressed over changes to existing services.
- 8.2 The proposal meets all the Council's legal obligations on statutory service provision as well as the policy direction set with regard to the principles of the Education Blueprint. It provides an opportunity to deliver a more effective education service in a more efficient way, within the current financial policy framework.
- 8.3 School rolls in Shetland have been falling for a number of years and population projections show this is set to continue. There are currently thirty-four schools in Shetland meaning a high level of over capacity.
- 8.4 Until now, Shetland Islands Council has been in a position to use reserves to support the generous provisions in the school estate within this community in terms of the numbers of schools and the generous levels of staffing within them. As a result Shetland provides high quality education to all its pupils as evidenced in almost all reports by Her Majesty's Inspectorate. However, due to the spare capacity and the high levels of staffing, this comes at a significantly higher cost per pupil than the Scottish average.
- 8.5 Given the financial climate facing the Council this position is now untenable. The Blueprint aims to protect the quality of education offered to all pupils in Shetland by creating a more sustainable education system for the future, thus providing educational benefits for all the children in this community, including those who attend Skerries School Secondary Department.

9 Recommendation

- 9.1 It is recommended that Services Committee ask the Council to approve that:
 - (a) Education provision at Skerries School secondary department (Secondary 1 to Secondary 4) be discontinued with effect from 30 June 2011 or as soon as possible thereafter; and

- (b) the pupils of Skerries School secondary department continue their education at the Anderson High School, from 17 August 2011, or as soon as possible thereafter, and

should the proposal be approved:

- (c) note that the Scottish Ministers have a six week period from the date of that final decision to decide if they will call-in the proposal so no action can be taken regarding implementation; and
- (d) the Head of Schools would work with pupils, parents and staff in Skerries School secondary department and the Anderson High School to develop a transition plan that would ensure an effective transition for pupils to the Anderson High School.

November 2010

Our Ref: HAS/HB/AE

Report No: ESCD- 33-F-

Links to Consultation Reports

Consultation Report and Appendices

Scalloway Junior High School Secondary Department

<http://www.shetland.gov.uk/education/ConsultationReportandAppendices-Scalloway.asp>

Consultation Report and Appendices

Skerries School Secondary Department

<http://www.shetland.gov.uk/education/ConsultationReportandAppendices-Skerries.asp>

Consultation Report and Appendices

Relocation of the Anderson High School

<http://www.shetland.gov.uk/education/ConsultationReportandAppendicesAHSRelocation.asp>

Notion of Motion Shetland Islands Council 8 December
2010



Winter Fuel Payments

That members consider the reinstatement of the winter fuel payment to those over 65 years of age in the community. This payment was removed as part of the budget process in February 2010. It is suggested that the payment is made subject to a 5% reduction per annum over the next three years in the sum to be paid which is in line with budget proposals.

Geoff Smith Geoff Smith Jim Henry Jim Henry
Iris J Hawkins IRIS J HAWKINS
A.G. Duncan A.G. DUNCAN
F.B. GRAMS F.B. GRAMS

ANDREW J. HUGHES
L. by -

R. HENDERSON
J. DODD
R. M.
A. M.
A. M.

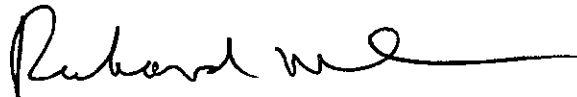
received. 18/10/10.

Motion

Shetland Islands Council –

This Council notes that 2010 is the 65th anniversary of the atomic bombings of the cities of Hiroshima and Nagasaki, which killed over 300,000 people mostly civilians. As a fellow member of the Mayors for Peace organisation - now made up of 4069 Councils from 144 countries representing over 850 million people - this Council supports the campaign to reduce and eventually eliminate all nuclear weapons by 2020. It supports the 'Hiroshima-Nagasaki Protocol' in developing a globally agreed Nuclear Weapons Convention as a key part of the nuclear weapons disarmament process. It welcomes the 30th anniversary of the UK and Ireland Nuclear Free Local Authorities and a visit to the UK of the Mayor of Nagasaki to commemorate this anniversary in November.

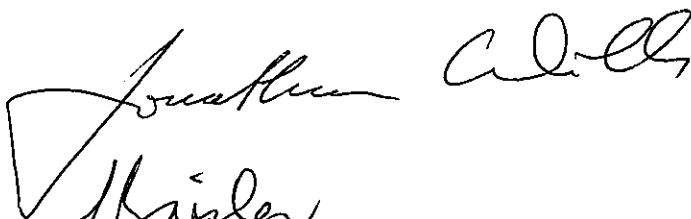
This Council also welcomes the international moves to reduce nuclear weapon stockpiles in the United States and Russia and the positive agreements made at the recent Nuclear Non Proliferation Treaty Conference. The UK Governments decision to replace the Trident nuclear weapons programme, costing an estimated £60 to £100 Billion over the next 40 years, in this climate of harsh financial settlements for public services across the country cannot be justified.



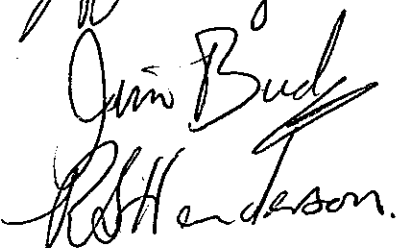
Iris J. Hawkins



Gary Shaw



Jonathan



Brianley



Jim Budy




Rob Henderson



L. Lu



Graham



J. O'Neill



Robert



Colin



REPORT

To: **Audit & Scrutiny Committee**
Shetland Islands Council

15 November 2010
8 December 2010

From: **Head of Organisational Development**
Executive Services

CE-39-F

Corporate Plan 2010/12 – Progress Report

1 Introduction

- 1.1 This report provides an update on progress made on achieving the outcomes and targets within the Council's Corporate Plan 2010-12.

2 Link to Corporate Priorities

- 2.1 The Corporate Plan sets the Council's key priority areas for the term of this Council. A considerable amount of activity and improvement continues, as set out in Service Plans and Operational Plans. However, the actions set out in this document are believed to be the most significant to achieve, by this Council, for the remainder of this term.

3. Risk

- 3.1 There are significant internal and external risks to the Council and community if the Corporate Plan is not effectively delivered and monitored.

4. Background

- 4.1 The Council's refreshed Corporate Plan 2010/12 was agreed by Council on 30th June 2010. The approved outcomes and targets are embedded within Shetland's Single Outcome Agreement (SOA) the Key Purpose of 'Maintaining the Economically Active Population Throughout Shetland'.
- 4.2 Progress Reports on the Plan are one of the performance management tools within the Council's overall Strategic Planning, Performance and Risk Management Framework.

5 Progress on Outcomes and Targets

- 5.1 Sections A to G of the Progress Report monitors the progress of services in meeting the outcomes and targets set in the Corporate Plan.
- 5.2 These outcomes and targets are clearly set to deliver on Shetland's Single Outcome Agreement (SOA). Dials have been incorporated to provide an indication of how well Shetland is delivering on the outcomes set in the SOA. These dials relate to progress made during the financial year 2009/10:
- Better indicates an improved direction of travel;
 - Stable indicates no change; and
 - Worse indicates a deterioration.
- 5.3 Section H of the Progress Report monitors the progress in improving the Council as an organisation. This section currently has a strong overlap with the Council's developing Corporate Improvement Plan, and the documents be amalgamated in due course.
- 5.4 Progress has been assessed by using a traffic light system:
- Red: significant issues, with a medium to high risk of failing to meet target;
 - Amber: experiencing minor issues, with a low risk of failure to meet target; and
 - Green: likely to meet or exceed target.
- 5.5 The table below shows a summary of the status of the targets. Of the 71 targets, over half are Green; on target for achieving the outcome within the timescale set. However, there is uncertainty as to whether this can be maintained with fewer resources available.

Status of Targets	July-September 2010
Red	2
Amber	24
Green	45

- 5.6 Of the two Reds, those targets with significant issues:
- The 6% reduction in carbon emissions set is unlikely to be reached. However, this is being addressed by the development of a Carbon Reduction Strategy, which will be ready for approval in February 2011;
 - The timescales for the development and approval of the Local Development Plan may have to be lengthened, due to the preferences expressed by the community during the Main Issues Report consultation.

- 5.7 In recognition of the need to prioritise, the Council agreed to a number of key priorities as part of the Corporate Plan 2010/11. If delivered, it is believed these will make a significant contribution to Shetland's future. Again, steady progress is being made against these, with those priorities showing an amber being primarily due to circumstances not directly within the control of the Council.

Priority Area	Progress Assessment	Progress Commentary
Fast and reliable broadband throughout Shetland	GREEN / AMBER	Good progress being made on provision of resilient broadband to Lerwick, but challenges remain in being able to roll this out to other areas.
Development of renewables	GREEN / AMBER	Progress continues to be made, but continues to be restricted by decisions made out with Shetland on the interconnector and funding for the Smart Grid project.
Decide on and implement the Blueprint for Education	GREEN	The Blueprint process is still on target to meet the statutory consultation and reporting milestones.
Decide on Shetland's long-term transport infrastructure	GREEN	Currently on target to present a proposed programme to delivery on fixed links, over a period of 20 years, to Council in early 2011.
Get more affordable Housing	GREEN	A number of projects are being developed by the Housing Service to provide different options for people to access affordable housing, such as agreement to progress sales of houses and building plots as a pilot and agreement to progress a shared ownership model for low cost home ownership.
Intervene early to tackle any poverty	AMBER	Multi-agency work continues, in particular through Getting it Right for Every Child and With You For You, and improvements can still be made. However, the risk in this area is the impact on those on low income and benefits with the potential for a reduction in services and changes to the national benefit system.
Make sure we organise and carry out all our business properly	AMBER	Progress being made on development and approval of Corporate Improvement Plan and achieving long term financial policy objectives. However, due to the current financial context, risks remain in meeting targets.

6. Financial Implications

- 6.1 The Council's medium-term financial strategy sets out a commitment to reduce the draw on Council reserves to support General Fund revenue spending to zero by 2012 (SIC Min Ref 107/09). That strategy also sets a five year spending target of £100m on the draw from Reserves to support the Capital Programme, and sets a floor level for Council Reserves of £250 million. The actions contained within this Plan will have to be achieved within these existing budget constraints.

7. Policy and Delegated Authority

- 7.1 All principal policy documents require approval by the Council. This report sets out the Council's Progress in delivering on the Corporate Plan for the period 2010-12 and therefore Council is required to note progress and recommend whether any changes to priorities should be made.
- 7.2 The role of Audit and Scrutiny Committee is to monitor and comment on progress being made by the Council, making recommendations to Council, if required.

8. Conclusion

- 8.1 This report provides a Progress Report on the Council's Corporate Plan for the period 2010-12.
- 8.2 It shows that good progress is currently being made, with the majority of outcomes and targets currently likely to meet or exceed the target set. However, this progress may become more difficult to sustain with less resources available.

9. Recommendations

- 9.1 I recommend that:
- Audit and Scrutiny Committee comment on progress being made by the Council, to deliver on the Corporate Plan 2010/12, and make recommendations to Council, if required;
 - Council discuss progress being made and, as a result of this discussion, decide whether any amendments are required, or priorities changed.

Date: 1 November 2010

Report No: CE-39-F

Ref: EP/JR



SHETLAND ISLANDS COUNCIL

COUNCIL PLAN

2010/12

PROGRESS REPORT

END OF SEPTEMBER 2010

Key for Assessment of Progress


RED	Significant issues, with a medium to high risk of failing to meet target
AMBER	Experiencing minor issues, with a low risk of failure to meet target
GREEN	Likely to meet or exceed target

Key Priorities for Shetland Islands Council 2010/12

In recognition of the need to prioritise, the Council agreed to the following key priorities as part of the Corporate Plan 2010/11. This first section of the Progress Report summarises progress against these.

Priority Area	Progress Assessment	Progress Commentary
Fast and reliable broadband throughout Shetland	GREEN / AMBER	Good progress being made on provision of resilient broadband to Lerwick, but challenges remain in being able to roll this out to other areas.
Development of renewables	GREEN / AMBER	Progress continues to be made, but continues to be restricted by decisions made out with Shetland on the interconnector and funding for the Smart Grid project.
Decide on and implement the Blueprint for Education	GREEN	The Blueprint process is still on target to meet the statutory consultation and reporting milestones.
Decide on Shetland's long-term transport infrastructure	GREEN	Currently on target to present a proposed programme to delivery on fixed links, over a period of 20 years, to Council in early 2011.
Get more affordable Housing	GREEN	A number of projects are being developed by the Housing Service to provide different options for people to access affordable housing, such as agreement to progress sales of houses and building plots as a pilot and agreement to progress a shared ownership model for low cost home ownership.
Intervene early to tackle any poverty	AMBER	Multi-agency work continues, in particular through Getting it Right for Every Child and With You For You, and improvements can still be made. However, the risk in this area is the impact on those on low income and benefits with the potential for a reduction in services and changes to the national benefit system.
Make sure we organise and carry out all our business properly	AMBER	Progress being made on development and approval of Corporate Improvement Plan and achieving long term financial policy objectives. However, due to the current financial context, risks remain in meeting targets.

A) Wealthier and Fairer: Head of Economic Development, Head of Ports and Harbours, Head of Environment and Building Services

	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
Wealthier 1: Develop the telecommunications network throughout Shetland to offer high level broadband services for business development in all areas of Shetland				
W1.1	Provision of a resilient broadband link to Lerwick Target: 2 cables from Lerwick to international link	Head of Economic Development	30 September 2011	GREEN Contract prepared for first fibre link between Lerwick and SHEFA2 cable to be complete March 2011. £367k ERDF funding awarded to project.
W1.2	Equip a Point-of-Presence service in Lerwick Target: Operational Point of Presence using high speed link	Head of Economic Development	31 March 2011	GREEN Contract prepared for first fibre link between Lerwick and SHEFA2 cable to be complete March 2011. £367k ERDF funding awarded to project.
W1.3	Encourage existing telecommunications companies to make full use of the new telecommunications infrastructure Target: Two companies using the Point of Presence	Head of Economic Development	31 March 2011	AMBER State aid advice taken, and permissions are imminent. Special Purpose Vehicle company, Shetland Telecom, being set up to tender for operation of the system. Discussions with BT as service provider ongoing.
W1.4	Costed-plan to provide high-speed broadband to benefit peripheral communities Target: Completed Plan ready for implementation	Head of Economic Development	30 September 2011	AMBER Project work has been focused to date on the enabling fibre connection.
W1.5	Facilitate the development of a data-centre in Lerwick Target: One Operational Data Centre	Head of Economic Development	30 September 2012	AMBER The Council have entered into a MOU with Alchemy+ to develop a data centre project in Lerwick. Service requirements for green power supply are currently being actioned.

Wealthier 2: Our renewable energy resources will be used as a stimulus for economic growth





W2.1	Ensure a decision is made for the provision of an inter-connector between Shetland and Mainland Scotland Target: Decision taken by national grid to invest in an inter-connector, providing clarity	Head of Economic Development	Decision taken by 31 March 2012	AMBER A decision has yet to be taken on the planning consent for the interconnector.
W2.2	Local communities able to reduce carbon emissions negotiate better access to the local grid, for the benefit of renewable projects at community level Target: Six projects connected under Low Carbon Network Fund Target: Assist 3 land-based projects to completion	Head of Economic Development	31 March 2012 31 March 2012	AMBER Smart Grid project, ERDF and LCNF funding applied for. This will stabilise the existing grid and enable more renewable energy projects to be connected. Awaiting response on funding applications.
W2.3	Renewable energy production from marine - negotiate seabed leasing arrangements with Crown Estate and develop offshore renewables capacity (equipment, infrastructure and skills) Target: Develop two marine renewable projects to completion Target: Identify medium term seabed development plan in relation to marine renewables	Head of Economic Development	31 March 2012 31 March 2012 31 March 2012	GREEN Pelamis Vattenfall 'Egear' 20MW wave generator project on West side of Shetland progressing subject to interconnector. Bluemull Sound tidal project progressing. Shetland Marine Energy Development group set up. Work progressing on mapping Shetland marine energy resource and developing a marketing plan for the resource. Discussions with Crown Estate and Marine Scotland ongoing.



Wealthier 3: Shetland's reputation for sustainable practices and quality products will be strengthened



W3.1	Develop Shetland's Brand and the economic opportunities this brings Target: Assist 20 businesses to develop quality products Target: Support 10 projects to add value in all the main production sectors: tourism, agriculture, fisheries and Creative Industries. Target: Support 10 projects to maximise quality of output from progressive agricultural holdings	Head of Economic Development	31 March 2012 31 March 2012 31 March 2012	GREEN Currently developing a system which will enable local organisations to link closely to the Shetland brand encouraging adoption of agreed Shetland brand principles. A number of initiatives supported to date in connection with the 3 target areas. The Lerwick marts and abattoir projects are progressing well and will assist livestock producers. Agriculture Strategy being developed with industry.
W3.2	Lengthen the duration of the tourist season Target: Support 20 projects	Head of Economic Development	31 March 2012	GREEN The Tourism strategy is currently being refreshed. The 2010 season to date is being reported as a major success by tourism operators.
W3.3	Develop the role of Promote Shetland as the main promotional tool for Shetland Target: The service will meet the contract requirements	Head of Economic Development	31 March 2012	GREEN First operating year of Promote Shetland completed. Operating Plan for 2010/11 underway and 2011/12 Plan currently being developed. Contract expires September 2011 – extension to contract likely.
W3.4	Work with the oil industry and other marine sectors to identify future opportunities for Sullom Voe Terminal Target: Facilitate two significant potential projects	Head of Economic Development, Head of Ports and Harbours	31 March 2012	GREEN The Total Laggan Tormore project will play a large part in the medium term development of the port. Working on securing and improving number of Ship to Ship Operations. Some progress. Have been looking at a number of potential projects. However, so far no firm business case has been forth coming. Work continues.
W3.5	Encourage business and individual use of the Business	Head of Economic Development		GREEN



	Gateway service Target: 400 clients logged, with 300 using the Business Gateway		31 March 2012	It is anticipated that both targets will be exceeded.
W3.6	Secure the maximum benefit for Shetland from the European funding programmes and play a full part in key European organisations Target: Gain approval of £850,000 of European funding	Head of Economic Development	31 March 2012	GREEN SHEFA2 Interconnect Project £367k. Fetlar breakwater and berthing face £300k. ESF Skills Development Scheme £85k. Other applications pending.
W3.7	Encourage sustainable fisheries by Shetland vessels under the terms of the Common Fisheries Policy Target: Support six projects	Head of Economic Development	31 March 2010	AMBER Quota purchase loan scheme in place. Alison Kay Fishing Company licence purchase under the licence parking scheme.
W3.8	Encourage firms operating in Shetland to develop stricter environmental criteria Target: Maintain high quality environment as part of the Brand	Head of Economic Development & Head of Environment and Building Services	Ongoing	AMBER Encouraged through delivery of the tidy business scheme and direct support and advice. Implementation of Council policy to insist on environmental assessment in all Grants or Loans over £10,000 to be audited. And development through Brand.
Wealthier 4: Strengthening the Economy: Businesses will be supported to overcome barriers to growth thereby improving profitability and longer-term performance				
W4.1	Development of innovation Target: Completion of 4 R&D projects in Shetland businesses, including maximising opportunities with relevant higher education bodies	Head of Economic Development	31 March 2012	AMBER The Technology Strategy Board have two research projects currently linked with local company Bod Ayre. NAFC Marine centre are carrying several research projects with private sector partners.
W4.2	Market Shetland's Brand Target: Support 30 marketing improvement projects under the Marketing Development Programme	Head of Economic Development	31 March 2012	GREEN 17 individual projects assisted since April 2010. Anticipate this target will be exceeded.
W4.3	Work with the aquaculture sector	Head of Economic		GREEN

	to investigate new ways of organising site management and different types of production Target: Complete a research project	Development	31 March 2012	<p>The Council has supported the appointment of a coordinator to further develop Area Management Agreements among fish farming businesses in Shetland.</p> <p>Hjaltland Seafarms Ltd has begun 2 trials: a feed trial to establish optimum growth rates for salmon and a predation protection project using acoustic deterrent devices aimed at improving fish welfare and minimising escapes.</p>
W4.4	Encourage the introduction of more efficient practices in all productive sectors Target: Assist 6 projects	Head of Economic Development	31 March 2012	<p>GREEN</p> <p>North Atlantic Shellfish Ltd has now completed the project to upgrade their mussel packing facility in Walls to enable a more efficient operation. A second project to expand and reorganise the mussel growing operation has now begun.</p> <p>Hjaltland Hatcheries Ltd. reinstatement and extensive upgrade of Girsta hatchery. Shetland Seafood Quality Control funding for whitefish improvement scheme and salmon inspectorate service. Shetland Shellfish Management Organisation funding supporting staff to development MSc accreditation for some inshore species.</p>
Wealthier 5: Strengthening the Economy: Peripheral communities will be assisted to improve the economic sustainability of their areas				
W5.1	Assist in development of sustainable communities Target: Support four community inspired economic development projects Target: Support six projects to improve non-public service provision in remoter areas Target: Support the development of six new businesses in remoter areas	Head of Economic Development	31 March 2012 31 March 2012 31 March 2012	<p>AMBER</p> <p>Fetlar and North Mavine development projects are progressing well.</p>

Fairer 1: We have reduced levels and the impact of poverty, deprivation and social exclusion in Shetland					
Fairer 2: Socio-economic disadvantage does not impact on the opportunities people have					
F1.1	Increase in number of individuals taken out of fuel poverty Target: 40 referrals to EAP / 25 Fuel Poverty Grants per year Increased uptake of EAP through better integration of grant processes Target: Use of low carbon network fund to reduce fuel poverty in public sector housing	Head of Environment and Building Services & Head of Housing	31 March 2012 31 March 2012	AMBER Meetings have been held and an opportunity to streamline the processes to enable EAP and the Fuel Poverty Scheme to complement each other to maximise funding seems to be on the horizon. The Home Insulation Scheme should maximise the referrals into EAP and Fuel Poverty grant as every house in Shetland will be visited. Currently 30 referrals at EAP. Applications for ERDF funding and LCNF have been submitted, outcome of applications will not be known until early December	


B) Smarter: Executive Director – Education and Social Care, Head of Schools, Director of Shetland College, Head of Economic Development


	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
Smarter 1: We will provide help to individuals to get the learning opportunities they need, focusing on the long-term unemployed, the 18-24 age group, those misusing substances and winter school leavers				
Sm1.1	Meet Scottish Government targets on P1 class size Target: Reduce number of pupils in classes with 25 pupils or over	Head of Schools	31 August 2011	GREEN This will be implemented in August 2011.
Sm1.2	Increase in number of learners from disadvantaged groups	Director of Shetland College		GREEN

	Target: 5% increase each year		31 March 2012	Enrolments at learning centres and Adult Learning still being collated but on track to meet this target.
Smarter 2: We recognise each person's strengths, and building on these to give them greater capacity, increased confidence and encourage participation and responsible citizenship				
				
Sm2.1	All Scottish Government milestones for Curriculum for Excellence met from early stage to senior phase Target: Implementation in pre-school to S1	Head of Schools	30 June 2013	GREEN Implementation on target.
Sm2.2	Blueprint for Education proposals considered and agreed plan for implementation in place. Target: Consider Blueprint proposals and implement decisions	Head of Schools	Ongoing	GREEN Working though process. First decision by Council to be made on 8 December.
Sm2.3	Implementation of the ASL Act Target: Continue to ensure meet up and coming changes in legislation	Head of Schools	Ongoing	GREEN Changes in Act due on 14 November 2010, with training provided and planned. This includes through Head Teacher meetings, ASN Cluster meetings and Allied Health Professionals.
Smarter 3: We will work to match Shetland's skills with Shetland's economic need				
				
Sm3.1	High uptake of opportunities matching the needs of the local economy by provide young people with the skills and competencies necessary to match economic needs Target: Explore development of 2 new vocational pathway courses 5% increase in places awarded	Head of Schools, Director of Shetland College	30 June 2012	AMBER New course in 'Contemporary Skills in Art' has begun at Shetland College. Another course 'Skills for Work – Energy Course' is hoped to start next academic year. Not been able to develop skills for work "Energy" course due to staff illness. Numbers awarded places on skills for work courses have remained steady but needs to be reviewed in relation to actual school rolls over next two years.
Sm3.2	Assist in re-skilling people to meet	Director of Shetland		GREEN


	the current and future needs of the economy Target: Establish the needs of the business and commercial sector through Employers Survey and follow-up work on regular and sustained basis Target: Improve employability and vocational skills in response to Shetland's changing economic and community needs by delivering relevant courses Target: Ensure there are appropriate opportunities to up-skill the workforce in Shetland through providing vocational training, short courses and access to national programmes	College, Head of Economic Development	31 December 2010	3 yearly Employers survey due 2010 will now be undertaken during 2011 using graduate resources. Uptake on all courses at college this year would indicate that the courses are relevant to the economic needs of the community. Employability skills have been introduced to all national certificate courses. The national programme for apprentices allocated sufficient starts in relation to industry uptake. In addition 9 places were sought and agreed to for apprentices over age of 20.
Sm3.3	Investigate and provide a vocational and graduate traineeship scheme for wealth creating businesses Target: Yr 1: Scheme in Place Yr 2: 15 placements	Director of Shetland College, Head of Economic Development	30 April 2012	<p style="text-align: center;">GREEN</p> A bid has been put forward for growth funding to allow this to go ahead. Dependant on savings being identified within overall SIC budgets.

C) Stronger – Head of Housing, Head of Transport, Head of Roads, Head of Children's Services


	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
Stronger 1: We will improve the availability, accessibility, affordability and usage of internal and external public transport				
St1.1	Maximise external transport opportunities for Shetland Target: Full involvement in the Scottish Ferries review	Head of Transport	January 2011	<p style="text-align: center;">GREEN</p> The Council is fully involved in the Scottish Ferries Review and represents the Council on the Review Steering Group, Council Sub-Group and the Operators Group. The timescale for the review has been extended by Government and it is not likely to conclude until after the


	<p>Target: Work in partnership with the Scottish Government to ensure that external contracts are able to meet Shetland's economic and social objectives are met in the next generation of public service ferry contracts and air service contracts</p>	Head of Transport and Head of Economic Development	March 2011	<p>Government elections in May 2011. This is outwith the control of the Council.</p> <p>The Council is fully involved in the consultation process for the next Northern Isles Ferry Service contract.</p> <p>Aberdeen City Council have offered to arrange meetings with Aberdeen air and sea link operators to discuss route development.</p> <p>Promote Shetland is working with both Flybe and Northlink to promote the routes.</p>
St1.2	<p>Maintain high quality of Shetland's roads and transport infrastructure</p> <p>Target: Percentage of A class roads that should be considered for the treatment not to exceed 21.8% as measured by the Road Condition Index (RCI).</p> <p>Target: Council approval of a fixed links and ferry/terminal maintenance programme.</p>	<p>Head of Roads</p> <p>Head of Transport</p>	<p>Ongoing, indicator measured annually.</p> <p>March 2011</p>	<p>AMBER</p> <p>RCI for 2010 is 24.7%, falling short of our target by 2.9%.</p> <p>GREEN</p> <p>On 30 June 2010 the Council decided to pursue a programme of fixed links over a period of 20 years. A programme to deliver this strategy is under development and will be presented to the Council in the first cycle 2011. The programme will include what is required to maintain the network of ferries and terminals.</p>
St1.3	<p>Increase levels of access and usage of public transport</p> <p>Target: Increase 5% back to 2008/09 levels</p> <p>45% coverage of population to Demand Responsive Transport</p>	Head of Transport	Ongoing to August 2016	<p>AMBER</p> <p>In the first 6 months of the 2010/11 financial year there were 217,865 passengers compared to 216,267 passengers in the first 6 months of 2009/10, demonstrating a position of being on target to increase bus passenger numbers in 2010/11.</p> <p>Coverage has increased with the introduction of DAR services linking Whiteness/Weisdale and Burra/Trondra with Scalloway, the figure currently stands at 41%.</p> <p>Budget targets for 2011/12 have been set at a reduction of 15% compared to 2010/11 budgets. This may have an effect on progress towards 45% coverage.</p>
<p>Stronger 2: We will ensure the right house is available in the right place at the right price</p>				

St2.1	Completion of Housing Strategy Target: Produce a new Local Housing Strategy in line with Government guidance for 2010-2015 To include: <ul style="list-style-type: none"> - Investigate future options for increasing housing supply across all tenures - Investigate and develop a better understanding of the private sector housing in Shetland - Investigate, and if feasible, develop local mortgages or grants to assist private individuals in the provision of housing - Continue to work in partnership with agencies on the housing and housing support needs for a projected ageing population 	Head of Housing	December 2011	<p>GREEN</p> <p>Making good progress on producing a new Local Housing Strategy. A refreshed Housing Strategy Steering Group has been appointed and 5 key themed sub-groups have been set up. Public consultation is planned for early in 2011 and hope to submit the final document to the Scottish Government in May 2011. Completion of HNDA and approval of document as robust and credible from the Scottish Government.</p> <p>Commenced £10m investment programme in council housing. Facilitated an innovative loan arrangement with Hjaltland Housing Association to fund their new house building activities.</p> <p>Progressing a range of initiatives to stimulate private sector investment in housing in Shetland.</p> <p>The Brucehall Terrace extra care housing project has been successful in piloting a new approach. The outreach service is also expanding its services to deal with new client groups in partnership with other agencies.</p>
St2.2	Achieve Scottish Housing Quality Standard national target by 2015 Target: 100% of stock	Head of Housing	March 2015	<p>GREEN</p> <p>62% of properties meet the SHQS. Significantly more would pass subject to consideration of exemptions relating to energy ratings only. Further, a high proportion of properties that currently fail, do so on minor elements.</p> <p>A programme of investment to meet the 2015 target is in place. Therefore, the additional requirements of SHQS are unlikely to have a detrimental financial effect on SIC rents.</p>
St2.3	Achieve national target of eliminating homelessness target by 2012 deadline Target: Meet the national targets on homelessness by 2012	Head of Housing	March 2012	<p>GREEN</p> <p>Local policy changes implemented in April 2010 mean that in the first 6 months of 2010/11, 90% of those assessed as unintentionally homeless were also entitled to permanent accommodation. Further changes to policy will be introduced in March 2011 to ensure 100% of all unintentionally homeless households are entitled to permanent accommodation.</p>

Stronger 3: We will sustain and, where necessary, grow the number of childcare places					
St3.1	Implement the Childcare Strategy: to increase the sustainability of wrap around childcare and equalise the cost between the public and private sector Target: Improved access to buildings Target: Zero differential between charges	Head of Children's Services	March 2012	AMBER Making steady progress with the Strategy. Work ongoing to make the private sector more robust in the North Isles and in Lerwick, as a result of improved access to buildings. A report will be going to Services Committee this cycle to address this. This is a volatile sector and things can change quickly.	
St3.2	Work with North Isles Childcare to develop a viable model of Childcare for the North Isles Target: Support group to develop viable sustainable model for long-term	Head of Economic Development	31 March 2011	GREEN Three year operational plan being developed. Solutions for premises in Unst and Yell being considered. Support Schemes in place.	
St3.3	Sustain and / or increase childcare provision in Lerwick Target: Long-term sustainable model of childcare provision in Lerwick	Head of Children's Services	31 March 2012	GREEN Work ongoing.	

D) Healthier – Executive Director – Education and Social Care, Head of Community Care

	Outcome / Target	Lead Officer	Timescale	Status 3 months ending	
Healthier 1: Maintain a healthy life expectancy, focusing on early years, healthy weight, alcohol, drugs and mental health					
Healthier 2: Tackle health inequalities ensuring that the needs of the most vulnerable and hard to reach groups are recognised and addressed					To be established
Hth1.1	Develop more positive alcohol culture in Shetland by implementing the Drink Better Campaign	Executive Director – Education and Social Care		GREEN	

	Target: Reduction in alcohol related offences, drink driving incidents and number of 15-16 yr olds drinking		31 March 2012	The Shetland Alcohol and Drug Partnership has promoted improved access to services, including the relocation of the prescribing clinic. The Drink Better Campaign will continue to promote healthy attitudes to drinking, which will include information and initiatives for all ages, using a community wide public health education approach. Specific issues and trends are monitored by the Partnership on a regular basis, recognising the long standing nature of the issues.
Healthier 3: We will support and protect the most vulnerable members of the community, promoting independence and making sure services are targeted at those that are most in need				
Hth3.1	Better outcomes for customers, as per national Community Care Outcomes Framework by delivering on the Community Health and Care Partnership Agreement Target: 296 long term care places	Head of Community Care	2020	GREEN Montfield Support Services opened 17.08.10. Other projects at detailed design phase. High performance against targets.
Hth3.2	Maximise technological opportunities through pilot studies, including the use of telecare for preventative care Target: % customers with intensive support needs supported at home - TBC, dependent on pilot results	Head of Community Care	30 April 2011	GREEN High numbers of people supported in their own home. Increasing use being made of Telehealthcare with both cluster pilot projects in place, providing individual solutions for complex needs.
Hth3.3	Continue to develop more local management of services, including the development of 24/7 care services and rolling out the extra care housing model developed at Brucehall Terrace in Unst Target: Maintain at 46% customers with long term care needs supported outwith institutional care settings, as needs arise; reduction in admissions to hospital and residential care as an emergency	Head of Community Care	Ongoing	GREEN Target maintained. Care Centre settings used as hubs for a wide range of local services. Additional delegated authority to managers in localities through new single shared assessment (With You, For You), which is providing more flexible responsive services in localities.
Hth3.4	Undertake an options appraisal for the level and quality of services	Head of Community Care		GREEN


	<p>provided for a range of services, including permanent care, respite care, learning disabilities and drugs and alcohol services</p> <p>Target: Reduction in unit costs of services with no loss of quality (evidenced by inspection reports and customer satisfaction through the "With You, For You" QA framework)</p>		June 2010	<p>Information on unit costs used to calculate direct payment rate. Unit costs included in plans for additional long term care places. National costing model (Integrated Resource Framework) being introduced covering all health and care services. Customer Relations Function for With You For You is now in place through CAB.</p>
Hth3.5	<p>Work with partners to take the Community Health and Care Partnership to the next stage of joint management, to ensure that all resources can genuinely be shared in the interests of service users</p> <p>Target: Joint management and resourcing structures</p>	Head of Community Care	June 2011	<p>GREEN</p> <p>Discussions ongoing through CHC Committee. Link with review of Committee and Senior Management Structures.</p>

E) Safer – Chief Social Work Officer & Head of Children's Services

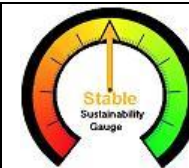
	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
<p>Safer 1: We will retain the current high level of community safety, but will continue to play our part to; a) further reduce overall crime; b) tackle serious crime; c) make the roads safer; d) maintain public order; and e) protect adults and children from harm and exploitation</p>				
Sf1.1	<p>Increased awareness amongst workforce of Adult Protection legislation</p> <p>Target: Increased participation in training</p>	Chief Social Work Officer	March 2011	<p>GREEN</p> <p>Delivered 153 places this financial year to date. 500 places booked between December and the end of March for half day Inter-agency training. Further training to be delivered in the early part of 2011.</p>
Sf1.2	<p>Greater Shetland-wide awareness of the issues and impact of domestic abuse</p> <p>Target: Sustained public relations and multi-agency training programme</p>	Head of Children's Services	March 2011	<p>GREEN</p> <p>Public awareness and training campaign to be implemented in the new year. Awareness will not be significantly increased by March though.</p>



F) Greener – Head of Transport, Head of Environment and Building Services, Head of Planning

	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
Greener 1: We will move further towards sustainable and efficient, consumption and production				
G1.1	Reduction in carbon emissions and energy used Target: 6% reduction in carbon emissions from Council buildings and Council energy use	Head of Environment and Building Services	30 April 2011	RED Energy reduction at 6 months is 6.99%, carbon emissions reduction is 4.83%, it is unlikely that in the current year we will achieve a 6% reduction in carbon emissions and this will be addressed in the Carbon Reduction Strategy.
G1.2	Take a coordinating role with other agencies and report on the success of individual projects Target: Promotion of carbon reduction across communities through education and support community energy schemes	Head of Environment and Building Services	Ongoing	GREEN Combined the energy unit with the Environment and Buildings Service to deliver a more focussed and consistent message. Progressing the development of a Carbon Reduction Strategy to consolidate Environmental policies within the Council.
G1.3	Meet Landfill Allowance Scheme targets Target: Waste going to landfill to be less than 2567 tonnes/yr	Head of Environment and Building Services	Ongoing	GREEN Waste to Landfill is only 3.1% of the waste collected by the Council. Currently on target for approximately landfilling only 450 tonnes of waste to Landfill in the year.
G1.4	More efficient deployment of vehicles, more efficient use of fuel and improved driving performance Target: 5% reduction in emissions And lower numbers of vehicles in fleet, evidence of consistent efficient driving, falling trend in vehicle maintenance costs	Head of Transport	31 March 2012	AMBER Minimal change in fleet numbers (298 to 295), but reduction in fuel is currently 27,880 this financial year, to date.

Greener 2: We will protect Shetland's renowned natural and built environment



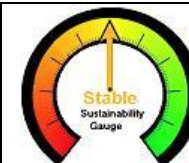
G2.1	Approved, fit for purpose Local Development Plan Target: Progress on Local Development Plan	Head of Planning	Autumn 2012	RED Timescales still relevant. However, the responses to the Main Issues Report, and the preferences expressed by the community, has resulted in examination of development spread over the whole community. This option is the most time consuming and labour intensive and has the potential to delay the end date.
G2.2	LEAMS index validated by KSB Target: Be one of top three cleanest places in Scotland	Head of Environment and Building Services	31 May 2011	AMBER The LEAMS index has fallen in the first months of the year. While there has been some unfilled vacancies in street cleansing, a service redesign, and campaigns will assist in trying to improve the figure for the following year.
G2.3	Maintain air quality below action levels Target: Below action level	Head of Environment and Building Services	Ongoing	GREEN Latest Air Quality Review accepted by Scottish Government.
G2.4	Represent Local Authority views on marine pollution at the national and international level Target: Retain KIMO secretariat	Head of Planning	Ongoing	GREEN
G2.5	Continue support for NFLA Target: Retain status quo	Head of Planning	Ongoing	GREEN

G) Cross Cutting – Executive Director – Education and Social Care, Head of Children's Services

	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
Cross Cutting 1: Children's Services				



C1.1	Holistic to addressing vulnerable young people and their families Target: All children with an identified need have in place a GIRFEC plan	Head of Children's Services		AMBER Good progress being made in children who are identified having a GIRFEC or "Child's Plan". Some issues with some service areas not coming forward with concerns early enough but improvements are being made.
C1.2	A choice of placements available for children requiring foster care Target: 12 households 15 households	Head of Children's Services	March 2011 March 2012	AMBER Steady progress being made. Assessments ongoing that should see increase in the number of households this year. Some recent delays due to medium term sickness of a staff member.
C1.3	Every child with additional needs would move from school to a positive destination Target: All children	Head of Schools Services	March 2012	GREEN Enhanced transition documentation and procedures in place.
C1.4	Appropriate level of service in place to support young carers Target: Young carers supported	Head of Children's Services	September 2010	AMBER Young Carers Support group set up, therefore all young carers identified are having their needs met. There is a need to identify young carers. Research is being done to better identify young carers in schools: to be completed by end of December 2010. The results will inform future actions.
Cross Cutting 2: Strengthening Communities & Culture				
C2.1	Ensure people have more active lifestyles: efficient and effective service delivery by maximising opportunities for joint work with the Shetland Recreational Trust Target: Maximise opportunities for joint working	Executive Director – Education & Social Care	31 March 2012	GREEN A broad range of cultural opportunities are available to our young people, in school and community settings.
C2.2	Young people supported to reach their full creative potential, with a range of opportunities available to them.	Executive Director – Education & Social Care	31 March 2012	GREEN Shetland Recreational Trust and the Council's Sport and Leisure services are working out a combined programme for joint work and



	Target: Continue to seek external funding to maximise opportunities			sharing of: assets, people, systems, activities, training and promotion.
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H) Organising Ourselves Better

	Outcome / Target	Lead Officer	Timescale	Status 3 months ending
Vision and Strategic Direction				
O1.1	The key Shetland outcomes (in SOA) are delivered, with Shetland's quality of life being maintained. Target: 80% of targets to be achieved each year	Chief Executive	30 April 2012 (renewed annually)	GREEN Key Shetland outcomes all showing progress or maintaining progress in difficult financial circumstances.
O1.2	Promote and champion the delivery of this Corporate Plan as the key document guiding the Council's delivery of services in Shetland Target: 80% of targets to be achieved each year	Chief Executive, with Corporate Management Team	30 April 2012	AMBER Signs of greater significance to corporate plan guiding council.
Governance and Accountability				
O2.1	Review of Council's Committee and organisational structures are complete and report agreed by Council Target: Structures in place that are fit for purpose and enabling the Council to run as efficiently as possible	Chief Executive	December 2010	AMBER Key aspect of Council's Improvement Plan, but timescale has changed to March 2011.
O2.2	The Council receives a satisfactory follow-up Audit report. Target: Agree and then deliver a comprehensive Improvement Plan for the Council	Chief Executive	30 April 2012	AMBER Improvement plan is in process of being agreed by Council and will form the basis for Audit Scotland evaluation.
O2.3	The views of staff and members of the public are taken onboard when considering any proposals for change Target: Co-ordinated consultation	Chief Executive	April 2012	AMBER Progress is dependent on approval and delivery of Improvement Plan.

	activity that is provided to Councillors ahead of decisions being taken			
Use of Resources				
O3.1	<p>Ensure that everything the Council does is within its long term financial policy objectives: aim of eliminating the draw on reserves to support General Fund revenue spend and reserves are maintained at sustainable levels, in line with policy.</p> <p>Target: Reserves maintained at target levels</p>	Chief Executive and Head of Finance	April 2012	<p>GREEN</p> <p>The overall target is likely to be exceeded, although there may be overspending on revenue more than compensated for by under-spending on capital and better investment returns than forecast.</p>
O3.2	<p>Agree a strategy and then deliver sustainable efficiency savings, with particular focus on procurement</p> <p>Target: Delivery of Efficiency savings as a result of improved procurement practice.</p>	Chief Executive, Head of Finance and Head of Capital Programming		<p>AMBER</p> <p>The pursuit of efficiency savings is under way, but the outcome is not yet quantifiable. Procurement is now a matter for the Head of Capital Programming, who has recently put resources in place to take this ahead.</p>
O3.3	<p>The Council's Capital aspirations are being delivered in a sustainable way</p> <p>Target: Agree a 5-year Capital Programme and apply the Gateway mechanism consistently to all major capital projects.</p>	Head of Capital Programming	April 2012	<p>GREEN</p> <p>Gateway mechanism and associated project prioritisation process now Council policy. Gateway mechanism has been applied to projects within the indicative 5-year capital programme. 5-year capital programme agreed by Council on 27 October 2010.</p>



REPORT

**To: Audit and Scrutiny
Shetland Islands Council**

**15 November 2010
8 December 2010**

From: Chief Executive and Head of Finance

Report No: F-063-F

Report to Members and Controller of Audit by the Auditor

1 Introduction

- 1.1 Enclosed, as Appendix A, is the Report to Members and the Controller of Audit by the Council's external auditor Audit Scotland, regarding the audit of the Council's affairs for the year ended 31 March 2010.
- 1.2 Enclosed, as Appendix B, is the audited Abstract of Accounts for 2009/10.
- 1.3 The Assistant Director of Audit (Local Government) Fiona Mitchell-Knight from Audit Scotland will be at the Council meeting on 8 December 2010 to present the report to the Council and answer any questions from members.
- 1.4 This report is intended to provide members with a final version of the Abstract of Accounts 2009/10 and to provide any officer comment on Audit Scotland's report.

2 2009/10 Abstract of Accounts

- 2.1 This document is the final formal statement of the Council's financial affairs for the year ended 31 March 2010. It is this document which is subject to scrutiny by the external auditor and upon which there is comment in the audit certificate and the report to members.
- 2.2 The enclosed Abstract represents the Council's attempt to comply with the continually changing requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. The Abstract was submitted to the Scottish Government and the external auditor in accordance with the statutory deadline.
- 2.3 The audit opinion on the Council's Abstract has been qualified on the issue of group accounts. The auditor was of the view that they should have included the Shetland Charitable Trust and its subsidiaries.

3 Report to Members and the Controller of Audit

- 3.1 As noted in 1.3, Audit Scotland staff will present their report to the Council and in doing so will highlight what they consider to be the major issues.
- 3.2 Some of the detailed issues relating to the Abstract itself, included in their report to members, were also in the ISA 260 letter that was presented to the Audit and Scrutiny Committee at its meeting on 27 September (report no F-057F).
- 3.3 The auditor's view on the issue of group accounts and the audit qualification can be found in pages 9 to 11 of their report.

4 Financial Implication

- 4.1 This report on the Abstract and Report to Members has no financial implications, at least in form of requiring decisions over proposals to incur expenditure.

5 Policy and Delegated Authority

- 5.1 As the final statement of the council's financial affairs for 2009/10, the Abstract of Accounts is presented to the Audit and Scrutiny Committee for the attention of members, allowing them to express their view on it to the Council.

6 Conclusion

- 6.1 I would wish to record my thanks to Audit Scotland and their staff for the work done.

7 Recommendations

- 7.1 It is recommended that the Committee recommend to the Council that they should note the contents of this report, Appendix A and the Abstract of Accounts for 2009/10 and undertake to keep under review the issues raised in the report to members by the external auditor and in particular the action plan contained therein.

Our Ref: MCF/GJ/AB/A/9/31
Date: 8 November 2010

Report No: F-063-F

Shetland Islands Council

Report to Members and the Controller of Audit on the 2009/10 Audit

October 2010



Shetland Islands Council

Report to Members and the Controller of Audit on the 2009/10 Audit

October 2010

Contents

Key Messages	1	Performance management and improvement	36
Introduction	3	Appendix A	42
Financial statements	5	Appendix B: Action Plan	43
Use of resources	15		
Governance and accountability	27		



Key Messages

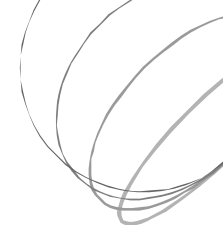
For the fourth consecutive year we have given a qualified opinion on the financial statements of Shetland Islands Council. The qualification relates to the fact that the council has not included the results of the Shetland Charitable Trust (SCT) in its group accounts for 2009/10. The Accounts Commission findings following the public hearing in June 2010 stated that no reason had been heard which would lead them to disagree with the appointed auditor on this matter.

The 2009/10 audit identified a significant number of late adjustments to the financial statements and areas of non-compliance with accounting requirements. We also have concerns over the council's preparedness for the introduction of International Financial Reporting Standards in 2010/11 and we note that the council did not submit Whole of Government (WGA) draft accounts for audit to comply with government deadlines. The council has also not yet resolved ongoing financial governance issues including those relating to the transfer of Shetland Towage pensions. These issues lead us to a conclusion that there are concerns over financial stewardship and reporting within the council.

The council continues to provide a range of high quality services, however the cost of providing these services is leading to the council using substantial amounts of its reserves each year. This cannot be sustained over the longer term. It remains our view that throughout 2009/10 councillors have yet to demonstrate they are able to collectively take the difficult decisions required to reduce the draw on reserves in line with the agreed financial strategy. The council now needs to set clear strategic priorities which support its overall aim of maintaining a balance of £250 million of reserves. All scrutiny agencies also agree that the council needs to start demonstrating that it delivers services in a way which demonstrates best value.

The council's net operating expenditure in 2009/10 was £139.7 million which is an increase of £36.9 million (36%) over the previous year. This meant that there was a deficit of £37.7 million, 27% of net expenditure for the year. Increases in expenditure were noted in all service areas and the effect of this is that the draw on reserves was £36.9 million which was £3.9 million in excess of budget. Notwithstanding this, the council achieved its financial strategy of maintaining a £250 million reserves threshold and, at 31 March 2010 the council had total funds of £273.75 million, which is a decrease of £21 million from the previous year. The council's long term aim is to reduce demand on reserves so that the draw on reserves will be zero in 2012/13, however the current economic climate and the evidence of increasing levels of expenditure in all service areas are risks that the council may not achieve its aims.

In 2010/11 the council's net revenue budget included savings of £9.943 million. There is a serious risk that this will not be achieved due to the fact that as at 15 September 2010, £8.5 million of these savings had yet to be identified by the council.



Following our report on the 2008/09 audit, the Controller of Audit presented reports to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973. These led to the Accounts Commission holding a public hearing in Lerwick in June 2010 and a number of wide ranging areas for improvement were identified in the council's governance arrangements. Following the appointment of a new Chief Executive in August 2010, an Improvement Plan is now being prepared for submission to the Accounts Commission in November.

In September 2010 the Chief Executive presented a report to the council which stated that the council is currently working on "the development and implementation of a corporate improvement process" and that this "should be the primary focus of the council for the next 12 months". In relation to this, council members approved the proposal from the Chief executive to "commission specific pieces of work with input from Local Government colleagues who have offered their support in developing and embedding best practice". We will continue to monitor this area as the Accounts Commission has asked for a further report in 2011 on the progress made by the council.

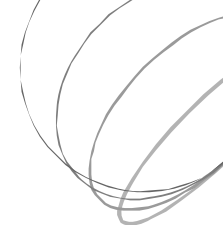
Outlook

There have been recent changes in the council's management following the appointment of a new Chief Executive in August 2010, and an Improvement Plan is now being prepared for submission to the Accounts Commission in November. In September 2010 the Chief Executive prepared a report which addressed initial actions towards corporate improvement and this was approved by members. We will monitor progress of the improvement plan.

The most significant challenge the council faces is a reduction in funding in the years 2011 to 2014. Although the exact size of the reduction will not be known until late October 2010, the council can and must take action now to anticipate significant cuts in its budget. The council's corporate management team is reviewing services to identify savings. The Chief Executive has recognised the need for a review of budget strategy and this will be progressed into 2011. It will be important for members to consider and agree a clear budget strategy even, though this may involve difficult decisions, to provide clear direction over the medium term.

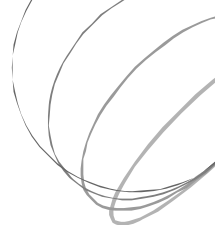
The Accounts Commission has asked for a further report in 2011 from the Controller of Audit on the progress made by the council against its recommendations made following the public hearing.

The co-operation and assistance given to us by Shetland Islands Council members, officers and staff is gratefully acknowledged.

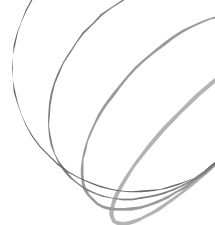


Introduction

1. This report is the summary of our findings arising from the 2009/10 audit of Shetland Islands Council (the council) and other relevant work carried out by the Audit Scotland (see Appendix A).
2. Last October we submitted our Report to Members and the Controller of Audit on the 2008/09 Audit which raised significant concerns about the council's governance arrangements. Following this, in December 2009 the Controller of Audit presented a report to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973. The Accounts Commission requested that additional audit work was carried out and a further report was presented to them by the Controller of Audit in May 2010. Following consideration of this report, the Accounts Commission held a public hearing in June 2010. The Accounts Commission's findings, published in August, include a number of wide ranging recommendations to the council. In response to these recommendations, following the appointment of a new Chief Executive in August 2010, an Improvement Plan is now being prepared for submission to the Accounts Commission in November.
3. The council's response to these findings will be monitored throughout our audit appointment. However we do not repeat all of the recommendations in this report. Instead we focus on the financial statements and any significant findings that have arisen from our 2009/10 audit.
4. This report is structured around the headings of the corporate assessment framework, which we and the other scrutiny bodies used as the structure for the recent local area network (LAN) shared risk assessment and assurance and improvement plan (AIP) (www.audit-scotland.gov.uk/work/scrutiny/docs/Shetland.pdf). Where relevant, we comment on issues identified in the AIP for investigation or monitoring by the local auditor.
5. Audit Scotland also carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports published in the last year of direct interest to the council are:
 - Making an impact – overview of best value audits 2004 -09.
 - Protecting and improving Scotland's environment.
 - Overview of local government in Scotland 2009.
 - Getting it right for children in residential care.
 - How councils work: an improvement series for councillors and officers - Roles and working relationships: are you getting it right?
 - Scotland's public finances – preparing for the future.
 - The national fraud initiative in Scotland 2008/09.
 - Improving public sector efficiency.
 - National scrutiny plan for local government 2010/11.



6. All of these reports have been sent to the council for consideration and we do not discuss them in this report. They are available on our website www.audit-scotland.gov.uk.
7. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and have agreed to take the specific steps set out in the column headed *Planned Management Action*. We do not expect all risks to be eliminated or even minimised. What we are expecting to see is that the council understands its risks and has in place mechanisms to manage them. Members should ensure that they are satisfied with the proposed management action and have a system in place to be duly assured that the proposed action has been implemented.
8. This report is addressed to members and the Controller of Audit. It will be published on our website after consideration by the council. The Controller of Audit may use the information in this report for the annual overview of local authority audits to the Accounts Commission later this year. The overview report is published and it is also presented to the Local Government and Communities Committee of the Scottish Parliament.



Financial statements

Introduction

9. The financial statements are an essential means by which the council accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources. In this section we summarise key outcomes from our audit of the council's financial statements for 2009/10, comment on the significant accounting issues faced, and provide an outlook on future financial reporting issues.

Audit Opinion

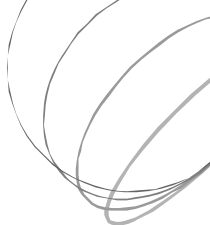
10. For the fourth year we have given a qualified opinion on the 2009/10 financial statements of Shetland Islands Council. The *Code of Practice on Local Authority Accounting in the United Kingdom- a Statement of Recommended Practice (the SORP)* requires group accounts to be prepared by local authorities (where they have interests in subsidiaries, associates and joint ventures). Group financial statements are required to present a true and fair view of the authority's activity and financial position. The council has not included the results of the Shetland Charitable Trust (SCT) in its group financial statements for 2009/10. In our opinion, the substance of the council's relationship with this body represents a significant interest and this omission results in a material mis-statement of the group accounts. Based on prior year financial statements, we estimate that the Shetland Charitable Trust and its subsidiaries would add £2 million to the group surplus and £176 million to the group balance sheet. Further details are discussed at paragraph 22.

Action plan 1

11. In 2009/10, we did not consider it necessary to repeat the previous year's qualification covering financial asset accounting, due to additional work undertaken by the finance department and the additional disclosures made in the financial statements this year.

Compliance with proper accounting practice

12. The council's Section 95 officer, the Head of Finance, has a duty to prepare financial statements which comply with proper accounting practice and submit them to the Controller of Audit by 30 June of each year. The Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice (the SORP) constitutes proper accounting practice under Section 12 of the Local Government in Scotland Act 2003. The auditors are then required to conclude the audit of these financial statements and finalise our audit opinion by 30 September.
13. At the time that the financial statements are submitted for audit it is also expected that the council can provide to the local auditors, on request, working papers and accounting records to support all

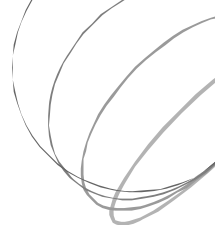


figures that have been reported in these financial statements. We found that, as in previous years, the financial statements required a large number of changes to meet SORP requirements. The council also submitted a number of versions of the financial statements before presenting one that reflected all agreed audit adjustments.

14. In advance of the audit, we had agreed with the finance department that audit queries would be emailed to the financial accountant each Friday during the audit. The financial accountant agreed to respond to the queries by the following Thursday and we would update our list of matters on the following day. This system was not maintained during the entire audit process and several weeks passed without any responses being received from the council. The result of this is that there were unnecessary pressures on the completion of the audit process and a large number of audit queries remained outstanding in late September, after the completion of the audit fieldwork.
15. Of particular concern was that at 27 September, as reported in our ISA260 letter, the council was unable to provide us with any working papers or accounting records to support an unreconciled balancing figure of £19.983 million in the Statement of Total Recognised Gains and Losses (STRGL) despite our request for details on 22 July. It is not acceptable for the financial statements to include a balancing figure that cannot be supported by accounting records. If this issue had not been resolved it could have led to a further qualification on the financial statements. However, on 28 September, the council identified the reasons for £19.452 million of this balance, leaving £531,000 unreconciled. As the unreconciled amount remaining is not considered material to the financial statements as a whole, this is noted as an unadjusted error in the financial statements that the council must resolve for 2010/11. After identifying reasons for most of the balance, the council then corrected the errors in the audited financial statements.

Action plan 2

16. Despite early and ongoing requests between July and September for information, a number of other outstanding issues were reported in our ISA260 report. The council has now resolved these issues and adjusted the audited financial statements. A large number of changes were made that include:
 - a prior year adjustment of £2.3 million to reduce investment income. This was in respect of the requirement in the SORP to account for the effective interest rate on bonds
 - fixed asset accounting errors
 - correction of an error in recording an intra-group transaction of £683,000 between the SDT and the council
 - an adjustment to correct the mis-posting of a loan for £72,000 as a grant.



17. The fact that the council could not provide to us on request working papers and accounting records to support all figures that had been reported in the submitted financial statements was not acceptable. The time then taken to provide explanations was also unacceptable and there was a high risk of a further qualification on the audit opinion, which has to be concluded by 30 September. The number of information requests and changes to the accounts has also meant that a significant amount of extra audit resources have been required to complete the audit over and above that expected in councils. This will be a factor which we will take into account in our future audit planning and the level of audit fee charged to the council.
18. We have reported in previous years that a great deal of reliance is placed on one officer for the production of the accounts and in dealing with audit queries and there was evidence this year that this led to delays in the responses being received by the audit team. Future discussions will be held between the audit team and the finance department on the improvements required in the annual financial statements process. This will include providing explanations of unexplained variance between figures from year to year.

Action plan 3

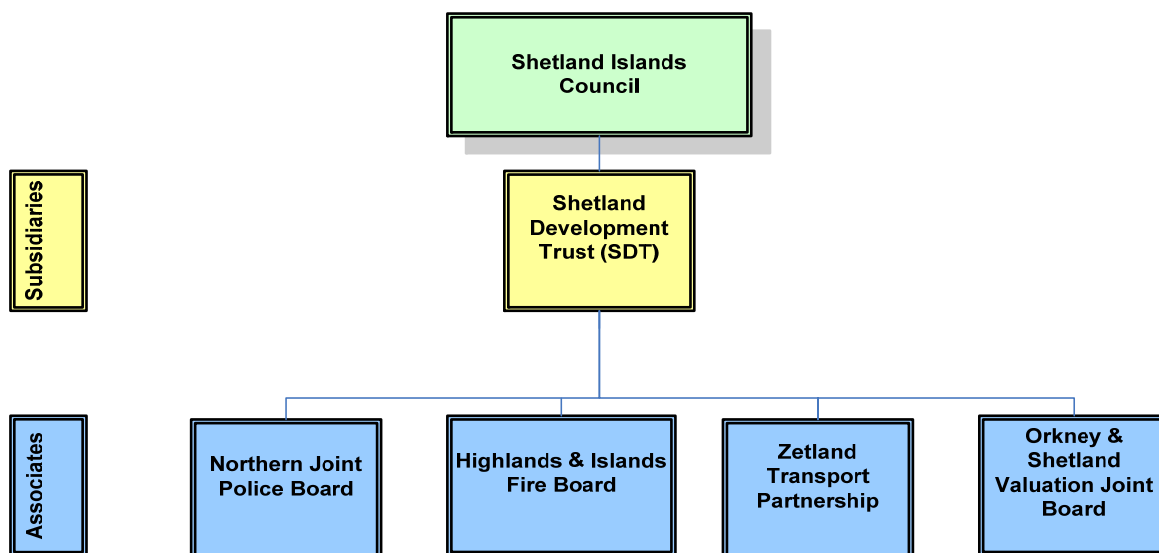
Accounting Issues

Group accounts

19. The diversity of service delivery vehicles used by local authorities means that consolidated group accounts are required to give a true and fair view of a council's income and expenditure. The council has disclosed an interest in one subsidiary and four associates and has included them in its group accounts in accordance with the SORP (refer to Exhibit 1 below). All four associates are audited by Audit Scotland and audit assurance has been taken from this work. The auditor of the subsidiary body (SDT) is KPMG who provided us with appropriate audit assurances.

Exhibit 1

Shetland Islands Council reported group structure



20. We would like to highlight the following issues:

- In accordance with recommended accounting practice, key policies for component bodies have been aligned with the council with the exception of the SDT. The SORP requires a charge to be made to the income and expenditure account for pension costs in accordance with FRS17. The auditors of the SDT have informed us that the trust did not adopt FRS 17 in the preparation of the accounts despite being an admitted employer in the Shetland Islands council local government pension scheme. The notes to the group financial statements disclose this difference in accounting treatment.
- Following the transfer of staff to Shetland Islands Council in December 2009, the Trust ceased to be an admitted employer to the Shetland Islands Council pension scheme. As a result, the scheme actuaries are in the process of calculating the cessation valuation arising from the withdrawal of the Trust. An indicative liability of £150,000 has been provided and this has been recorded as an adjustment to the council's draft accounts received for audit.
- The SDT reports its investments at amortised cost less provision for impairment where evidence of impairment exists. This differs from the accounting treatment used by the council where all investments are shown at fair value which is based on the quoted market bid price provided by the council's external fund managers. The notes to the group financial statements disclose this difference in accounting treatment.

- All bodies within the group received unqualified audit opinions from their external auditors.
- If the structure of a group company changes the Head of Finance should review the audit arrangements for that body to consider any implications for the council's group accounts. During the financial year, we were told that the transactions of the SDT had been amalgamated with those of the council. As a result of this, the audit team planned to include a review of the transactions of the SDT with the audit of the council. In May 2010 we were informed by the previous auditors of the SDT that, although the trust deed had been amended, the transactions of the body were still separate from those of the council. At that time we requested a copy of the trust deed and a confirmation from the Head of Finance on the audit arrangements for the trust. In August the trust deed was provided and it was confirmed that KPMG would be reappointed as auditors of the revised trust. This late appointment meant that there was a risk that the audit of the trust would not be concluded on time for us to take assurances on this subsidiary's figures. In the event we received assurances from KPMG at the end of September. If any future restructuring of group companies is carried out, the audit arrangements should be considered at an earlier stage.

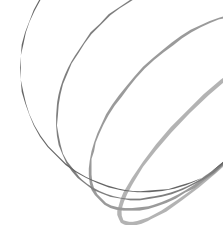
Action plan 4

Group accounts audit qualification

21. The accounting treatment of the Shetland Charitable Trust (SCT) has resulted in the qualification of the council's group financial statements for the fifth consecutive year. Group financial statements are required to present a complete picture of the council's activities and financial position. We have not received any further evidence from the council to support its contention that the financial statements of the SCT should not be included within the group. It remains our view, therefore, that the omission of the SCT and its subsidiaries from the council's group accounts is not in accordance with the SORP and represents a material mis-statement of the group accounts.

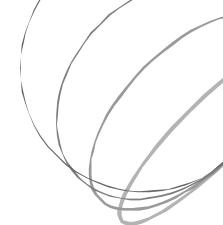
Action plan 1

22. In a report to council on the matter dated 28 October 2009 the council's Head of Finance described this situation as 'a total impasse' and noted 'the plain fact is that the council can do no more to make the grouping of accounts happen. The council had asked once again for Charitable Trust cooperation, and had once again been refused, it is now powerless to act further.' At this meeting in October 2009, the council confirmed its view that it had now done all it could do on this matter.
23. The qualification of the council's financial statements contributed to two Section 102 reports being made by the Controller of Audit to the Accounts Commission. Following this, a public hearing was held by the Accounts Commission in June 2010 when the reasons for the qualification were discussed. The Accounts Commission findings following the public hearing in June 2010 stated that



no reason had been heard which would lead them to disagree with the appointed auditor on this matter.

24. Our concerns about the SCT relate to the group accounting issue only and the need for the council's Head of Finance, as the Section 95 officer, to prepare the financial statements in accordance with the SORP. We acknowledge the view that the trust is a separate legal entity, but because of the nature of the council's relationship with the SCT we remain of the opinion that, to comply with accounting requirements, the financial results of the SCT should be consolidated into the council's group accounts. As auditors, we have a statutory responsibility to report our opinion as to whether or not the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the SORP.
25. On 5 May 2010 we wrote to the Head of Finance to again clarify the factors which influence our audit qualification. This letter was presented by us to the Audit and Scrutiny Committee on 7 June 2010. The following factors support our view that the SCT results should be included in the council's group accounts.
26. **Structure:** SCT currently has 23 trustees – 21 councillors, the Lord Lieutenant of Shetland and the head teacher of Anderson High School. All Shetland councillors are appointed ex officio as trustees but one councillor has decided to stand down as a trustee due to a declared conflict of interest. Following the public hearing in June 2010, the Accounts Commission issued findings stated that, in relation to the SCT, "councillors refused to acknowledge the possibility of conflicts of interest in relation to council business". In July, the Office of the Scottish Charity Regulator (OSCR) identified a "real risk of systemic and specific conflict" and imposed a system of "tailored monitoring" on the trust. OSCR's letter of 9 July 2010 encouraged the trust to "move forward to adopt different, less high risk and more appropriate governance arrangements". The SCT is reviewing options to change its composition, reducing the proportion of councillors who have been appointed as trustees. However, at a meeting on 8 September 2010, the trustees voted to reject the latest proposal. Trustees do accept that change is necessary and are now seeking further legal advice on how the trust should be governed.
27. **Purpose of SCT:** the purpose of the trust is to make grants or loans for any charitable purpose which benefits the Shetland Islands or its inhabitants. The 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. It is our opinion that if the trust no longer provided these services, the council would incur additional costs in providing these services:
 - On 3 December 2008, a report was agreed by the council which discussed the impact of the world financial crisis on the council and the SCT. The report acknowledged the charitable trust relies heavily on investment income to fund its current service provision. The report stated "if the circumstances in the markets jeopardise the trust's ability to fund the various activities



covered at present, the council will need to consider whether it will need to provide alternative funding.”

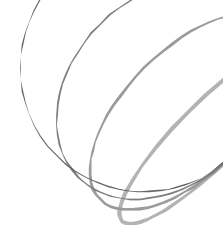
- In relation to the Rural Care Model, the SCT provides care homes and the council is responsible for the management and services within the homes. The result of this is that the residents of Shetland obtain a high level of service in excess of that due to be provided by the council as part of its statutory responsibilities. Without consolidation, there is a lack of transparency in the total cost of providing this level of service to the Shetland community. If the SCT were to remove its level of input to the Rural Care Model the council would require to review its strategy and any decisions taken will impact on the council’s resources and the level of service provided to the community.

28. **Financial relationships:** The SCT was created by the council to receive the oil disturbance payments (until the agreement was terminated at 1 September 2000) which otherwise may have been received by the council. Total disturbance payments to SCT totalled £81 million. The trust’s current sources of income are investment income and rental income with no ongoing financial support from/to the council. However, the following inter-related transactions that have taken place between the council and the SCT also support the inclusion of the trust in the council’s group accounts:

- The Shetland Development Trust (SDT), a subsidiary of the council, agreed in September 2010 to donate its current and future undistributed surpluses to the SCT. It is anticipated that future donations will be approximately £0.8 million inclusive of tax credits.
- There is evidence that the council has not paid for school use of the leisure centres owned by the Shetland Recreational Trust (SRT), a subsidiary of the SCT. It was identified during the year that the true cost of school use of the SRT’s facilities was approximately £400,000 per annum. The council originally agreed to pay this amount to the SRT, but later decided that this would not be done due to budget restrictions.

Group balances and going concern

29. Excluding SCT, the overall effect of inclusion of all of the council’s group entities on the group balance sheet is to reduce net assets by £32.3 million, mainly because of pension liabilities. However, all group bodies’ accounts have been prepared on a going concern basis as pension liabilities will be funded as they fall due through a combination of employee and employer contributions, government grants and council tax. If SCT were included within the group entity, this would contribute net assets of £176 million to the group balance sheet, based on prior year audited financial statements.
30. The council has an obligation to meet a proportion of the expenditure of the joint boards of which it is a constituent member. All of these boards (Northern Police, Highlands and Islands Fire and Orkney and Shetland Valuation) had an excess of liabilities over assets at 31 March 2010 due to the accrual



of pension liabilities. In total, these deficits amounted to £533.48 million (2008/09 £327.5 million), with the council's share being £48.86 million (2008/09 £34.5 million).

Treasury management

31. Year end reports from the council's external fund managers are required for the preparation of the financial statements. There is currently scope for the detail in these reports to be improved and to reduce the risk of non-compliance with the SORP, the Head of Finance should liaise with the fund managers to ensure that year end reports contain adequate detail. Two of the matters arising included in our ISA 260 report relate to areas of non-compliance with the SORP due to lack of information given to the finance department by the fund managers:
- The available for sale financial assets reserve should be maintained at individual asset level. Currently, the information received from fund managers is not detailed enough. When a financial asset is sold, any realised gain or loss needs to be written out of the available for sale reserve and taken to the income and expenditure account. Although realised gains and losses are taken to the income and expenditure account, there is a risk that the reserve figure does not accurately reflect individual gains and losses on financial assets.
 - The SORP requires an assessment to be made as to whether there is any evidence that the value of any financial asset or group of financial assets may have fallen i.e. its value has been impaired. Despite assurances from the Head of Finance following the audit of the 2007/08 and 2008/09 accounts that an impairment assessment would be carried out this was not done in 2009/10. The information currently received from the fund managers does not include the appropriate level of detail.

Action plan 5

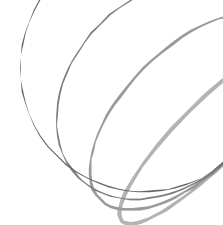
Whole of Government Accounts (WGA)

32. The council was required to submit draft whole of government accounts to the Scottish Government by 30 July but the return was not submitted by the council until 6 October. These accounts required to be audited by 30 September and this deadline could not be met due to the draft return not being submitted by the council.

Action plan 6

International Financial Reporting Standards (IFRS)

33. With effect from 2010/11, local government will move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS). There are no formal deadlines in relation to IFRS in advance of 30 June 2011 when the unaudited financial statements are due to be submitted for audit. It is accepted good practice, however, for councils to produce a restated opening



balance sheet and shadow accounts. Shetland Islands Council contracted with CIPFA and PwC for support through the processes required to comply with IFRSs. We reported in our annual report last year that the council did not sign up until July 2009, thereby missing the initial training sessions provided in April 2009. Further to that, at a meeting of the CIPFA/PwC IFRS project team in March 2010, Shetland Islands Council was identified as one of two councils in Scotland which were the worst performing as far as preparation for IFRS is concerned.

34. Although there is no specific requirement for audit involvement, in line with good practice, external auditors at most councils have been commissioned to review the restated balance sheet in advance of the 2010/11 audit, when full compliance with IFRS will be required. Auditors at other councils have, therefore, been able to report whether suitable progress is being achieved towards the full introduction in 2010/11. At Shetland Islands Council, we have been unable to obtain agreement from the council to undertake this early assurance work and we are therefore unable to comment further on the details of the council's preparation for IFRS. There is a risk that the council may fail to achieve the statutory deadlines in 2011.

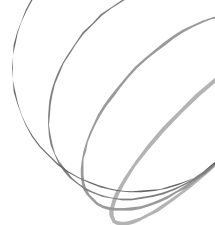
Action plan 7

Trust funds

35. Local authorities with registered charitable bodies are required to comply with the requirements of the Charities Accounts (Scotland) Regulations 2006. In effect, this means a full set of financial statements is required for each trust fund. However, OSCR has deferred the date of full implementation until 2010/11. This means that reliance can be placed on the existing disclosure for trust funds in the council's financial statements, supplemented by appropriate working papers. The council needs to consider the impact of these requirements for future years.

Legality

36. Through our planned audit work we consider the legality of the council's financial transactions. There are no additional legality issues arising from our audit which require to be brought to members' attention. In addition the Head of Finance confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the council's management team, the financial transactions of the council were in accordance with relevant legislation and regulations.



Financial reporting outlook

37. A number of changes to financial reporting are expected to apply from 2010/11:

- Full compliance with IFRS. This is not simply a technical accounting matter: the Scottish Government is in discussion with local government about areas where statutory adjustments are required to mitigate the impact on the general fund.
- Pension funds. Separate statements for pension funds will be required. The Scottish Government is consulting on the requirement for a separate pension fund audit in place of the audit which is done as part of the administering council's annual audit.
- Carbon trading. From April 2010 a new and complex system for charging for carbon emissions was introduced by the EU. The council is required to purchase and account for carbon credits to cover all of its non transport related energy usage. Incentives and penalties will be built into the system to encourage a reduction in carbon emissions. 2010/11 is the registration year and the council has informed us that costs are not likely to be material for Shetland.
- Charity accounts. As previously mentioned, full compliance with OSCR's reporting requirements is likely to be required. This will have an impact on the Zetland Educational Trust, the Gilbertson Trust, the William Strong Bequest and the Samuel Mullaay Bequest, all of which are registered with OSCR.

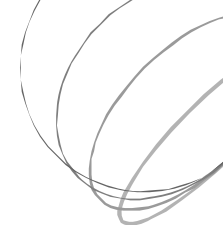


Use of resources

Financial results

38. In 2009/10, Shetland Islands Council spent £196.62 million on the provision of public services. The council's net operating expenditure in 2009/10 was £139.7 million. This was met by central government and local taxation of £102.01 million, resulting in a deficit of £37.69 million, 27% of the net expenditure for the year (5.1% in 2008/09).
39. The budget set for 2009/10 was based on a Band D council tax level of £1,053 with planned contributions of £30.7 million from reserves: £3 million to cover the general fund deficit, £7.7 million to cover reserve fund expenditure and £20 million general fund capital programme support. Council decisions during the year revised the budgeted draw on reserves to £40.77 million: £4.57 million to cover the general fund deficit, £16.2 million to cover reserve fund expenditure and £20 million general fund capital programme support.
40. After taking account of statutory adjustments, £17.68 million was required from reserves to meet the general fund deficit. This was offset against a smaller than anticipated draw on reserves for reserve fund expenditure of £12.9 million and capital expenditure of £6.31 million. The overall draw on reserves was, therefore £36.89 million, which is £6.19 million more than the original budget set in February 2009, but £3.88 million less than the revised budget at the year end.
41. The overspend on the general fund was attributable to a recharge of £11.83 million to services of amounts which had been charged to capital for which no asset had been supplied, including £3.07 million for Anderson High School and £2 million for the Bressay Bridge. In addition, there were overspends on winter gritting of £0.7 million and an additional amount of £0.45 million on the winter fuel payment. As in previous years, there are some large underspends in the education and social care staffing budgets where activities had not progressed as planned, and in the economic development unit where several projects have been delayed until 2010/11.

Action plan 8



42. The following table provides some information about the council's financial position compared to other Scottish councils:

Ratio	Description	Value for Shetland 2008/09	Value for Shetland 2009/10	Range for all Scottish Councils 2009/10
Working capital (Current assets as a ratio of current liabilities)	This is an indicator of the council's ability to pay its current liabilities in the short term	2.53	2.48	0.33 to 2.48
Useable reserves as a percentage of general revenue expenditure	This shows the proportion of revenue expenditure that could be met from reserves	285%	196%	3.7% to 230.4%
Long term borrowing compared to tax revenue	This ratio illustrates the proportion of a council's tax related income that would be needed to pay off long term debt	0	0	0 to 6.79
Long term assets as a percentage of long term borrowing	This gives an indication of the ability to borrow to replace or repair assets	N/A	N/A	1.77 to 38.12

43. These ratios indicate the liquidity and financing position of the council. In making comparisons between councils, there are a number of factors which affect the indicators. These include the council's group structure, asset management arrangements (e.g. housing stock transfers) and financial strategies. As the council has no long term borrowing in 2008/09 or 2009/10, this has a significant impact on the last two ratios but they have been included here to allow full comparisons to be made.
44. We have compiled this information for the first time this year and it establishes a starting point to allow the council's financial stability to be monitored in the future. The council should consider whether the ratios indicate any areas for further consideration within the context of its financial strategies.

Reserves and balances

45. Exhibit 3 shows the balance in the council's funds at 31 March 2010 compared to the previous year. Funds include a capital fund which may be used to defray capital expenditure or repay loan principal, and a repair and renewal fund to finance expenditure incurred in repairing, maintaining, replacing and renewing fixed assets, a reserve fund which can be used to defray certain expenditure on the harbour undertaking and for any other purpose which is solely in the interests of the inhabitants of Shetland

and an insurance fund. At 31 March 2010, the council had total funds of £273.75 million, a decrease of £20.94 million on the previous year.

46. The council aims to reduce demands on reserves over the medium term so that the draw on reserves to fund general fund expenditure will be zero by 2012/13. The long-term aim is to maintain the general fund reserve at a minimum threshold of £250 million. The current levels of use of reserves increases the risk that the council's strategy of maintaining reserves above the £250 million will not be achieved.

Action plan 9

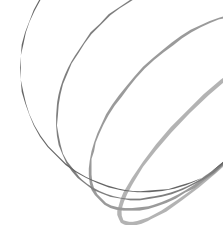
Exhibit 3

Reserves

Description	31 March 2010 £ Million	31 March 2009 £ Million
General Fund	0.16	0.07
Capital Fund	118.56	114.29
Repair and Renewal Fund	85.05	92.72
Reserve Fund	69.73	87.39
Insurance Fund	0.25	0.22
	273.75	294.69

Budgetary control

47. As reported in paragraph 42, despite the overall financial pressures, a pattern of under-spending of a number of approved budgets continues. Budgetary control reports for 2010/11 show that this pattern is continuing in the current year.
48. For the council to maintain its reserves at £250 million, while ensuring sustainability and quality of services, a comprehensive policy led approach to budgeting is required. This would demonstrate which of the council's objectives could be delivered within available resources each year. It would provide the information needed by the council to prioritise its objectives if the council's reserves were at risk of falling below the target level in the longer term. There continues to be a risk that budgets are incremental and budget savings are identified by top slicing without a review of overall priorities and spending needs of the council.



49. To enable the council to make difficult decisions about how its resources are to be used in the future. The management information presented to members should also be reviewed to ensure it is comprehensive, covers all options and is costed to enable strategic choices to be made on where finite resources are to be used by the council.

Action plan 10

50. It is encouraging to note that the newly appointed Chief Executive, in a report to members on 15 September 2010, proposed a review of the budget process and its links with wider aspects of corporate strategy.

Capital performance 2009/10

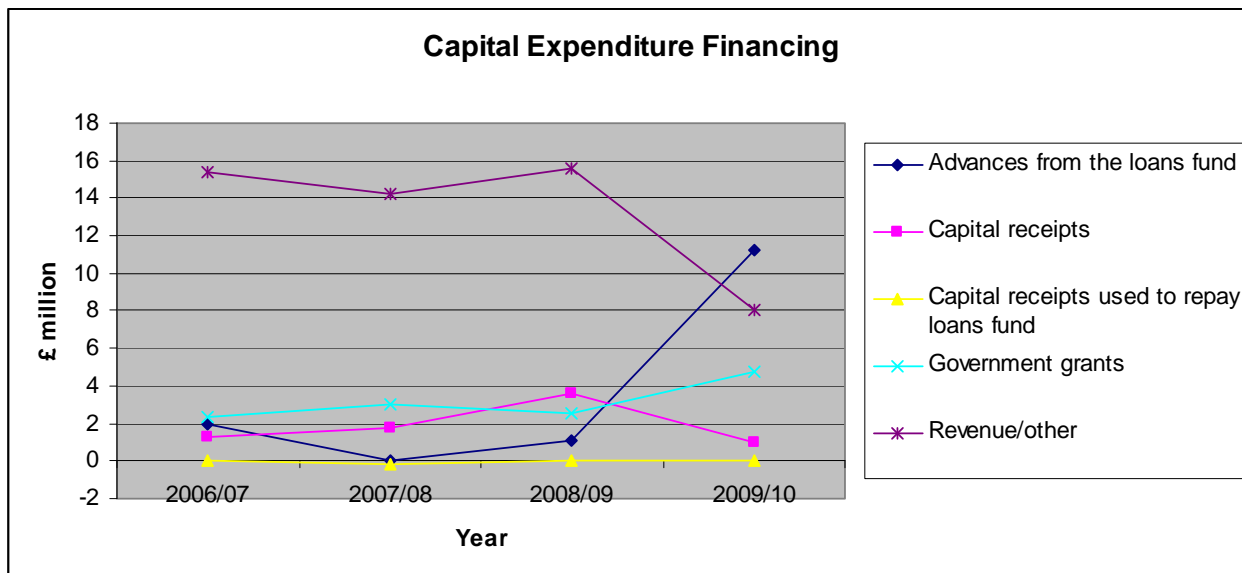
51. The council's prudential indicators for 2009/10 were set in February 2009. Capital expenditure increased by £2.2 million during the year to £25 million - £18.41 million of the total related to the general fund capital programme. The trend in capital investment and sources of funds is reflected in exhibits 4 and 5. Overall, an underspend of £6.29 million against budget was reported on the council's capital programme for 2009/10, representing a £1.99 million underspend on the general fund capital programme and a total underspend of £4.3 million on the reserve fund, HRA and harbour account. Total project slippage of £4.2 million has been carried forward to 2010/11 for completion of other programmes.

Exhibit 4

Sources of finance for capital expenditure 2006/10

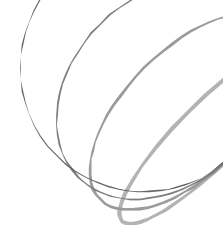
	2006/07 Actual £M	2007/08 Actual £M	2008/09 Actual £M	2009/10 Actual £M	2009/10 Budget £M
Advances from the loans fund	1.98	0	1.07	11.23	13.15
Capital receipts	1.26	1.77	3.61	0.95	0.89
Capital receipts used to repay loans fund	0	(0.21)	0	0	0
Government grants	2.36	2.99	2.56	4.72	4.15
Revenue/other	15.41	14.23	15.55	8.07	36.0
Total	21.01	18.78	22.79	24.97	54.19

Exhibit 5



Capital project management

52. Last year we highlighted that improvements were required in capital programme management. In October 2009, members approved the first year of a proposed 5 year capital programme. To further progress the capital plan, in February 2010, the council appointed a head of capital programming. In March, the council approved the Gateway Process for use in the development of a 5 year capital programme. The Gateway Process is a system of review and challenge designed to ensure the robustness of proposed projects. These are positive developments by the council and will help to control the risk that additional expenditure and delays on capital projects and delays will be incurred.
53. The council currently has a number of high profile projects. These include Anderson High School and Mid Yell Junior High School. Progress on each of these projects is discussed below.
54. **Anderson High School:** A statutory consultation period began on 30th August 2010 on the proposed relocation of Anderson High School from the Knab in Lerwick to a site at Lower Staney Hill. The consultation period closes on 10th October 2010 and decisions will then be taken by the council on how to progress the project.
55. This project has been ongoing for several years and costs have been incurred and capitalised although no asset has yet been constructed. Last year we highlighted that over £3 million was included on the council's fixed asset register for costs relating to Anderson High School and the previous decision to build the school at the Knab. In 2010/11, these costs were correctly removed from the fixed asset register and charged to the income and expenditure account. It is of concern that



the council has incurred these costs without an asset being constructed and it is essential that the council closely monitors ongoing expenditure in this area to avoid unplanned charges against the revenue budget.

Action plan 8

56. **Mid Yell Junior High School:** The estimated cost has increased from £8.5 million to £8.75 million following a decision by the council on 1 July 2009 to expand the design to offer greater storage capacity and to enlarge accommodation for music and additional support for learning. A report to the Services Committee on 2 September 2010 stated that the project has an expected completion date of October 2010.

Treasury management

57. The current economic climate means interest rates on borrowing and investments are low. The council does not have any borrowings but, with large reserves, the main impact has been the continuing reduction of investment income from £10.76 million in 2008/09 to £9 million in 2009/10 (£13 million and £15 million in 2007/08 and 2006/07 respectively). At 31 March 2010 the council held cash and temporary investments totalling £20.91 million.

Pension funds

58. The council is responsible for the management and administration of Shetland Islands Council Pension Fund (the pension fund). The pension fund is a pool into which employees' and employers' contributions and income from investments are paid and from which pensions and other lump sum benefits are paid out in accordance with the provisions of the Local Government Pension Scheme (Scotland) Regulations. The council is trustee for the pension fund covering 3,067 members, including 330 who are members of other admitted bodies and 11 who are members of a scheduled body. These figures do not include teachers who are covered by the Scottish Public Pensions Agency.
59. The council purchased Shetland Towage Limited in February 2006 from SCT with the aim of streamlining operations and generating efficiencies. Approximately 50 staff transferred into the pension fund at a cost of around £4 million. No contribution has yet been made by the council to the pension fund but an actuarial valuation in June 2009 indicated a funding shortfall of £8.346 million and this has been disclosed as a contingent liability. We have recommended in previous years that the council reviews this but the matter is still outstanding. This is a material figure and it is now urgent that the council ascertains the likely timing of the liability and should ensure that budgets are amended to reflect this.

Action plan 11

60. The investment assets for the fund are managed by external fund managers. Over the year, net assets of the fund increased on a market value basis by £69.33 million to £227.43 million at 31 March 2010, mainly due to the relative improvement in market conditions since 31 March 2009.

61. The trend over the last few years is indicated by the following table:

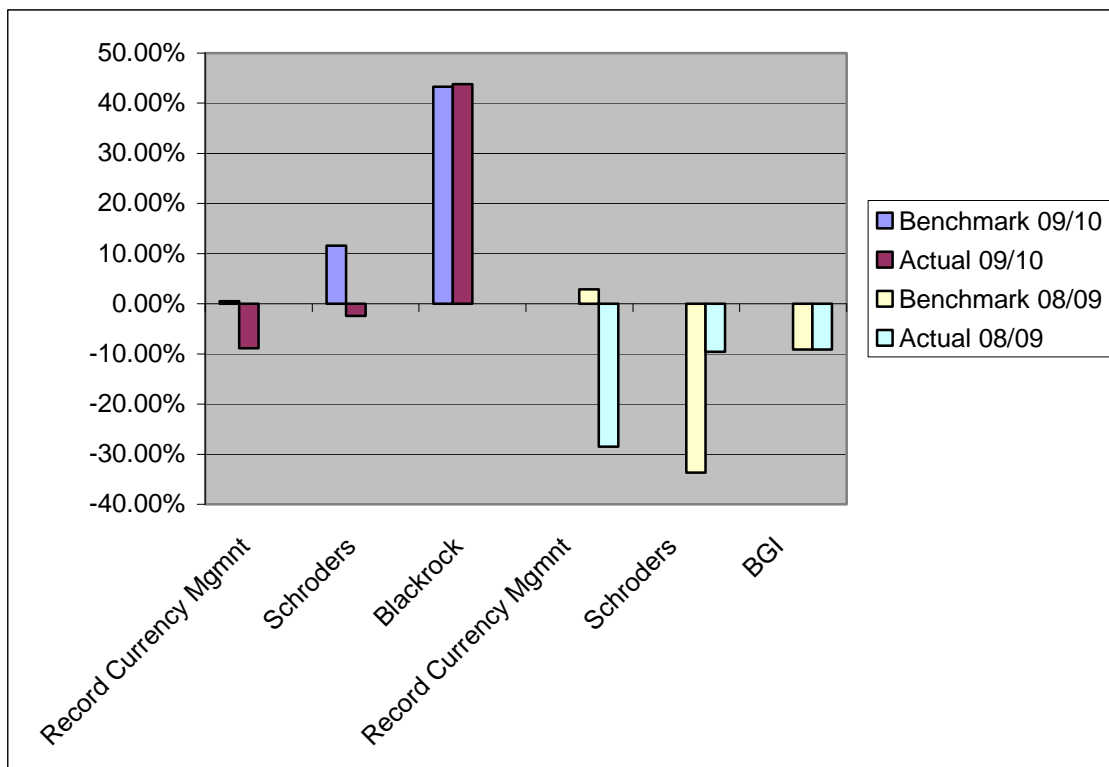
Pension Fund Net Assets

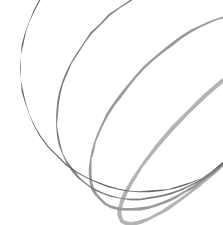
	31/03/07	31/03/08	31/03/09	31/03/10
	£m	£m	£m	£m
Shetland Islands Pension Fund	211.72	199.76	158.10	227.43

62. In 2009/10, the benchmark return was only achieved by one fund manager. In the other two cases negative returns were achieved by the fund managers against positive benchmarks. Exhibit 6 shows the performance of the fund over 2009/10 with performance in 2008/09. It is disappointing to note that only one fund manager achieved their 2009/10 benchmark. The council has a system of monitoring in place to identify the reasons for the levels of performance and is making proposals on corrective action where required.

Exhibit 6

Shetland Islands Pension Fund – fund and benchmark return 2008/09 and 2009/10

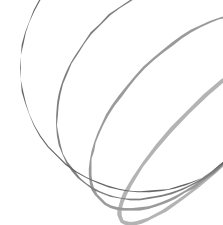




63. The long term impacts of these fluctuations are monitored on an ongoing basis by the council. The effect on the asset values of the pension fund and the future outlook for employers' contributions was assessed at the triennial valuation of the pension fund.
64. The last actuarial valuation of the fund was at 31 March 2008. Factors such as the volatile stock markets and increasing life expectancy resulted in the funding level, calculated as the ratio of fund assets to past service liabilities, falling from 99% at 31 March 2005 to 88% at 31 March 2008. The actuary is required to make a three-year assessment of the contributions that should be paid by the employing authorities from 1 April 2009 to maintain the solvency of the fund. The common rate payable by each employing authority for the period 1 April 2009 to 31 March 2012 is 18.9% of pensionable pay, before allowing for any individual adjustments. The expected employer's contribution for the year to 31 March 2011 is £8.61 million.

Asset Management

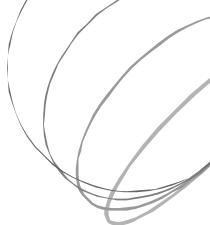
65. In 2009, we published *Asset Management in Councils*. Our study found that strategic asset management was not well developed in most local authorities. For Scottish councils as a whole, over a quarter of all properties were in poor condition and slightly less than that were not suitable for the services being delivered from them. It was highlighted in the report that Shetland Islands Council was one of five councils who did not know the suitability ratings for more than 20% of their buildings.
66. The report was noted by the audit and scrutiny committee on 17 June 2009 where members requested additional information on the areas where the council was reported as performing poorly. Since the report was issued, a new head of capital programmes has been appointed.
67. The assets and properties service has experienced ongoing staffing issues which have resulted in delays in a number of projects over the last two years. The council had plans to complete a review of the non-housing estate by the end of March 2008. Due to the staffing shortages, this has still not been completed.
68. The school estate management plan has been in place since December 2006 and this has been used to inform the council's Blueprint for Education. The council is committed to producing a model for education which considers the educational and financial viability for schools and communities and it is anticipated that significant capital investment will be required to bring some schools and facilities up to a modern standard.
69. A number of schools have been identified for closure as a means of rationalising the school estate. Both Mid Yell and Anderson High School have been designed above the current school role to accommodate any future transfers. This is likely to be progressed on a five to ten year timescale, on the assumption that the new Anderson High School is built within the same timeframe.



70. Several of the issues above were detailed in the Assurance and Improvement Plan (AIP) leading to asset management being classified as an area with significant concerns and risks. As a result of this, Audit Scotland has planned to continue to review developments through the annual audit process and to maintain links with the Scottish Housing Regulator (SHR).

Procurement

71. The Public Procurement Reform Programme aims to drive continuous improvement in public sector procurement and to deliver value for money and increased efficiency through improved structures, capability and processes. In 2009, the Scottish Government promoted the use of an annual procurement capability assessment (PCA) to assess procurement performance in all public sector bodies and as a basis for the sharing of best practice and continuous improvement. Results are summarised as non-conformance, conformance, improved performance and superior performance.
72. All councils have been assessed by Scotland Excel and many scored as non-conformant. This means that councils are not achieving best value across their procurement activities. In response, in December 2009, councils agreed to participate in a national procurement improvement programme. The programme addresses the following areas:
- The role of procurement in the organisation: the key issue facing most procurement functions is lack of influence across the organisation.
 - Getting the right people doing the right things: there is a need to be clear on the structure of procurement across the organisation and its accountability to the procurement leader.
 - Adoption of a strategic approach to sourcing: this means making money out of all aspects of the contract life cycle, not just by getting the best price.
 - Embedding new systems and processes.
 - Conformance: councils with the lowest scores can access an experienced procurement professional to help work with their procurement leader on the improvement plan for their council.
73. Shetland Islands Council scored 16% which is a low score in absolute terms as well as in comparison to the local government average of 22%. Improvements are required across all assessment criteria. Improving the performance and score of the organisation will require significant investment by the procurement team in procurement practices across the organisation with the active support of senior management to achieve the greater visibility and control required.
74. It is acknowledged that all of the island councils are challenged by geographical remoteness from the marketplace. However there is an opportunity for the island councils to be creative in response to these issues.

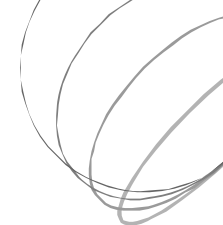
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75. Substantial investment and commitment is required to improve procurement performance across the organisation and the council's score at the next round of PCAs. We will monitor the situation and the ongoing commitment by the organisation to improving the situation.

Managing People

76. People management was assessed as an area with significant concerns and risks in the AIP. One of the reasons given for this is that the council does not have an agreed workforce strategy in place for the council as a whole, although a workforce development strategy for the Education and Social Care Department was agreed in May 2009. The council faces serious workforce challenges and it is important that these are addressed in the short term so that services in the future can continue to be delivered while achieving Best Value. The workforce plan should take account of the low population levels in Shetland, which means that there is a smaller pool of people for recruitment purposes and training plans should be formulated to ensure that the workforce is adequately skilled. Without an agreed workforce plan, there is a considerable risk that council services may be adversely affected.
77. There continues to be several unfilled vacancies for council posts, notably for head teachers and positions within infrastructure services. In addition, the public hearing by the Accounts Commission heard evidence relating to the well publicised personnel issues within the council.
78. The AIP also highlighted that the workforce's single status agreement is not yet fully implemented and an unquantified contingent liability has been disclosed in the 2009/10 financial accounts. The main reason for this is that three staff groups were not included in the single status offer prepared by the council due to specific terms and conditions relating to these staff members. These were:
- Port operations and associated posts which have proven difficult to fully assimilate due to working practices developed to suit the nature of the industry. Investigation of the options and implications arising from new vessels and potential changes to service requirements continue to be under discussion.
 - Early years workers posts which have proven difficult to assimilate to the new system due to a locally negotiated arrangement. Various options will be a particular focus of the detailed consultation with staff as part of the Blueprint for Education.
 - Progress with evaluation of economic development staff was delayed due to uncertainty over restructuring and staff transfers which have only recently been completed.

Until the single status agreement is implemented for all groups of staff there remains a higher risk of legal claims.

Action plan 12



79. Despite the issues detailed above a staff survey was carried out in May 2009 in which the council received a favourable response. The next staff survey is due to take place in 2011.

Shared Services

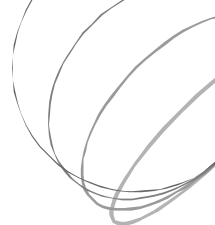
80. In 2008, the Controller of Audit commented in her overview report on the lack of progress in developing shared services across Scotland. The report recommended that councils should give this a higher priority than previously in the light of financial pressures and the drive for efficiency.
81. The council's ICT Unit is progressing shared services with other public sector organisations within Shetland (e.g. Trusts and NHS Shetland).

Outlook

82. Clearly we are in a period of reduced economic growth with big implications for the council's resources and the demand for services. At the same time as the council tries to support its local economy and provide best value services, it is likely to face a severe reduction in resources. The council needs to plan for reduced resources over the medium term. It needs to make decisions soon to be able to deliver cost reductions in a managed way.

Financial planning

83. In 2010/11, the council again froze the council tax in accordance with the concordat with Scottish Government. The net revenue budget includes savings of £9.943 million. The latest budgetary control report covering the period 1 April to 31 July 2010 shows an underspend of £1.662 million, excluding the above-mentioned savings. At 15 September the Head of Finance reported that the council still had to identify £8.5 million of savings if the council's financial strategy is to be maintained. At this stage of the financial year there is a considerable risk that the budgeted savings will not be achieved.
84. In common with other councils, Shetland Islands Council is forecasting a reduction in revenue funding of 3% per annum in real terms over the next 6 years. This would result in a reduction of funding of £3 million for the council in 2011/12, rising to £18 million in 2016/17. The position on Scottish local authority spending will become clearer when the outcome of the spending review is apparent. The council recognises the need to take immediate action to reduce costs for future years and key decisions are imminent. Savings take time to accrue and the council needs to take action now to be sure of achieving savings in the future. As a basis for this process it is essential that budgets are reviewed, are calculated realistically and reflect the corporate priorities of the council.

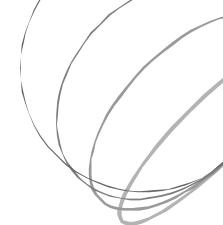


85. Elected members continue to face a number of difficult decisions to ensure the council achieves its financial strategy. Officers play vital parts in ensuring members are supplied with data in a format which enables them to make informed decisions. There is scope for more clarity in the financial information presented to members which would help focus attention on any major problem areas.

Action plan 10

86. The council's strategy is to maintain a minimum level of £250 million of reserves. This strategy has been in place for several years and the council has achieved it on an annual basis. However, significant changes have taken place since this strategy was developed and, in the light of the economic climate and the cuts in financial allocations, the council should review the rationale behind its strategy to ensure that the setting of a threshold level and that the £250 million limit itself remains appropriate.

Action plan 9



Governance and accountability

Introduction

87. Corporate governance is about direction and control of organisations. Councils are large complex organisations and so good governance is critically important. In October 2009 we submitted our Report to Members and the Controller of Audit on the 2008/09 Audit which raised significant concerns about the council's governance arrangements. The 2010 AIP concluded there are significant risks with the council's governance arrangements, vision and strategic direction and in the use of resources. In these circumstances the council is not well placed to demonstrate that it is achieving best value in delivering its services.

Controller of Audit reports

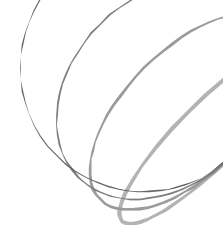
88. Following our report on the 2008/09 audit, in December 2009 the Controller of Audit presented a report to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973. The Accounts Commission requested additional audit work to be carried out and a further report was presented by the Controller of Audit in May 2010. This was a wide ranging report and covered issues including:

- the recruitment, performance appraisal and negotiated settlement of the previous Chief Executive
- the position of the assistant Chief Executive
- working relationships within the council
- strategic leadership in the council
- the 2010/11 budget and financial situation
- aspects of governance and accountability.

In the Controller of Audit's report in May 2010 it was concluded that the council needs to improve its governance and accountability arrangements.

Accounts Commission findings

89. After consideration of the Controller of Audit's reports, in June 2010 the Accounts Commission held a public hearing. The Commission reported that it found the approach to governance haphazard and recommended that the council put in place an improvement plan to ensure that:
- the council can develop the leadership, governance and strategic direction it requires



- there is a basis for effective working relationships among councillors and between councillors and officers
- all procedures for decision-making are robust and transparent, and can command public confidence
- the council has the capacity to deliver its financial strategy.

90. In response, the Chief Executive presented a report to the council in September 2010 which stated that the council is currently working on “the development and implementation of a corporate improvement process” and that this “should be the primary focus of the council for the next 12 months”. In relation to this, council members approved the proposal from the Chief Executive to “commission specific pieces of work with input from Local Government colleagues who have offered their support in developing and embedding best practice.” We will continue to monitor this area as the Accounts Commission has asked for a further report in 2011 on the progress made by the council.

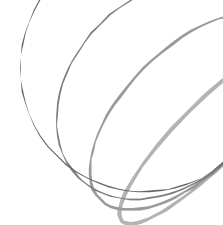
Scrutiny arrangements

91. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account and support the modernisation agenda. The Audit & Scrutiny Committee’s remit includes risk management, IT security and anti-fraud reporting. The committee also has a wider role in terms of promoting, monitoring and developing continuous improvement. The committee is well attended and in overall terms its remit and working practices are in accordance with good practice principles. For example, the committee:

- is a formally constituted committee with clear terms of reference which reports directly to council and usually meets in public
- there is regular attendance by appropriate senior officers of the council
- considers internal and external audit plans and respective annual reports
- reviews the audit certificate and considers matters arising from the audit of the annual accounts.

92. However there is scope for further learning and development opportunities so that members are appropriately supported and equipped to challenge officers and increase the effectiveness of the committee’s work. In particular, we would highlight the following matters as areas of work where the committee need to focus more attention:

- internal and external audit plans are prepared on the basis of risks identified. The committee needs to be assured that audit plans have been completed and where slippage has been experienced that significant risks have been addressed
- the committee currently receives a selection of internal audit reports and is advised of significant issues by the external auditor. The area for improvement is in relation to the implementation of



action plans. A more formal process needs to be put in place which will provide the committee with assurance that recommendations are being implemented and making a difference

- over the last year, council services such as social work and child protection services were inspected by relevant inspection agencies. Clearly the detail of these reports will be addressed by the relevant services and executive committees but good practice suggests audit committees have a role in monitoring implementation to ensure that key risks faced by the council are being addressed. It is not clear whether the committee has discussed its role with regard to inspection reports
- The Accounts Commission issues a range of national study reports and an overview of local government each year. Recommendations are generally directed at all councils so it is appropriate for the committee to consider findings and ensure that significant matters are being addressed by the council. We note that more national reports are being presented to the committee than previously and we welcome this improvement.

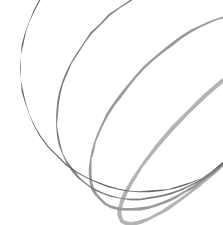
Action plan 13

Leadership

93. The council appointed a new Chief Executive in May 2009, but in February 2010 it reached a negotiated settlement which led to his departure. As noted above these events have been reported in the Controller of Audit's report. The Controller of Audit reported that "the total cost to the council of the agreement is approximately £285,000. The council will also incur additional costs relating to legal fees and other costs up to a capped level of £21,000."
94. In our ISA260 letter we reported that to promote transparency regarding this agreement, we asked that the council to disclose some details regarding the negotiated settlement in note 8 to the financial statements, covering officers' emoluments. The council's monitoring officer did not feel it was appropriate to do so.
95. In June 2010 the council appointed a new Chief Executive on a fixed term contract for two years and three months with an option to extend for a further six months. The new chief executive took up post on 9 August 2010.

Roles and relationships

96. The Accounts Commission reported an absence of clear, decisive and consistent leadership at councillor level. It recommended that "the council should establish a comprehensive programme of training and development by all councillors and senior officers to enable them to understand how to perform effectively in their roles and how to demonstrate the value of good governance through their conduct".



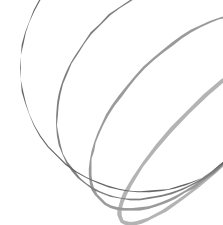
97. The council has developed role profiles for all council members. Training has been offered to all members in areas including risk management. There is, however, scope for improving the number of members who attend the training courses that are offered by the council. There are currently no personal development plans in place for members, nor are there formal mechanisms to assess the impact of training.
98. Elected members represent the council on a number of arms length organisations, with potential for conflicts of interest. An example of a possible conflict of interest is members acting in their roles as trustees of the SCT. As we reported last year, in February 2009, the council's elected members approved a recommendation from the Chief Executive to request the financial results from the trust for inclusion in the group accounts. In March 2009, the same councillors, acting in their capacity as trustees of the SCT, voted against providing the information required by the council after considering legal advice. The result of this action was that the council's financial statements received another audit qualification.
99. The Accounts Commission reported that "councillors refused to acknowledge the possibility of conflicts of interest in relation to council business" and that "councillors do not appear to have considered their position on the Charitable Trust with regard to the Code of Conduct and how this might affect the way council business on certain matters is conducted." The Accounts Commission recommended that "the council should review the way in which it advises councillors on the issue of their interests, and ensure that it is able to explain coherently and publicly the way in which councillors are expected to approach recurring issues such as the role of councillors as trustees of Shetland Charitable Trust."
100. A recent Audit Scotland report *Role and working relationships: are you getting it right?* (www.audit-scotland.gov.uk/docs/best_value/2010/bvrm_100826_councillors_officers.pdf) includes a tool for councillors and officers to use in assessing their relationships.

Partnership Working

101. Shetland Islands Council shows evidence of good partnership working and this was reflected in the AIP which did not identify any significant risks in this area. The community plan was endorsed by the council and formally adopted by all partners. It contains clear priorities and explicit targets which are to be achieved by the council and its partners. There is strong evidence of joint working with NHS Shetland, including the joint preparation of Community Care Plans.

Community engagement

102. There continues to be evidence of community engagement taking place by the council. A community planning delivery group has been established with partners to provide leadership and facilitation to community planning in Shetland through the adoption and overall monitoring of arrangements. The

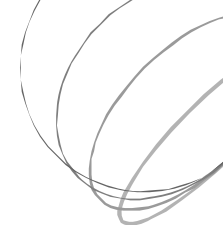


group has assigned “champions” to take forward each of the national outcome areas of the SOA. The planned work includes preparing a co-ordinated joined up and comprehensive response to the economic and financial downturn across all community partners.

103. “Your Voice” is Shetland’s twice yearly citizens’ panel which was established in 2004 and consists of 600 people representative of the Shetland population. The survey results provide statistical and qualitative data which feed into the process of planning and delivering services.
104. The council’s service plans have a section which outlines any recent or future consultation and engagement with customers. This enables services to build up an understanding of customers’ needs and expectations and how services could be improved. Specific examples of engagement include satisfaction surveys, informal meetings, public meetings, suggestion boxes, regular contact with community councils and feedback via websites.
105. Notwithstanding the above, the Accounts Commission findings made some recommendations for the council in the area of community engagement:
- Effective procedures should be agreed by the council for engaging with the local community and understanding its needs and expectations and put these procedures on a systematic basis.
 - The council should improve the way it develops clear, coherent messages to communicate with the local community.
 - The council should develop a systematic approach to engaging with the wider local government community. Ensuring regular attendance at meetings of professional and representative bodies.
106. We will continue to review the council’s progress in this area and are due to report on this to the Accounts Commission in 2011.

Data handling and security

107. Data handling and security continues to receive public and media attention as a result of a number of national incidents relating to lost data. The council shares data with a number of organisations such as the Department for Work and Pensions and other government departments. Information security is now a service delivery issue where a significant failure of controls could lead to loss of stakeholder confidence and opt out from services, higher compliance costs due to enforcement action, withdrawal of third party services such as payment card processing and legal fees relating to civil and criminal litigation.



108. The work being carried out to progress the council's information management plans, includes:

- The Insurance and Risk Management System Project that will consider the inclusion of information and data sharing risks as part of the standard risk register.
- The System Catalogue being created as part of the ITIL compliance project includes a section to ensure this data sharing information is captured and maintained when changes are made to applications processing personal data.
- Train Shetland offers regular security training courses. ICT Security is included on staff induction training.
- An Information Officers group is to be set up to improve awareness and understanding of information management and security.

Public performance reporting

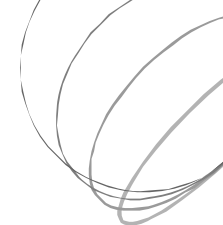
109. The council produces an annual performance report in the form of a calendar which is distributed to council offices and public buildings where members of the public can obtain copies. Information is easily obtainable, indicates both good performance and areas where improvement is required and shows recognisable outcomes and targets. It is also forward-looking, detailing developments the council is planning in the future. The calendar is structured round the five national outcomes and shows the council's commitment to achieving the SOA.

Internal controls

110. A Statement on the System of Internal Financial Control (SSIFC) for the council and its group was included in the financial statements. The conclusion of internal audit, reporting to the audit and scrutiny committee was that the council's system of internal control was adequate and effective to provide reasonable assurance that the assets were safeguarded, waste or inefficiency was avoided, reliable financial information was produced and that value for money was continuously sought.

111. In accordance with the Code of Practice on Local Authority Accounting, the Statement reflects the internal control environment for the group position. The Head of Finance concluded that he was satisfied that reasonable assurance could be placed on the adequacy and effectiveness of the systems of internal control operated by the council and its associates.

112. CIPFA guidance 'Delivering Good Governance in Local Government' recommends that the review of effectiveness of internal control should be reported in an Annual Governance Statement. The council stated last year that it intended to comply with best practice and include an Annual Governance Statement but this was not done for the 2009/10 financial statements.



Audit testing

113. As part of our work, we took assurance from a number of the council's main financial systems. We assessed the following central systems as having a satisfactory level of control for our purposes:

- | | | |
|--------------------------------------|------------------------------|-------------------------|
| ▪ Budgetary control | ▪ Main accounting | ▪ Payroll |
| ▪ Accounts receivable | ▪ Cash & banking | ▪ Housing rents |
| ▪ Council tax billing and collection | ▪ NDR billing and collection | ▪ Pension contributions |
| ▪ Pensions payroll | ▪ Pension fund investments | |

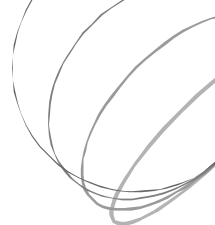
We also relied on the work of internal audit in the areas of budgetary control, main accounting, payroll and pension contributions to support our work. Our key findings are reported below.

114. **Capital accounting - fixed assets:** As in previous years we planned to perform some audit work in advance of the year end audit on fixed assets. This was not possible, however, due to ongoing problems being experienced with the Logotech fixed assets system. Additional testing was performed by the audit team prior to September to obtain the necessary levels of assurance and a material balancing figure in the accounts was highlighted. This led to a substantial amount of additional work having to be done by the finance department to resolve this and there was a risk of an additional audit qualification having to be made. Although the difference was resolved there remains a risk of significant errors in the fixed asset figures in the future. The problems with the capital accounting system have been reported in our review of internal controls and in the council's Statement on the System of Internal Control. The council is liaising with other local authorities, who are experiencing similar problems, to try and find a solution.

Action plan 14

115. **Pension fund:** Our work on pension investments highlighted that the council's Statement of Investment principles (SIP) does not include any comment on consideration of the Myner's principles as required by the Local Government Pension Scheme (Management and Investment of Funds)(Scotland) Amendment Regulations 2003. The council intends to review its current SIP in 2010/11 and a revised SIP will be produced which will ensure that all legislative requirements are addressed.

116. The regulations mentioned in the paragraph places limits on the type and percentage of permitted investments. These regulations are considered when an agreement is prepared between the council and a fund manager. However, there is currently no further monitoring of fund managers' investment decisions to ensure compliance with the legislation after the agreement is signed. To address this, for



2010/11 a procedure has been devised to check investment compliance of each manager and the overall pension fund on a quarterly basis.

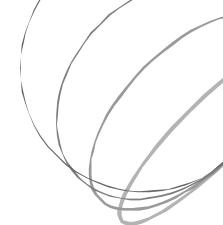
117. **Debt repayments – Judane:** In December 2009 we attended a council meeting at which there was a request from the Monitoring Officer to accept a proposal in relation to a debt due from Judane Ltd. Council members voted to accept the proposal from Judane Ltd which would have the effect of delaying the repayment time of a debt, the amount of which had previously been reviewed by the council, by one year. Following this, we met with officers to discuss the process that had been followed by the council since 2002 including decisions taken to reduce the level of debt. We also reviewed a large amount of evidence including minutes of meetings and letters from the Scottish Executive. Our review did not highlight any areas where the council had acted inappropriately.

Prevention and detection of fraud and irregularities

118. At the corporate level, the council has arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. These arrangements include: an anti-fraud and corruption policy and response plan; a whistle blowing policy; codes of conduct for elected members and staff; and defined remits for relevant regulatory committees. We identified in our 2008/09 annual report that the council was intending to update its anti-fraud documents by October 2009. As at September 2010 these documents have not been updated and there remains a risk that the council's anti-fraud procedures may not be adequate.
119. During the year, two councillors were referred to the Standards Commission which found that both members had contravened the Code of Conduct by not declaring a financial interest or withdrawing from discussion of an agenda item at a meeting of the council's Development Committee. The Standards Commission applied a sanction of censure to both councillors.
120. A further two councillors were referred to the Standards Commission during the year and they were cleared of all complaints against them.

NFI in Scotland

121. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. The NFI has generated significant outcomes for Scottish public bodies (£21 million during the 2008/09 NFI cycle and £58 million cumulatively up to the end of March 2010). If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.



122. The most recent data matching exercise collected data from participants in October 2008 and the national findings were published by Audit Scotland in May 2010. This report identified Shetland Islands Council as one of seven Scottish councils where improvement was required.
123. Our discussions with the finance department led us to conclude that the NFI work had not been given a high level of priority at the council. There was no planned structured approach and progress on the exercise had not been reported to members. Although there was evidence that benefit matches had been reviewed in detail and that some priority had been given to the identification of duplicate invoices, only 14 out of the 69 recommended matches had been investigated by the required deadline. The reasons given for this included a lack of capacity within the council and the additional workload as a result of the introduction of Single Status. In addition, the view expressed to the audit team by members of the finance department was that the issues arising from NFI are seen as a low risk area due to the lack of issues and savings identified from the previous NFI exercise.

Action plan 15

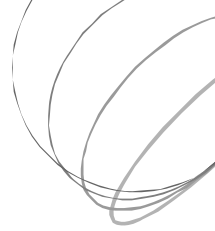
124. Instructions for the 2010/11 NFI exercise were issued by Audit Scotland in June 2010 and participants should be preparing to provide the requested data by early October. The national report published in May 2010 included a self-appraisal checklist that all participants were recommended to use prior to NFI 2010/11. The Head of Finance gave assurances to the council's Audit and Scrutiny Committee in August that the 2010/11 NFI exercise would be given a higher level of priority than in previous years.

Housing Benefit

125. Audit Scotland took over the inspection responsibilities of the Benefit Fraud Inspectorate in Scotland in April 2010. Our specialist team is carrying out a programme of risk assessments of benefits services in all councils over a two year period.
126. The risks to Shetland's benefits service were last assessed in 2008 and a detailed report was issued. The council responded to the risks identified with an action plan. All of the actions were completed with the exception of the updating of the council's anti-fraud procedures mentioned above. We believe the actions will make a positive contribution to improving the benefits service and we will monitor progress in the next inspection cycle.

Outlook

127. Governance and accountability issues will continue to be prominent as the council develops and moves to deliver its improvement programme against the background of a difficult economic climate and the need for efficiencies. The Accounts Commission has requested a follow up report in 2011 addressing the recommendations in their August 2010 report which included a number of significant governance issues. We will continue to review the progress made by the council towards achieving the aims of the improvement plan.



Performance management and improvement

Introduction

128. We believe that an effective council has a clear and ambitious vision for what it wants to achieve for its locality and communities to secure high quality services and effective outcomes for local people. The vision is backed up by clear plans and strategies to secure improvement, with resources aligned to support their delivery. An effective council has a performance management culture which is embedded throughout the organisation. The AIP concluded that there was some uncertainty for the council in this area. This section provides a high level overview of performance management in Shetland Islands Council.

Vision and Strategic Direction

129. The council's corporate plan was agreed in 2008 and it was refreshed in 2010 for several reasons including the need to include the impact of the economic downturn and also the development of the SOA. The plan is divided into two main parts: Maintaining a Sustainable Economy, Society and Environment, and Organising Ourselves Better which sets out the key actions by the council to ensure the plan is delivered effectively and efficiently. The revision of the corporate plan is a positive step by the council and will help ensure that decisions are based on a comprehensive level of data. Progress on the corporate plan is reported to the full council at 6 monthly intervals.

Performance management

130. The council continues to develop its performance management system. Performance management was categorised in the AIP as an area of uncertainty. Part of the evidence for this is that performance management currently varies across community planning partners and there is scope for performance reporting to be more joined-up between partners. In addition, the 2005 Best Value report recorded that the council provides good services but at a high cost and that more value for money work is required to evidence that the council is achieving best value. We will continue to monitor developments in performance management.

131. 8 targets and priorities were developed by the Community Planning Board (CPB), now the Community Planning Partnership (CPP) as a way of setting some long-term aspirations for Shetland. The council as a lead member, agreed to help achieve and support these aspirations and these targets and priorities are included in the council's corporate plan. The targets and priorities are aligned with the national outcomes set out in the Scottish Government's Concordat.

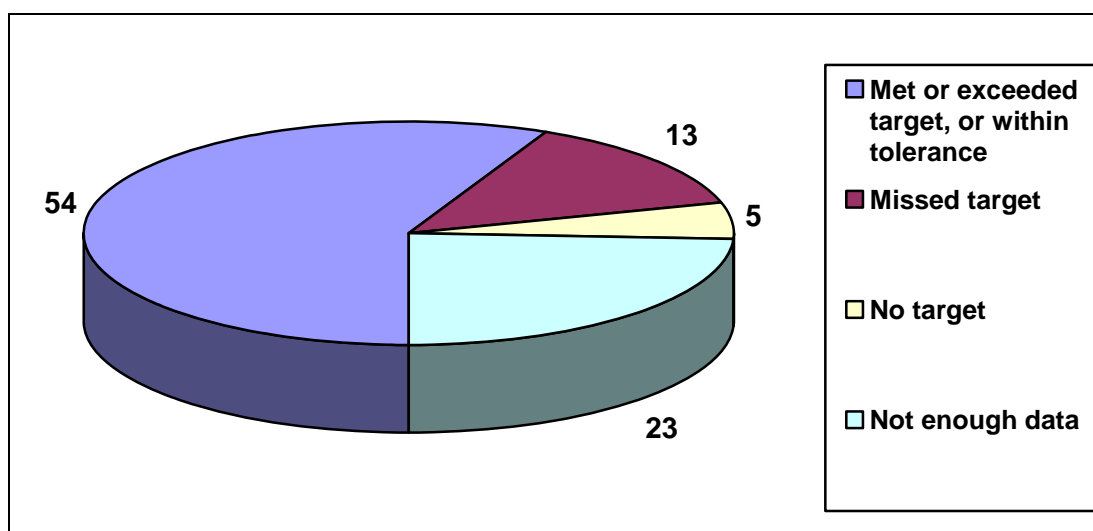
Overview of performance in 2009/10

132. In the AIP it was reported that the council continues to provide a wide range of high quality services. However the cost in providing these services is leading to the council using substantial amounts of its reserves on an annual basis. All scrutiny agencies agreed that the council also needs to start demonstrating that it delivers services in a way which demonstrates best value.

133. Exhibit 7 summarises progress in 2009/10 against **95 targets** measured in the progress report on the SOA.

Exhibit 7

Achievement of Shetland Island Council's targets 2009/10



134. Some of the measures of performance **achieved** in 2009/10 include:

- Level of support and employment opportunities available for vulnerable adults.
- School pupil attainment levels.
- The percentage of over 65s with a high level of care being looked after at home.
- Number of Single Shared Assessments performed.
- The number of people using buses.
- Levels of waste sent to landfill.

135. Some of the measures **not achieved** in 2009/10 include:

- The number of employment opportunities for graduates and trainees.
- The number of business start-ups.

- Reduction in the level of personal and housing debt.
- The number of new houses built.

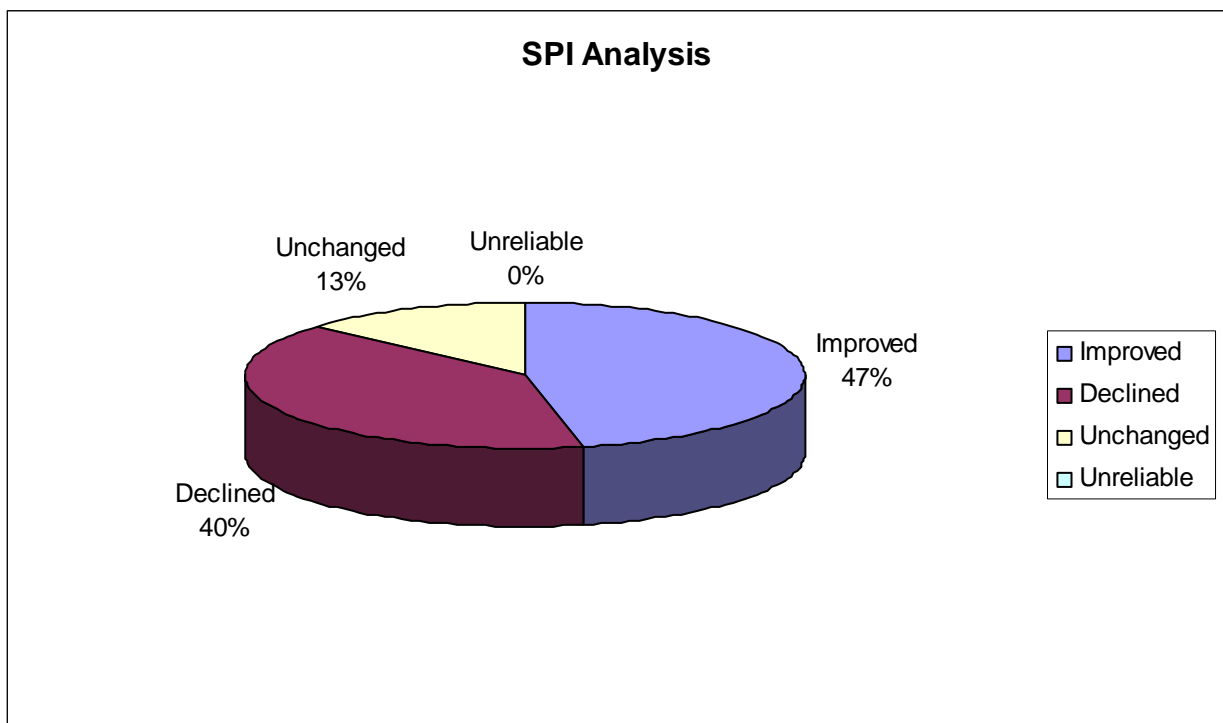
Statutory performance indicators

136. The Accounts Commission has significantly reduced the range of statutory performance information (SPI) that all councils must report. This reflects the developing scrutiny arrangements, single outcome agreements and proposals for the next stage of the Best Value audit regime. The council publishes SPI data on its website and its annual performance report in the form of a calendar

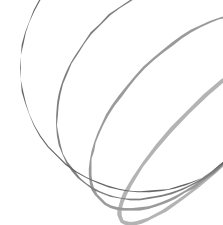
137. In 2009/10, a total of 25 SPIs were required. These were submitted to the council's audit and scrutiny committee on 27 September 2010. SPIs provide a consistent form of measurement for councils to review their performance over time and to make comparisons with other councils. In overall terms, Exhibit 8 confirms that the council has made improvement in a number of areas, whilst declining in others.

Exhibit 8

Improvements demonstrated by SPIs (25 indicators with 60 PI measures)



138. Each year we review the reliability of the council's arrangements to prepare SPIs. SPI returns were received within the required timescales. However, the timeliness of working papers provided to



support the figures continued to vary. We will continue to work with the council to improve the overall arrangements.

139. SPIs have improved in the following areas:

- the average number of working days lost per employee through sickness absence for local government employees (excluding teachers) – down 1.1 days
- the percentage of planning applications dealt with within 2 months – up 8.2%
- average time to re-let housing not in low demand (improved by 14 days).

140. The following indicators are examples of where the council's performance has declined:

- the average number of working days lost per teacher through sickness absence – up 1.6 days
- average time to re-let housing in low demand (up by 42 days)
- the number of attendances at swimming pools (down 7.4%)
- the cost per property of refuse disposal (up 13.7%).

Risk management

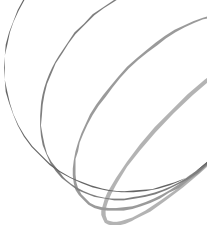
141. In our 2008/09 report we highlighted that the council was in the progress of reviewing and updating the strategic and departmental risk registers to reflect the council's priorities. Work was due to be completed in this area by December 2009. However, in the course of following up the previous year action plan we identified that this work is still not complete and that several departments within the council have failed to provide the required data. Without a comprehensive, up to date risk register there may be risks facing the council of which it is unaware and which are uncontrolled.

Action plan 16

Progress against audit risks in the AIP

142. As noted in the introduction, this report includes any significant findings that have arisen from our review of the management of strategic risks contained within the AIP. The AIP contains audit and scrutiny assessments prepared by a local area network with membership drawn from representatives of the major audit and scrutiny bodies, with direct experience and knowledge of Shetland Islands Council.

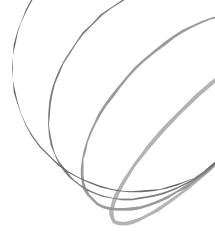
143. This assessment included areas of uncertainty and areas where significant concerns and risks had been identified and in these cases we included a note of the planned scrutiny activity. The following paragraphs note the position against each of the risk areas where the need for additional scrutiny was identified. In many cases we used the information taken from the Community Planning Partnership's



(CPP's) Single Outcome Agreement Progress Report for 2009/10 which was due to be submitted to the Scottish Government at the end of September 2010. The council, together with its CPP partners, is responsible for evidencing performance and each partner will have varying degrees of influence over each area.

Housing Service

144. Areas of uncertainty were identified within the Housing service. Despite the fact that the most recent inspection performed by the Scottish Housing Regulator (SHR) assessed the Shetland Islands Council housing service overall as “fair”, there was a number of areas identified for improvement. It was recognised by the SHR that the council collects, analyses and publishes a range of tenant satisfaction information. General satisfaction rates were noted as being high, although results were poorer for the homeless service. The level of rent arrears at 3.7% is considerably better than the national average of 6% and there continues to be good performance in the average number of weeks rent owed by tenants leaving in arrears. However, the AIP highlighted evidence of a shortage of available housing, with people spending too long in temporary accommodation and without financial support from the Scottish Government, there is currently no approved strategy for increasing the supply of temporary accommodation.
145. SHR highlighted that there are gaps in the council's stock condition which creates risks for the council's investment programme and its ability to achieve the Housing Quality Standard by 2015. The council has plans in place to address this and it is currently reporting that it is more than 80% compliant with the standard. Following its most recent inspection in 2007, the SHR identified areas for improvement. The council agreed an improvement plan to address these areas and to measure progress and the SHR will review this later this year.
146. Since the completion of the AIP, the council has completed a Housing Need and Demand Assessment (HNDA) which has been assessed by the Scottish Government as robust and credible. The HNDA will be used to inform the council's Local Housing Strategy which is due to be finalised by early 2011.
147. In September 2010 the council announced that a contractor had been appointed to carry out work in preparation for the construction of 76 new homes in Lerwick. This is one of the largest housing developments currently being undertaken by any local authority in Scotland and will address many of the issues highlighted in the AIP. The council's commitment to the provision of affordable homes is further reinforced by the fact that work at other proposed sites outwith Lerwick is being progressed.



Other areas of risk

148. The AIP also highlighted the following areas as having significant concerns and risks:

- Vision and strategic direction
- Governance and accountability
- Use of resources.

In addition, performance management and improvement was classified as containing areas of uncertainty. These areas have been discussed earlier in this report and, where appropriate, risks have been included in the action plan. We will be updating the AIP for progress made by the council in 2011.

Outlook

149. The long term and complex nature of many of the outcome targets poses challenges for performance management. We recognise the challenges and continue to review the systems that Shetland Islands Council has in place to monitor progress and take remedial action.

150. The Accounts Commission approved a new approach to best value in July 2010. Details of our new approach can be found at www.audit-scotland.gov.uk/work/scrutiny/index.php. The timing of any Shetland Islands Council best value audit work will be determined by the AIP risk assessment. There are currently no plans for any best value work in Shetland over the next three years due to the ongoing reports to the Accounts Commission. However this position will be kept under review by the LAN depending on the progress made by the council in implementing its improvement plan.

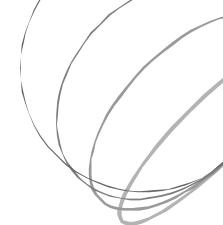
151. While no best value audit is scheduled the AIP includes the following scrutiny activity by other bodies over the next three years :

- SWIA – Initial Scrutiny Level Assessment (ISLA) review (2010-2012)
- SHR – review of council's progress against housing improvement plan (2010/11)
- SHR – progress update on 2012 homelessness targets and 2015 SHQS (2010/11)
- Follow up of council's Improvement Plan (2011/12)
- HMIE – joint inspection of services to protect children and young people (2011/12).

Appendix A

External audit reports and audit opinions issued for 2009/10

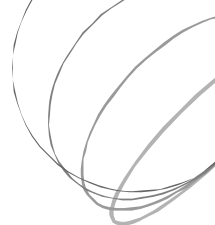
Title of report or opinion	Date of issue	Date presented to Audit Committee
Annual audit plan	10 February 2010	1 March 2010
Strategic Risk Assessment /Assurance and Improvement Plan	10 June 2010	23 August 2010
Key internal controls report	10 July 2010	23 August 2010
Report on financial statements to those charged with governance (ISA 260)	20 September 2010	27 September 2010
Audit opinion on 2009/10 financial statements	30 September 2010	Provided to the council separately.



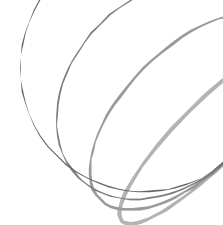
Appendix B: Action Plan

Key Risk Areas and Planned Management Action

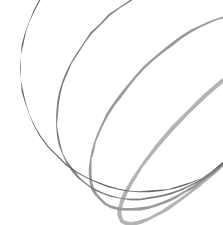
Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	10 21	Group Accounts The council did not include the results of the charitable trust in the group accounts and an audit qualification was reported. Risk: the council's 2010/11 accounts financial statements are not SORP compliant.	The Council's Improvement Plan which will be submitted to the Accounts Commission will provide that the Council will liaise with Shetland Charitable Trust to conduct a full options appraisal in order that the qualification will be resolved.	Head of Finance	September 2011
2	15	Financial statements adjustment The finance department was unable to fully reconcile a balance on the 2009/10 financial statements within the Statement of Total recognised Gains and Losses. Risk: further errors may arise in future years thereby increasing the risk that the accounts do not comply with the SORP.	The finance department will perform a review of the financial records to identify and correct the cause of the error for 2010/11.	Financial Accountant	March 2011
3	18	Financial statements A great deal of reliance is placed on one officer for the production of the financial statements and in responding to queries. Risks: <ul style="list-style-type: none"> the council's accounts are not SORP compliant and supported by underlying accounting records additional audit input may be required to complete the audit by the required sign-off date leading to higher audit fees. 	The council will review its procedures for preparing the 2010/11 financial statements. A protocol will be agreed with the auditors relating to responding promptly to audit queries.	Head of Finance / Chief Executive Financial Accountant	December 2011 February 2011



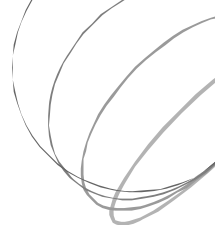
Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
4	20	SDT There was a delay in finalising the arrangements for the external audit of the SDT. Risk: the sign-off deadline for the statutory accounts may be missed.	The accounting and audit arrangements will be reviewed if any changes in group bodies are proposed	Head of Finance	Feb 2011 and annually thereafter
5	31	Treasury management The reports received from the fund managers did not contain adequate details for the financial statements process. Risk: there may be delays and inefficiencies in the financial statements preparation process.	The council will liaise with the fund managers to ensure that information in the correct format is received in 2010/11.	Financial Accountant / Treasury Manager	February 2011
6	32	WGA The council did not submit its WGA return to the Scottish Government until October 2010 thereby missing the required deadline of 30 July. The return was required to be audited by 30 September and this was also missed due to the late submission by the council. Risk: there is a reputational risk to the council of procedures are not improved significantly in the finance department.	The council will review its procedures for preparation of the WGA return to ensure that all deadlines are achieved.	Head of Finance	December 2010
7	34	IFRS The council has made little progress in preparing for the implementation of IFRSs by 2010/11. Risk: the council may not achieve the required 2010/11 deadlines for preparing IFRS compliant financial statements.	The council will identify a lead officer within finance for IFRS implementation. Key deadlines will be agreed to enable the implementation of IFRS by 2010/11. Finance and other involved staff will be provided with appropriate training	Head of Finance / Chief Executive	December 2010



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
8	41 55	Anderson High School £3.07 million of expenditure on the new AHS required to be charged to revenue as the proposed site changed. Risk: without adequate levels of control, additional charges may have to be made to service expenditure.	The Council will review its systems for both internal and wider community engagement in order to ensure that the fullest possible consultation is conducted prior to taking major decisions. The Council's Improvement Plan provides for the development of a robust and achievable 5-year Capital Programme with effective investment appraisal through a gateway process, which shall ensure that the potential for significant changes to projects at late stages is minimised.	Chief Executive Head of Capital Programmes	July 2011 March 2011
9	46 86	Reserves The council's draw on reserves was £38.89 million. Risk: the council's financial strategy of reducing the draw on reserves to zero by 2012/13 may not be achieved and its minimum reserves threshold may be breached.	The council will review its budget strategy and processes including the appropriateness of the minimum level of reserves	Head of Finance / Chief Executive	March 2011
10	49 85	Financial planning There is scope for more clarity in the financial information that is presented to members. Risk: inappropriate decisions may be made due to the fact that members have insufficient information.	The council will review the format of the financial information presented to members.	Head of Finance	March 2011
11	59	Pension fund There is a contingent liability in the accounts in respect of a funding shortfall of £8.346 million. Risk: the actual amount may be in excess of the contingent liability.	The council will perform a review to ascertain the likely timing of the liability and will ensure that budgets are amended to reflect this.	Head of Finance	September 2011



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
12	78	Single Status The council has still to include a number of staff groups within the single status agreement. Risk: there is a risk that the council is not addressing inequalities in pay scales for all council employees and could be at risk of legal claims.	The council will progress single status for all council employees.	Head of Organisational Development	September 2011
13	92	Scrutiny arrangements There is scope for the Audit And Scrutiny Committee to review the types of reports that it considers. Risk: that the committee's work plan does not give appropriate attention to areas of high risk.	The Council reviews the work plan of the Audit and Scrutiny Committee, annually in August. However, the matters highlighted will be addressed in an early update to the approved plan, which will reflect the Council's Improvement Plan.	Head of Organisational Development – Policy Section	March 2011
14	114	Capital accounting Additional work by the finance department and the audit team was required due to problems with the Logotech fixed asset system. Risk: council decisions may be based on inaccurate information from the Logotech fixed assets system.	The council will continue to liaise with Logotech and other customers to resolve the problems.	Head of Finance	February 2011
15	123	NFI The NFI exercise was not given a high level of priority at the council Risk: possible benefits of the NFI process are not achieved.	The council will review its processes in advance of the 2010/11 NFI exercise. The council will complete the self-appraisal checklist included in the national report published in May 2010.	Revenues Service Manager	Completed June 2010



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
16	141	Risk management The council's risk register is incomplete due to the lack of data provided by individual departments. Risk: risks to the council may exist and be uncontrolled due to the lack of a comprehensive up to date risk register.	To date, with significant Risk management staff input, 87% of business units within the council have completed their departmental Risk Register so progress is being made. Regular updates will continue to be given to the Risk Management Board and Corporate Management Team on overall progress The council will ensure that all departments provide the required data to allow the risk register to be completed.	Head of Legal and Administration/ Chief Executive	31 March 2011

SHETLAND ISLANDS COUNCIL

Abstract of Accounts

2009/10

SHETLAND ISLANDS COUNCIL - 2009/10 ABSTRACT OF ACCOUNTS

Contents

Page

Abstract of Accounts	
Explanatory Foreword	3
Statement of Accounting Policies	7
Statement of Responsibilities for the Statement of Accounts	10
Financial Statements	
Income and Expenditure Account	11
Statement of Movement on General Fund Balance	12
Statement of Total Recognised Gains and Losses	13
Balance Sheet	14
Cash Flow Statement	16
Notes to the Core Financial Statements	18
Harbour Account	40
Housing Revenue Account	42
Council Tax Income Account	45
Non-Domestic Rate Income Account	47
Pension Fund Account	48
Statement of Group Accounting Policies	55
Group Income and Expenditure Account	57
Reconciliation of Council Surplus to Group Surplus	58
Group Statement of Total Recognised Gains and Losses	58
Group Balance Sheet	59
Group Cash Flow Statement	61
Notes to the Group Accounts	63
Statement on the System of Internal Financial Control	68
Audit Certificate	70

2009/10 Abstract of Accounts

EXPLANATORY FOREWORD

1. Introduction

The Council's accounts and the Group accounts for the year ended 31st March 2010 have been prepared to comply with statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009.

2. Explanation of statements which follow, their purpose and relationships

The following statements are contained in this Abstract of Accounts:

Statement of Accounting Policies

This statement explains the basis of the figures in the accounts, with particular reference to the treatment applied where more than one approach is possible.

Responsibilities for the Statement of Accounts

This statement sets out the respective responsibilities of the Council and the Head of Finance for the accounts of the authority.

Income and Expenditure Account

This statement reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and local taxation.

Statement of Movement on the General Fund Balance

This statement together with its accompanying note shows the adjustments required to the Income and Expenditure account for the statutory and non-statutory proper practices taken into account when determining the Council's budget and council tax demand.

Statement of Total Recognised Gains and Losses

This statement shows the gains and losses that do not arise from the Council's operating performance and are not included in the Income and Expenditure Account.

Balance Sheet

This statement shows the balances and reserves at the disposal of the Council at the year end. It also shows the Council's long term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

The Balance Sheet includes the year end position of all funds covered in this abstract with the exception of the Pension Fund and other Trust Funds.

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. It excludes the Pension Fund and other Trust Funds, apart from cash transfers between the Pension Fund and other Council funds.

Harbour Account

This statement shows the expenditure and income for the Council's harbour operations under the Zetland County Council Act 1974 and the transfer of surpluses to the Reserve Fund.

Housing Revenue Account

The Housing Revenue Account shows the major elements of expenditure relating to Council housing, which include maintenance, administration, rent rebates and capital financing costs. The statement also shows how this expenditure is met by Council house rents, Housing Support Grant and other forms of income.

Council Tax Income Account

The Council Tax Account shows the net income raised from Council taxes levied under the Local Government Finance Act 1992.

Non-Domestic Rate Income Account

The Non-Domestic Rate Income Account shows the income from the rates levied under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property.

Pension Fund Account

This statement gives a stewardship report on the financial transactions of the Pension Fund during the year, and the disposition of its assets at the year end.

Group Financial Statements

These statements include an Income & Expenditure Account, Statement of Total Recognised Gains & Losses, Balance Sheet, Cash Flow Statement, Reconciliation of Council Deficit to Group Deficit and relevant notes that reflect the totality of service delivery undertaken by the Council and those entities in which it has a relevant interest.

Statement on the System of Internal Financial Control

This statement sets out the framework within which financial control is managed and reviewed.

3. Financial Performance

The Council's Reserves grew from under £200m in 1995 to an all time high of £345m in 2003. Since then the Reserves have declined to £273.6m in March 2010.

This major decline in the Reserves from 2003 is a trend that was recognised and built into Council financial policy in 2005. The Reserves Floor Policy requires the decline to be halted at a minimum level of Reserves of £250m and evidence shows that the decline in the Reserves has been significantly slowed down since the Policy was introduced.

The Policy is to try to make a soft landing for the Reserves at the minimum figure of £250m. This remains a feasible objective.

General Fund net revenue spending from Reserves was only £5.85m (compared with the policy target of £9.0m). The origins of the under-spend of £3.1m were widespread, reflecting the downward pressure on spending which has been achieved around the Council. The biggest areas of under-spending were in Community Care, Children's Services and Education Service, where employee costs budgets were all significantly under-spent. This was partly due to delays in the Montfield Care Home project, but was mainly due to all of these services operating throughout the year well below the budgeted level of employee numbers. Staff turnover, recruitment delays and vacancy levels were the main factors. Despite these challenges the indications are that managers and staff managed to maintain good service delivery throughout the year. There was also a transfer to revenue from the Capital programme of £5.119m for expenditure in the year not meeting the accounting definition of capital and a transfer of £6.71m of previous expenditure originally intended to create capital assets, requiring an overall contribution from reserves of £17.68m.

General Fund Capital Programme spending only required £6.13 million from the Reserves, £13.87 million less than expected. This was partly due to under-spending and slippage on capital projects, but also due to a new General Capital Grant (£4.152 million) from the Scottish Government, together with some unanticipated grants and capital receipts.

Harbour Account net income (which is contributed to the Reserve Fund) was close to budget at £2.53m. This was due to reduced impact of single status on employee costs than anticipated and better than expected income, notably from Blacksness Pier (some £0.3 million). However, there was also £0.48m of expenditure originally intended to create capital assets charged to the account, resulting in a Reserve Fund contribution of £2.05m.

Reserve Fund spending was £2.1m less than original target, at £12.9m. This mainly arose from slippage in development grant aid programmes.

Housing Revenue Account net expenditure was £0.24m over budget due mainly to higher spending on maintenance. This was partly offset by savings on support costs. As a result, the contribution from the Housing Repair and Renewal Fund of £0.31m was £0.123m over budget.

The Council's Significant trading operations both returned to surplus this year and were able to absorb the effects of the Single Status settlement. They are judged on a three year rolling basis and both have exceeded the break-even target.

The combined effects of under-spending from Reserves, aided by the better investment returns, left the Reserves at £273.6m at 31 March 2010, still some £23.6m above the Reserves Floor set by policy.

The UK has emerged from very deep recession. The new financial settlement for local government is likely to contain very challenging news for this Council. The prospect is a reduced financial settlement from the Scottish Government and any prospective new income streams for the Shetland Community from oil, gas and renewables projects are uncertain and some way off into the future.

4. **Material assets acquired or liabilities incurred**

Significant major capital work during 2009/10 included work on the new Mid Yell JHS (£4.28m) and other major capital spend included work on two new tugs for Sullom Voe (£10.26m).

5. **Comment on planned future developments, including a summary of revenue and capital investment plans.**

The Council is committed to work towards its long term financial policies of achieving:

- a self-sustaining Capital Fund;
- a self-sustaining Repairs and Renewals Fund;
- a self-sustaining Reserve Fund;
- investment in infrastructure by utilising reserves down to a minimum of £250m.

6. **Current borrowing facilities, actual borrowings, major financing transactions during the year**

The Council continued its Treasury Management policy in 2009/10, which consists of:

- continuing to have external management arrangements for all major funds;
- operating to a stringent set of borrowing and lending guidelines.

Within the Treasury Management policy, the Council currently finances its Housing Revenue Account from internal funds and balances and has no external borrowing.

During 2009/10 the Council conducted a tendering exercise with the result that a new banking contract was awarded to the Bank of Scotland from April 2010. The contract is for a period of five years and provides current overdraft facilities of £0.8m.

Major fixed asset disposals during 2009/10 occurred on Council house sales.

7. **Summary of Council internal and external sources of funds**

The Council has prudently built up extensive reserves of £273.6m to meet future financial requirements. As can be seen in the note on Movements in Reserves, the main individual reserves are the Capital Fund, Repairs and Renewals Fund and the Reserve Fund, which have a combined value at 31 March 2010 of £258.7m (£279.7m at 31 March 2009). The Council intends to preserve the value of these funds so far as is possible, so only the earnings on their investment are available to meet annual outgoings.

The Council received from the Scottish Government £93.55m of general funding, consisting of revenue support grant and a share of non-domestic rates levied, and £1.5m to fund the Housing Revenue Account. The Council also receives a large number of specific grants including £2.7m to fund the payment of rent rebates and allowances.

The remaining sources of Council funding are levied locally, the most significant being the Council Tax which raised £8.48m, £5.3m from rents and charges to Council house and hostel tenants and £11.9m in charges to the users of Council harbours, principally Sullom Voe.

8. **Pension Liability**

In order to comply with Financial Reporting Standard No. 17 (Retirement Benefits), a valuation of the Council's Pension Fund was made by the Fund Actuary as at 31 March 2010. This indicated a net pension liability of £147.17m compared to a net liability of £58.98m as at 31 March 2009.

It is important to recognise that FRS 17 is an accounting standard that details the pension information to be included in these accounts. It prescribes a method of calculation and some of the assumptions used and reflects the position of the Fund only on one particular day, 31 March 2010. The pension fund is a long term commitment and the triennial actuarial valuation uses an approach that reflects that. The last valuation at 31 March 2008 recorded a funding level of 88% and the contributions the Council makes to the pension fund are in line with the actuary's valuation and recommendations.

9. **Statutory Trading Accounts**

The Local Government in Scotland Act 2003 repealed legislation relating to DSOs/DLOs and introduced new requirements to maintain trading accounts for significant trading operations which are required to break even over a rolling three year period. Further information is shown in note 5 to the Core Financial Statements.

10. **Trusts**

The Council's 2008/09 Accounts were qualified because, in the Auditor's opinion, the Council should have grouped its accounts with those of Shetland Charitable Trust.

The Shetland Charitable Trust had declined the Council's request for the required information and, irrespective of the principles involved, the grouping of their accounts remains a practical impossibility while the Trust exercises its independence and withholds its cooperation.

The issue has not been resolved for the 2009/10 accounts and it was one of the issues considered by the Accounts Commission at its hearing in June 2010 where they concurred with the view of the auditor.

STATEMENT OF ACCOUNTING POLICIES

1. **Introduction**

The accounting policies presented below apply to all statements, including the Group Accounts unless replaced by a separate group accounting policy, in this abstract, with the exception of the Pension Fund which has a separate statement of accounting policies.

The accounts have been prepared on a historic cost basis, other than changes resulting from the revaluation of certain categories of fixed assets.

2. **Debtors and creditors**

All known debtors and creditors have been provided for, on an actual or estimated basis, in the accounts as at 31 March 2010.

3. **Allocation of Central Support Costs**

All central support costs are fully allocated to services. Allocations are primarily done on the basis of estimates of staff time.

4. **Capital Charges**

General Fund services have been charged depreciation for the use of assets.

The charge to the Housing Revenue Account is equal to the principal, interest and expenses charged by the Council's Loans Fund.

Although the Harbour account, shown under Trading Services includes depreciation, the charges to the users of Council harbours and the balancing of the account by Reserve Fund contributions are based on actual capital charges as the account operates on a commercial basis with the oil industry.

5. **Fixed Assets and Depreciation**

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis, subject to a de-minimis limit for capital expenditure of £10,000. The £10,000 applies to individual assets or planned programmes where individual assets are below £10,000 but the programme exceeds £10,000, e.g. plant purchases.

Capital expenditure that does not provide a fixed asset or continuing benefit to the Council is written off to revenue in the year it is incurred.

Operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use. Non-operational investment assets and surplus assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value. Infrastructure, community assets, intangible assets and assets under construction have been included at historic cost, net of depreciation.

Depreciation is charged to revenue, to the services that use the asset, on a straight-line basis over the useful life of the asset. Depreciation is not normally charged on freehold land, non-operational investment properties or assets under construction.

6. **Valuation Disclosure**

Except where noted below, most of the Council's properties which were due to be revalued this year were valued over a four month period to April 2010, and the effective date for the valuation was 1 April 2009 unless the property became operational after that date. However for properties with a value of £1,000 or less, the effective date of valuation remains at 1 April 1996 and these will be updated during 2010/11.

Operational properties of a specialised nature were valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect the age, wear and tear and obsolescence of the existing asset. Operational properties of a non-specialised nature were valued by reference to the market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use. Council dwellings were all revalued as at 1 April 2007 based on 'beacon properties' in ward/geographical areas, adjusted for different numbers of apartments. These valuations have also been adjusted to reflect all disposals made between 2007/08 and 2009/10. In addition all beacon valuations in the Shetland North area have been revised during 2009/10. Non-operational properties were valued by reference to their market value which has regard to both the existing use and any alternative use which may be sanctioned by planning

permissions. Outstanding life and residual values have also been reviewed for all assets that have been revalued this year.

Full details of the valuation of each property are contained in Valuation Certificates which form the basis for the summary information in these accounts.

The valuations of the non-operational and operational properties (including Council dwellings) were carried out by Alan Rolfe MRICS of the Asset and Properties Unit of the Council's Legal and Administrative Services.

7. **Stocks and Work in Progress**

Stock and work in progress brought into account is valued at average cost, except for fuel (FIFO basis) and aggregates (lower of selling price/production cost).

8. **Financial Assets**

All investments are classified as Available-for-sale and are shown at fair value which is based on the quoted market bid price provided by the Council's external fund managers. Changes in fair value are balanced by an entry in the Available-for-sale financial instruments reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses.

The interest credited to the Income and Expenditure account for bonds is determined using the effective interest rate method, with the exception of index linked bonds. Interest received on these bonds was £0.12m (2008/09 £0.12m) and any adjustment under the EIR method would be immaterial.

Gains or losses on the sale of financial assets are credited or charged to the Income and Expenditure account.

The Council provided a zero interest bridging loan to Hjaltland Housing Association. This is a rolling loan where the Council advances monies in advance of Hjaltland receiving government funding. No adjustment has been made in the Income & Expenditure account for interest foregone as this is likely to be immaterial because of the short duration between advances and repayments. The facility is budgeted to continue until 2013/14.

9. **Interest in Companies**

Any interest in a company or other entity that have the nature of subsidiaries, associates or joint ventures is recorded in the Council's single entity accounts as an investment.

The Council owns Shetland Towage. Its functions were transferred to the Council and it is no longer operational. It has current assets of £0.2m but is likely to incur costs in the wind up of its pension scheme. As these assets are regarded as immaterial, its shares have been valued at zero.

10. **Provisions**

The Council has made provision, where necessary, for bad and doubtful debts in respect of miscellaneous debtors, non-domestic rate debtors, council tax debtors and housing rent debtors. The Council made equal pay offers to staff but a number of them declined to accept these offers. The Council has accordingly made provision for possible costs should the staff who did not accept an offer pursue the matter at an Employment tribunal.

11. **Reserves**

The Council has set aside specific amounts as reserves for future policy purposes. These reserves are listed in and further information is provided in note 18 in the Notes to the Core Financial Statements.

Any expenditure that is to be financed from a reserve is charged to the appropriate service revenue account in the Net Cost of Services in the Income and Expenditure Account. The reserve contribution is then made back into the General Fund balance so that there is no net charge against council tax for the expenditure.

The Revaluation Reserve and Capital Adjustment Account are kept for the purposes of fixed asset accounting and the Pension Reserve for the purpose of retirement benefits. These reserves do not represent usable resources for the Council.

Other than those mentioned above, reserves are invested in the Council's Loans Fund and/or are invested by fund managers in bonds, equities and cash.

12. **Capital receipts**

Capital receipts are treated as capital income on an accruals basis and have been applied in accordance with the Council policy on debt redemption on all funds.

All long term debtors on the Balance Sheet have been financed by the Capital Fund, creating a Deferred Capital Receipt. This means that when the debts are paid the proceeds can be credited to the Capital Receipts Reserve, providing the potential for more flexible use than applies to the Capital Fund.

13. **Grants**

Revenue grants are treated as revenue income and credited to revenue in the year received.

Capital grants are treated as capital income, credited to the Government grants deferred account and released to individual service revenue accounts to match the charge for depreciation.

14. **Interest on balances**

Interest on revenue balances is charged or credited at fund level at the average seven day money market interest rate for each month, calculated from daily quotes obtained from several brokers.

Interest is charged or credited to internally held balances of Council reserves at varying rates, dependent on the nature of the reserve.

The interest charged or credited to Funds is calculated on the basis of monthly surpluses or deficits on those Funds, with interest on internally held reserves capitalised half yearly.

15. **Leases**

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the Council. Assets acquired are capitalised together with a liability to pay outstanding rentals. Payments are apportioned between the finance charge and the reduction of the outstanding obligation with the finance charge being charged to revenue over the term of the lease.

Other leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to revenue in accordance with the terms of the lease.

16. **Provisions for pensions**

Pension assets and liabilities have been included in the accounts on the basis of Financial Reporting Standard No. 17. Assets of the Pension scheme have been included at fair value, generally bid-market value, and liabilities have been measured on an actuarial basis using appropriate estimates and assumptions. In particular, scheme liabilities have been discounted at a rate linked to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Details are in note 25.

17. **Contingent Assets and Liabilities**

The Council has identified and disclosed any contingent assets and liabilities where the inflow of a receipt or economic benefit is probable or if there is a possible obligation which may require a payment or a transfer of economic benefits. The Council discloses the nature of the contingency, a brief description, an estimate of its financial effect where possible and any uncertainties relating to the amount or timing of any outflow.

Contingent assets and liabilities are shown as a note and are not recognised within the accounting statements.

18. **Change in Accounting Policy**

The Council has adopted the effective interest method for valuing certain financial assets. This has in the current period reduced interest taken to the Income and Expenditure account by £0.38m, reduced the transfer to reserves by the same amount and adjusted the carrying value of the financial assets. The 2008/09 comparatives have been adjusted by £0.75m, affecting the same items as in the current period. For periods prior to 2008/09, an adjustment of £1.507m has been made between reserves and the available-for-sale financial instruments reserve in the current period.

The treatment of non-domestic rates has been amended so that the Abstract only reflects the amount due to or from the Scottish Government as a creditor or debtor in the Balance Sheet. The prior year comparatives have been adjusted, resulting in a decrease in creditors and debtors of £0.55m.

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1. The Council's Responsibility

The Council is required:

to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance.

to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

2. The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

In preparing this statement of accounts, the Head of Finance has:

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that were reasonable and prudent;

complied with the local authority SORP.

The Head of Finance has also:

kept proper accounting records which were up to date;

taken reasonable steps for the prevention and detection of fraud and other irregularities.

The statement of accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

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Graham Johnston B.Sc. (Hons) C.P.F.A.
Head of Finance

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2010

2008/09		Notes	2009/10 Expenditure £000	2009/10 Income £000	2009/10 Net £000
£000					
(3,104)	Central services		3,437	(1,087)	2,350
42,575	Education services		56,652	(6,028)	50,624
5,317	Environmental services		12,486	(3,984)	8,502
1,173	Housing services		5,314	(3,898)	1,416
5,708	Cultural and related services		7,792	(925)	6,867
6,656	Planning and development services		13,697	(3,226)	10,471
10,375	Roads and transport services		15,547	(2,297)	13,250
9,399	Trading services		28,605	(16,821)	11,784
22,317	Social work		35,650	(8,976)	26,674
6,515	Corporate and democratic core		6,649	0	6,649
999	Non distributed costs		1,722	0	1,722
1,804	Police		1,972	0	1,972
2,212	Fire		2,196	0	2,196
(2,421)	Housing revenue account		4,904	(6,857)	(1,953)
109,525	Net Cost of Services		196,623	(54,099)	142,524
727	(Gain)/Loss on disposal of fixed assets				(44)
261	Net (Surplus)/Deficit trading undertakings	5			(615)
3,276	Interest payable and similar charges				1,767
(10,760)	Interest and investment income				(8,995)
498	Pension interest cost & expected asset return				5,059
103,527	NET OPERATING EXPENDITURE				139,696
(8,362)	Council Tax				(8,497)
(81,830)	Revenue Support Grant				(84,325)
(8,088)	Contribution from non-domestic rate pool				(9,189)
5,247	(SURPLUS)/DEFICIT FOR THE YEAR				37,685

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However the Council is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

2008/09 £000		2009/10 £000
5,247	(Surplus)/Deficit on Income and Expenditure Account	37,685
	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund balance for the year	
<u>(5,317)</u>		<u>(37,775)</u>
(70)	Increase in General Fund balance for the year	(90)
0	General Fund balance brought forward	(70)
<u><u>(70)</u></u>	General Fund balance carried forward	<u><u>(160)</u></u>

SHETLAND ISLANDS COUNCIL**2009/10 Abstract of Accounts****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

2008/09 £000		2009/10 £000
5,247	(Surplus)/Deficit on Income and Expenditure Account	37,685
(6,478)	(Surplus)/Deficit arising on revaluation of fixed assets	(20,308)
29,970	(Surplus)/Deficit arising on revaluation of available-for-sale financial assets	(43,410)
35,341	Actuarial (gains)/losses on pension fund assets and liabilities	85,355
5,836	Net liability assumed on a business combination	0
<u>69,916</u>	Total recognised (gains)/losses for the year	<u>59,322</u>

The Council has made a prior year adjustment in respect of the application of the effective interest rate method to certain financial assets. The amount in respect of 2008/09, £0.752m, has been adjusted in the comparatives shown, resulting in a revised Income and Expenditure Account deficit of £5.247m. The reduction in interest has been reflected in the reserves shown on the Balance Sheet.

The amount in respect of years prior to 2008/09, £1.507m, has been adjusted in the reserves balances in 2009/10.

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

BALANCE SHEET

AS AT 31 MARCH 2010

31 March 2009 £000		Notes	31 March 2010 £000	31 March 2010 £000
1,016	Intangible Assets	10		689
	TANGIBLE FIXED ASSETS			
	Operational assets:			
59,931	Council dwellings		61,135	
104,233	Other land and buildings		117,562	
37,418	Vehicles, plant, furniture and equipment		36,233	
115,783	Infrastructure assets		119,614	
5,885	Community assets		6,523	
<u>323,250</u>				341,067
	Non-operational assets:			
4,328	Investment properties		4,503	
23,323	Assets under construction		22,905	
241	Surplus assets, held for disposal		237	
			<u>27,645</u>	
<u>352,158</u>	TOTAL FIXED ASSETS	10		369,401
199,744	Long-term investments	31		218,959
3	Long-term debtors:Housing Loans			2
15	Long-term debtors:Other			11
<u>551,920</u>	TOTAL LONG-TERM ASSETS			588,373
	CURRENT ASSETS			
3,465	Stocks and work in progress		3,610	
11,803	Debtors, less bad debt provisions	15	10,349	
16,506	Short term investments	31	13,484	
9,953	Cash and bank		7,422	
<u>41,727</u>				34,865
<u>593,647</u>	TOTAL ASSETS			623,238
	CURRENT LIABILITIES			
(16,478)	Creditors	15		(14,032)
<u>577,169</u>	TOTAL ASSETS LESS CURRENT LIABILITIES			609,206
	LONG-TERM LIABILITIES			
(53)	Provision	16	(4)	
(12,533)	Government Grants-deferred		(15,751)	
(58,979)	Pension Asset/ (Liability)	25	(147,169)	
<u>(71,565)</u>				(162,924)
<u>505,604</u>	TOTAL ASSETS LESS LIABILITIES			<u>446,282</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

BALANCE SHEET

AS AT 31 MARCH 2010

31 March 2009 £000		Notes	31 March 2010 £000	31 March 2010 £000
<u>FINANCED BY:</u>				
(258,075)	Capital Adjustment Account	18		(243,032)
(33,946)	Revaluation Reserve	18		(53,504)
22,145	Available-for-sale Financial Instruments Reserve	18		(23,148)
58,979	Pension Reserve	18		147,169
(18)	Capital Receipts Reserve	18		(13)
<u>(210,915)</u>				<u>(172,528)</u>
(114,290)	Capital Fund	18	(118,569)	
(92,719)	Repairs and Renewals Fund	18	(85,045)	
(87,391)	Reserve Fund	18	(69,726)	
(219)	Insurance Fund	18	<u>(254)</u>	
<u>(294,619)</u>				<u>(273,594)</u>
Balances				
(70)	General Fund	18		(160)
<u><u>(505,604)</u></u>	TOTAL NET WORTH			<u><u>(446,282)</u></u>

The unaudited accounts were issued on 30 June 2010 and the audited accounts were authorised for issue on 30 September 2010.

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Graham Johnston B.Sc (Hons.) C.P.F.A.
HEAD OF FINANCE

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

CASHFLOW STATEMENT

2008/09		2009/10	2009/10
£000		£000	£000
REVENUE ACTIVITIES			
Cash Outflows			
89,691	Cash paid to and on behalf of employees	99,097	
64,142	Other operating cash payments	79,242	
471	Housing Benefit paid out	653	
<u>154,304</u>			178,992
Cash Inflows			
(3,647)	Rents (after rebates)	(3,706)	
(7,707)	Council Tax receipts	(7,857)	
(81,830)	Revenue Support Grant	(84,694)	
(434)	DSS grants for benefits	(676)	
(11,715)	Other government grants	(13,679)	
(26,715)	Cash received for goods & services	(30,243)	
(16,965)	Other operating cash receipts	(10,256)	
<u>(149,013)</u>			(151,111)
<u>5,291</u>	NET REVENUE CASH (IN)/OUTFLOW		<u>27,881</u>
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES			
Cash Inflows			
(2,315)	Dividends received		(2,120)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Cash Inflows			
(5,542)	Interest received		(3,484)
<u>(2,566)</u>	BALANCE c/f		<u>22,277</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

CASHFLOW STATEMENT (continued)

2008/09		2009/10	2009/10
£000		£000	£000
(2,566)	BALANCE b/f		22,277
CAPITAL ACTIVITIES			
Cash Outflows			
22,899	Purchase of fixed assets	24,578	
<u>114,767</u>	Purchase of long-term investments	<u>165,648</u>	
137,666			190,226
Cash Inflows			
(3,542)	Sale of fixed assets	(932)	
(125,520)	Sale of long-term investments	(192,051)	
(3,282)	Capital grants received	(4,348)	
<u>(4)</u>	Other capital cash receipts	<u>(4)</u>	
(132,348)			(197,335)
<u>2,752</u>	Net cash (inflow)/outflow before financing		<u>15,168</u>
MANAGEMENT OF LIQUID RESOURCES			
(38)	Net Increase/decrease in short term deposits		(2,943)
(7,471)	Net Increase/decrease in other liquid resources		(9,694)
<u>(4,757)</u>	NET (INCREASE)/DECREASE IN CASH		<u>2,531</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

NOTES TO THE CORE FINANCIAL STATEMENTS

1. RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2008/09		2009/10 Expenditure £000	2009/10 Income £000
£000			
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
(12,246)	Depreciation and impairment of fixed assets	(18,901)	
583	Government Grants deferred amortisation	586	
(727)	Net gain/(loss) on sale of fixed assets	44	
(7,681)	Net charge made for retirement benefits in accordance with FRS17	(12,335)	
<u>(20,071)</u>			(30,606)
	Amount not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
2,021	Principal Repayments	2,067	
2,461	Capital Expenditure financed from revenue	1,939	
7,986	Employer's contribution payable to the Pension Fund	9,500	
<u>(7,603)</u>			13,506
	Transfers to and from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
4,708	Transfer to Capital Fund		4,657
52	Transfer to Pilot Boat Renewal Fund		24
(3,656)	Transfer from Repair & Renewals Fund		(7,655)
(1,351)	Transfer from Housing Repair & Renewal Fund		(41)
8	Transfer to Quarry Repair & Renewal Fund		4
2,684	Transfer to/from Reserve Fund		(17,555)
(40)	Transfer from Marine Fund		(53)
(49)	Transfer from/to Insurance Fund		34
(70)	Transfer to earmarked balance		(90)
<u>(5,317)</u>	Net additional amount required to be credited to the General Fund Balance for the year		<u>(37,775)</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

2. Service Expenditure Analysis of Services

The service lines within the Net cost of services section of the Income and Expenditure account are as per the Service Expenditure Analysis set out in the Best Value Accounting Code of Practice. The Police and Fire categories mainly relate to the payment of requisitions to respectively the Northern Joint Police Committee and the Highlands & Islands Fire Board.

The current service cost, as required under FRS17, is contained within the service lines.

3. Finance and Operating leases

Council as Lessee:

The following table summarises 2009/10 payments made for assets acquired under operating leases.

2008/09 £000		2009/10 £000
1,762	Land & Buildings	1,358
147	Other Assets	134
<u>1,909</u>	Total	<u>1,492</u>

The authority was committed at 31 March 2010 to making payments of £1,417,978 under operating leases in 2010/11, comprising the following elements:

	Land & Buildings	Other Assets
Leases expiring in 2010/11	£221,063	£50,463
Leases expiring between 2011/12 and 2014/15	£130,318	£20,162
Leases expiring after 2015/16	£939,115	£56,857

There were no finance lease payments in 2009/10 and there are no commitments in 2010/11.

Council as Lessor:

The aggregate rentals receivable in 2009/10 was £321,398. The gross value of assets held for use in operating leases was £2,094,890 with related accumulated depreciation charges of £30,650.

At 31 March 2010 the Council had no investments in finance leases as lessor and no assets were acquired for the purpose of letting under finance leases.

4. Agency expenditure

Below is a summary of Council income and expenditure under agency agreements, whereby the Council does work for other public bodies, or has work done on its behalf by other public bodies.

Agency expenditure and income (included in the Income and Expenditure Account):

Net Income 2008/09 £000		Expenditure 2009/10 £000	Income 2009/10 £000	Net Income 2009/10 £000
(59)	Scottish Water	0	(61)	(61)
<u>(59)</u>	Total	<u>0</u>	<u>(61)</u>	<u>(61)</u>

5. **Significant Trading Operations**

Section 10 of the Local Government in Scotland Act 2003 requires the Council to maintain trading accounts for significant trading operations and that they should break even over a three year rolling period.

The Council has deemed as significant trading operations its Highways construction and repair undertaking and its Building Maintenance undertaking, concerned with the repair and maintenance of council houses, schools and public buildings.

The three year rolling basis cumulative total is shown in the table below and both operations have met the target.

	2007/08 £000	2008/09 £000	2009/10 £000	Cumulative Total £000
Highways				
Turnover	(6,618)	(6,776)	(6,518)	
(Surplus)/Deficit	(64)	154	(330)	(240)
Building Maintenance				
Turnover	(4,278)	(4,606)	(4,880)	
(Surplus)/Deficit	(83)	220	(285)	(148)

The Roads and Building operations deficits for 2008/09 contain respectively £0.19m and £0.45m in respect of unbudgeted prior year costs relating to the settlement of the Single Status agreement.

6. **Audit Costs**

The fees for audit services undertaken in accordance with the 'Code of Audit Practice' are paid to Audit Scotland and were as follows: -

2008/09 £000		2009/10 £000
196	External Audit fees	200
63	Audit Scotland Fixed Charge	63
(13)	Rebate of prior year's fees	0
<u>246</u>		<u>263</u>

No other services were provided to the Council by Audit Scotland.

7. **Members' Allowances/Remuneration and Expenses**

Regulations made under section 50 of the Local Government (Scotland) Act 1973 require that the Council publish a record of Members' allowances/remuneration and expenses. This is done annually in a local paper. Summarised information is given below.

2008/09 £000		2009/10 £000
380	Allowances/Remuneration	392
96	Expenses	93
<u>476</u>		<u>485</u>

8. **Officers' Emoluments**

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 was: -

Remuneration Band	2008/09 No.	2009/10 No.
£50,000 - £59,999	49 (1)	54
£60,000 - £69,999	21 (8)	24 (8)
£70,000 - £79,999	3	2
£80,000 - £89,999	1	-
£90,000 - £99,999	1	-
£130,000 - £139,999	-	1

The figures in brackets show the number of pilots, employed at the Sullom Voe Harbour operation, included in the totals.

9. **Related Parties**

Related parties are organisations that the Council can control or influence or who can control or influence the Council. Central Government has effective control over the general operations of the Council, providing the statutory framework within which the Council operates and also providing the majority of funding in the form of various grants.

2008/09 £'000	<u>Central Government Grants</u>	2009/10 £'000
81,830	Revenue Support Grant	84,694
9,342	Non-Domestic Rates	9,189
2,421	Housing Benefit Subsidy	2,708
773	Council Tax Benefits Subsidy	792
1,755	Housing Support Grant	1,512
2,596	Other Government Grants	2,956
£'000	<u>Other Public Bodies Grants</u>	£'000
2,107	Scottish Further & Higher Education Council	2,270
7	NHS Shetland	1,932
0	Shetland Development Trust	713
0	Skills Development Scotland	364
196	Fairer Scotland Fund	348
53	Sports Scotland	201
165	Shetland Transport Partnership	165
171	Scottish Arts Council	128
75	Ship Safe Training Group	75
32	Lottery Grants	42
25	Shetland Charitable Trust	35
0	Scottish Ambulance Service	30
360	Highlands & Islands Enterprise	0
29	Learning & Teaching Scotland	0
10	Scottish Natural Heritage	0

During the year, the Council made payments of £4.46m (£4.32m in 2008/09) to the Police, Fire and Valuation Joint Boards. The Council also made payments totalling £7.53m (£10.14m in 2008/09) to bodies on which Council members are represented or for which they have declared an interest.

The Council is Trustee for its Pension Fund. During the year, it paid £8.28m (£6.77m in 2008/09) in employers contributions and strain costs and charged the Fund £0.17m (£0.15m in 2008/09) in administration costs.

10. **Summary of Capital Expenditure and Fixed Asset Disposal**

The table below analyses capital expenditure and income on fixed assets over the various categories of assets.

Movements in fixed assets in 2009/10 were:

	Intangible Assets	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure	Community Assets	Investment Assets	Assets Under Construction	Surplus Assets	Total All Assets
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Certified valuation at 31 March 2009	1,924	61,268	116,975	48,684	138,331	5,893	4,560	23,323	250	401,208
Accumulated Depreciation & Impairment	(908)	(1,337)	(12,742)	(11,266)	(22,548)	(8)	(232)	0	(9)	(49,050)
Net book Value of assets at 31 March 2009	1,016	59,931	104,233	37,418	115,783	5,885	4,328	23,323	241	352,158

Movement in 2009/10

Additions	74	1,674	228	2,711	3,073	42	71	17,116	0	24,989
Disposals	0	(693)	(61)	(801)	(8)	0	(59)	(7,762)	0	(9,384)
Revaluations	0	(291)	8,328	(54)	0	0	(2,684)	226	0	5,525
Depreciation in year	(489)	(757)	(5,372)	(3,908)	(3,676)	(1)	(74)	0	(4)	(14,281)
Depreciation written back	0	232	9,195	809	1	0	157	0	0	10,394
Transfers/Appropriations	88	1,039	1,011	58	4,441	597	2,764	(9,998)	0	0
Net Book Value of Assets at 31 March 2009	689	61,135	117,562	36,233	119,614	6,523	4,503	22,905	237	369,401

Depreciation written back in the year of 10,394k consists of 788k in respect of asset disposals and 9,606k in respect of revaluations.

The Council has no assets subject to a finance lease or the Private Finance Initiative (PFI).

The intangible assets consist of purchased software and software licences.

The table below analyses the sources of finance utilised in 2009/10 to provide for the expenditure incurred.

Sources of finance for capital accounts in 2009/10:

2008/09		2009/10
£000		£000
1,066	Loans	11,229
3,608	Capital receipts	947
2,560	Grant receipts	4,721
15,547	Revenue/Other	8,066
<u>22,781</u>	Total	<u>24,963</u>

11. Significant commitments under capital contracts beyond 31 March 2010

The following table sets out the amount of outstanding contractual commitments on capital projects as at 31 March 2010. These amounts relate to contracts commenced but not concluded by the end of the financial year.

Outstanding Contractual Liability beyond 31/03/09		Outstanding Contractual Liability beyond 31/03/10
£000		£000
4,000	Mid Yell JHS	3,685
11,152	Tugs for Sullom Voe	3,342
0	Cinema & music venue	1,983
0	Tingwall airport	379
700	Lerwick Cruden houses phase 1	0
0	Little Tykes	347
342	Care Homes fire upgrade	318
0	Leog replacement	282
260	B9081 Mid Yell (Hillend section)	0
172	Vehicle & Plant replacements	250
0	Murraster depot	279
0	Energy Recovery plant	260
0	Sletts road sea wall	250
135	Ladies Drive office to flat conversion	0
120	IP Telephones	0
100	Replacement Esplanade toilets	0
100	Scalloway Cruden houses	151
60	Rova Head Reinstatement	0
0	Fetlar Burial Ground	78
30	Marinas	0
71	Knab dyke	0
13	Oversund Junction	0
0	Community grants	210
<u>17,255</u>	Total	<u>11,814</u>

12. **Progress of Valuation Rolling Programme**

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets.

The valuations of the Operational and Non-operational properties have been carried out by Alan Rolfe MRICS of the Asset and Properties Unit.

The basis for valuation is set out in the statement of accounting policies.

GBV as at 31/03/10	Council Dwellings	Other land and Buildings	Vehicles, Vessels, Plant & Equipment	Non- Operational Assets	Total All Assets
	£000s	£000s	£000s	£000s	£000s
Valued at historical cost	0	0	N/A	22,905	22,905
Valued at current value in:					
2009/10	8,562	72,391	N/A	1,578	82,531
2008/09	532	17,605	N/A	77	18,214
2007/08	60,321	8,448	N/A	1,380	70,149
2006/07	40,783	25,114	N/A	775	66,672
2005/06	41,739	2,200	N/A	0	43,939

The figure valued at historical cost under Non-operational assets is in respect of work in progress assets.

13. Information on Assets Held

The Table below gives information on the numbers of some of the Fixed Assets held by the Council as at 31 March 2010.

2009		2010
1,880	Council Dwellings	1,867
	Community Assets	
35	Burial Grounds	35
17	Museum Exhibits:	18
1	Other Community Assets	4
	Non Operational Assets	
42	General Non Operational Assets	43
13	Industrial Estate	13
6	Commercial Properties	5
4	Non Operational - Other	4
1	Land awaiting development	1
	Other Land and Buildings	
1	Airstrips	1
1	Bus Stations	1
4	Car Parks	4
1	Town Hall	1
3	Leisure Facilities	3
1	Libraries	1
3	Museums	3
17	Offices	17
25	Public Conveniences	25
35	Schools	35
8	Social Services Homes	8
29	Other Misc Land and Bldgs	32
	Intangible Assets	
26	Software	30
	Vehicles Plant, Furniture and Equipment	
1	Aircraft	1
260	Vehicles	270
156	Plant	166
13	Ferries	13
11	Boats/Tugs	12
104	Computer Equipment	113
	Infrastructure Assets	
1,047	Roads (km)	1,049
	Investment Properties	
250	Strategic Land Holdings (acres)	250

The entry for computer equipment reflects the fact that individual computers are not held within the Asset Register unless they are over the de-minimis sum.

14. **Depreciation Methodologies**

The Council provides for depreciation on all fixed assets with a finite useful life.

Depreciation is provided on a straight-line basis over the useful life of the asset. Depreciation was charged on Council Dwellings for the first time in 2002/03. There are a number of non-operational assets that are not depreciated, as the asset has not yet been brought into use.

The useful life of an asset has been determined by the officers of the Council in charge of the relevant asset. The life of the operational and non-operational properties has been determined by Alan Rolfe MRICS of the Asset and Properties Unit.

The useful lives of various classes of assets are given below: -

Asset	Years
Intangible Assets	3 - 7
Council Dwellings	0 - 50
Community Assets	50 - 100
Infrastructure Assets	0 - 60
Other Land & Buildings	0 - 120
Vehicles, plant, furniture & equipment	0 - 50
Non-operational Land & Buildings	0 - 50

The depreciation for the year and cumulative depreciation is shown below:

Asset	Depreciation		Cumulative Depreciation	
	2008/09	2009/10	2008/09	2009/10
	£000	£000	£000	£000
Intangible Assets	467	490	907	1,397
Council Dwellings	715	757	1,338	1,862
Community Assets	1	1	8	9
Infrastructure Assets	3,384	3,676	22,548	26,223
Other Land & Buildings	3,345	5,372	12,741	8,919
Vehicles, plant, furniture & equipment	3,692	3,907	11,266	14,365
Non-operational Assets	71	78	242	162
	11,675	14,281	49,050	52,937

15. **Analysis of Debtors and Creditors**

This note shows the main constituents of debtors and creditors in the Balance Sheet.

31 March 2009 £000		31 March 2010 £000
Debtors:		
5,278	Sundry Debtors	4,604
177	Recoverable Costs	136
1,280	Value Added Tax	1,789
643	Council Tax	684
611	Non Domestic Rates	150
514	Rents	502
495	Payroll	484
333	Government Grants	312
2,990	Other Debtors	2,266
<u>12,321</u>	Gross debtors	<u>10,927</u>
(211)	Bad debt provision - Sundry Debtors	(213)
(180)	Bad debt provision - Council Tax	(197)
(127)	Bad debt provision - Rents	(168)
<u>11,803</u>	Net Debtors	<u>10,349</u>
Creditors:		
(8,830)	Sundry Creditors	(11,366)
(7)	Non Domestic Rates	(2)
(5,009)	Employee	(607)
(662)	Council Tax	(795)
(1,970)	Other Creditors	(1,262)
<u>(16,478)</u>		<u>(14,032)</u>

16. **Movements in Provisions**

The Council has made provision for the risk of incurring bad debts on its General Fund and Housing Revenue Account. The provision has been determined by the Council's Income and Recovery Manager, using his professional judgement and experience.

The tables below show the movement in the provision.

2008/09 £000		2009/10 £000
(358)	Opening balance-General Fund	(379)
56	Miscellaneous Invoices written off	77
32	Council Tax written off	44
(109)	(Charge)/Credit to General Fund for provision	(144)
<u>(379)</u>		<u>(402)</u>
(196)	Opening balance-Housing Revenue Account	(138)
15	Miscellaneous Income written off	5
27	Rents written off	54
16	(Charge)/Credit to HRA for provision	(96)
<u>(138)</u>		<u>(175)</u>

The Council has also made a provision in respect of equal pay claims where the offer of settlement by the Council was not accepted. Equal pay offers were made to certain groups of staff, in particular those who had not received bonus payments. However some staff declined to accept these offers and have the right to take their case to an Employment Tribunal. The provision covers the anticipated payment the Council may have to make if it were to lose a Tribunal case in respect of the years up to 31 March 2010 for possible bonus payments. During the year, a considerable number of staff accepted equal pay offers which meant that a large part of the provision was no longer required.

2008/09 £000		2009/10 £000
(214)	Opening balance	(53)
161	Release of provision no longer required	49
<u>(53)</u>		<u>(4)</u>

17. **Analysis of net assets employed by the various funds**

The table below analyses the net assets employed by the Council over the various accounts of the Council.

Analysis of net assets employed: -

31 March 2009 £000		31 March 2010 £000
258,075	Capital Adjustment Account	243,032
33,946	Revaluation Reserve	53,504
(22,145)	Available-for-sale Financial Instruments Reserve	23,148
(58,979)	Pension Reserve	(147,169)
0	Capital Receipts Reserve	0
18	Deferred Capital Receipts	13
195,762	General Fund	192,507
84,364	Reserve Fund	66,752
10,616	Housing Revenue Account	10,577
3,947	Harbour Accounts	3,918
<u>505,604</u>	Total	<u>446,282</u>

18. **Movements in Reserves**

	Balance as at 1/04/09	Gains or losses transferred from revenue or credited/ debited direct to reserve	Transactions with other reserves	Balance as at 31/03/10
	£000	£000	£000	£000
Capital Adjustment Account	(258,075)	15,405	(362)	(243,032)
Revaluation Reserve	(33,946)	(18,101)	(1,457)	(53,504)
Available-for-sale Financial Instruments Reserve	22,145	(43,786)	(1,507)	(23,148)
Pension Reserve	58,979	88,190	0	147,169
Capital Receipts Reserve				
Capital Receipts Reserve	0	(943)	943	0
Deferred Capital Receipts	(18)	0	5	(13)
Capital Fund				
Capital Fund	(113,370)	(4,657)	402	(117,625)
Pilot Boat Renewal Fund	(920)	(24)	0	(944)
Repairs & Renewals Fund				
Repairs & Renewals Fund	(81,957)	(2,049)	9,688	(74,318)
Housing Repairs & Renewals Fund	(10,616)	(269)	308	(10,577)
Quarry Repairs & Renewals Fund	(146)	(4)	0	(150)
Reserve Fund				
Reserve Fund	(84,364)	(1,196)	18,808	(66,752)
Marine Superannuation Fund	(3,027)	(32)	85	(2,974)
Insurance Fund	(219)	(7)	(28)	(254)
General Fund				
General Fund	0	27,070	(27,070)	0
Central Energy Efficiency Fund	(70)	(7)	0	(77)
Hansel Funds	0	(83)	0	(83)
Housing Revenue Account	0	(185)	185	0
	(505,604)	59,322	0	(446,282)

The balances on the Revaluation Reserve and Capital Adjustment Account vary with the accounting entries for capital expenditure and revaluation of assets. Neither account is available for use by the Council for its purposes.

The Available-for-sale Financial Instruments Reserve shows the difference between the purchase cost of an investment, adjusted by the effective interest rate method, and its market value at the balance sheet date.

Deferred capital receipts were created by the Capital Fund reimbursing the Loans Fund and are released to the Capital receipts reserve as repayments are received. Receipts of £0.004m were released in the year.

The Capital Receipts Reserve was established for the purpose of financing capital expenditure and its capital can be applied for that purpose. Returns in the year are credited to the General Fund. The source of funding for the reserve is capital receipts not applied during the year. All receipts received in the year were applied to fund £0.71m of Housing Revenue Account and £0.236m of General Fund capital expenditure.

The Pension Reserve shows the surplus or deficit on pensions as calculated according to Financial Reporting Standard No. 17 (Retirement Benefits). This balance is not available for use by the Council but it does give an indication of the long term solvency of the pension fund.

The Capital Fund was established under the Local Government (Scotland) Act 1975. This fund may be used to defray certain items of capital expenditure and for the repayment of the principal of loans. £6.06m of capital expenditure was funded during the year.

The Pilot Boat Renewal Fund was established by the Council, as Pilotage Authority in 1983 to defray expenditure on the building of vessels for boarding and landing duties. It has been funded by contributions from the Harbour Account. There was no expenditure during the year.

The Repairs and Renewals Fund was established under the provisions of the Local Government (Scotland) Act 1975 for the purpose of defraying expenditure in repairing, maintaining, replacing and renewing any buildings, works, plant, equipment or articles belonging to the Council. £9.7m of revenue expenditure was funded during the year.

The Housing Repairs and Renewals Fund was established under the provisions of the Local Government (Scotland) Act 1975 for the purpose of defraying expenditure in repairing, maintaining, replacing and renewing any buildings, works, plant, equipment or articles belonging to the Council's Housing Revenue Account. During the year, a net contribution of £0.31m was made to cover repairs expenditure. This effectively allowed the HRA to contribute £0.49m to the Capital adjustment account to fund capital expenditure and produced a surplus of £0.18m on the overall account.

The Quarry Repairs and Renewals Fund was established under the provisions of the Local Government (Scotland) Act, 1975 to fund environmental works at Council quarries. There was no expenditure during the year.

The Reserve Fund was established under Section 67(i) of the Zetland County Council Act 1974. This Act empowers the Council to transfer to the fund surpluses arising on the Harbour Account. The fund may be used to defray certain expenditure on the harbour undertaking and for any other purpose which is solely in the interest of the County and its inhabitants. During the year, a Harbour Account surplus of £2.05m was transferred to the fund and a transfer of £0.07m was made to the Capital Adjustment Account to fund capital expenditure. A transfer of £12.9m was made to the General Fund to cover planned expenditure programmes and £7.98m was also transferred to help cover the General Fund deficit.

The Marine Superannuation Fund was established by contributions from the Harbour Account for the purpose of covering the unfunded element of pensions of Harbour staff. It made a contribution of £0.085m to the Harbour Account during the year.

The Insurance Fund may be used to make good loss or damage suffered by the Council as a result of an occurrence against the risk of which the Council can insure. It can also be used in paying premiums on a policy of insurance against the risk. A contribution from the General Fund in the year of £0.027m was made.

Under the Local Government (Scotland) Act 1973, the Council is permitted to carry forward balances on the General Fund.

It is Council policy to balance the Housing Revenue Account to zero by transfers to or from the Housing Repairs and Renewals Fund. A net contribution of £0.31m was received for that purpose.

19. **Trust fund and third party funds administered by the Council**

The Council administers, as sole trustee, 9 trust funds related to specific services. These are varied in nature and relate principally to legacies left by individuals over a great many years. Funds are in the main held in deposit accounts with local banks. Details of the Shetland Development Trust can be found in note 1 to the Group Accounts. The funds do not represent assets of the Council and are not included in the Balance Sheet.

Trust funds:

Fund Balance at 31/3/09 £000		Fund Balance at 31/3/10 £000
(17,716)	Shetland Development Trust	(16,910)
(637)	Zetland Educational Trust	(647)
(51)	Gilbertson Trust	(52)
(3)	William Strong Bequest	(3)
(2)	Samuel Mullay Bequest	(2)
(5)	Other	(5)
<u>(18,414)</u>	Total	<u>(17,619)</u>

The Shetland Development Trust, with an income of £1.35m, provides assistance to local industry. The Zetland Educational Trust, with an income of £20,932 and expenditure of £11,220, pays bursaries to university students, aids apprentices and supports educational trips. The Gilbertson Trust, with an income of £974, makes annual payments of £20 to deserving persons, mainly in Lerwick, amounting to £100 whilst the William Strong Bequest makes an annual payment to the ten oldest persons in Fair Isle when sufficient funds are available. These and the Samuel Mullay Bequest are registered with the Office of the Scottish Charity Regulator. The other trusts are, due to their low annual income, dormant.

20. **Statement of Authorisation of Issue**

The unaudited accounts were issued on 30 June 2010 and the audited accounts were authorised for issue on 30 September 2010 by Graham Johnston B.Sc. (Hons.) C.P.F.A., Head of Finance for the Council.

21. **Details of insurance provisions and the risk carried**

The Council operates an insurance fund to offset any uninsured losses and excesses on claims. The authority assesses its likely funding needs and this is reflected in the internal recharges, which take account of insurance premia, and all other permitted insurance costs incurred.

The Council carries some uninsured risks. These are: -

theft cover (with the exception of computers and some specialised equipment);

gradually occurring pollution;

terrorism damage in excess of £100,000 per building.

22. **Contingent Assets and Liabilities**

The Council successfully agreed a single status agreement with the majority of employees in April 2009. However although the Council has made provision within the financial statements where an equal pay offer has been made but not accepted, it continues to be vulnerable to further claims that cannot as yet be quantified.

The Council has provided security cover, in the form of a irrevocable letter of credit for £1,831,640, to National Grid Electricity Transmission plc in respect of its agreement with Viking Energy in relation to an inter connector cable to Shetland. The sum would only be payable if Viking Energy withdrew from the wind farm project and therefore would not need a grid connection.

The pension benefits accruing to the staff of Shetland Towage up until 10 February 2006 were transferred to the Shetland Islands Council pension fund. The assets of Shetland Towage's Pension Scheme that funded these benefits were also transferred with the Council agreeing to cover any funding shortfall. The amount of any

shortfall will depend upon when the Council chooses to fund it but an actuarial valuation as at 16 June 2009 indicated a funding shortfall of £8.346m.

The Council is currently involved in a legal dispute with the Lerwick Port Authority relating to the dredging of the north Lerwick Harbour. Their claim is being contested and is at present unresolved and not admitted.

23. **Pension Costs (Teachers)**

In 2009/10 the Council paid an employer's contribution of £2.5m (£2.23m in 2008/09) to the Scottish Public Pension Agency in respect of teachers' pension costs, which represented 14.9% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2009/10 these amounted to £0.71m (£0.69m in 2008/09), representing 4.23% of teachers pensionable pay (2008/09 4.17%).

24. **Pension Costs (Other Employees)**

The Local Government Pension Scheme is a funded defined benefit scheme to which the Council and its employees contribute at a rate determined by actuaries to the scheme such that the pension liabilities are balanced with investment assets.

The Council is required to recognise the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid. The following transactions have been included in the Income and Expenditure Account.

2008/09 £000		2009/10 £000
6,188	Current service costs	5,554
869	Past service costs	1,722
126	Curtailments and settlements	0
(13,212)	Expected return on assets	(9,066)
13,710	Interest cost	14,125
7,986	Actual employers contributions payable	9,500

25. **Pension Assets and Liabilities**

In accordance with Financial Reporting Standard No.17 (Retirement Benefits) the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to the pension scheme for its employees. Although these benefits will not actually be paid until employees retire, the Council's commitment to make such payments requires to be disclosed at the time employees earn their future entitlement.

The Council participates in two formal pension schemes, the Local Government Superannuation Scheme which it itself administers and the Teachers Pension Scheme administered by the Scottish Government. In addition, the Council has liabilities for discretionary pension payments outside the main schemes.

The Local Government Superannuation (Scotland) Scheme is a funded scheme to which the Council and its employees contribute at a rate determined by actuaries to the scheme such that the pension liabilities are balanced with investment assets. In 2009/10, pension costs have been charged to the Income and Expenditure Account on the basis of the contributions payable for the year to the Pension Fund, based on the formal actuarial valuation as at 31 March 2008.

Although the net pension liability of £147.17m exceeds the General Fund balance which, by Council policy, is balanced to zero each year, the Council has other funds available including a Reserve Fund of £66.8m. The actuarial valuation sets the appropriate employer's contribution rates and this, together with returns on investments, will be utilised to meet the fund's commitments.

The expected employer's contribution for the year to 31 March 2011 is £8.61m.

The actuarial loss recognised in the Statement of Total Recognised Gains and Losses is £85.4m and the cumulative loss is £102.2m.

The actual return on scheme assets is 40.3%.

Net Pension Liability

The Council's assets and liabilities amounted to: -

2009 £000		2010 £000
134,353	Share of Pension Fund Assets	195,710
(175,197)	Less: Estimated liabilities Pension Fund	(318,653)
<u>(18,135)</u>	Estimated liabilities for discretionary pensions	<u>(24,226)</u>
<u>(58,979)</u>	Net pension asset/(liability)	<u>(147,169)</u>

	2006 £000	2007 £000	2008 £000
Share of Pension Fund Assets	168,551	187,924	179,810
Less: Estimated liabilities Pension Fund	(204,497)	(202,373)	(178,602)
Estimated liabilities for discretionary pensions	<u>(19,510)</u>	<u>(20,684)</u>	<u>(19,315)</u>
Net pension asset/(liability)	<u>(55,456)</u>	<u>(35,133)</u>	<u>(18,107)</u>

Reconciliation of Fair Value of Scheme Assets:

2009 £000		2010 £000
179,810	Opening balance (1 April)	134,353
13,212	Expected rate of return	9,066
(63,227)	Actuarial gains and losses	46,120
7,986	Employer contributions	9,500
2,801	Contributions by scheme participants	3,447
(8,126)	Benefits paid	(6,776)
<u>1,897</u>	Assets acquired in a business combination	<u>-</u>
<u>134,353</u>		<u>195,710</u>

Reconciliation of Present Value of Scheme Liabilities

2009 £000		2010 £000
197,917	Opening balance (1 April)	193,332
6,188	Current service cost	5,554
13,710	Interest Cost	14,125
2,801	Contributions by scheme participants	3,447
(27,886)	Actuarial gains and losses	131,475
869	Past service costs	1,722
(8,126)	Benefits paid	(6,776)
126	Curtailments	-
<u>7,733</u>	Liabilities assumed in a business combination	<u>-</u>
<u>193,332</u>		<u>342,879</u>

Assets are valued at fair value, principally market value for quoted investments and an estimate for unquoted investments, and consist of: -

2009			2010			
	Market Value	Expected rate of return		Market Value	Expected rate of return	
%	£'000	%	%	£'000	%	
79.0	106,139	7.0	Equity Investments	80.0	156,568	7.8
9.0	12,092	5.4	Bonds	8.0	15,657	5
6.0	8,061	4.9	Property	7.0	13,700	5.8
6.0	8,061	4.0	Cash	5.0	9,785	4.8
	<u>134,353</u>			<u>195,710</u>		

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The main assumptions used in the calculation are: -

2009		2010
	%	%
3.1	Price increases	3.8
4.6	Salary Increases	5.3
3.1	Pension Increases	7.3
6.9	Discount Rate	5.5
70	Take-up of option to convert pension to lump sum	85

The actuarial gains and losses shown as movements on the Pension Reserve can be analysed as follows, measured as absolute amounts and as a percentage of assets and liabilities.

31 March 2009		31 March 2010
	£000	£000
(63,227)	Difference between the expected and actual return on assets	46,120
134,353	Value of assets	195,710
47.1%	Percentage of assets	23.6%
8,110	Experience gain/(loss) on liabilities	(6,331)
193,332	Present value of liabilities	342,879
4.2%	Percentage of the present value of liabilities	1.8%

	31 March 2006	31 March 2007	31 March 2008
	£000	£000	£000
Difference between the expected and actual return on assets	22,138	1,773	(28,053)
Value of assets	168,551	187,924	179,810
Percentage of assets	13.1%	0.9%	15.6%
Experience gain/(loss) on liabilities	102	(1,128)	(112)
Present value of liabilities	224,007	223,057	197,917
Percentage of the present value of liabilities	0.05%	0.5%	0.1%

Mortality

The average future life expectancies at age 65 are summarised below:

	2009		2010	
	Males	Females	Males	Females
Current pensioners	20.7 years	23.8 years	21.5 years	24.9 years
Future pensioners	22.0 years	25.0 years	23.5 years	27.0 years

26. Analysis of government grants in the Cash Flow Statement

Government grants received in 2009/10: -

2008/09		2009/10	2009/10
£000		£000	£000
(81,830)	Revenue Support Grant		(84,694)
	Rebates Grants		
(756)	Council Tax Rebate	(800)	
(1,900)	Rent Rebate	(2,064)	
(434)	Rent Allowance	(676)	
<u>(3,090)</u>		<u></u>	(3,540)
	Other Revenue Grants		
(1,755)	Housing Support Grant	(1,512)	
(1,899)	Further Education Grant	(1,830)	
(233)	Training Grants	(201)	
(10)	Milk Subsidy	(17)	
(91)	Housing Benefit Administration	(86)	
(47)	Council Tax Administration	(44)	
(5,024)	Other	(7,125)	
<u>(9,059)</u>		<u></u>	(10,815)
<u>(93,979)</u>	Total Revenue Grants	<u></u>	(99,049)
(3,282)	Capital Grants		(4,348)
<u>(97,261)</u>	Total	<u></u>	<u>(103,397)</u>

27. **Reconciliation of the net deficit on the Income and Expenditure Account to the revenue activities net cash flow in the Cash Flow Statement**

2008/09		2009/10	2009/10
£000		£000	£000
5,247	(Surplus)/Deficit for Year	37,685	
	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance		
<u>(5,317)</u>		<u>(37,775)</u>	
(70)			(90)
	<u>Non cash transactions</u>		
7,516	Contributions to/from reserves	21,794	
(2,021)	Loans Fund principal repayments	(2,067)	
<u>(2,460)</u>	Capital from current revenue	<u>(1,939)</u>	
3,035			17,788
	<u>Items on an accruals basis</u>		
374	Movement in stocks	144	
1,598	Movement in debtors	(6,916)	
<u>(4,916)</u>	Movement in creditors	<u>8,217</u>	
(2,944)			1,445
	<u>Items classified elsewhere</u>		
(2,819)	Interest paid	(1,667)	
8,089	Other	<u>10,405</u>	
<u>5,270</u>			<u>8,738</u>
<u>5,291</u>			<u>27,881</u>

28. **Reconciliation of Relevant Movements within Financing and Management of Liquid Resources**

	Balance at 01/04/09 £000	Balance at 31/03/10 £000	Movement 2009/10 £000
Management of Liquid Resources			
Short Term Investments	16,506	13,484	3,022
Financing			
Bank Loans	0	0	0
Building Society Loans	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0
Principal element of finance lease rental			<u>0</u>
			<u>0</u>

Definition of Liquid Resources

Liquid resources are defined as short term investments.

29. **Reconciliation of the movement in cash to the movement in Net Debt**

Reconciliation to Net Debt

2008/09 £000		2009/10 £000
(4,757)	(Increase)/decrease in Cash	2,531
0	Decrease in Debt Financing	0
<u>(365)</u>	(Increase)/decrease in Liquid Resources	<u>3,022</u>
(5,122)		5,553
<u>(21,337)</u>	Opening Net Debt as at 01/04/09	<u>(26,459)</u>
<u>(26,459)</u>	Closing Net Debt as at 31/03/10	<u>(20,906)</u>

Analysis of Net Debt

	Balance at 01/04/09 £000	Cash Flow £000	Other Non Cash £000	Balance at 31/03/10 £000
Cash and bank	(9,953)	2,531	0	(7,422)
Overdraft	0	0	0	0
	<u>(9,953)</u>	<u>2,531</u>	<u>0</u>	<u>(7,422)</u>
Debt due after 1 year	0	0	0	0
Debt due within 1 year	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current Investments	(16,506)	2,943	79	(13,484)
Total	<u>(26,459)</u>	<u>5,474</u>	<u>79</u>	<u>(20,906)</u>

30. **Risks arising from Financial Instruments**

The authority's investments and financial activities expose it to a variety of financial risks: -

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements

The authority's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Treasury Service, under policies approved by the Council in the annual Treasury Management Strategy Statement.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks or financial institutions unless they meet one of the following categories:

- 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”.

The authority has a policy of not lending more than £3m of its surplus balances to any single organisation at any one time, apart from the Council's own bank.

At the 31 March 2010 the Council only had deposits with the Council's own bank, amounting to £9.3m. The Council's exposure to credit risk on these current deposits is very low based on the last five financial years experience, where no default or loss has occurred. No credit limits were exceeded during the reporting period and the authority does not expect any losses or default in relation to these current deposits.

Liquidity Risk

The authority has external investments with fund managers amounting to £231m at the 31 March 2010. The authority has ready access to these funds, so there is no significant risk that it will be unable to meet its daily operating commitments.

There are no current capital borrowings and there is no requirement for capital borrowings during 2010/11. All trade and other payables are due to be paid in less than one year.

Market Risk

The authority is exposed to significant risk in terms of its exposure to cash interest rates, the bond market and the equity markets. Movements in interest rates, bond values and share prices have a complex impact on the authority's investments. To limit the effect of these movements the investment portfolio is diversified to reduce exposure to any one market. The investment portfolio at the 31 March 2010 is diversified between the following markets:

UK Equities	41%
Overseas Equities	26%
UK Government Bonds	27%
Overseas Bonds	1%
Corporate Bonds	0%
Cash	5%

Overseas equities comprise investments in North America, Europe, Japan, Pacific (ex Japan) and Emerging Markets.

The authority's external investments are all classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised by the Statement of Total Recognised Gains and Losses (STRGL). The largest investment is in UK Equities and any movement of the UK market will have the greatest impact on any gains or losses. A general shift of 5% in the UK Stock Market (positive or negative) would result in a gain or loss being recognised in the STRGL in the region of £4.7m for 2010/11.

Foreign Exchange Risk

The authority has £63m invested in overseas equities and bonds which are denominated in foreign currencies. The exposure to risk of loss in adverse movements in exchange rates are greatly reduced through the use of currency hedging strategies to specifically negate any currency movement impact.

31. Financial Investments

The investments disclosed in the Balance Sheet are made up of the following categories of financial investment.

	Long-term		Current	
	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000
Available-for-sale financial assets	199,744	217,952	16,115	13,205
Loans and receivables	0	1,007	391	279
	199,744	218,959	16,506	13,484

The total interest and dividends received in respect of available-for sale financial assets was £5.18m (08/09 £6.7m) and interest received on loans was £0.023m (08/09 £0).

32. **Events after the Balance Sheet Date**

Events of a material nature occurring between the Balance Sheet date of 31 March 2010 and the date of issue of the audited accounts of 30 September 2010 whose disclosure is required for the true and fair presentation of the financial statements are detailed below.

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Fund by around 6-8%.

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

HARBOUR ACCOUNT

The Zetland County Council Act 1974 permits the Council to operate harbours and to maintain a separate harbour account. Any surplus on the harbour account can be carried to the credit of a reserve fund which can be used for any purpose which in the opinion of the Council is solely in the interests of the county and its inhabitants. The Council balances the Harbour account to zero each financial year by such transfers. In 2009/10 the transfer to the Reserve Fund was £2.05m. Details of the Reserve Fund can be found in note 18 to the core financial statements.

The Council exercises control over most harbours in Shetland with the exception of Lerwick and Broonies Taing at Sandwick. As can be seen below, most revenue is generated by the Sullom Voe harbour which services the Sullom Voe Oil terminal.

The Harbour account is included within the Trading Services line in the main Council Income and Expenditure Account.

Income and Expenditure Account

2008/09		2009/10 Expenditure	2009/10 Income	2009/10 Net
£'000		£'000	£'000	£'000
(4,512)	Sullom Voe Harbour	11,016	(14,623)	(3,607)
751	Other Harbours	1,861	(681)	1,180
<u>(3,761)</u>	Net Cost of Harbour Services	<u>12,877</u>	<u>(15,304)</u>	<u>(2,427)</u>
(1)	(Gain)/Loss on disposal of fixed assets			(1)
99	Interest Payable and similar charges			262
46	Pension interest cost & expected asset return			347
<u>(3,617)</u>	(Surplus) for the year on Harbour Services			<u>(1,819)</u>

STATEMENT OF MOVEMENT ON HARBOUR ACCOUNT BALANCE

2008/09		2009/10
£'000		£'000
(3,617)	(Surplus)/Deficit on Harbour Income and Expenditure Account	(1,819)
3,617	Net additional amount required by statute to be debited or credited to the Harbour balance for the year	1,819
<u>0</u>	(Increase)/decrease in the Harbour balance	<u>0</u>
0	Harbour Account balance brought forward	0
<u>0</u>	Harbour Account balance carried forward	<u>0</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

Note to the Statement of Movement on the Harbour Account Balance

2008/09		2009/10	2009/10
£'000		£'000	£'000
	Items included in the Harbour Account Income and Expenditure Account but excluded from the revenue on the Harbour Account balance for the year		
(1,343)	Depreciation and impairment of Harbour fixed assets	(1,469)	
2	Government grants deferred amortisation	2	
1	(Gain)/Loss on sale of assets	1	
(621)	Net charge for external benefits under FRS17	(728)	
<hr/>		<hr/>	
(1,961)			(2,194)
	Items not included in the Harbour Income and Expenditure Account but included in the revenue on Harbour Account balance for the year		
78	Loans Fund Principal	120	
1,618	Capital expenditure financed from revenue	1,272	
742	Employer's contribution to Pension Fund	652	
<hr/>		<hr/>	
2,438			2,044
	Transfers to and from the Harbour Account balance that are required to be taken into account when determining the Movement on the Harbour Account balance for the year.		
(87)	Transfer from Marine Fund		(85)
3,227	Transfer to Reserve Fund		2,054
<hr/>		<hr/>	
3,617	Net additional amount required by statute to be debited to the Harbour Account balance for the year		1,819
<hr/>		<hr/>	

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

2008/09 £000		2009/10 £000	2009/10 £000
	INCOME		
(5,000)	Dwelling rents (gross)	(5,145)	
(216)	Non-dwelling rents (gross)	(195)	
(1,755)	Housing Support Grant	(1,512)	
(24)	Other Income	(5)	
<u>(6,995)</u>	Total Income		(6,857)
	EXPENDITURE		
2,900	Repairs and maintenance	2,324	
407	Supervision and management	563	
980	Depreciation & impairment of fixed assets	1,679	
(16)	Bad or doubtful debts	96	
220	Other expenditure	136	
<u>4,491</u>	Total expenditure		<u>4,798</u>
(2,504)	Net cost of HRA services per Authority Income and Expenditure Account		(2,059)
83	HRA share of Corporate & Democratic Core		106
<u>(2,421)</u>	Net Cost of HRA Services		<u>(1,953)</u>
	HRA share of operating income and expenditure included in Authority Income and Expenditure Account		
(172)	Gain on sale of HRA fixed assets		(20)
2,843	Interest payable and similar charges		1,456
8	Pension interest cost & expected return on assets		59
<u>258</u>	(Surplus)/Deficit for the year on HRA services		<u>(458)</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

STATEMENT OF MOVEMENT ON THE HRA BALANCE

2008/09 £000		2009/10 £000
258	(Surplus)/Deficit on the HRA Income and Expenditure Account	(458)
	Net additional amount required by statute to be debited	
(258)	or credited to the HRA balance for the year	458
<hr/> 0	(Increase)/decrease in the HRA balance	<hr/> 0
0	Housing Revenue account balance brought forward	0
<hr/> 0	Housing Revenue Account balance carried forward	<hr/> 0

NOTES TO THE HOUSING REVENUE ACCOUNT CORE FINANCIAL STATEMENTS

1. **Note to the Statement of Movement on the HRA Balance**

2008/09 £000		2009/10 £000	2009/10 £000
	Items included in the HRA Income and Expenditure Account but excluded from the revenue on the HRA balance for the year		
(995)	Depreciation and impairment of HRA fixed assets	(1,693)	
14	Government Grants deferred amortisation	14	
172	Gain on sale of HRA fixed assets	20	
(111)	Net charge for external benefits under FRS17	(124)	
<hr/> (920)		<hr/>	(1,783)
	Items not included in the HRA Income and Expenditure Account but included in the revenue on HRA balance for the year		
1,943	Loans Fund principal		1,947
	Transfers to and from the HRA Balance that are required to be taken into account when determining the Movement on the HRA Balance for the year		
356	Capital Expenditure funded by the HRA		494
(1,770)	Transfer from Housing Repair & Renewal Fund		(311)
133	Employer's contribution to Pension Fund		111
<hr/> (258)	Net additional amount required by statute to be credited to the HRA Balance for the year	<hr/>	<hr/> 458

2. **Number and types of dwelling**

Housing stock:

31 March 2009		31 March 2010
No.		No.
84	1 Apartment	88
409	2 Apartment	406
548	3 Apartment	550
705	4 Apartment	696
39	5 Apartment	39
0	6 Apartment	0
2	8 Apartment	2
<u>1,787</u>	Total	<u>1,781</u>

3. **Amount of rent arrears**

The table below summarises the rent arrears position for Housing Revenue Account dwellings and the Ladies Drive hostel.

The trend shown below is of a small increase in the number of properties in arrears but the amount of arrears has dropped.

Rent arrears: -

2009		2010
132	Amount (£000)	125
351	Number of properties in arrears (No.)	374
20.0	Properties in arrears as share of total stock (%)	21.5
378	Average amount per property in arrears (£)	334

4. **Provision for bad debts**

The following table summarises the movements on the bad debt provision during 2009/10

Bad debt provision: -

2008/09 £000		2009/10 £000	2009/10 £000
(196)	Balance as at 1st April		(138)
	Bad rent debt written off		
17	Over £1,000 (Council approved)	41	
10	Under £1,000 (delegated authority)	13	
<u>27</u>			54
15	Miscellaneous bad debt written off		5
<u>(154)</u>			<u>(79)</u>
16	Contribution to/(from) Housing Revenue Account		(96)
<u>(138)</u>	Balance as at 31st March		<u>(175)</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

COUNCIL TAX INCOME ACCOUNT

2008/09		2009/10
£000		£000
(9,588)	Gross Council Tax levied and contributions in lieu	(9,729)
<u>(9,588)</u>		<u>(9,729)</u>
(6)	Council Tax benefits (net of Government grant)	(4)
1,166	Other discounts and reductions	1,156
32	Provision for bad and doubtful debts	60
34	Adjustment to previous years' Council Tax	20
<u>(8,362)</u>	Transfer to General Fund	<u>(8,497)</u>

1. Council tax base

Overleaf is the analysis of the Council Tax base used to set the 2009/10 charges. The analysis sets out the number of chargeable dwellings in each valuation band, before and after adjustment for exemptions and discounts, with all figures also shown after conversion to band D equivalents.

2. Charge setting

The analysis then sets out the tax yield and the charge per property in each band for the General Fund.

3. Deductions

The gross charge to a given property may be affected by the following deductions: -

Exemptions

Council Tax will be payable on almost all houses. A few however will be exempt. Houses where all the residents are students or are under 18 years old or are persons with a severe mental impairment will be exempt. So will some classes of empty property though in many cases only for a limited period.

Discounts

Council Tax bills can be reduced by discounts for dwellings with less than two adults. If only one adult lives there, the bill may be cut by 25%. If the property is unoccupied and is no-one's sole or main residence, the bill may be cut by up to 50%. If the property is a second home or long term empty the discount will only be 10%. Certain persons will not be counted when establishing the number of residents, these are; students, student nurses, apprentices, YTS trainees, persons with a severe mental impairment, adults for whom child benefit is still payable, people absent in nursing homes or hospitals, prisoners, care workers, and members of religious communities.

Reliefs

If a house has been structurally altered for a disabled person, the Council Tax bill may be set at the next band lower in value than that shown in the Valuation List. A reduction is also available for houses in band A.

COUNCIL TAX VALUATION BANDS 2009/10

	BAND A Subject to Disabled Relief	BAND A (£0 to £26,999.99)	BAND B (£27,000.00 to £34,999.99)	BAND C (£35,000.00 to £44,999.99)	BAND D (£45,000.00 to £57,999.99)	BAND E (£58,000.00 to £79,999.99)	BAND F (£80,000.00 to £105,999.99)	BAND G (£106,000.00 to £211,999.99)	BAND H (£212,000.00 to infinity)	TOTAL
Council Tax Weighting per Band	5	6	7	8	9	11	13	15	18	
Total Properties per Register (No.)		3,087	1,780	2,552	1,614	1,113	209	47	1	10,403
Gross Tax Base (Properties x Weighting)		18,522	12,460	20,416	14,526	12,243	2,717	705	18	81,607
Adjusted Properties (Band D Equivalents)		2058.00	1384.44	2268.44	1614.00	1360.33	301.89	78.33	2.00	9,067
Vacant Properties (No.):										
Mandatory Standard Exemptions		(172)	(70)	(58)	(50)	(11)	(3)	(2)	(1)	(367)
Chargeable Dwellings subject to Disabled Reduction (No.)		(13)	(6)	(15)	(11)	(6)	(1)	(1)	0	(53)
Dwellings Effectively Subject to Tax by Virtue of Disabled Relief (No.)	13	6	15	11	6	1	1	0	0	53
Class 18 (MoD) Dwellings (No.)	0	0	0	0	0	1	0	0	0	1
Revised Total Properties (No.)	13	2,908	1,719	2,490	1,559	1,098	206	44	0	10,037
Types of Property (No.):										
Single Discount (25%)	5	1,253	702	907	340	163	17	9	0	3,396
Double Discount (50%)	0	308	111	65	36	22	3	3	0	548
No Discount (0%)	8	1,347	906	1,518	1,183	913	186	32	0	6,093
	13	2,908	1,719	2,490	1,559	1,098	206	44	0	10,037
Properties Subject to Council Tax (No.)	11.75	2,440.75	1,488.00	2,230.75	1,456.00	1,046.25	200.25	40.25	0.00	8,914.00
Net Tax Base (Properties x Weighting)	59	14,645	10,416	17,846	13,104	11,509	2,603	604	0	70,784
Adjusted Properties (Band D Equivalents)	6.53	1,627.17	1,157.33	1,982.89	1,456.00	1,278.75	289.25	67.08	0.00	7,865.00
COUNCIL TAX 2009/10:										
General Fund Charge										
Tax Yield (£)	8,249	1,713,407	1,218,672	2,087,982	1,533,168	1,346,524	304,580	70,639	0	8,283,220
Charge per Property (£)	702.00	702.00	819.00	936.00	1,053.00	1,287.00	1,521.00	1,755.00	2,106.00	

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

NON-DOMESTIC RATE INCOME ACCOUNT

2008/09		2009/10
£000		£000
(14,047)	Gross rates levied and contribution in lieu	(15,478)
<u>(14,047)</u>		<u>(15,478)</u>
2,506	Reliefs and other deductions (net)	3,310
31	Payment of interest	11
33	Provision for bad and doubtful debts	38
<u>(11,477)</u>	Contribution to national non-domestic rate pool	<u>(12,119)</u>

1. Analysis of rateable values

The table below sets out the number of subjects liable for General Rates and the rateable values at start of the year.

The amount paid for Non-Domestic Rates is determined by the rateable value agreed by the Assessor multiplied by the rate per £ (rate poundage) that is announced annually by the Scottish Government. The national Non-Domestic Rate poundage set for 2009/10 was £0.481 (2008/09 £0.458).

The Small Business Bonus Scheme was introduced by the Scottish Government from 1 April 2008, replacing the Small Business Rate Relief Scheme. The new scheme applies to properties with a rateable value of £15,000 or less. 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.

Category	No. of Subjects	Rateable Value
		£000
Commercial	561	5,986
Industrial	493	17,275
Other	836	8,733
TOTAL	<u>1,890</u>	<u>31,994</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

PENSION FUND ACCOUNT 2009/10

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

2008/09 £000		Notes	2009/10 £000	2009/10 £000
	Dealings with members, employers and others directly involved in the scheme			
	Contributions			
	From Employers			
(7,872)	Normal	6	(9,687)	
(390)	Augmentation		0	
<u>(8,262)</u>				(9,687)
	From Members			
(3,317)	Normal	6		(3,984)
	Transfers in			
0	Group transfers in from other schemes		(1,776)	
(1,780)	Individual transfers in from other schemes		<u>(1,330)</u>	
<u>(1,780)</u>				(3,106)
	Other income			
(23)	Other income			(26)
	Benefits Payable			
4,763	Pensions	6	5,209	
2,094	Commutation of pension and lump sum retirement benefits	6	946	
114	Lump sum death benefits	6	<u>43</u>	
<u>6,971</u>				6,198
	Payments to and on account of leavers			
18	Refunds of contributions		25	
17	State Scheme Premiums		18	
119	Individual transfer out to other schemes		<u>700</u>	
<u>154</u>				743
	Administrative expenses			
226	Administrative expenses	8		202
<u>(6,031)</u>	NET (ADDITIONS)/WITHDRAWALS FROM DEALINGS WITH MEMBERS			<u>(9,660)</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

PENSION FUND ACCOUNT 2009/10

NET ASSETS STATEMENT AS AT 31 MARCH 2010

2008/09 £000	Notes	2009/10 £000	2009/10 £000
RETURNS ON INVESTMENTS			
Investment income			
(114)	Quoted UK - interest on fixed interest securities	0	
(2,543)	Quoted UK - dividends from equities	(8)	
(1,487)	Quoted overseas - dividends from equities	0	
(154)	Unquoted UK - income from pooled investment vehicles	(218)	
(66)	Unquoted overseas - income pooled investment vehicles	(88)	
(912)	Interest on cash deposits	(132)	
(212)	Other	(15)	
<u>(5,488)</u>		<u></u>	(461)
52,358	Change in market value of investments		(59,511)
74	Taxation - irrecoverable withholding tax		0
748	Investment management expenses	8	305
<u>47,692</u>	Net returns on investments		<u>(59,667)</u>
41,661	Net (increase)/decrease in the fund during the year		(69,327)
(199,761)	Add : Opening net assets of the scheme		(158,100)
<u>(158,100)</u>	Closing net assets of the scheme		<u>(227,427)</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract Accounts

PENSION FUND ACCOUNT 2009/10

NET ASSETS STATEMENT AS AT 31 MARCH 2010

2008/09 £000		Notes	2009/10 £000	2009/10 £000
INVESTMENT ASSETS				
(6)	Equities		0	
(130,593)	Pooled Investment Vehicles (Unit Trusts)		(193,666)	
(7,701)	Pooled Investment Vehicles (Property Unit Trusts)		(14,976)	
(5,850)	Cash Deposits		(7,383)	
(2,353)	Other investment		(2,143)	
<u>(146,503)</u>		5	<u>(218,168)</u>	
	Other investment balances			
0	Dividends receivable		(6)	
<u>(148)</u>	Tax recoverable		<u>(148)</u>	
			<u>(154)</u>	
(146,651)	Total investment assets			(218,322)
	Net current assets and liabilities			
(3,776)	Bank and cash - external		(3,051)	
(7,269)	Bank and cash - internal		(5,595)	
(1,221)	Debtors	10	(1,167)	
<u>817</u>	Creditors	11	<u>708</u>	
(11,449)	Net current assets			(9,105)
<u><u>(158,100)</u></u>	Net Assets			<u><u>(227,427)</u></u>

These financial statements summarise the transactions and net assets of the Fund and do not take account of liabilities to pay pension and other benefits in the future.

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Graham Johnston B.Sc (Hons.) C.P.F.A.
HEAD OF FINANCE

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

NOTES TO PENSION FUND ACCOUNT

1. Introduction

The Pension Fund is a pool into which employees' and employers' contributions and income from investments are paid in and from which pensions and other lump sum benefits are paid out in accordance with the provisions of the Local Government Pension Scheme (Scotland) Regulations.

The Council is Trustee for a Pension Fund covering 3,067 members (2008/09 3,325) including 330 (2008/09 375) who are members of other admitted bodies and 11 (2008/09 12) who are members of a scheduled body. 832 (2008/09 801) pensioners, 159 (2008/09 162) dependants and 1,177 (2008/09 1,026) deferred members. These figures do not include teachers, who are covered by the Scottish Public Pension Agency.

The scheduled body is: -

Orkney and Shetland Valuation Joint Board

The admitted bodies are: -

Lerwick Port Authority
Shetland Amenity Trust
Shetland Arts Development Agency
Shetland Recreational Trust
Shetland Fisheries Training Centre Trust
Shetland Islands Tourism
Shetland Enterprise Company
Shetland Alcohol Trust
ABA Services
Shetland Youth Information Service
Shetland Seafood Quality Control Ltd
Advocacy Shetland
Shetland Voluntary Care Forum
Disability Shetland
Shetland Development Trust (until 20 December 2009)
Shetland Charitable Trust
Atlantic Ferries (closed Agreement)

The Council manages the Fund in terms of the Local Government Pension Scheme (Scotland) Regulations 2008. The Council discharges this duty by appointing a Pension Fund Management Consultative Committee comprising three councillors, one representative of the Admitted Bodies' employers, three employee representatives (one representing the Admitted Bodies' employees) and a retired beneficiary. The Management Committee is advised by relevant officers of the Council as appropriate and meets approximately twice a year.

2. Accounting Policies

The transactions of the Fund are accounted for on an accruals basis, thereby taking into account all known and determinable amounts due by and due to the Fund in 2010.

The custodian, the Northern Trust Company, has valued all investments. In accordance with the SORP, valuations at 31 March 2010 are at bid market values.

Items denominated in foreign currency have been translated into sterling at the closing exchange rate as at 31 March 2010.

3. Accounting treatment

The accounts have been prepared with regard to statute and the Code of Practice on Local Authority Accounting in the United Kingdom (which includes all the presentational and disclosure requirements contained in Section 2 of the Pension SORP).

4. Administration, operation, management of the Fund

The Pension Fund is funded by contributions from employees and employers, as well as investment income, and pays pensions and lump sum benefits to members. From 1 April 2009 tiered employee contribution rates have been introduced in respect of all scheme members. The tiers ranging from 5.5% to 12% depending on the member's rate of pensionable pay. Shetland Islands Council as an employer contributed, during 2009/10, an

additional 15.5% of pensionable pay with admitted bodies paying between 15.1% and 20.8% of pensionable pay. The last actuarial valuation of the Fund carried out as at 31st March 2008 indicated a funding level of 88%. As a result, the rate of employer's contribution for Shetland Islands Council is 15.5%, 16.6% and 17.7% for years 2009/10, 2010/11 and 2011/12 and the rate of employer's contribution for admitted bodies will vary according to certain circumstances peculiar to the individual employers (in line with the Funding Strategy Statement.) The method of calculating the employer's rate of contribution is known as the "Projected Unit" method.

This method determines the future contribution rate required by considering the benefits accruing over the following three years. The employer's contribution rate is set to ensure that the assets of the Fund are sufficient to cover the expected benefits. In order to determine the contribution rate, a number of assumptions are made based on the historical performance of the Fund and on forecasts for the future.

These assumptions were:

Investment returns	4.5% p.a.
Salary increases	5.1% p.a.
Pension increases	3.6% p.a.
Price Inflation	3.6% p.a.

Actuarial valuations and fund management advice are provided by Hymans Robertson. At the date of the last actuarial valuation (31 March 2008) the market value of the Scheme's assets was £199.8m.

5. Investments

The Pension Fund's investments are managed by BlackRock Investment Management (UK) Limited (formerly Barclays Global Investors (BGI) who combined with BlackRock, 1/12/09, to create the previously mentioned new independent company), Record Currency Management and Schroder Property Investment Management Limited. In addition to making presentations to the Management Committee at least annually they provide detailed quarterly reports and weekly valuations of all assets to the Finance Service, which are used to monitor Fund activity and performance on an ongoing basis.

The investment strategy which has been adopted is to invest in a portfolio that aims for a split along the following guidelines: U.K. Equities 38.75%; Overseas Equities 38.75%; Bonds 10%; Property 10%; and Currency 2.5%.

The Fund also uses the services of a custodian, The Northern Trust Company. The table below gives details of investments held.

Investments held:

Market Value at 31.3.09 £000	Investment Sector	Market Value at 31.3.10 £000
	Equities	
(6)	Quoted - Overseas	0
	Pooled Investment Vehicles (Unit Trusts)	
(71,776)	Unquoted - UK	(103,079)
(58,817)	Unquoted - Overseas	(90,587)
	Pooled Investment Vehicles (Property Unit Trusts)	
(2,970)	Unquoted - UK	(10,839)
(4,731)	Unquoted - Overseas	(4,137)
	Cash Deposits	
(5,850)	UK	(7,383)
	Other Investments	
(2,353)	UK	(2,143)
<u>(146,503)</u>		<u>(218,168)</u>

6. Contributions receivable and benefits payable

The total contributions receivable and benefits payable during the year were as follows:-

	Administering Authority £000		Scheduled Body £000		Admitted Bodies £000	
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10
Contributions receivable						
employers	(6,733)	(8,284)	(64)	(63)	(1,075)	(1,340)
members	(2,842)	(3,447)	(21)	(20)	(454)	(517)
Benefits payable						
pensions	4,427	4802	17	52	319	355
lump sums	1,839	891	101	-	154	55
lump sum death benefits	114	7	-	-	-	36

7. Purchases and sales during the year

The value of purchases and sales in 2009/10 were £22m and £12m respectively as compared to £202m and £184m in 2008/09.

	Purchases		Sales (incl Gains/Losses)		Direct Transaction Costs	
	2008/09 £000	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000	2009/10 £000
Fixed interest securities-Govt						
Quoted-UK	6,854	0	10,074	0	0	0
Unit Trusts						
Unquoted-UK	14,353	2,392	6,008	0	0	0
Unquoted-Other	1,820	0	4,288	0	0	0
Equities						
Quoted-UK	25,043	0	75,208	0	165	0
Quoted-Other	26,460	0	83,678	10	80	0
Quoted Pref Shares-Other	116	0	63	0	0	0
Unit Trusts						
Unquoted-UK	60,588	3,895	1,469	5,137	0	0
Unquoted-Other	59,573	7,082	1,522	3,738	0	0
Unquoted-Property UK		4764	1,312	751	0	0
Unquoted-Property Other	1,523	386	0	0	0	0
Currency - UK	0	2,354	0	2,354	0	0
Cash						
Deposits	5,850	1,533	0	0	0	0
	<u>202,180</u>	<u>22,406</u>	<u>183,622</u>	<u>11,990</u>	<u>245</u>	<u>0</u>

The Funds are all invested within pooled funds therefore there are no direct trading costs.

8. Fund administration costs

Expenses of the Fund in 2009/10 include an administration charge from the Council of £173,971 (2008/09 £147,891). This represents the time spent by the staff of the Council (principally in Finance) in administering the Fund.

The management fee for BlackRock was £133,071 (2008/09 £36,451)

The fees for Record Currency Management Limited are £48,779 (2008/09 £104,147) and for Schroders are £30,000 (2008/09 £30,000).

There are also management fees to be paid to The Northern Trust Company as the Fund's custodian. The total paid to them in 2009/10 amounted to £17,113 (2008/09 £94,906). This is calculated on the basis of the number of transactions undertaken during the period and also a charge levied on the basis of the assets held per country.

9. **Investment return**

BlackRock achieved a return for 2009/10 of +43.8% versus the benchmark return of +43.3%. Record Currency Management achieved a return of -8.9% versus the benchmark of +0.5%. Schroders achieved a return of -2.4% versus the benchmark of +11.6%.

10. **Debtors**

The figure for debtors includes amounts due by Shetland Islands Council of £280,949 for employee contributions (2008/09 £240,218) and £675,475 for employer contributions (2008/09 £569,350).

11. **Creditors**

The figure for creditors includes an amount due to Shetland Islands Council of £97,131 for administration recharge costs (2008/09 £139,144).

12. **Statement of Investment Principles**

The Council has prepared and approved a Statement of Investment Principles in relation to investments made by its fund managers for the Pension Fund. The Statement is made available to Pension Fund members in a Pension Fund report sent to them.

13. **Funding Strategy Statement**

The Council has approved a Funding Strategy Statement, which is a summary of the Pension Fund's approach to funding liabilities.

14. **Additional Voluntary Contributions**

Prudential and Equitable Life manage the Additional Voluntary Contributions investments. The market value of these investments at 31 March 2010 was £4,059,289 (2008/09 £3,286,847) and total purchases for 2009/10 were £693,895 (2008/09 £682,818). The amounts are not included in the Pension Fund Accounts in accordance with regulation 5 (2) (c) of the Pension Scheme (Management and Investment of Funds) regulations 1998 (SI 1998 No. 1831).

15. **Contingent Asset**

The pension benefits accruing to the staff of Shetland Towage up until 10 February 2006 were transferred to the Shetland Islands Council pension fund. The assets of Shetland Towage's Pension Scheme that funded these benefits were also transferred with the Council agreeing to cover any funding shortfall.

The amount due to the Pension Fund depends upon when the payment is actually made. The last actuarial valuation as at 16 June 2009 indicated a funding shortfall of £8.346m.

SHETLAND ISLANDS COUNCIL

Abstract of Accounts 2009/10

STATEMENT OF GROUP ACCOUNTING POLICIES

1. Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP) requires Councils to consider their interests in external organisations including limited companies and other statutory bodies. Where such interests are considered material, the Council is required to prepare group financial statements in addition to those of Shetland Islands Council.

2. Combining Entities

The Council has identified four bodies where, according to the definitions in the SORP, the Council exerts a significant influence over them without support from other participants. These bodies are:

- Northern Joint Police Board
- Highlands and Islands Fire Board
- Orkney and Shetland Valuation Joint Board
- Zetland Transport Partnership (ZetTrans)

Accordingly, the Council has treated these bodies as 'associates' and included them in its Group Statements.

The Council also identified two organisations in which the Council holds a majority of equity capital or equivalent voting rights. These are:

- Shetland Towage
- Shetland Development Trust

The Shetland Development Trust has been consolidated into the Group Statements as a 'subsidiary'. Shetland Towage has been excluded as it is not currently operational nor does it hold significant assets.

The Trusts that the Council manages have not been included in the Group Statements on the grounds of materiality. Information on these can be found in Note 19 on page 31

The position regarding the grouping of Council accounts with the Shetland Charitable Trust is detailed in note 10 on page 6

3. Basis of Consolidation

The four bodies are all subject to the SORP, as is the Council, and so their single entity accounts were already in a SORP compliant format. These associates have been incorporated using the equity method where an opening investment is recognised in the Group Balance Sheet and is adjusted each year by the Council's share of the associate's operating results and other gains and losses. The Shetland Development Trust's accounts have been converted to a SORP compliant basis where material (except as detailed below) and have been included in the group statements using the acquisition method.

The opening investment in 2005/06 was established by taking the Council's share in the same percentage as its share of voting rights in each body. Its share of the operating results for the year was determined by its share of the total requisitions paid to fund each body by their constituent members. ZetTrans was only established in 2006/07 and the opening investment in it was determined by the percentage funding provided by the Council.

4. Financial Assets

All investments are classified as Available-for-sale and are shown at fair value which is based on the quoted market bid price, except for investments held by the Shetland Development Trust. These are valued at cost less provision for impairment where evidence exists.

5. Provision for Pensions

Pension assets and liabilities have been included in the accounts on the basis of Financial Reporting Standard No.17. The Shetland Development Trust is exempt from FRS 17 and no adjustment has been made in the Trust's accounts for it.

6. **Employee Statutory Adjustment Account**

Regulations have previously been introduced which effectively moved injury benefits (firefighters' and police officers' compensation schemes) outwith the formal fire pension schemes. A consequence of this was that, under existing legislation, the Pensions Reserve could no longer be used to offset the required accounting treatment of these benefits.

The Scottish Government have now issued statutory guidance which allows the affected organisations to use an Employee Statutory Adjustment Account to achieve the same neutralisation of the accounting treatment. This therefore ensures that the regulations which were introduced do not impact upon General Fund balances.

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

GROUP INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2010

2008/09		2009/10 Expenditure	2009/10 Income	2009/10 Net
£000		£000	£000	£000
2,721	Central services	3,437	(404)	3,033
42,575	Education services	56,652	(6,028)	50,624
5,317	Environmental services	12,486	(3,984)	8,502
1,173	Housing services	5,314	(3,898)	1,416
5,708	Cultural and related services	7,792	(925)	6,867
9,326	Planning and development services	15,070	(3,233)	11,837
10,375	Roads and transport services	15,547	(2,297)	13,250
9,399	Trading services	28,605	(16,821)	11,784
22,317	Social work	35,650	(8,976)	26,674
6,520	Corporate and democratic core	6,649	0	6,649
999	Non distributed costs	1,722	0	1,722
1,804	Police	1,972	0	1,972
2,212	Fire	2,196	0	2,196
(2,421)	Housing revenue account	4,904	(6,857)	(1,953)
149	Share of operating results of Associates	7,592	(7,724)	(132)
118,174	Net Cost of Services	205,588	(61,147)	144,441
727	(Gain)/Loss on disposal of fixed assets			(44)
14	(Gain)/Loss on disposal of fixed assets of Associates			6
261	Net (Surplus)/Deficit trading undertakings			(615)
3,276	Interest payable and similar charges			1,767
129	Interest payable and similar charges of Associates			112
(9,961)	Interest and investment income			(10,311)
(39)	Interest and investment income of Associates			(4)
498	Pension interest cost & expected asset return			5,059
1,489	Pension interest cost & expected asset return of Associates			1,719
480	Taxation of group entities			374
115,048	NET EXPENDITURE			142,504
(8,362)	Council Tax			(8,497)
(81,830)	Revenue Support Grant			(84,325)
(8,088)	Contribution from non-domestic rate pool			(9,189)
16,768	(SURPLUS)/DEFICIT FOR THE YEAR			40,493

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

RECONCILIATION OF COUNCIL SURPLUS TO GROUP SURPLUS

2008/09 £000		2009/10 £000
5,247	(Surplus)/Deficit on Council's Income and Expenditure Account	37,685
<u>5,857</u>	Adjustments for transactions with group entities	<u>683</u>
11,104	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to the Council	38,368
	(Surplus)/Deficit in the Group Income and Expenditure Account attributable to:	
1,742	Associates	1,701
<u>3,922</u>	Subsidiary	<u>424</u>
<u><u>16,768</u></u>	Group Account (Surplus)/Deficit for the year	<u><u>40,493</u></u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2008/09 £000		2009/10 £000
16,768	Net (Surplus)/Deficit for the year	40,493
(6,477)	Surplus arising on revaluation of fixed assets	(20,935)
30,722	Surplus arising on revaluation of Available-for-sale Financial Assets	(43,409)
32,019	Actuarial (gains)/losses on pension fund assets and liabilities.	98,569
0	Actuarial (gains)/losses on injury benefits	76
5,836	Net liability assumed on a business combination	0
<u><u>78,868</u></u>	Total recognised gains for the year	<u><u>74,794</u></u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

GROUP BALANCE SHEET

AS AT 31 MARCH 2010

31 March 2009 £000		31 March 2010 £000	31 March 2010 £000
	INTANGIBLE ASSETS		
1,016	Purchased software licences	689	
11,064	Licences, trademarks and artistic originals	10,118	
<u>12,080</u>			10,807
	TANGIBLE FIXED ASSETS		
	Operational assets		
59,931	Council dwellings	61,135	
104,233	Other land and buildings	117,562	
37,438	Vehicles, plant, furniture and equipment	36,243	
115,783	Infrastructure assets	119,614	
5,885	Community assets	<u>6,523</u>	
<u>323,270</u>			341,077
	Non-operational assets:		
4,328	Investment properties	4,503	
23,323	Assets under construction	22,905	
241	Surplus assets, held for disposal	<u>237</u>	
			27,645
<u>363,242</u>	TOTAL FIXED ASSETS		<u>379,529</u>
(34,496)	Investments in Associates		(48,859)
200,593	Long-term investments		219,498
3	Long-term debtors:Housing Loans		2
15	Long-term debtors:Other		11
<u>529,357</u>	TOTAL LONG-TERM ASSETS		<u>550,181</u>
	CURRENT ASSETS		
3,465	Stocks and work in progress	3,610	
11,816	Debtors, less bad debt provisions	10,626	
20,535	Short term investments	16,767	
12,569	Cash and bank	<u>11,357</u>	
<u>48,385</u>			42,360
577,742	TOTAL ASSETS		<u>592,541</u>
	CURRENT LIABILITIES		
(17,353)	Creditors		(15,587)
<u>560,389</u>	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>576,954</u>
	LONG-TERM LIABILITIES		
(12,533)	Government Grants-deferred	(15,751)	
(53)	Provision	(4)	
<u>(58,979)</u>	Pension Asset/ (Liability)	<u>(147,169)</u>	
(71,565)			(162,924)
<u><u>488,824</u></u>	TOTAL ASSETS LESS LIABILITIES		<u><u>414,030</u></u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

GROUP BALANCE SHEET

AS AT 31 MARCH 2010

31 March 2009 £000		31 March 2010 £000	31 March 2010 £000
	<u>FINANCED BY:</u>		
(260,833)	Capital Adjustment Account		(245,853)
(33,946)	Revaluation Reserve		(53,504)
22,145	Available-for-Sale Financial Assets Reserve		(23,148)
97,091	Pension Reserve		199,970
(398)	Capital Receipts Reserve		(226)
(301)	Share of revaluation reserve of associates/group entities		(918)
<u>(176,242)</u>			<u>(123,679)</u>
(114,290)	Capital Fund	(118,569)	
(92,719)	Repairs and Renewals Fund	(85,045)	
(87,391)	Reserve Fund	(69,726)	
(219)	Insurance Fund	<u>(254)</u>	
<u>(294,619)</u>			<u>(273,594)</u>
	Balances		
5,787	General Fund		508
(24,002)	Share of profit & loss of associates/group entities		(17,740)
252	Employee statutory adjustment account		475
<u>(488,824)</u>	GROUP BALANCES AND RESERVES		<u>(414,030)</u>

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Graham Johnston B.Sc (Hons.) C.P.F.A.
HEAD OF FINANCE

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

GROUP CASHFLOW STATEMENT

2008/09		2009/10	2009/10
£000		£000	£000
5,928	NET CASH (INFLOW)/OUTFLOW FROM REVENUE ACTIVITIES		28,168
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	Cash Inflows		
(6,065)	Interest received		(3,933)
(2,475)	Dividends received from investments		(2,193)
355	TAXATION		312
<hr/> (2,257)	BALANCE c/f		<hr/> 22,354

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

GROUP CASHFLOW STATEMENT

2008/09		2009/10	2009/10
£000		£000	£000
(2,257)	BALANCE b/f		22,354
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Cash Outflows			
22,899	Purchase of fixed assets	24,578	
116,197	Purchase of long-term investments	165,746	
7,173	Other capital cash payments	982	
<u>146,269</u>			191,306
Cash Inflows			
(3,542)	Sale of fixed assets	(932)	
(131,256)	Sale of long-term investments	(192,051)	
(3,282)	Capital grants received	(4,348)	
(3,103)	Other capital cash receipts	(2,470)	
<u>(141,183)</u>			(199,801)
<u>2,829</u>	Net cash (inflow)/outflow before financing		<u>13,859</u>
MANAGEMENT OF LIQUID RESOURCES			
(38)	Net Increase in short term deposits		(2,953)
(7,471)	Net Increase in other liquid deposits		(9,694)
<u>(4,680)</u>	NET (INCREASE)/DECREASE IN CASH		<u>1,212</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

NOTES TO THE GROUP ACCOUNTS

The notes required for the accounts of Shetland Islands Council itself are disclosed in the preceding pages. The following notes provide additional information where required on the other group entities.

1. Details of other Group Entities

The following entities have been included as associates within the Group Accounts: -

Orkney and Shetland Valuation Joint Board
Northern Joint Police Board
Highlands and Islands Fire Board
Zetland Transport Partnership (ZetTrans)

Orkney and Shetland Valuation Joint Board was formed in 1996 at local government reorganisation. The Board provides the valuation service for Orkney and Shetland and is funded by the two Councils who share running costs and any surpluses or deficits. In 2009/10, Shetland contributed 51.8% (2008/09 51%) of the Board's costs and its share of the year-end net liability of £1.015m (2008/09 £0.441m) is included in the Group Balance Sheet.

Northern Joint Police Board was established at local government reorganisation in 1975 and provides a range of policing services to the four local authorities in the Highlands and Islands. In 2009/10, Shetland contributed 6.42% (2008/09 6.61%) of the Board's costs and its share of the year-end net liability of £453.68m (2008/09 £280.14m) is included in the Group Balance Sheet.

Highlands and Islands Fire Board was established at local government reorganisation in 1975 and provides fire services on behalf of the four local authorities in the Highlands and Islands. In 2008/09, Shetland contributed 9.16% (2008/09 8.97%) of the Board's costs and its share of the year-end net liability of £78.79m (2008/09 £46.9m) is included in the Group Balance Sheet.

Zetland Transport Partnership (ZetTrans) was established in 2006/07 by the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005, made under the Transport (Scotland) Act 2005. In 2008/09 Shetland contributed 89.55% (2008/09 90.78%) and net year-end liability was zero.

The Shetland Development Trust has been included as a subsidiary within the Group Accounts. It is a public non-charitable trust constituted under a Deed of Trust registered in Edinburgh on 8 January 1996. The object of the Trust is to assist local business in the Shetland Islands which it does through making loans, purchasing equity or leasing assets, mainly fish quota. Following a reorganisation of the Trust whereby all the Trustees were all Shetland Islands Council councillors, the Council exercises 100% of the Trust's voting rights.

Under Financial Reporting Standard 9 on associates, the following information has to be disclosed, showing the Council's share of the results of the other entities: -

2008/09 £000	Northern Joint Police Board	2009/10 £000
3,730	Turnover	3,782
150	Profit before Tax	71
0	Taxation	0
150	Profit after Tax	71
3,097	Fixed assets	3,099
1,043	Current assets	789
(624)	Liabilities due within one year	(451)
(22,033)	Liabilities due after one year or more	(32,563)

2008/09 £000	Highlands and Islands Fire Board	2009/10 £000
2,098	Turnover	2,238
(20)	Profit before Tax	60
0	Taxation	0
(20)	Profit after Tax	60
3,587	Fixed assets	4,248
293	Current assets	377
(255)	Liabilities due within one year	(382)
(7,846)	Liabilities due after one year or more	(11,483)
2008/09 £000	Orkney and Shetland Valuation Joint Board	2009/10 £000
310	Turnover	290
14	Profit before Tax	1
0	Taxation	0
14	Profit after Tax	1
0	Fixed assets	0
5	Current assets	11
(5)	Liabilities due within one year	(11)
(225)	Liabilities due after one year or more	(526)
2008/09 £000	Shetland Transport Partnership (ZetTrans)	2009/10 £000
1,624	Turnover	1,414
5	Profit before Tax	0
0	Taxation	0
5	Profit after Tax	0
0	Fixed assets	0
1,523	Current assets	1,353
(1,523)	Liabilities due within one year	(1,353)
0	Liabilities due after one year or more	0

2. **Financial Impact of Consolidation**

The effect of inclusion of these bodies in the Group Balance Sheet is to reduce the net worth by £32.25m, representing the Council's share of the entities net liabilities. The liability mainly arises due to the pension liabilities of the associates calculated under FRS17, partly offset by the surplus in the Shetland Development Trust.

3. **Financial Investments**

The investments disclosed in the Balance Sheet are made up of the following categories of financial investment.

	Long-term		Current	
	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000
Available-for-sale financial assets	199,744	217,952	16,115	13,205
Loans and receivables	0	1,007	391	279
Loans & receivables-Shetland Development Trust	849	539	4,029	3,283
	200,593	219,498	20,535	16,767

4. **Provisions**

The Council has made provision for the risk of incurring bad debts on its General Fund and Housing Revenue Account. The provision has been determined by the Council's Income and Recovery Manager, using his professional judgement and experience.

The tables below show the movement in the provision.

2008/09 £000		2009/10 £000
(358)	Opening balance-General Fund	(379)
56	Miscellaneous Invoices written off	77
32	Council Tax written off	44
0	Cash received on debts written off	0
(109)	(Charge)/Credit to General Fund for provision	(144)
<u>(379)</u>		<u>(402)</u>
(196)	Opening balance-Housing Revenue Account	(138)
15	Miscellaneous Income written off	5
27	Rents written off	54
16	(Charge)/Credit to HRA for provision	(96)
<u>(138)</u>		<u>(175)</u>

The Council has also made a provision in respect of equal pay claims where the offer of settlement by the Council was not accepted. Equal pay offers were made to certain groups of staff, in particular those who had not received bonus payments. However some staff declined to accept these offers and have the right to take their case to an Employment Tribunal. The provision covers the anticipated payment the Council may have to make if it were to lose a Tribunal case in respect of the years up to 31 March 2010 for possible bonus payments. During the year, a considerable number of staff accepted equal pay offers which meant that a large part of the provision was no longer required.

2008/09 £000		2009/10 £000
(214)	Opening balance	(53)
161	Release of provision no longer required	49
<u>(53)</u>		<u>(4)</u>

The Shetland Development Trust has made provision for irrecoverable loans made and for equity investments where there is a risk of the business failing.

2008/09 £000		2009/10 £000
9,778	Opening balance-Loans	9,853
75	Movement in provision	(938)
<u>9,853</u>		<u>8,915</u>
6,544	Opening balance-Equity investments	6,847
303	Movement in provision	311
<u>6,847</u>		<u>7,158</u>

The Northern Joint Police Board has a provision for time off in lieu of £0.252m (2008/09 £0.252m) of which the Council's share is £0.017m (2008/09 £0.017m).

5. **Intangible Assets**

	Purchased Software and Licences	Fish Quota	Fishing Boat Licence	Total per Balance Sheet	Share of Associates' Intangible Assets	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost at 31 March 2009	1,924	17,967	592	20,483	27	20,510
Accumulated Depreciation & Impairment	(908)	(7,318)	(177)	(8,403)	(4)	(8,407)
Net book Value of assets at 31 March 2009	1,016	10,649	415	12,080	23	12,103
Movement in 2009/10						
Additions	74	0	0	74	11	85
Disposals	0	0	0	0	0	0
Depreciation in year	(489)	(916)	(30)	(1,435)	(5)	(1,440)
Depreciation written back	0	0	0	0	0	0
Transfers/Appropriations	88	0	0	88	0	88
Net Book Value of Assets at 31 March 2010	689	9,733	385	10,807	29	10,836

6. **Reconciliation of Relevant Movements within Financing and Management of Liquid Resources**

	Balance at 01/04/09 £000	Balance at 31/03/10 £000	Movement 2009/10 £000
Management of Liquid Resources			
Short Term Investments	20,535	16,767	3,768
Financing			
Bank Loans	0	0	0
Building Society Loans	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Principal element of finance lease rental			<u>0</u>
			<u>0</u>

Definition of Liquid Resources

Liquid resources are defined as short term investments.

7. **Reconciliation of the movement in cash to the movement in Net Debt**

Reconciliation of Net Debt

2008/09 £000		2009/10 £000
(4,680)	(Increase)/decrease in Cash	1,212
0	Decrease in Debt Financing	0
<u>7,512</u>	(Increase)/decrease in Liquid Resources	<u>3,768</u>
2,832		4,980
<u>(35,936)</u>	Opening Net Debt as at 01/04/09	<u>(33,104)</u>
<u>(33,104)</u>	Closing Net Debt as at 31/03/10	<u>(28,124)</u>

Analysis of Net Debt

	Balance at 01/04/09 £000	Cash Flow £000	Other Non Cash £000	Balance at 31/03/10 £000
Cash and bank	(12,569)	1,212	0	(11,357)
Overdraft	0	0	0	0
	<u>(12,569)</u>	<u>1,212</u>	<u>0</u>	<u>(11,357)</u>
Debt due after 1 year	0	0	0	0
Debt due within 1 year	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current Investments	(20,535)	2,953	815	(16,767)
Total	<u>(33,104)</u>	<u>4,165</u>	<u>815</u>	<u>(28,124)</u>

SHETLAND ISLANDS COUNCIL

2009/10 Abstract of Accounts

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the statement of accounts for Shetland Islands Council. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a reasonable period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. Key aspects include: -

- Comprehensive and up to date financial regulations
- Comprehensive budgeting systems
- Regular review of financial data
- Targeted reporting of budget against actual to managers
- Close management of capital expenditure and clearly defined guidelines

The Head of Finance is responsible for Internal Audit within the Council. The Service Manager Internal Audit is responsible to the Head of Finance for the day to day discharge of the internal audit function. In accordance with the Council's Internal Audit Charter, it is the responsibility of Internal Audit to assist management in establishing an operating environment which is controlled, efficient and effective. Internal Audit operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government, the Institute of Internal Auditors Standards and Guidelines for the Professional Practice of Internal Auditing and operates in accordance with the ISO 9001:2000 quality standard for systems based audit work.

As required by the Audit Charter, Internal Audit plan and perform their work in accordance with an annual audit plan. This plan is a prioritised schedule of assignments to be performed during the year within the framework of a 6-year risk based Strategic Audit Plan. The plan requires the approval of the Management Team and the Council's Audit & Scrutiny Committee. Six monthly reports are made to the Committee to monitor progress against the annual audit plan and report on key audit findings.

The conclusion of Internal Audit, reporting to the Audit & Scrutiny Committee, on 2009/10 was that the Council's system of internal control was generally adequate and effective to provide reasonable assurance that the assets were safeguarded, waste or inefficiency was avoided, reliable financial information was produced and that value for money was continuously sought. This assumes that issues identified and agreed are or have been addressed.

My review of the effectiveness of internal financial control is also informed by:

- The work of managers within the Council
- The work of Internal Audit, as mentioned above
- The external auditors in their annual audit letter and other reports

Notwithstanding the above, key issues identified in Transport and Legal in 2008/09 had not been addressed. Of particular concern are further identified breaches of Standing Orders and in one case EU regulations within Transport. Audit & Scrutiny have requested a progress report within 6 months for both Services. The audit of Economic Development identified a number of key audit issues. However, commitment has been made to resolve these. Other audits have revealed a number of key issues but commitment to resolve has been received from relevant management. Pervasive council wide issues still include disclosure checks not always being in place, performance reviews not being undertaken and absence management requirements not being routinely performed. In addition Risk Registers throughout the Council are still not completed.

There was also further work done on the revision of risk registers by the Safety and Risk service. These identify areas where the Council runs significant risks and will inform the allocation of resources towards the management of these risks and audit of the system of control.

The Council identified four entities that it treats as 'associates' and has included them within its Group Accounts. Two of these entities, the Orkney and Shetland Valuation Joint Board and the Shetland Transport Partnership (ZetTrans) are operated by the officers of the Council using the systems of the Council and are therefore effectively covered by its systems of internal financial control. The other two entities, the Northern Joint Police Board and Highlands and Islands Fire Board, are operated by Highland Council and so the Council's influence over their systems of internal financial control is limited to the involvement of the members that represent the Council on these boards. The Council also identified the Shetland Development Trust as an entity to be included

in its Group Accounts as a 'subsidiary' as its trustees are all councillors. The activities of the Trust are now effectively run through the Council via its Development Committee and Economic Development Unit. However, the Trust is still currently accounted for as a separate entity using systems outside the scope of the Council's internal audit process.

There were still some problems with the software used for the capital accounting system. The Council is in continuing contact with the software supplier to seek further improvements for next year.

The Accounts Commission held a Hearing in Lerwick at the end of June 2010 into the governance of the Council. The Commission's findings were released on the 16 August and the Council has three months to respond. As an initial step, the Council has agreed with the Chief Executive's recommendation that an improvement planning and implementation process should be its highest corporate priority.

.....
Graham Johnston B.Sc. (Hons.) C.P.F.A.
Head of Finance

Independent Auditor's Report

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 2010 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 Harbour Account Income and Expenditure Account, Statement of Movement on Harbour Account Balances, the Housing Revenue Account Income and Expenditure Account, Statement of Movement on the HRA Balance, the Council Tax Income Account, the Non-Domestic Rate Income Accounts, 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 relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the 2009 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 for Scotland.

I report my opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

In addition, I report to you if, in my opinion, the local government body 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 government body'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 mis-statements 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. An 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 the accounting treatment of Shetland Charitable Trust

The 2009 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 accounts are required to give a true and fair view and a full picture of the authority's activity and financial position.

The council's group accounts do not include the Shetland Charitable Trust, and its subsidiaries. In my opinion, the substance of the council's relationship with this body represents a significant interest and their omission results in a material mis-statement of the group accounts.

Based on prior year financial statements, I estimate that the Shetland Charitable Trust and its subsidiaries would contribute:

- a surplus position of approximately £2 million to the Group Income and Expenditure Account (resulting from income of £18 million and expenditure of £16 million);
- net assets of approximately £176 million to the Group Balance Sheet (resulting from fixed assets of £27 million, investments and loans of £150 million, net current assets of £1 million and long term liabilities of £2 million).

Except for the omission of the results of Shetland Charitable Trust from the group accounts; in my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of Shetland Islands Council and its group as at 31 March 2010 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 2010



REPORT

To: Shetland Islands Council

8 December 2010

From: Head of Finance and Chief Executive

2010/11: FINANCIAL MONITORING REPORT

Report No: F-068-F

1. INTRODUCTION

- 1.1 The principal purpose of this report is to advise members of the financial position on the Council's General Fund (including Support and Recharged ledgers), Harbour Account, Housing Revenue Account and Reserve Fund revenue management accounts (RMA) for the first seven months of 2010/11. The report also reflects on the Council's wider financial position, covering the base position at the start of the current financial year, and is an integral part of the background against which the 2011/12 budget is being developed.

2. LINKS TO CORPORATE PRIORITIES

- 2.1 This report links to the Council's priorities in relation to financial prioritisation and planning, with a view to maintaining financial sustainability.

3. RISK MANAGEMENT

- 3.1 This is an information report, providing financial background to the Council's current financial circumstances. There are no direct risks arising from this report, the key objective being to use the information in this report to frame the approach which will be taken for the remainder of this financial year, and to inform forthcoming budget and financial policy exercises.

4. FINANCIAL POSITION After 2009/10 (AT 31 MARCH 2010)

- 4.1 The Council received Report F-024-F on the Provisional Financial Outturn for 2009/10 on 30 June 2010. The external audit process for that year is now complete and it can now be definitively stated that the Council ended that year with £274 million of discretionary reserves on its balance sheet, which is substantially in excess of expectations (£261 million) and the Reserve Floor Policy limit (£250 million).

- 4.2 This favourable result arose from underspending in many programme areas (particularly the Capital Programme, where many large projects did not proceed according to plan), and a period of significant recovery in investment markets.
- 4.3 Another matter (still to be resolved) is the timing and the amount of any contribution from the Council into the Pension Fund in respect of accommodating towage staff into the Pension Fund (calculated at £8.3 million in June 2009, but not paid while there is uncertainty over the independent future of the Shetland Islands Council Pension Fund. It is hoped that the Scotland-wide Pension Pathfinder project which will determine whether Pension Funds will merge or stay independent will be complete by the end of this financial year, at which time the liability will be recalculated (it may have gone down as a result of investment market recovery) and the Council's response will be determined.
- 4.4 These financially favourable variances were more than enough to compensate for the absorption of the 2009/10 burden of Single Status, and other financial spending pressures which occurred during the year.
- 4.5 Audit Scotland's report to Members on the 2009/10 Audit (considered by Audit and Scrutiny Committee on 15 November 2010 and also on today's agenda as Report F-063-F) pointed out that net operating expenditure in 2009/10 was £140 million, £37 million higher than in 2008/09. While this appears to be a matter for concern, and apparently is at odds with the overall good news set out above, that is not really the case. It arises from a number of factors, with the major ones set out below:
- 4.6 A revised accounting approach to the distinction between capital and revenue (relating to the treatment of maintenance works and prior years work-in-progress which did not result in an asset for the Council were reclassified as revenue) shifted £15 million of 2009/10 expenditure from capital to revenue, thereby increasing net operating expenditure but decreasing capital expenditure, with zero net effect. This purely technical reclassification doesn't affect the bottom line for the Council as a whole (since it is debt free on the General Fund and finances both capital and revenue in the year incurred) but it does substantially shift the boundary between capital and revenue, calling into question the need for reform of the Council's financial policy framework insofar as it distinguishes between capital and revenue. This will be addressed later in this report.
- 4.7 Economic Development net operating expenditure includes Shetland Development Trust (SDT) expenditure. This arises from the reorganisation of the SDT as a part of the SIC, and the consequent grouping of their accounts. This added £10 million to net operating expenditure in the accounts, but is in fact merely a timing difference between income being received (2009/10) and spending occurring in 2010/11.

- 4.8 The requirements of Financial Reporting Standard 17 (FRS 17) involved the inclusion of a substantial provision for future pension liabilities in the 2009/10 net operating expenditure (£5 million), but this doesn't require an immediate draw down from the Reserves. It rather points to the prospect of future increases in employer contributions to the Pension Fund, which will be quantified in the usual triennial valuation of the Pension Fund at 31 March 2011.
- 4.9 Single Status and other spending pressures did add £7 million to net operating expenditure in 2009/10, but the bulk of that, ie £6 million) was fully recognised and built into the Council's plans.

NET OPERATING EXPENDITURE	£ million
Variance between 2008/09 and 2009/10 spending levels	37
Consisting of:-	
Transfers from Capital Programme	15
Economic Development Unit expenditure (timing variance)	10
FRS17 future pension liabilities	5
Single Status and spending pressures	7
	37

- 4.10 It can therefore be seen that the apparent increase in net operating expenditure of £37 million was made up of some £30 million of transfers, account grouping and provision, with only £7 million being real increases in spending, of which £6m was down to the planned and recognised effects of Single Status, including back pay provisions.
- 4.11 The overall conclusion that expenditure was successfully constrained in 2009/10 still stands, and is proven by the overall result that **reserves of £274 million are in excess of the Council's Reserves Floor Policy limit of £250 million.**

5. FINANCIAL POSITION AFTER 7 MONTHS OF 2010/11 (AT END OF OCTOBER 2010)

- 5.1 The position reached in the management accounts at the end of October 2010 allows some conclusions to be drawn for the financial year 2010/11 as a whole.
- 5.2 The Council received the six months management accounts (to the end of September 2010) on 27 October 2010. They indicated an underspend on General Fund revenue of £4.6 million for six months, but suggested that £2.1 million of that was timing variances which wouldn't persist to the year end. Of the £2.5 million of real savings, it was indicated that only £0.3m were of an ongoing nature (the remaining £2.2 million being one-offs). This was considered by the Council to be a disappointing result, as compared to the General Fund savings target for the whole year of £9.9 million. It was also a concern in that it would also have a knock on effect in terms of the baseline position for the 2011/12 revenue budget.

- 5.3 The seven month data to the end of October 2010 is now available. That shows an underspend on General Fund revenue of £5.4m (up £0.8 million since September). Of the underspend of £5.4m, £4.1m has been identified as savings which will persist for the whole of 2010/11. However, Budget Responsible Officers still require to identify if these are one-off or ongoing savings. However, a high level review of employee costs budgets indicates that the £4.2 million underspend for the first seven months may at the very least persist to the end of this financial year. And it is at least possible that the seven month underspend of £1.7 million on Operating Costs/Transfer Payments could be protected and perhaps built upon by the end of the financial year, if Budget Responsible Officers and members work together with that end in view. That suggests that it may be possible to achieve two thirds, or £6.6 million, of the savings target of £9.9 million for the year as a whole.
- 5.4 On the one hand, “only” achieving two thirds of the savings target looks like a bad result. On the other hand, it would be a major step in the right direction as compared to the cautious and pessimistic view offered to the Council after six months. Such an achievement depends on the high level overview set out in 5.3 (based on the global picture and on past historic patterns of expenditure and income) being more correct than the cautious view of underspending offered by Budget Responsible Officers around the Council. The fact that there are these two unreconciled views points to the need for substantial improvement in budget monitoring and analysis in future, a point picked up in the Council’s Improvement Plan.
- 5.5 At this stage it can be concluded that with best endeavours for the remainder of this financial year it **should be possible to deliver something of the order of £6.6 million of savings on General Fund revenue in 2010/11, representing two thirds of the target of £9.9 million.**
- 5.6 This somewhat risky conclusion still points to an adverse result in 2010/11 of £3.3 million on General Fund revenue. However, there are indications that this may be offset by financially favourable results on other fronts.
- 5.7 Reserve Fund spending programmes were some £1.4 million under budget after seven months, mainly due to the variable patterns of demand for Reserve Fund grants. Tight management of these budgets for the remainder of the year, plus persistent historical patterns of underspending in this area suggest that it may be possible to achieve savings of up to £2 million by the year end.

- 5.8 And the Capital Management Accounts for October indicate that after seven months only £9.2 million of the General Fund/Reserve Fund Capital Programme for the year of £29.9 million is spent. Even if that spend is more than doubled to the traditionally achievable level of £20 million in the remainder of the year it can be seen that, as historical precedent would also indicate, substantial savings (potentially of the order of £10 million) may be achieved on capital in 2010/11. This would suggest that in future there requires to be a more realistic approach taken to the level of capital planning based on the physical resources available to deliver the programme.
- 5.9 It is also the case that investment returns on Council Reserves are looking satisfactory in the year to date. Returns of 4.6% in the year to 12 November equate to 7.4% for the whole of the current year, if trends persist, which is better than the 7% planning target. In cash terms, externally invested Reserves are only down £2.3 million for the first two thirds of the year, a strong indication, given the £24 million margin over the Reserves Floor Policy limit of £250 million, that the Policy objective will be easily achievable at the end of the current year.

Balancing of 2010/11 Expenditure	£ million
Budgeted Outturn on General Fund	(9.9)
Possible sources of funding to bridge the gap:-	
Savings Identified	(6.6)
Underspend on Reserve Fund expenditure	(2.0)
Underspend on Capital expenditure	(10.0)
	(18.6)

- 5.10 It can therefore be concluded, with reasonable confidence, that despite the fact that the Council is unlikely to achieve all of its savings target on General Fund revenue in 2010/11, other factors more than compensate for that to the extent that the overall planning target of £264 million of Reserves at 31 March 2011 will be more than met and that, consequently, **the Council's Reserves Floor Policy limit of £250 million will be more than achieved in 2010/11.**

6. CONCLUSIONS

- 6.1 The Council started the current financial year (2010/11) with Reserves of £274 million, well in excess of the Reserves Floor Policy limit of £250 million.
- 6.2 There are conflicting views and indications of the prospects in 2010/11, but on the basis of all available data it is thought probable that the Council will end the year with Reserves which may exceed the planning target of £264 million, and will in any event remain well in excess of the Reserves Floor Policy limit of £250 million.

- 6.3 The level of reserves and use thereof masks the fact that of the £9.9 million revenue savings requirement in the current year there is currently a significant shortfall. Additionally many of the savings identified are one off and not affecting the baseline expenditure on which the 2011/12 budget is being developed. This highlights the danger of approving unspecified savings and should be avoided in future years.

7. RECOMMENDATIONS

- 7.1 It is therefore recommended that the Council should consider this report and instruct officers to maintain best endeavours to constrain revenue spending in the current financial year and to identify and implement further savings as opportunities arise.

Date: 1 December 2010

Report No: F-068-F

Ref: GJ/BL/AB/DS



REPORT

To: Shetland Islands Council

8 December 2010

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

Report No: F-069-F

**SIC Revenue Management Accounts
General Fund (inc Support/Recharged), Harbour Account, Housing Revenue
Account and Reserve Fund
For the Period 1 April 2010 to 31 October 2010**

1. Introduction

- 1.1 The purpose of this report is to advise Members of the financial position on the Council's General Fund (including Support and Recharged ledgers), Harbour Account, Housing Revenue Account and Reserve Fund revenue management accounts (RMA) for the first 7 months of 2010/11.

2. Links to Corporate Priorities

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

3. Risk Management

- 3.1 This is an information report so there are no risks associated with the recommendation.

4. Background

- 4.1 The revenue management accounts are presented to the Corporate Management Team on a monthly basis to monitor the Council's overall financial position.
- 4.2 The financial data in this report includes employee costs, operating costs (property, supplies and services, administration, transport and agency payments), transfer payments (grants) and income (fees and charges, grants and rents).
- 4.3 The appendices show financial data under the following headings:

- **Annual Budget** – this is essentially the budget for a service activity, which was approved by the Council as part of the Council Tax setting process for 2010/11. Budget Responsible Officers (BROs) have delegated authority, in most cases, to spend up to this budget, in order to deliver the policy decisions of the Council. BROs are therefore responsible for: the amount of service; the way in which the services are delivered; where the services are provided; and the quality of service provided.
- **Year to Date (YTD) Budget** - the amount which we expect to spend or receive up to a given point (end of October) in the year. This report therefore covers the first 7 months of this financial year. YTDs for many budgets are simply split evenly across the year, i.e 7/12ths of the staffing budget, which would be expected to be spent at this point in the year. There are however some activities which are less easy to predict (for example, grant aid does not follow any particular pattern as it depends when the applications arise).
- **Year to Date Actual** - the total income or expenditure up to a given point (end of October).
- **Year To Date Variance** – this is the difference between the YTD budget and YTD actual. Figures in brackets are overspends.

5. Financial position on the General Fund (inc Support & Recharged)

- 5.1 The General Fund spend is £5.404m less than the YTD budget excluding the savings/vacancy factor requirement of £9.943m to meet the approved draw on Reserves of £2m for 2010/11.
- 5.2 Work is ongoing to identify the savings required to balance the 2010/11 budget. To date £4.136m has been earmarked as real savings, this leaves a further £5.807m to find. I do not have the final split on what of the savings are ongoing and what are one-off, indications are that most are one-off. Until the review of services and budgets is completed by the Council for the 2011/12 budget it is difficult for BROs to determine if these budgets will be required for 2011/12. Savings so far have been identified by the departments as follows: Executive £0.703m, Education and Social Care £2.258m and Infrastructure £1.175m.
- 5.3 Appendix 1 (a) shows the Council's financial position by service area, and appendix 1(b) shows the position by type of expenditure and income. Appendices 2 (a, b & c) show each department's expenditure by cost centre.
- 5.4 Executive Services shows an under spend of £2.034m against the YTD budget, primarily due to corporate savings already achieved of £1.047m. Further savings have been identified for both staffing and operating costs under Capital Programme, Organisational Development and Legal and Administration totalling £0.638m. These will be vired to the corporate savings budget in period 8.
- 5.5 Education and Social Care Services shows an under spend against the YTD budget of £3.372m due mainly to savings identified of £2.258m on

employee costs and operating budgets. Full details of variances were included in the report to Services Committee.

- 5.6 Infrastructure Services shows an over spend against the YTD budget of £0.062m. This is primarily due to outstanding ferry vessels/terminals insurance claims, increasing fuel costs and a reduction in landfill income from drill cuttings. Full details of variances were included in the report to Infrastructure Committee.
- 5.7 Economic Development Unit shows an under spend against the YTD budget of £0.059m.
- 5.8 Budget Responsible Officers across the Council are aware of the need to make savings and have been endeavouring to constrain spending whilst minimising any effect on services.

6. Financial position on the Harbour Account

- 6.1 Appendix 3 shows the financial position for the Harbour Account by service area and by type of expenditure. Appendix 4 shows the same data by cost centre.
- 6.2 The Harbour Account shows an under spend against the YTD budget of £0.798m. This is due to increased income from the Total project.

7. Financial position on the Housing Revenue Account

- 7.1 Appendix 5 shows the financial position for the Housing Revenue Account by service area and by type of expenditure. Appendix 6 shows the same data by cost centre.
- 7.2 The Housing Revenue Account shows an under spend against the YTD budget of £0.039m.

8. Financial position on the Reserve Fund

- 8.1 Appendix 7 shows the financial position for the Reserve Fund by service area and by type of expenditure. Appendix 8 shows the same data by cost centre.
- 8.2 The Reserve Fund shows an under spend against the YTD budget of £1.453m. This is mainly due to economic development lending less than anticipated to date.

9. Full-Time Equivalents

- 9.1 Appendix 9 measures the number of full-time equivalents (FTEs) budgeted for and the actual spend to date. This is derived using the island allowance payment made to all staff. At the end of the October there were 145fte staff vacancies. Most of these are under the Education and Social Care department (68%).

10. Financial Implications

10.1 The following table shows the period 7 position by each of the funds.

Fund	Underspend/(overspend) £m
General Fund (inc support/recharged)	5.404
Harbour Account (excluding Jetties/Spur Booms)	0.798
Housing Revenue Account	0.039
Reserve Fund	1.453
TOTAL	7.694

10.2 There is a requirement to find savings of £9.943m to balance the General Fund. To date £4.136m has been identified as real savings for 2010/11. Further work is required before these savings can be classified as one-off or ongoing savings and will depend upon the outcome of the review of services and budgets being carried out as part of the revenue estimates process.

10.3 Work is ongoing by all budget responsible officers to continue to reduce the budget deficit on the General Fund. Each month BROs are being asked to identify if the underspends are savings.

11. Policy and Delegated Authority

11.1 This report is being presented to the Council for information in terms of its remit for financial policy and monitoring.

12. Recommendation

12.1 I recommend that the Council note this report.

Report No: F-069-F
Ref: MA/HKT

Date: 29 October 2010

SIC MANAGEMENT INFORMATION 2010/11 - PERIOD 7

1st April 2010 to 31st October 2010

Revenue Expenditure by Service

(General Fund, Recharged Services & Support £)

	Annual	Year to Date	Year to Date	Year to Date	Savings	Year to Date
	Budget	Budget	Actual	Variance	To be	Variance
				Including Required	Achieved	Excluding Required
				Savings		Savings
				(Overspend)/Underspend		(Overspend)/Underspend
	£	£	£	£	£	£
Executive Services (sub total)	4,267,293	122,584	6,659,455	(6,536,871)	(8,571,069)	2,034,198
Executive Management	827,333	472,552	553,937	(81,385)	(87,000)	5,615
Capital Programme Service	223,705	-293,660	506,900	(800,560)	(1,000,000)	199,440
Council Members	636,330	369,626	362,639	6,987		6,987
Organisational Development	3,468,853	2,115,881	1,885,428	230,453	(100,000)	330,453
Finance	2,578,767	1,608,567	1,699,342	(90,775)	(160,000)	69,225
Legal & Administration	3,204,015	2,026,328	1,651,209	375,119		375,119
Corporate Savings	(6,671,710)	(6,176,710)	0	(6,176,710)	(7,224,069)	1,047,359
Education & Social Care (sub total)	77,119,718	46,700,454	44,700,371	2,000,083	(1,372,055)	3,372,138
Executive Director (inc Museums)	1,516,620	799,544	788,726	10,818		10,818
Housing	1,272,499	747,217	692,159	55,058		55,058
Community Care	23,355,286	15,002,810	14,609,457	393,353	(1,165,194)	1,558,547
Children's Services	6,523,292	3,806,718	3,417,335	389,383	(126,000)	515,383
Criminal Justice Unit	22,967	12,960	2,077	10,883		10,883
Community Work	2,327,788	1,370,359	1,031,922	338,437		338,437
Resources	39,336,254	23,293,592	22,685,514	608,078		608,078
Schools	605,876	387,520	346,908	40,612	(80,861)	121,473
Sports & Leisure	366,127	216,233	201,488	14,745		14,745
Train Shetland (inc Adult Learning)	1,793,009	1,063,501	924,784	138,717		138,717
Infrastructure Services (sub total)	31,612,890	18,021,292	18,083,181	(61,889)	0	(61,889)
Directorate	814,167	473,035	425,864	47,171		47,171
Environment & Building Services	6,614,113	4,037,338	3,917,479	119,859		119,859
Roads	6,975,071	4,116,984	4,158,413	(41,429)		(41,429)
Transport	15,174,781	8,435,364	8,752,345	(316,981)		(316,981)
Planning	2,034,758	958,571	829,080	129,491		129,491
Economic Development Unit (sub total)	973,788	570,578	510,926	59,652	0	59,652
Economic Development Unit	973,788	570,578	510,926	59,652		59,652
TOTAL	113,973,689	65,414,908	69,953,933	(4,539,025)	(9,943,124)	5,404,099

Revenue Expenditure by Subjective**Shetland Islands Council**

(General Fund, Recharged Services & Suj

	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance Including Required Savings (Overspend)/Underspend	Savings To be Achieved	Year to Date Variance Excluding Required Savings (Overspend)/Underspend
	£	£	£	£	£	£
Employee Costs (sub total)	84,798,695	45,676,255	51,413,571	(5,737,316)	(9,943,124)	4,205,809
Basic Pay	66,446,310	38,397,418	37,569,041	828,377	0	828,377
Overtime	1,938,643	1,093,969	1,182,707	(88,738)	0	(88,738)
Other Employee Costs	16,413,742	6,184,868	12,661,822	(6,476,954)	(9,943,124)	3,466,170
Operating Costs (sub total)	40,597,188	24,241,429	22,806,489	1,434,940	0	1,434,940
Travel & Subsistence	3,839,950	2,133,411	1,804,242	329,170	0	329,170
Property Costs	13,877,330	9,061,816	8,393,905	667,911	0	667,911
Other Operating Costs	22,879,908	13,046,202	12,608,343	437,859	0	437,859
Transfer Payments (sub total)	9,914,446	5,161,212	4,860,333	300,879	0	300,879
Income (sub total)	(21,336,640)	(9,663,988)	(9,126,460)	(537,528)	0	(537,528)
TOTAL	113,973,689	65,414,908	69,953,933	(4,539,025)	(9,943,124)	5,404,099

EDUCATION & SOCIAL CARE Mgt A/c's 2010/11 - DETAIL - PERIOD 7	1st April 2010 to 31st October 2010
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Description	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance Including Required Savings (Overspend)/Underspend	Savings To be Achieved	Year to Date Variance Excluding Required Savings (Overspend)/Underspend
	£	£	£	£	£	£
Directorate	1,516,620	799,544	788,726	10,818	0	10,818
SRJ0000 Exec Dir Educ & Social Care	245,624	143,689	121,649	22,040		22,040
GRJ1002 Data Sharing Project	78,916	50,135	48,514	1,621		1,621
GRL4210 Museums & Archives Prop Cost	50,397	34,878	47,721	(12,843)		(12,843)
GRL4217 New Museum & Arts Centre	1,141,683	570,842	570,842	0		0
Resources	1,272,499	747,217	692,159	55,058	0	55,058
SRJ2000 Resources Manager	106,418	66,116	55,945	10,171		10,171
SRJ2100 Information	139,606	92,140	86,459	5,681		5,681
SRJ2200 Staff Management	330,130	192,119	187,744	4,375		4,375
SRJ2201 Recruitment Expenses	225,000	123,011	103,436	19,575		19,575
SRJ2300 Administration	401,545	233,207	219,140	14,067		14,067
SRJ2500 Grant Administration	69,800	40,624	39,434	1,190		1,190
Community Work	366,127	216,233	201,488	14,745	0	14,745
SRJ3300 Comm Learning & Dev Mgt	56,486	32,689	31,553	1,136		1,136
GRJ3301 Area Community Work	292,790	174,673	167,329	7,344		7,344
GRJ3302 Community Work Initiatives	0	0	1,529	(1,529)		(1,529)
GRJ3303 Community Transport	16,851	8,871	1,085	7,786		7,786
GRJ3307 SLSDG (Vision)	0	0	(8)	8		8
Sport & Leisure	1,793,009	1,063,501	924,786	138,715	0	138,715
SRJ3000 Sports & Leisure Svs Mgt	102,899	77,256	36,457	40,799		40,799
GRJ3102 Bridge-End Outdoor Centre	5,000	5,000	5,000	0		0
GRJ3103 Unst Youth Centre	5,000	5,000	0	5,000		5,000
GRJ3120 Sports Development	58,653	38,022	30,802	7,220		7,220
GRJ3122 Outdoor Educ and Activities	73,765	50,252	46,565	3,687		3,687
GRJ3125 Active Schools	97,221	68,572	42,241	26,331		26,331
GRJ3126 Active Futures	20,116	9,957	8,595	1,362		1,362
GRJ3127 Dance Mats	0	(1,930)	(1,675)	(255)		(255)
GRJ3129 Cash back for Communities	(136)	(1,731)	(1,393)	(338)		(338)
GRJ3201 Grants to Vol Orgs General	55,085	29,718	24,350	5,368		5,368
GRJ3202 Development Grant Aid Schem	81,060	45,585	41,261	4,324		4,324
GRJ3203 Support Grant Aid Scheme	111,509	37,792	28,926	8,866		8,866
GRJ3204 Pitches Other	29,131	14,566	17,663	(3,097)		(3,097)
GRJ3205 Maintain Community Facilities	10,000	5,833	3,024	2,809		2,809
GRJ3100 Islesburgh Cafeteria	21,581	10,256	5,907	4,349		4,349
GRJ3101 Islesburgh	692,511	407,075	393,346	13,729		13,729
GRJ3104 Fetlar Camp Site	5,640	3,050	3,704	(654)		(654)
GRJ3105 2 St Sunniva Street	12,157	7,958	4,343	3,615		3,615
GRJ3107 Parks General	271,688	174,595	168,015	6,580		6,580
GRJ3108 Play Areas General	104,712	54,856	44,614	10,242		10,242
GRJ3109 Multicourts General	7,002	1,585	827	758		758
GRJ3130 Comm use of Sandwick Came H	13,080	8,953	8,179	774		774
GRJ3131 Comm Use of Scalwy Games H	12,520	10,736	13,947	(3,211)		(3,211)
GRJ3119 Duke of Edinburgh	2,815	545	88	457		457
Train Shetland & Adult Learning	605,876	387,520	346,908	40,612	0	40,612
GRL4121 Evening Classes	100,164	66,927	13,604	53,323		53,323
GRL4123 Adult Learning	156,601	90,796	87,372	3,424		3,424
GRL4125 Adult Literacy Strategic Plan	183,481	138,148	136,127	2,021		2,021
GRL4126 Literacies Projects	0	0	211	(211)		(211)
SRL6006 Short Course Management	103,552	60,157	60,292	(135)		(135)
GRL6002 Vocational Service	234,096	137,787	135,128	2,659		2,659
GRL6003 Vocational Training	(130,148)	(83,550)	(81,091)	(2,459)		(2,459)
GRL6006 Short Courses	(41,545)	(25,053)	(3,888)	(21,165)		(21,165)
GRL6007 Business Gateway Contract	(500)	(83)	(1,152)	1,069		1,069
GRL6008 Construction Skills Contract	175	2,391	305	2,086		2,086
Schools	39,336,254	23,293,592	22,685,514	608,078	(80,861)	688,939
SRE0001 Head of Schools	89,562	51,976	54,683	(2,707)		(2,707)
SRE6900 Quality Assurance	610,070	353,288	351,119	2,170		2,170
SRE6901 Administration Educ	110,620	64,393	83,150	(18,757)		(18,757)
GRE0006 Director, Central Support	1,030,207	714,398	420,894	293,504	(55,861)	349,365
GRE0102 Bursaries	190,000	70,000	58,354	11,646		11,646
GRE0103 Clothing Grants	20,900	12,192	17,555	(5,363)		(5,363)
GRE0104 School Boards Administration	32,046	18,693	8,831	9,862		9,862
GRE0107 School Milk	8,530	6,931	1,939	4,992		4,992
GRE0108 Educ Maint Allowance (EMA)	(10,000)	(21,810)	(13,238)	(8,572)		(8,572)
GRE1101 Schools, Aith Nursery	40,290	23,961	22,838	1,123		1,123
GRE1103 Schools, Baltasound NS	46,282	27,377	18,128	9,250		9,250
GRE1104 Schools, Bells Brae NS	133,447	79,783	82,489	(2,706)		(2,706)
GRE1105 Schools, Brae Nursery	78,580	46,728	45,978	750		750
GRE1106 Schools, Bressay Nursery	40,910	23,542	16,427	7,115		7,115
GRE1109 Schools, Cunningsb'h NS	48,625	28,236	32,454	(4,218)		(4,218)
GRE1110 Schools, Dunrossness NS	78,686	46,853	45,531	1,322		1,322
GRE1111 Schools, Fair Isle Nursery	9,658	5,630	4,435	1,195		1,195
GRE1112 Schools, Fetlar Nursery	555	338	4,201	(3,863)		(3,863)
GRE1113 Schools, Foula Nursery	12,160	7,127	7,354	(227)		(227)
GRE1117 Schools, Happyhansel NS	47,370	30,103	27,536	2,567		2,567
GRE1119 Lunnasting Nursery	30,156	17,591	17,304	287		287
GRE1120 Schools, Mid Yell Nursery	86,436	50,945	40,761	10,184		10,184
GRE1121 Schools, Mossbank NS	154,101	90,014	84,052	5,962		5,962
GRE1128 Schools, Sandwick NS	85,465	52,676	54,465	(1,789)		(1,789)

GRE1129	Schools, Scalloway NS	80,526	47,165	47,227	(62)	(62)
GRE1130	Schools, Skeld Nursery	38,786	23,022	21,477	1,545	1,545
GRE1131	Schools, Skerries Nursery	14,968	8,715	7,553	1,162	1,162
GRE1132	Schools, Sound Nursery	100,409	60,123	57,908	2,215	2,215
GRE1134	Schools, Whalsay NS	75,758	44,724	45,997	(1,273)	(1,273)
GRE1135	Schools, Urafirth Nursery	37,515	22,255	22,231	24	24
GRE1137	Schools,Whiteness Nursery	62,925	37,484	37,511	(27)	(27)
GRE1150	Schools, Nursery - General	67,725	37,381	31,013	6,368	6,368
GRE1151	School Services, Nursery Supp	15,528	7,122	4,017	3,105	3,105
GRE1160	Div Man, Commissioned Places	253,320	122,094	89,005	33,089	33,089
GRE1201	Schools, Aith Primary	266,554	159,843	162,128	(2,285)	(2,285)
GRE1203	Schools, Baltasound PS	187,644	115,157	122,605	(7,448)	(7,448)
GRE1204	Schools, Bells Brae PS	1,288,239	786,330	784,954	1,376	1,376
GRE1205	Schools, Brae Primary	422,456	259,385	255,163	4,222	4,222
GRE1206	Schools, Bressay Primary	114,814	66,128	59,415	6,713	6,713
GRE1207	Schools, Burravoe Primary	97,519	56,920	51,055	5,865	5,865
GRE1208	Schools, Cullivoe Primary	140,888	82,247	73,273	8,974	8,974
GRE1209	Schools, Cunningsb'h PS	300,204	176,023	164,127	11,896	11,896
GRE1210	Schools, Dunrossness PS	553,714	335,334	330,215	5,119	5,119
GRE1211	Schools, Fair Isle Primary	109,467	61,697	66,110	(4,413)	(4,413)
GRE1212	Schools, Fetlar Primary	35,446	20,496	27,696	(7,200)	(7,200)
GRE1213	Schools, Foula Primary	107,133	60,026	49,957	10,069	10,069
GRE1214	Schools, Tingwall Primary	229,518	136,680	139,445	(2,765)	(2,765)
GRE1216	Schools, Hamnavoe PS	214,928	127,123	130,747	(3,624)	(3,624)
GRE1217	Schools, Happyhansel PS	249,280	156,058	147,645	8,413	8,413
GRE1219	Schools, Lunnasting PS	151,892	91,620	90,933	687	687
GRE1220	Schools, Mid Yell Primary	219,837	130,385	136,800	(6,415)	(6,415)
GRE1221	Schools, Mossbank PS	344,443	204,650	190,177	14,473	14,473
GRE1222	Schools, North Roe PS	84,152	48,580	48,515	65	65
GRE1223	Schools, Ollaberry Primary	108,604	67,340	65,687	1,653	1,653
GRE1224	Schools, Olnafirth Primary	136,108	80,871	79,405	1,466	1,466
GRE1225	Schools, Papa Stour PS	2,435	1,218	2,712	(1,494)	(1,494)
GRE1227	Schools, Sandness Primary	83,549	48,124	43,166	4,958	4,958
GRE1228	Schools, Sandwick Primary	306,917	185,230	182,178	3,052	3,052
GRE1229	Schools, Scalloway PS	343,452	209,226	187,837	21,389	21,389
GRE1230	Schools, Skeld Primary	157,524	94,120	88,092	6,028	6,028
GRE1231	Schools, Skerries Primary	86,584	50,462	55,111	(4,649)	(4,649)
GRE1232	Schools, Sound Primary	1,158,506	699,823	675,231	24,592	24,592
GRE1233	Schools, Nesting PS	153,547	94,539	94,619	(80)	(80)
GRE1234	Schools, Whalsay PS	463,446	285,898	288,860	(2,962)	(2,962)
GRE1235	Schools, Urafirth Primary	100,873	61,719	67,586	(5,867)	(5,867)
GRE1236	Schools, Uyeasound PS	100,790	58,535	58,679	(144)	(144)
GRE1237	Schools, Whiteness PS	346,125	208,238	218,415	(10,177)	(10,177)
GRE1251	School Services, Primary Supp	190,327	83,017	81,269	1,748	1,748
SRE9301	DSMO - Aith Cluster	32,717	19,031	18,382	649	649
SRE9303	DSMO - North Isles Cluster	32,358	18,552	18,687	(135)	(135)
SRE9305	DSMO - Brae Cluster	35,903	20,890	20,442	448	448
SRE9328	DSMO - Sandwick Cluster	36,769	21,403	21,510	(107)	(107)
SRE9329	DSMO - Scalloway Cluster	36,473	21,222	20,628	594	594
SRE9332	DSMO-Sound	35,439	20,619	20,399	220	220
SRE9334	DSMO - Whalsay Cluster	38,198	22,232	23,741	(1,509)	(1,509)
GRE1301	Schools, Aith Secondary	789,407	469,640	450,125	19,515	19,515
GRE1302	Schools, Anderson HS	4,609,531	2,826,983	2,773,798	53,185	53,185
GRE1303	Schools, Baltasound SS	600,396	357,228	363,627	(6,399)	(6,399)
GRE1305	Schools, Brae Secondary	1,959,920	1,164,881	1,156,081	8,800	8,800
GRE1320	Schools, Mid Yell SS	665,968	390,470	389,171	1,299	1,299
GRE1328	Schools, Sandwick SS	1,278,494	769,203	785,187	(15,984)	(15,984)
GRE1329	Schools, Scalloway SS	1,179,967	699,080	715,535	(16,455)	(16,455)
GRE1331	Schools, Skerries SS	84,145	49,280	48,485	795	795
GRE1334	Schools, Whalsay SS	741,922	438,260	433,164	5,096	5,096
GRE1340	Work Experience	32,640	19,005	17,480	1,525	1,525
GRE1351	School Service, Sec Supply	100,527	52,420	55,258	(2,838)	(2,838)
GRE1360	School Service, Halls of Resid	605,633	345,868	350,003	(4,135)	(4,135)
GRE1401	Visiting Music Specialists	188,567	91,222	77,429	13,793	13,793
GRE1402	Visiting Art Specialists	220,092	125,222	124,871	351	351
GRE1403	Visiting PE Specialists	735,571	590,505	608,397	(17,892)	(17,892)
GRE1404	Knitting Instructors	128,365	95,729	92,693	3,036	3,036
GRE1405	Other Visiting Staff	81,710	47,552	49,690	(2,138)	(2,138)
GRE1407	Probationer Teachers	7,840	5,403	3,427	1,976	1,976
GRE1410	Science Technicians	211,360	124,791	121,035	3,756	3,756
GRE1412	Staff Development	74,482	52,042	52,176	(134)	(134)
GRE1417	Field Studies	41,578	24,210	24,273	(63)	(63)
GRE1418	Music Instructors	554,998	329,875	326,240	3,635	3,635
GRE1419	SVQ' S	36,000	21,000	28,128	(7,128)	(7,128)
GRE1422	Skills for Work	30,095	8,833	10,235	(1,402)	(1,402)
GRE1433	Support for Glow	0	0	67	(67)	(67)
GRE1436	Youth Music Initiative	36,709	(18,196)	(22,293)	4,097	4,097
GRE1441	Enterprise & Education	2,450	66,911	66,264	647	647
GRE1444	International Education	113,881	60,308	58,419	1,890	1,890
GRE1455	Tamil Nadu Schools Exchange	0	0	110	(110)	(110)
GRE1457	Support for Teachers	17,749	7,643	29,280	(21,637)	(21,637)
GRE1460	Ness Out of School Club	27,700	16,159	21,955	(5,796)	(5,796)
GRE1500	Improvement Plans	15,000	8,213	8,065	148	148
GRE1501	MIS Support	84,301	58,800	56,513	2,287	2,287
GRE1506	In - Service	9,000	0	3,861	(3,861)	(3,861)
GRE1508	P.G.D.E	0	(764)	(1,497)	733	733
GRE1510	Science & Technology Fair	5,000	(5,000)	(4,071)	(929)	(929)
GRE1513	NPAF Curriculum for Excellenc	81,600	32,201	27,426	4,775	4,775
GRE1518	Olnafirth Art	8,405	4,903	8,405	(3,502)	(3,502)
GRE1520	Cultural Co-ordinator	65,877	25,934	20,173	5,761	5,761
GRE1522	Blueprint Consultation	108,494	66,786	80,966	(14,180)	(14,180)
GRE1523	Dialect Co-Ordinator	5,000	3,470	10,625	(7,155)	(7,155)
GRE1524	Supporting moderation	0	0	79	(79)	(79)
SRE1600	Youth Service Manager	16,666	15,470	13,827	1,643	1,643
GRE1601	Playschemes	6,020	5,603	1,694	3,909	3,909

GRE1602	Youth Workers	498,687	276,309	270,866	5,443	(25,000)	30,443
GRE1603	Duke of Edinburgh	0	0	69	(69)		(69)
GRE1604	Islesburgh Youth Club	3,740	2,182	(1,735)	3,917		3,917
GRE1605	Youth Development	24,037	14,023	9,262	4,761		4,761
GRE1606	Bridges Project	192,772	111,362	116,609	(5,247)		(5,247)
GRE1607	Wider Roles	0	(713)	(14)	(699)		(699)
GRE1608	Sadat-Youth Work	0	(9,999)	(12,000)	2,001		2,001
GRE1609	Youth Bank Development Fund	0	0	(2,797)	2,797		2,797
GRE3450	Special Education - General	626,769	296,548	290,240	6,308		6,308
GRE3451	Special Supply Cover	48,811	24,463	23,296	1,167		1,167
GRE3462	Additional Support Base	291,137	163,123	157,006	6,117		6,117
GRE3463	Club XL	140	140	138	2		2
GRE3470	Support for Learning	2,434,415	1,339,879	1,333,928	5,951		5,951
GRE3471	AHS ASN	908,817	524,410	524,427	(17)		(17)
GRE3473	Bells Brae ASN	904,263	528,230	532,458	(4,228)		(4,228)
GRE3500	Link Courses	2,000	1,000	381	619		619
GRE4410	Library	1,054,225	635,919	646,621	(10,702)		(10,702)
SRE6902	Catering Support	282,263	164,252	139,659	24,593		24,593
VRE4001	Aith School Catering	95,317	52,209	53,159	(950)		(950)
VRE4002	AHS Catering	368,743	199,351	192,153	7,198		7,198
VRE4003	Baltsound School Catering	57,322	33,375	29,721	3,654		3,654
VRE4004	Bells Brae School Catering	161,099	93,849	90,093	3,756		3,756
VRE4005	Brae School Catering	196,201	114,296	113,803	493		493
VRE4006	Bressay School Catering	19,499	11,347	11,345	2		2
VRE4007	Burravoe School Catering	15,230	8,863	8,192	671		671
VRE4008	Cullivoe School Catering	9,380	5,455	4,575	880		880
VRE4009	Cunningsburgh School Catering	45,655	26,578	30,763	(4,185)		(4,185)
VRE4010	Dunrossness School Catering	83,059	48,366	46,711	1,655		1,655
VRE4011	Fair Isle School Catering	12,838	7,467	6,605	862		862
VRE4012	Fetlar School Catering	3,366	1,946	4,615	(2,669)		(2,669)
VRE4013	Foula School Catering	0	0	3	(3)		(3)
VRE4014	Tingwall School Catering	45,792	26,669	24,755	1,914		1,914
VRE4016	Hamnavoe School Catering	38,956	22,678	22,620	58		58
VRE4017	Happyhansel School Catering	41,504	24,170	23,431	739		739
VRE4019	Lunnasting School Catering	19,702	11,467	11,367	100		100
VRE4020	Mid Yell School Catering	83,260	48,507	42,595	5,912		5,912
VRE4021	Mossbank School Catering	44,198	25,736	25,405	331		331
VRE4022	North Roe School Catering	12,250	7,123	3,319	3,804		3,804
VRE4023	Ollaberry School Catering	19,289	11,228	11,247	(19)		(19)
VRE4024	Olnafirth School Catering	26,851	15,636	13,073	2,563		2,563
VRE4027	Sandness School Catering	8,099	4,706	3,825	881		881
VRE4028	Sandwick School Catering	156,227	91,012	87,446	3,566		3,566
VRE4029	Scalloway School Catering	123,339	71,840	69,007	2,833		2,833
VRE4030	Skeld School Catering	18,137	10,554	9,359	1,195		1,195
VRE4031	Skerries School Catering	15,477	9,006	7,405	1,601		1,601
VRE4032	Sound School Catering	153,824	89,620	84,766	4,854		4,854
VRE4033	Nesting School Catering	20,499	11,933	10,414	1,519		1,519
VRE4034	Whalsay School Catering	104,007	60,582	57,280	3,302		3,302
VRE4035	Urafirth School Catering	15,693	9,124	7,326	1,798		1,798
VRE4036	Uyeasound School Catering	3,052	1,780	776	1,004		1,004
VRE4037	Whiteness School Catering	57,612	33,552	32,229	1,323		1,323
SRE6903	Cleaning Support	43,607	25,114	18,957	6,157		6,157
VRE5001	Aith Sch Cleaning	52,363	30,468	23,440	7,028		7,028
VRE5002	AHS Cleaning	246,047	140,626	134,393	6,233		6,233
VRE5003	Baltsound School Cleaning	42,088	24,469	21,516	2,953		2,953
VRE5004	Bells Brae School Cleaning	63,618	37,028	34,242	2,786		2,786
VRE5005	Brae School Cleaning	108,017	62,865	62,342	523		523
VRE5006	Bressay School Cleaning	16,245	9,449	10,127	(678)		(678)
VRE5007	Burravoe School Cleaning	5,971	3,467	3,443	24		24
VRE5008	Cullivoe School Cleaning	6,079	3,530	3,428	102		102
VRE5009	Cunningsburgh School Cleaning	21,405	12,450	12,453	(3)		(3)
VRE5010	Dunrossness School Cleaning	28,269	16,442	18,542	(2,100)		(2,100)
VRE5011	Fair Isle Cleaning	5,832	3,385	3,244	141		141
VRE5012	Fetlar School Cleaning	1,741	1,000	1,557	(557)		(557)
VRE5013	Foula School Cleaning	5,524	3,222	2,165	1,057		1,057
VRE5014	Tingwall School Cleaning	12,338	7,166	6,838	328		328
VRE5016	Hamnavoe School Cleaning	32,126	18,699	16,155	2,544		2,544
VRE5017	Happyhansel School Cleaning	33,216	19,376	18,606	770		770
VRE5019	Lunnasting School Cleaning	11,309	6,576	5,652	924		924
VRE5020	Mid Yell School Cleaning	29,094	16,924	15,801	1,123		1,123
VRE5021	Mossbank School Cleaning	25,291	14,690	14,299	391		391
VRE5022	North Roe School Cleaning	10,121	5,884	5,148	736		736
VRE5023	Ollaberry School Cleaning	13,641	7,931	7,619	312		312
VRE5024	Olnafirth Cleaning	11,068	6,435	6,260	175		175
VRE5027	Sandness School Cleaning	7,756	4,505	4,180	325		325
VRE5028	Sandwick School Cleaning	92,394	53,778	47,299	6,479		6,479
VRE5029	Scalloway School Cleaning	84,695	49,296	46,281	3,015		3,015
VRE5030	Skeld School Cleaning	12,195	7,093	7,128	(35)		(35)
VRE5031	Skerries School Cleaning	6,497	3,773	4,035	(262)		(262)
VRE5032	Sound School Cleaning	38,087	22,156	23,810	(1,654)		(1,654)
VRE5033	Nesting School Cleaning	9,068	5,265	4,628	637		637
VRE5034	Whalsay School Cleaning	47,317	27,527	26,358	1,169		1,169
VRE5035	Urafirth School Cleaning	7,794	4,527	4,686	(159)		(159)
VRE5036	Uyeasound School Cleaning	8,336	4,844	4,558	286		286
VRE5037	Whiteness School Cleaning	20,750	12,065	11,004	1,061		1,061
VRE6001	Office Cleaning	334,139	194,277	178,364	15,913		15,913
VRE6002	Public Conveniences	104,715	60,953	58,005	2,948		2,948
Community Care		23,355,286	15,002,810	14,609,457	393,353	(1,165,194)	1,558,547
SRA0000	Head of Community Care	341,025	198,107	185,320	12,787		12,787
SRA1000	Community Care Service Mana	118,036	68,554	74,293	(5,739)		(5,739)
GRA0010	Direct Payments	335,000	195,417	175,407	20,010		20,010
GRA0014	Community Care Income	(5,643,118)	(1,689,221)	(1,463,460)	(225,761)	(1,165,194)	939,433
GRA0016	W & J Daycare Grant	183,733	91,866	91,866	0		0
GRA0017	Independant Sector Placemen	801,080	400,548	324,871	75,677		75,677

GRA0019	Commissioned Services	379,500	224,158	243,837	(19,679)	(19,679)	
GRA0020	Drugs & Alcohol Services	409,425	275,425	238,604	36,821	36,821	
GRA0500	Carers Information Strategy	(18,000)	(10,500)	0	(10,500)	(10,500)	
GRA0601	BLG Fabric	5,000	5,000	0	5,000	5,000	
SRA4000	Service Manager Social Work	96,936	56,269	55,338	931	931	
SRA4101	Training Community Care	170,215	98,953	70,197	28,756	28,756	
SRA4102	Training Vocational	51,071	29,643	26,083	3,560	3,560	
SRA4103	Training Child Protection	19,712	11,375	9,520	1,855	1,855	
SRA4104	Training Child Residential	31,406	18,083	6,319	11,764	11,764	
SRA4105	Training Adoption	5,000	2,917	(656)	3,573	3,573	
SRA4106	Training Child Services	0	0	0	0	0	
SRA4107	Training SVQ	474,690	259,797	223,226	36,571	36,571	
SRA4108	Social Work Degree	58,528	14,598	(7,879)	22,477	22,477	
SRA4109	Training Food Hygiene	16,145	9,286	10,164	(878)	(878)	
SRA4111	Training Manual handling	42,150	24,388	30,868	(6,480)	(6,480)	
SRA4112	Training	124,335	72,299	67,843	4,456	4,456	
SRA4113	Trng Adult Sup Protection	19,929	12,293	6,651	5,642	5,642	
GRA4100	Community Care Social Work	530,184	304,359	276,251	28,108	28,108	
GRA4110	Health Service Social Worker	40,625	23,502	23,294	208	208	
GRA4120	Mental Health Officers	100,074	52,570	35,101	17,469	17,469	
GRA4130	Dementia Care Manager	50,223	30,653	30,625	28	28	
GRA4160	Adult Support & Protection	4,913	43,651	37,991	5,660	5,660	
GRA4161	Substance Misuse	0	(17,421)	(936)	(16,485)	(16,485)	
GRA4200	Preventative Services	2,625	1,532	3,018	(1,486)	(1,486)	
GRA4500	Top Up Substance Misuse	54,500	27,542	49,092	(21,550)	(21,550)	
GRA4600	Crossroads Packages	110,364	60,524	45,479	15,045	15,045	
SRA5000	Adult Services Manager	65,234	37,836	24,602	13,234	13,234	
GRA5100	Eric Gray Resource Centre	985,757	565,942	592,243	(26,301)	(26,301)	
GRA5200	ILP - Project Manager	567,487	297,072	261,918	35,154	35,154	
GRA5210	ILP - Central	1,542,471	889,691	867,931	21,760	21,760	
GRA5215	ILP - Rudda Park	7,303	4,506	2,432	2,074	2,074	
GRA5216	ILP-Transition Flat	4,038	1,827	265	1,562	1,562	
GRA5217	ILP-Outreach	0	0	0	0	0	
GRA5218	ILP-Arheim	4,728	3,256	863	2,393	2,393	
GRA5220	Stocketgaet	229,207	213,431	206,753	6,678	6,678	
GRA5240	Local Area Co-Ordinator	6,734	3,929	2,252	1,677	1,677	
GRA5250	Annsbrae/Mental Health Conn	616,372	327,616	312,917	14,699	14,699	
GRA5251	Off-Island Placements	247,555	148,742	210,750	(62,008)	(62,008)	
GRA5400	Occupational Therapy	527,803	341,558	308,964	32,594	32,594	
GRA5401	Telecare	23,001	86,335	60,909	25,427	25,427	
GRA5600	Banksbroo	376,326	291,858	279,228	12,630	12,630	
GRA5620	Newcraigielea	819,919	437,992	392,777	45,215	45,215	
GRA5621	Sea View	446,291	246,597	225,988	20,609	20,609	
GRA5622	Intensive Sup Services	444,795	259,293	233,216	26,077	26,077	
GRA5623	Outreach Project	120,000	0	0	0	0	
SRA6000	Older People Manager	117,074	68,074	71,207	(3,133)	(3,133)	
SRA6001	Traineeship Scheme	309,803	178,678	170,750	7,928	7,928	
GRA6100	Taing House	1,867,528	1,088,773	1,083,585	5,189	5,189	
GRA6110	Viewforth	1,973,113	1,164,207	1,154,947	9,260	9,260	
GRA6120	Edward Thomason House	2,790,276	1,607,322	1,546,269	61,053	61,053	
GRA6130	Handypersons	0	0	49,975	(49,975)	(49,975)	
GRA6141	Care @ Home-Central	184,163	106,101	147,292	(41,191)	(41,191)	
GRA6143	Kantersted Kitchen	171,522	99,832	92,631	7,201	7,201	
GRA6170	Montfield	1,181,695	522,856	462,290	60,566	60,566	
GRA6300	Freefield	96,536	34,238	34,371	(133)	(133)	
GRA6400	Miscellaneous Properties	2,196	1,988	(347)	2,335	2,335	
GRA6420	Interments	800	467	0	467	467	
GRA6900	White/Grey Goods	5,000	2,917	0	2,917	2,917	
SRA8000	Service Manager Rural Care	63,021	36,561	34,339	2,222	2,222	
GRA8050	Care@ Home Mgt & Admin	118,962	69,146	71,616	(2,470)	(2,470)	
GRA8100	North Haven	1,762,234	1,029,890	973,773	56,117	56,117	
GRA8110	Overtonlea	1,937,065	1,126,803	1,120,046	6,757	6,757	
GRA8120	Wastview	1,510,850	885,025	843,425	41,600	41,600	
GRA8130	Fernlea	1,018,477	585,863	577,925	7,938	7,938	
GRA8140	Isleshavn	1,093,843	638,196	627,761	10,435	10,435	
GRA8150	Nordalea	981,927	574,549	604,981	(30,432)	(30,432)	
GRA8154	Brucehall	218,874	127,676	90,289	37,387	37,387	
Children's Services		6,523,292	3,806,718	3,417,335	389,383	(126,000)	515,383
SR60000	Head of Children's Svs	147,135	85,688	91,938	(6,250)		(6,250)
GRG1002	Quarff Additional Supp Needs	8,867	4,596	1,433	3,163		3,163
GRG1004	Blydehaven Nursery	59,805	21,250	24,371	(3,121)		(3,121)
SRG2000	Children's Res Svs Manager	61,461	35,750	35,151	599		599
GRG2001	Short Break Service	1,314,850	767,196	730,485	36,711		36,711
GRG2002	Residential Child Care	1,063,571	625,256	491,873	133,383		133,383
GRG2005	Child Off Island Accom	536,885	313,183	421,060	(107,877)		(107,877)
GRG2006	Adoption	72,179	42,104	57,139	(15,035)		(15,035)
GRG2007	Professional Foster Care	42,452	24,764	25,989	(1,225)		(1,225)
GRG2008	Section 29	12,960	7,560	5,792	1,768		1,768
GRG2009	Fostering	544,201	316,872	262,576	54,296		54,296
GRG2010	Shared Care	10,927	6,374	6,111	263		263
GRG2012	Voluntary Organisations	0	0	703	(703)		(703)
GRG2014	Children's Serv Improv Office	104,124	60,673	60,387	286		286
GRG2015	Looked After Child-Savings	31,140	31,140	49	31,091	(87,000)	118,091
SRG3000	Child Protection Co-ordinator	52,930	30,810	33,425	(2,615)		(2,615)
GRG3001	Family Support	649,544	377,079	305,440	71,639	(19,000)	90,639
GRG4001	Psychological Services	347,383	201,710	144,893	56,817	(20,000)	76,817
GRG4002	Sensory Impairment	254,204	147,862	141,054	6,808		6,808
GRG5001	Child Rights Services	42,419	20,885	20,886	(1)		(1)
GRG5002	Old School Centre Firth	0	0	224	(224)		(224)
GRG5004	Youth Workers	0	0	2,014	(2,014)		(2,014)
GRG5007	Getting itRight for EveryChild	118,158	68,803	36,587	32,216		32,216
SRG6000	Family Support Manager	60,209	35,016	36,909	(1,893)		(1,893)
GRG6001	Child Services Development	0	0	7	(7)		(7)
GRG6002	Child Care Strategy	206,795	120,460	127,087	(6,627)		(6,627)

GR66004	Family Centre Services	462,139	271,725	226,059	45,666		45,666
GR66005	Changing Childrens Services	69,202	44,577	19,977	24,600		24,600
GR66006	Preventative Services	43,284	25,248	20,683	4,565		4,565
GR66008	Out of School Care	170,469	99,210	72,487	26,723		26,723
GR67001	Youth Crime	35,999	20,927	14,549	6,378		6,378
Criminal Justice		22,967	12,960	2,077	10,883	0	10,883
GRI0001	Offender Services	22,967	12,960	2,077	10,883		10,883
Housing		2,327,788	1,370,359	1,031,922	338,437	0	338,437
SRH2000	Business Support Services	410,512	234,993	221,500	13,493		13,493
SRH3200	Asset Management	405,958	235,516	219,596	15,920		15,920
SRH0000	Head of Housing	84,708	49,305	49,983	(678)		(678)
SRH1000	Operational Services	449,799	261,654	218,034	43,621		43,621
SRH3300	Housing DLO Management	131,479	76,403	76,642	(239)		(239)
GRH0050	Grass Cutting Service	53,060	53,060	40,922	12,138		12,138
GRH1086	NASSO	17,375	10,135	158	9,977		9,977
GRH2074	Economic Rents	(20,785)	(11,819)	(15,018)	3,199		3,199
GRH2094	Supporting People	42,580	24,838	22,137	2,701		2,701
GRH2098	Outreach Service	362,641	211,215	206,734	4,481		4,481
GRH4274	Rent Rebates	(35,130)	(18,201)	(214,798)	196,597		196,597
GRH4275	Rent Allowances	(35,130)	(18,201)	(28,622)	10,421		10,421
GRH1078	Chalet/Sites	(27,079)	(15,796)	(12,548)	(3,248)		(3,248)
GRH1082	Staff Housing	(21,875)	(12,856)	(1,691)	(11,165)		(11,165)
GRH1084	Education Houses Hsg	(48,479)	(26,598)	(21,690)	(4,908)		(4,908)
GRH1100	Stocketgaet/Gremmasgaet	0	(16,403)	(13,656)	(2,747)		(2,747)
GRH1170	Homeless Persons	27,912	25,933	(1,320)	27,253		27,253
GRH1175	12 A/B North Road	(7,457)	(4,350)	(6,163)	1,813		1,813
GRH1270	Sheltered Housing	537,699	315,089	294,431	20,658		20,658
GRH1271	Banksbro	0	(3,558)	(2,710)	(848)		(848)
TOTAL EDUCATION AND SOCIAL CARE		77,119,718	46,700,454	44,700,372	2,000,082	(1,372,055)	3,372,137

INFRASTRUCTURE SERVICES 2010/11 - COST CENTRE DETAIL - PERIOD 7**1 April to 31 October 2010**

<u>Description</u>	Annual	Year to Date	Year to Date	Year to Date
	Budget	Budget	Actual	Variance Including Required Savings (Overspend)/Underspend
	£	£	£	£
Directorate	814,167	473,035	425,864	47,171
SRY0000 Infrastructure Directorate	207,111	120,840	123,145	(2,305)
SRY0001 Infrastructure-Recruitment Exp	60,500	35,293	21,769	13,524
SRY0400 Infrastructure Administration	546,556	316,902	280,950	35,952
Environment & Building Services	6,614,113	4,037,338	3,917,479	119,859
GRY5101 Landfill Disposal Site	6,711	118,618	204,701	(86,083)
GRY5102 Waste to Energy Plant	821,424	725,805	642,979	82,826
GRY5103 Anti-Litter	6,112	3,565	6,894	(3,329)
GRY5104 Material Recycling Facility	0	0	23,444	(23,444)
GRY5113 Burial Ground Operations	434,976	260,401	210,048	50,353
GRY5129 Waste Prevention	177,280	142,568	97,228	45,340
GRY5131 Kerb Scheme	112,366	49,381	39,000	10,381
GRY5133 Glass Re-use	62,636	27,732	27,556	176
GRY5137 Zero Waste Fund Redetermination	50,000	0	0	0
GRY5140 Environmental Management	12,335	0	10	(10)
GRY5150 Energy Management	17,074	9,964	0	9,964
GRY5201 Public Toilets	186,224	123,938	124,964	(1,026)
GRY5211 Street Cleansing General	439,383	265,689	225,532	40,157
GRY5221 Refuse Collection General	838,868	440,403	468,329	(27,926)
GRY5223 Refuse Collection Outer Isle	40,897	26,268	17,385	8,883
GRY5224 Skip Contract	(42,933)	(34,610)	(32,928)	(1,682)
GRY5225 Com Council Skip Contract	110,381	74,891	72,457	2,434
GRY5229 Grounds Maintenance	201,062	142,822	142,213	609
GRY5301 Metrology	42,764	19,920	22,901	(2,981)
GRY5401 Environmental Protection	(6,348)	(3,703)	(8,368)	4,665
GRY5403 Housing	172	101	(438)	539
GRY5404 Pest Control	8,848	4,893	1,677	3,216
GRY5407 Animal Health	965	563	1,675	(1,112)
GRY5408 Food Hygiene	(10,276)	(5,994)	(1,774)	(4,220)
GRY5414 Hsng Multiple Occ Project	0	0	114	(114)
GRY5415 Private Sector Housing Grants	760,063	306,129	306,129	(0)
GRY5423 Landlord Registration	(344)	(200)	(1,879)	1,679
GRY5424 A.S.B/N.S.W	214,019	153,831	147,022	6,809
GRY5425 Shellfish Monitoring	0	17,851	17,875	(24)
GRY5427 Private Water Supplies Grants	0	0	(3,067)	3,067
GRY5428 CLA Breeders Scheme	0	0	92	(92)
SRY5000 Head of Environment	98,505	57,039	55,498	1,541
SRY5100 Environment & Energy Service	164,814	82,729	96,668	(13,939)
SRY5200 Cleansing Services	149,916	87,371	89,739	(2,368)
SRY5300 Trading Standard Service	201,575	113,403	106,941	6,462
SRY5400 Environmental Health	449,658	260,977	245,830	15,147
SRY5402 Licensing Standards Officer	16,073	9,301	14,143	(4,842)
SRY5500 Building Service Manager	69,775	40,588	41,239	(651)
SRY5501 Tech/Man Supp-Building Service	301,156	197,746	207,864	(10,118)
SRY5502 Social Care-Testing & Fees	80,360	57,464	57,067	397
SRY5503 Education-Testing & Fees	320,399	149,308	150,221	(913)

SRY5504	Offices-Testing & Fees	95,187	28,417	27,649	768
SRY5505	Asbestos Management	53,309	23,800	23,651	149
SRY5506	Safety Surfacing	35,355	5,898	5	5,893
SRY5507	Rural Care Homes Testing&Fees	93,372	52,471	49,193	3,278
Roads		6,975,071	4,116,984	4,158,413	(41,429)
GRY6501	Grass Cutting/Weed Control	43,599	43,599	62,526	(18,927)
GRY6511	Drainage Maintenance	291,835	195,432	199,367	(3,935)
GRY6521	Traffic Signs	71,910	59,265	86,351	(27,086)
GRY6531	Road Markings & Cats Eyes	227,701	227,701	141,295	86,406
GRY6541	Roads Sweeping	60,749	35,437	38,376	(2,939)
GRY6551	St Lighting-Maintenance&Energy	325,649	166,587	170,432	(3,845)
GRY6552	Christmas Lighting/Trees	13,850	3,833	0	3,833
GRY6555	Routine Maintenance General	0	0	682	(682)
GRY6601	Localised Reconstruction	399,523	354,151	355,726	(1,575)
GRY6605	Patching	350,017	348,955	435,667	(86,712)
GRY6611	Resurfacing	986,584	515,100	515,100	0
GRY6615	Footpath Maintenance	125,021	51,917	43,015	8,902
GRY6625	Surface Treatments	650,500	650,292	650,000	292
GRY6635	Drainage Improvements	136,201	38,131	20,842	17,289
GRY6645	Verge Maintenance	123,971	42,174	32,231	9,943
GRY6655	Crash Barriers & Railings	43,373	9,447	(3,750)	13,197
GRY6665	Minor Improvements	42,028	7,941	10,839	(2,898)
GRY6675	Streetlighting (Renewals)	42,796	24,964	21,382	3,582
GRY6681	Sea Defences	19,164	4,017	987	3,030
GRY6685	Structures (Ret Walls)	18,762	18,762	1,784	16,978
GRY6691	Structures(Bridges & Culverts)	54,479	54,479	121,100	(66,621)
GRY6692	Cattlegrids	98,430	22,612	7,722	14,890
GRY6695	Structural Maintenance General	14,803	14,803	12,525	2,278
GRY6701	Road Authority Functions	6,877	4,845	17,078	(12,233)
GRY6711	Surveys & Inspections	48,964	40,258	59,114	(18,856)
GRY6721	Winter Service	1,292,513	306,385	280,148	26,237
GRY6731	NRSWA Functions	563	322	(3,060)	3,382
GRY6741	Road Safety	2,040	1,190	1,708	(518)
GRY6761	Roads Asset Management	56,800	40,383	35,507	4,876
SRY6000	Head of Roads	177,527	104,052	100,813	3,239
SRY6100	Roads Network	471,691	273,822	277,400	(3,578)
SRY6200	Roads Design	281,366	171,776	171,422	354
SRY6300	Maintenance	407,065	236,907	248,624	(11,717)
SRY6400	Laboratory	88,720	47,445	45,460	1,985
Transport		15,174,781	8,435,364	8,752,345	(316,981)
GRY7201	Air Services General	730,273	380,040	389,047	(9,007)
GRY7202	Air Services Fair Isle	15,000	0	0	0
GRY7203	Air Services Foula	12,602	12,602	12,985	(383)
GRY7205	Air Service Skerries	10,094	10,094	9,989	105
GRY7206	Airstrips	0	0	186	(186)
GRY7207	Tingwall Airstrip	177,823	109,779	102,731	7,048
GRY7208	Scatsta Airstrip	(31,964)	335	4,371	(4,036)
GRY7209	Baltasound Airstrip	21,489	12,087	16,193	(4,106)
GRY7221	Taxi Licensing	(6,528)	(6,756)	5,460	(12,216)
GRY7231	Bus Services General	7,565	4,415	10,063	(5,648)
GRY7232	Bus Services Whalsay	2,249	29,028	34,293	(5,265)
GRY7233	Lerwick Bus Station	46,248	34,816	44,940	(10,124)
GRY7234	Bus Shelters	2,070	3,445	4,706	(1,261)
GRY7235	Belmont - Saxa Vord	45,123	22,562	24,751	(2,189)
GRY7236	Lerwick Town Bus	46,819	23,410	21,656	1,754
GRY7237	Lerwick Hillswick	146,065	73,033	71,920	1,113

GRY7238	Lerwick - Laxo	54,876	27,438	42,876	(15,438)
GRY7239	Lerwick - Mossbank	139,500	69,750	73,765	(4,015)
GRY7241	Lk - Scalloway - Burra	65,608	32,804	41,427	(8,623)
GRY7242	Lerwick - Sumburgh	118,158	82,800	83,127	(327)
GRY7244	Westside Mainline	74,986	85,093	107,682	(22,589)
GRY7245	Ulsta-Gutcher-Cullivoe	84,857	41,821	53,212	(11,391)
GRY7246	Ulsta - M Yell - W Sandwick	30,121	21,135	17,613	3,523
GRY7247	Westside Feeders	91,845	46,335	32,913	13,422
GRY7248	Concessionary Fares	1,500	750	433	317
GRY7249	NPP Rural Transport Solutions	0	0	5,479	(5,479)
GRY7251	Other Tport Vehicle R & M	1,617	943	943	(0)
GRY7252	School Transport	1,591,442	742,033	788,978	(46,945)
GRY7253	Sp Needs School Transport	257,351	136,223	198,079	(61,856)
GRY7254	Social Work Transport	128,064	64,490	71,875	(7,385)
GRY7255	Rural Transport	248,740	124,370	147,793	(23,423)
GRY7258	Education/SRTTransport	29,993	17,496	8,607	8,890
GRY7502	STP Admin Costs	28,335	67,288	34,380	32,908
GRY7601	Bressay Service	470,516	268,614	268,629	(15)
GRY7602	Fair Isle Service	158,020	92,002	77,879	14,123
GRY7603	Fetlar Service	258,139	147,882	150,598	(2,716)
GRY7605	Papa Stour Service	181,457	105,633	97,099	8,534
GRY7606	Skerries Service	454,155	260,404	239,588	20,816
GRY7607	Unst Service	770,832	443,064	386,695	56,369
GRY7608	Whalsay service	1,301,644	731,313	702,501	28,812
GRY7609	Yell Service	1,235,963	683,329	559,317	124,012
GRY7610	Community Runs	33,500	14,889	12,369	2,520
GRY7701	Foula Ferry Contract	506,381	293,439	287,992	5,447
VR7295	Fleet Management Unit	3,172	90,937	80,114	10,823
VR7296	FMU Fuel	(28,376)	(14,067)	(4,927)	(9,140)
VR7297	FMU-Vehicle Hire	9,302	(4,473)	(1,120)	(3,353)
VR7620	Lerwick Terminal	17,654	10,937	6,063	4,874
VR7621	Bressay Terminal	21,481	11,119	4,597	6,522
VR7622	Grutness Terminal	9,098	4,072	1,722	2,350
VR7623	Fair Isle Terminal	21,693	10,890	2,911	7,979
VR7624	Hamarsness Terminal	36,143	19,071	10,072	8,999
VR7627	West Burrafirth Terminal	24,858	13,830	5,820	8,010
VR7628	Papa Stour Terminal	26,743	14,660	2,331	12,329
VR7629	Skerries Terminal	22,228	11,879	1,726	10,153
VR7630	Gutcher Terminal	25,863	13,428	5,520	7,908
VR7631	Belmont Terminal	19,705	10,305	5,050	5,255
VR7632	Laxo Terminal	11,366	7,582	31,749	(24,167)
VR7633	Symbister Terminal	30,534	15,449	5,494	9,955
VR7634	Vidlin Terminal	25,210	13,655	4,110	9,545
VR7635	Toft Terminal	48,479	39,016	125,288	(86,272)
VR7636	Ulsta Terminal	40,273	21,451	11,299	10,152
VR7661	MV Bigga	348,156	241,267	286,494	(45,227)
VR7662	MV Snolda	119,075	78,612	81,363	(2,751)
VR7663	MV Fivla	222,255	66,108	63,914	2,194
VR7665	MV Geira	242,300	66,491	70,720	(4,229)
VR7666	MV Good Shepherd	78,250	29,253	36,582	(7,329)
VR7668	MV Hendra	288,467	82,179	89,050	(6,871)
VR7670	MV Leirna	242,343	169,180	207,044	(37,864)
VR7672	MV Thora	120,802	20,492	12,357	8,135
VR7673	Linga	513,918	174,566	294,073	(119,507)
VR7675	Filla	362,001	254,826	359,715	(104,889)
VR7676	MV Daggri	589,123	365,112	400,900	(35,788)
VR7677	MV Dagalien	583,834	392,838	384,497	8,341
VR7690	Sellaness Store	37,686	20,197	9,848	10,349

VRV7695	Ferries Engineering Service	383,317	221,606	189,290	32,316
SRV7000	Head of Transport	89,759	52,624	47,202	5,422
SRV7200	Transport Planning & Support	143,844	83,376	131,789	(48,413)
SRV7210	Air Bus & Fleet	61,924	36,121	43,241	(7,120)
SRV7600	Ferry Operations Manager	766,133	466,361	486,059	(19,698)
SRV7610	Ferry Service-Cadets	73,640	14,186	15,247	(1,061)
Planning		2,034,758	958,571	829,080	129,491
GRV8002	Marine Devt Works Licences	0	0	(2,719)	2,719
GRV8003	Local Review Body	0	0	10,000	(10,000)
GRV8101	Building Control	(237,450)	(234,346)	(245,172)	10,826
GRV8201	Planning Control	(186,150)	(124,055)	(125,148)	1,093
GRV8301	Planning Policy	0	0	(712)	712
GRV8304	Access Paths Improvements	47,877	19,332	18,425	907
GRV8305	Town Centre Regeneration	344,970	30,500	30,769	(269)
GRV8402	Energy Conservation	0	0	3,825	(3,825)
GRV8404	KIMO International	(32,975)	0	0	0
GRV8409	Map Extract Service	(120)	(70)	(916)	846
GRV8410	FFL Scotland	(6,975)	(4,069)	1,090	(5,159)
GRV8411	Ranger Service	43,751	43,751	43,751	0
SRV8000	Head of Planning	156,035	90,726	55,375	35,351
SRV8100	Building Standards	338,017	196,358	155,564	40,794
SRV8200	Development Management	459,493	274,448	281,793	(7,345)
SRV8300	Development Plans	406,142	237,554	205,707	31,847
SRV8400	Heritage	422,689	259,559	238,977	20,582
SRV8401	GIS Technical Design & mapping	128,144	80,618	76,261	4,357
SRV8500	Marine Development	151,310	88,265	82,209	6,056
TOTAL INFRASTRUCTURE		31,612,890	18,021,292	18,083,181	(61,889)

EXECUTIVE SERVICES Mgt A/c's 2008/09 - DETAIL - PERIOD 7

1st April 2010 to 31st October 2010

Description		Annual	Year to Date	Year to Date	Year to Date	Savings	Year to Date
		Budget	Budget	Actual	Variance	To be	Variance
					Including Required	Achieved	Excluding Required
					(Overspend)/Underspend		(Overspend)/Underspend
		£	£	£	£	£	£
Executive Management		827,333	472,552	553,937	(81,385)	(87,000)	5,615
GRX0097	Corporate Management	262,850	181,283	181,283	0		0
GRX0300	Community Safety Officers	35,100	20,431	17,499	2,932		2,932
GRX0301	CSP Awards Programme	29,000	16,917	17,469	(552)		(552)
GRX0302	Domestic Abuse Funding	16,446	2,197	2,606	(409)		(409)
SRX0000	Chief Executive Management	354,559	159,929	238,668	(78,739)	(87,000)	8,261
SRX0150	Chief Executive's Office	100,175	74,794	78,471	(3,677)		(3,677)
SRX0202	Messenger Service	29,203	17,001	17,942	(941)		(941)
Capital Programme Service		223,705	(293,660)	506,900	(800,560)	(1,000,000)	199,440
SRK0000	Head of Capital Programming	74,627	43,533	41,105	2,428		2,428
SRK1000	Capital Projects Unit	1,008,700	580,918	434,821	146,097		146,097
SRK2000	Central Procurement	(859,622)	(918,111)	30,975	(949,086)	(1,000,000)	50,914
Council Members		636,330	369,626	362,639	6,987	0	6,987
GRX0161	Executive Office, Civic Ents	41,494	24,205	27,876	(3,671)		(3,671)
SRX0160	Council Members	594,836	345,421	334,763	10,658		10,658
Organisational Development		3,468,853	2,115,881	1,885,428	230,453	(100,000)	330,453
GRX4015	Tamil Nadu Skills Exchange	12,138	0	0	0		0
GRX4016	Tamil Nadu Economic Developm	10,000	5,833	9,436	(3,603)		(3,603)
GRX4018	Fairer Scotland Fund	449,000	353,268	215,801	137,467		137,467
GRX4019	Tamil Nadu School Exchange	10,000	7,800	1,606	6,194		6,194
GRX4110	Moving-On Project	35,861	20,894	15,637	5,257		5,257
GRX4111	Childcare Voucher Scheme MGT	10,000	5,833	4,965	868		868
SRX4000	Organisational Development	184,454	81,803	191,040	(109,237)	(100,000)	(9,237)
SRX4001	Corporate Communications	10,000	5,834	154	5,680		5,680
SRX4002	Community Planning Support	10,000	5,834	755	5,079		5,079
SRX4100	Personnel PPP/A&S/S&T	484,210	290,459	297,309	(6,850)		(6,850)
SRX4101	Job Evaluation	206,982	121,670	132,545	(10,875)		(10,875)
SRX4102	Staff Welfare	90,932	52,993	53,723	(730)		(730)
SRX4103	Corporate Training	132,045	93,092	37,305	55,787		55,787
SRX4300	ICT Service Manager	199,437	125,399	101,308	24,091		24,091
SRX4301	Communications & Telephony	304,300	190,280	188,290	1,990		1,990
SRX4302	ICT Operations	218,382	126,724	110,751	15,973		15,973
SRX4303	ICT Analysts	391,050	227,674	147,165	80,509		80,509
SRX4304	ICT Area Technicians	302,882	176,090	173,899	2,191		2,191
SRX4306	ICT Maintenance	181,124	92,840	71,119	21,721		21,721
SRX4307	ICT Technicians	226,056	131,561	132,620	(1,059)		(1,059)
Finance		(4,092,943)	(4,568,143)	1,699,342	(6,267,485)	(7,384,069)	1,116,584
GRF1002	GF Saving Required	(6,671,710)	(6,176,710)	0	(6,176,710)	(7,224,069)	1,047,359
GRF1005	Sellaness Site	(9,700)	0	0	0		0
GRF1020	Contingency Reserve	0	0	1,300	(1,300)		(1,300)
GRF1021	Integra Project	0	0	3,500	(3,500)		(3,500)
GRF1101	Aithsting & Sandsting Comm Cn	15,062	14,977	14,977	0		0
GRF1102	Bressay Community Council	8,525	8,440	8,440	0		0
GRF1103	Burra & Trondra Community Cnc	8,505	8,420	8,420	0		0
GRF1104	Delting Community Council	17,033	16,948	16,948	0		0
GRF1105	Dunrossness Community Council	14,817	14,732	13,932	800		800
GRF1106	Fetlar Community Council	4,661	4,576	4,576	0		0
GRF1107	Gulberwick, Quarff & Cunnings	14,567	14,482	14,482	0		0
GRF1108	Lerwick Community Council	29,742	29,642	29,642	0		0
GRF1109	Nesting & Lunnasting Comm Cnc	9,634	9,549	9,549	0		0
GRF1110	Northmavine Community Council	19,331	19,246	19,246	0		0
GRF1111	Sandness & Walls Comm Council	13,800	13,632	13,215	417		417
GRF1112	Sandwick Community Council	11,285	11,200	11,200	0		0
GRF1113	Scalloway Community Council	9,973	9,888	9,888	0		0
GRF1114	Tingwall, Whiteness & Weisdale	11,803	11,718	11,718	0		0

GRF1115	Unst Community Council	11,930	11,845	11,845	0	0
GRF1116	Whalsay Community Council	11,506	11,421	11,421	0	0
GRF1117	Yell Community Council	12,150	12,065	12,065	0	0
GRF1118	Skerries Community Council	4,290	4,205	4,205	0	0
GRF1150	Shetland Council of Social Ser	16,586	16,586	16,586	0	0
GRF2203	DWP Initiatives	0	2,774	(7,835)	10,609	10,609
GRF2401	Debt Advice Add Gov Funds	78,000	74,667	71,095	3,572	3,572
GRF2911	Council Tax Income	21,500	18,584	9,384	9,200	9,200
GRF2912	Council Tax Collection	0	0	300	(300)	(300)
GRF2922	Non-Domestic Rates Collection	12,750	11,750	6,222	5,528	5,528
SRF0100	Finance Office Services	135,387	78,497	76,001	2,496	2,496
SRF1000	Head of Finance	(45,909)	(92,382)	71,160	(163,542)	(160,000)
SRF1030	Training	5,305	2,653	72	2,581	2,581
SRF2000	Service Manager - Revenues	76,483	44,586	36,916	7,670	7,670
SRF2200	Rents/Benefits	239,536	139,213	133,938	5,275	5,275
SRF2300	Income & Recovery	273,406	165,925	165,069	856	856
SRF2900	Local Taxation	126,088	73,045	70,509	2,536	2,536
SRF3100	Management Accountancy	389,425	218,203	223,944	(5,741)	(5,741)
SRF3400	Financial Accountancy	124,239	73,481	75,498	(2,017)	(2,017)
SRF3405	Fin-Technical Clerical	25,216	14,702	14,245	457	457
SRF3500	Expenditure Manager	69,254	39,951	39,741	210	210
SRF3501	Pensions	77,039	44,940	39,163	5,777	5,777
SRF3502	Payroll	328,043	211,704	195,307	16,397	16,397
SRF3600	Payments	127,169	75,014	73,138	1,876	1,876
SRF3800	Treasury	76,709	47,174	43,086	4,088	4,088
SRF4000	Internal Audit Division	203,627	120,514	115,236	5,278	5,278
Legal & Administration		3,204,015	2,026,328	1,651,209	375,119	0
GRB2311	Community Council Elections	3,000	1,583	2,691	(1,108)	(1,108)
GRB2314	UK Parliamentary Elections	25,000	25,000	35,010	(10,010)	(10,010)
GRB2400	Registrar	51,112	29,285	26,196	3,089	3,089
GRB2501	Childrens Panel	19,150	7,095	(2,056)	9,151	9,151
GRB2502	Safeguarders	5,100	2,758	5,456	(2,698)	(2,698)
GRB2503	CP - Inter Island Seminar	0	0	1,461	(1,461)	(1,461)
GRB3902	Licensing Board	(25,700)	(26,350)	(49,911)	23,561	23,561
GRB3905	Prop Enq Certs	(1,000)	(583)	(380)	(203)	(203)
GRB5010	Emergency Planning	105,929	62,470	64,926	(2,456)	(2,456)
GRB5011	Emergency Planning Operational	8,550	4,642	2,735	1,907	1,907
GRB5012	Emergency Planning Seminar	3,275	5,275	2,942	2,333	2,333
GRB5013	Emergency Heli Landing Site	15,783	13,373	11,563	1,810	1,810
GRB6302	Aith Industrial Building	(2,307)	(1,225)	(1,447)	222	222
GRB6303	Bigton Industrial Buildings	(1,404)	(771)	(772)	1	1
GRB6304	Bressay Industrial Buildings	(50)	0	0	0	0
GRB6306	Fetlar Former Generating Shed	(135)	(71)	(70)	(1)	(1)
GRB6310	Sandwick Industrial Buildings	(2,453)	(1,259)	(1,259)	(0)	(0)
GRB6313	King Harald Street Area	(2,410)	(1,348)	(1,348)	(0)	(0)
GRB6314	Scalloway Industrial Building	(37,724)	(19,191)	(20,034)	843	843
GRB6316	Skeld Industrial Buildings	137	(1,213)	0	(1,213)	(1,213)
GRB6321	Sellaness Industrial Site	(17,194)	(14,426)	(14,123)	(303)	(303)
GRB6322	Staneyhill Industrial Site	(1,152)	(1,152)	(158)	(995)	(995)
GRB6324	Wethersta Industrial Site	(2,648)	(2,095)	(1,640)	(455)	(455)
GRB6325	Burra Industrial Sites	(165)	(83)	(83)	(1)	(1)
GRB6326	Cunningsburgh Industrial Sites	(1,400)	(700)	(850)	150	150
GRB6328	Gremista SH Industrial Sites	(2,470)	(1,235)	(1,235)	0	0
GRB6333	Other Properties: Maintained	60,254	22,116	12,262	9,854	9,854
GRB6337	Ness of Sound	(6,408)	(3,204)	(2,954)	(250)	(250)
GRB6338	Estates Management	15,750	9,188	9,137	51	51
GRB6339	Voxter Farm	(1,000)	(1,000)	(1,000)	0	0
GRB6340	Busta Estate	(21,498)	(23,447)	(53,230)	29,783	29,783
GRB6341	Burra & Trondra Estate	(3,114)	(2,602)	(44,611)	42,009	42,009
GRB6345	The Fish Box	(2,405)	(1,272)	(1,272)	(0)	(0)
GRB6354	Mill Lane Store	7,728	4,598	4,410	189	189
SRB1000	Head of Legal and Admin	98,182	56,999	54,610	2,390	2,390
SRB1100	Legal & Admin-Support Service	223,824	129,164	121,509	7,655	7,655
SRB2000	Admin Service Manager	55,271	32,167	31,446	721	721
SRB2200	Admin Serv-Committee Service:	156,587	88,724	64,772	23,952	23,952
SRB3000	Legal-Service Manager	127,380	73,298	36,389	36,909	36,909
SRB3200	Legal Services	351,698	207,558	191,511	16,047	16,047
SRB4000	Serv Manager-Insurance & Risk	59,689	34,666	33,039	1,627	1,627
SRB4100	Risk Management	65,540	37,933	34,088	3,845	3,845

SRB4102	Risk Man - Motor Training	0	0	9,161	(9,161)	(9,161)
SRB4200	Safety	139,756	83,357	88,567	(5,210)	(5,210)
SRB4400	Insurance	110,711	64,352	54,092	10,260	10,260
SRB6000	Assets Service Manager	191,774	96,456	45,972	50,484	50,484
SRB6001	Land Surveyor	63,639	36,690	30,266	6,424	6,424
SRB6201	Offices, Town Hall	44,169	23,723	27,058	(3,335)	(3,335)
SRB6202	Offices, Lystina House	7,877	4,113	137	3,976	3,976
SRB6203	Offices, Hillhead Enq Office	15,607	11,883	7,849	4,034	4,034
SRB6204	Offices, 4 Market St	48,979	37,537	26,014	11,523	11,523
SRB6205	Offices, County Buildings	7,119	6,161	4,717	1,444	1,444
SRB6206	Offices, Anderson Place	3,604	2,624	857	1,767	1,767
SRB6209	Offices, 2 & 4 Bank Lane	17,275	14,203	9,041	5,162	5,162
SRB6210	Offices, Quendale House	35,229	28,427	13,536	14,891	14,891
SRB6213	Offices, Fort Road	32,630	23,607	17,686	5,921	5,921
SRB6214	Offices, Hayfield House	110,213	85,103	68,222	16,881	16,881
SRB6215	Offices, 91/93 St Olaf St	32,861	23,531	13,288	10,243	10,243
SRB6216	Offices, 92 St Olaf Street	29,847	21,660	15,061	6,599	6,599
SRB6217	Offices, Grantfield	73,740	58,081	42,360	15,721	15,721
SRB6218	Offices, Garthspool IT Centre	61,384	44,488	34,337	10,151	10,151
SRB6220	Offices, Gremista	12,097	8,674	6,807	1,867	1,867
SRB6221	Offices, OIL Offices	183,965	137,676	118,027	19,649	19,649
SRB6223	Offices, 4 Havragord, Brae	1,793	1,046	1,092	(46)	(46)
SRB6224	Offices, 64 St Olaf Street	13,044	10,293	6,178	4,115	4,115
SRB6225	Offices, Hill Lane	9,090	7,092	7,665	(573)	(573)
SRB6226	Offices, Charlotte House	73,913	63,449	57,592	5,857	5,857
SRB6227	Offices, Montfield	51,525	42,353	33,081	9,272	9,272
SRB6228	Offices, Old Infant School,KH5	19,818	11,812	16,181	(4,369)	(4,369)
SRB6229	Offices, Train Shetland	42,841	33,246	71,522	(38,276)	(38,276)
SRB6230	Offices, Gremista-Design	41,830	30,958	19,791	11,167	11,167
SRB6234	Offices, North Ness	154,175	95,426	95,458	(32)	(32)
SRB6235	Offices, 20 Commercial Road	16,134	11,658	17,315	(5,657)	(5,657)
SRB6236	Offices, Old Library Conversn	40,180	26,856	27,709	(853)	(853)
SRB6237	Offices, Lovers Loan	3,100	517	905	(388)	(388)
SRB6240	Offices, Bio Solar Hus	94,172	80,297	77,010	3,287	3,287
SRB6241	Old Lower Gym King Harald St	25,525	14,889	0	14,889	14,889
SRB6242	Former Archive Building KHS	4,845	2,826	0	2,826	2,826
SRB7000	Contract Standards	63,252	36,599	38,934	(2,335)	(2,335)

TOTAL EXECUTIVE	4,267,293	122,584	6,659,455	(6,536,871)	(8,571,069)	2,034,198
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Head of Economic Development Unit	386,198	262,774	241,553	21,221	0	21,221
SRD0000	EDU Mgt & Administration	323,559	242,341	227,663	14,678	14,678
SRD0001	EDU Recruitment Expenses	8,500	4,959	0	4,959	4,959
SRD0002	Head of Economic Development	54,139	15,474	13,890	1,584	1,584

Business Development	467,167	237,677	204,047	33,630	0	33,630
SRD1000	Head of Business Development	163,461	106,371	88,192	18,179	18,179
SRD1010	Business Technical Support	303,706	131,306	115,855	15,451	15,451

Marketing	120,423	70,067	65,326	4,741	0	4,741
SRD5000	Marketing	120,423	70,067	65,326	4,741	4,741

TOTAL DEVELOPMENT	973,788	570,518	510,926	59,592	0	59,592
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SIC MANAGEMENT INFORMATION 2010/11 - PERIOD 7

1st April 2010 to 31st October 2010

Revenue Expenditure by Service

(Harbour Account, Support Services & Recharged Services)

	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/Underspend
	£	£	£	£
Ports & Harbours (total)	(1,201,177)	(1,764,291)	(2,569,522)	805,232
Ports Management	1,049,416	622,544	508,309	114,235
Sullom Voe	(5,928,588)	(3,091,630)	(3,637,455)	545,825
Scalloway	31,111	(69,287)	(141,794)	72,507
Other Piers	173,791	51,296	19,273	32,023
Port Engineering Services	661,978	379,960	346,498	33,462
Jetties & Spur Booms (BP Funded)	(146,654)	342,826	335,646	7,180
Transfer of Funds	2,957,769	0	0	0

Revenue Expenditure by Subjective

(Harbour Account, Support Services & Recharged Services)

	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/Underspend
	£	£	£	£
Employee Costs (sub total)	6,468,398	4,341,818	4,102,895	238,923
Basic Pay	4,877,313	2,845,101	2,669,388	175,713
Overtime	472,605	305,592	261,450	44,142
Other Employee Costs	1,118,480	1,191,125	1,172,057	19,068
Operating Costs (sub total)	5,241,899	2,844,621	2,425,295	419,326
Travel & Subsistence	191,210	81,731	69,264	12,467
Property Costs	1,158,700	734,302	654,582	79,720
Other Operating Costs	3,891,989	2,028,588	1,701,449	327,139
Transfer Payments (sub total)	3,978,349	75,745	75,745	0
Income (sub total)	(16,889,823)	(9,026,475)	(9,173,457)	146,982
TOTAL	(1,201,177)	(1,764,291)	(2,569,522)	805,232

MANAGEMENT A/c's 2010/11 - COST CENTRE DETAIL - PERIOD 7
1st April 2010 to 31st October 2010

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/ Underspend
		£	£	£	£
Ports Management (sub total)		1,049,416	622,544	508,310	114,235
SRM0001	Ports - Recruitment Expenses	17,000	9,916	4,706	5,210
SRM0100	Ports - Support Services	237,868	139,903	103,325	36,578
SRM2000	Ports - Operations Management	767,315	456,877	388,517	68,360
PRM0150	Canteen Service	27,233	15,848	11,761	4,087
Sullom Voe (sub total)		(5,928,588)	(3,091,630)	(3,637,455)	545,825
SRM2001	Towage Management	27,180	16,587	4,606	11,981
SRM3050	Ports - Admin Building	97,640	58,752	31,281	27,471
PRM2100	Sullom Voe	(6,057,089)	(2,984,064)	(3,239,664)	255,600
PRM2101	B & L Sullom Voe	(274,417)	(183,427)	(203,095)	19,668
PRM2102	Pilotage Sullom Voe	(718,586)	(383,607)	(392,158)	8,551
PRM2103	Mooring Sullom Voe	(313,492)	(175,487)	(168,754)	(6,733)
PRM2104	Ship to Ship Transfers	(300,000)	(46,873)	(46,873)	(0)
PRM2110	Marine Officers	919,041	524,563	533,393	(8,830)
PRM2111	Launch Crews	1,161,959	688,085	656,029	32,056
PRM2112	Towage Crews	(1,846,276)	(1,134,442)	(1,045,460)	(88,982)
PRM2113	VTs Operators	226,344	132,035	47,308	84,727
PRM2116	Pollution Control	1,000	583	0	583
PRM2120	SOTEAG	800	467	(3)	470
PRM2121	SVA	80,580	75,745	75,745	0
PRM2148	Tug Boats - SV	(1,400,000)	(706,528)	(706,528)	0
VRM3205	Nav Aids Sullom Voe	41,921	31,035	31,573	(538)
VRM3206	Radar Sullom Voe	31,003	21,178	22,210	(1,032)
VRM3207	VHF Radio Sullom Voe	10,500	6,124	733	5,391
VRM3210	Maintenance Workshop	63,364	35,920	29,487	6,433
VRM3211	Helicopter Hangar	3,960	3,260	3,320	(60)
VRM3212	Meteorological Office	2,344	1,238	1,385	(147)
VRM3213	Long Term Store	2,562	1,332	608	724
VRM3214	Crew Accommodation	6,700	3,797	2,139	1,658
VRM3215	Pollution Store	17,202	9,796	7,469	2,327
VRM3221	Sullom Shoormal	37,355	19,456	13,658	5,798
VRM3222	Sullom Spindrift	35,796	21,046	22,511	(1,465)
VRM3223	Sullom Spray	33,794	24,462	23,671	791
VRM3225	Dunter	491,343	108,894	85,905	22,989
VRM3226	Shalder	266,446	173,167	131,079	42,088
VRM3227	Stanechakker	229,931	152,611	101,501	51,110
VRM3228	Tirrick	280,192	182,696	159,189	23,507
VRM3229	Tystie	481,322	109,060	92,591	16,469
VRM3230	Sullom A	21,214	17,890	18,461	(571)
VRM3231	Sullom B	7,214	3,890	1,768	2,122
VRM3232	Sullom C	7,214	3,890	764	3,126
VRM3235	Vehicles Sullom Voe	32,250	18,814	20,926	(2,112)
VRM3236	Boat Hoist	(1,013)	(642)	(4,517)	3,875
VRM3237	Small Plant	4,750	2,771	1,799	972
VRM3239	Sullom Shearwater	13,591	7,392	3,672	3,720

VRM3240	Tug Jetty	62,994	45,991	42,723	3,268
VRM3241	Solan	145,827	8,790	1,156	7,634
VRM3242	Bonxie	136,952	12,123	937	11,186
Scalloway (sub total)		31,111	(69,287)	(141,794)	72,507
PRM2200	Blacksness	(120,997)	(144,102)	(198,877)	54,775
PRM2201	B & L Scalloway	(5,000)	(2,917)	(7,569)	4,652
PRM2202	Pilotage Scalloway	500	292	219	73
VRM3261	Nav Aids Scalloway	12,025	7,016	1,056	5,960
VRM3262	Offices & Stores Scalloway	29,639	17,794	15,705	2,089
VRM3263	Fish Market	16,360	12,566	23,161	(10,595)
VRM3264	Piers Scalloway	81,028	30,544	17,424	13,120
VRM3266	Vehicles Scalloway	4,300	2,507	4,202	(1,695)
VRM3267	Lyrie	13,256	7,013	2,886	4,127
Other Piers (sub total)		173,791	51,296	19,273	32,023
PRM2300	Baltasound	(1,916)	(1,118)	(5,487)	4,369
PRM2301	Collafirth	(1,466)	(857)	(1,324)	467
PRM2302	Toft	35	18	(1,039)	1,057
PRM2310	Billister	0	0	0	0
PRM2312	Cullivoe	(71,281)	(41,581)	(55,804)	14,223
PRM2314	Fair Isle	3	0	0	0
PRM2315	Hamnavoe	225	130	(630)	760
PRM2316	Melby Pier	150	150	148	2
PRM2317	Mid Yell	(1,500)	(979)	(3,308)	2,329
PRM2318	Out Skerries	135	77	(77)	154
PRM2319	Symbister	13,673	7,940	6,332	1,608
PRM2321	Uyeasound	1,000	584	(747)	1,331
PRM2322	Vaila/Grutness	235	135	280	(145)
PRM2323	West Burrafirth	(925)	(540)	(602)	62
PRM2324	Humber Inflatable	32	0	0	0
PRM2325	Orkney Spinner	10	0	0	0
PRM2326	Avon Searider	25	0	0	0
VRM3270	Baltasound Pier Maintenance	22,789	18,609	20,523	(1,914)
VRM3271	Collafirth Pier Maintenance	18,519	1,241	911	331
VRM3272	Toft Pier Maintenance	3,706	1,756	16	1,740
VRM3273	Garth Pier Maintenance	9,710	5,221	6,483	(1,262)
VRM3280	Billister Pier Maintenance	2,114	962	16	946
VRM3282	Cullivoe Pier Maintenance	42,613	21,655	5,997	15,658
VRM3283	Easterdale Pier Maintenance	2,966	1,760	148	1,612
VRM3284	Fair Isle Pier Maintenance	27,830	1,167	24,732	(23,565)
VRM3285	Hamnavoe Pier Maintenance	8,329	6,133	5,938	195
VRM3286	Melby Pier Maintenance	98	0	0	0
VRM3287	Mid Yell Pier Maintenance	7,868	3,914	4,308	(394)
VRM3288	Out Skerries Pier Maintenance	7,605	3,426	2,966	460
VRM3289	Symbister Pier Maintenance	48,052	6,221	7,209	(988)
VRM3290	Toogs Pier Maintenance	3,750	2,129	0	2,129
VRM3291	Uyeasound Pier Maintenance	10,976	4,347	1,114	3,233
VRM3292	Vaila/Gruting Pier Maintenance	8,798	4,259	56	4,203
VRM3293	West Burrafirth Pier Maintenance	9,633	4,537	1,116	3,421
Port Engineering (sub total)		661,978	379,960	346,498	33,462
VRM3200	Port Engineering Services	661,978	379,960	346,498	33,462

Jetties & Spur Booms (BP Funded) (sub total)	(146,654)	342,826	335,646	7,180
VRM3250 Jetty 1	321,542	320,082	319,242	840
VRM3251 Jetty 2	82,515	81,055	80,685	370
VRM3252 Jetty 3	255,989	254,529	253,247	1,282
VRM3253 Jetty 4	210,201	208,739	207,375	1,364
VRM3254 Construction Jetty	52,877	33,668	36,479	(2,811)
VRM3255 Spur Booms	12,510	7,298	10	7,288
VRM3256 Jetties Diving	50,000	0	0	0
VRM3257 Jetty Maintenance	117,333	104,253	105,342	(1,089)
VRM3259 Jetties Cathodic Protection	21,665	0	63	(63)
PRM2150 Jetties/Spur Booms - SV	(1,271,286)	(666,798)	(666,798)	(0)
Transfer of Funds (sub total)	2,957,769	0	0	0
PRM2002 Transfer to Funds	2,957,769	0	0	0

Harbour Account TOTAL	(1,201,177)	(1,764,291)	(2,569,521)	805,232
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EDUCATION & SOCIAL CARE MANAGEMENT INFORMATION 2010/11 - PERIOD 7	1st April 2010 to 31st October 2010
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Revenue Expenditure by Service - Housing Revenue AccountHousing

<u>Revenue Expenditure by Service</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/Underspend
	£	£	£	£
Housing Revenue Account Services (total)	(3,917,593)	(2,732,325)	(2,771,371)	39,046
Head of Housing	(1,200,000)	(700,000)	(721,536)	21,536
Operational Services	1,312,513	370,424	361,256	9,168
Business Support	(4,030,106)	(2,402,749)	(2,411,091)	8,342
<u>Revenue Expenditure by Subjective</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/Underspend
	£	£	£	£
Employee Costs (sub total)	2,681	1,564	1,564	0
Basic Pay	0	0	0	0
Overtime	0	0	0	0
Other Employee Costs	2,681	1,564	1,564	0
Operating Costs (sub total)	2,370,098	735,813	714,572	21,241
Travel & Subsistence	0	0	0	0
Property Costs	2,335,276	712,342	697,939	14,403
Other Operating Costs	34,822	23,471	16,633	6,838
Transfer Payments (sub total)	28,981	26,423	2,200	24,223
Income (sub total)	(6,319,353)	(3,496,125)	(3,489,708)	(6,417)
TOTAL	(3,917,593)	(2,732,325)	(2,771,372)	39,046

MANAGEMENT A/c's 2010/11 - COST CENTRE DETAIL - PERIOD 7**1st April 2010 to 31st October 2010**

<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/Underspend
		£	£	£	£
HRH0350	Housing Support Grant	(1,200,000)	(700,000)	(721,536)	21,536
HRH1300	Ladies Drive Hostel	(40,748)	(23,842)	(23,767)	(75)
HRH3100	Customer Services	49,253	28,421	8,789	19,632
HRH3150	Garages, HRA	19,200	11,200	-4,189	15,389
HRH3151	South Team Area 2	250,000	106,326	106,326	0
HRH3152	South Team Area 1	250,000	81,285	81,285	0
HRH3153	North Team Area 2	250,000	97,881	98,731	(850)
HRH3154	North Team Area 1	250,000	69,445	69,445	0
HRH3300	Other	285,308	0	20,470	(20,470)
HRH3350	Grazing Lets	-500	-292	-580	288
HRH4258	Cost of Refurbishment	0	0	4,747	(4,747)
HRH2047	Rents General Needs	(4,529,288)	(2,335,077)	(2,332,010)	(3,067)
HRH2048	Rents Sheltered Housing	(576,162)	(340,854)	(331,866)	(8,988)
HRH2355	Supervision & Management	22,870	18,584	6,272	12,312
HRH3200	Planned Services HRA	1,052,474	254,598	246,514	8,084
TOTAL HOUSING REVENUE ACCOUNT		(3,917,593)	(2,732,325)	(2,771,369)	39,046

SIC MANAGEMENT INFORMATION 2010/11 - PERIOD 7**1st April 2010 to 31st October 2010**

<u>Revenue Expenditure by Service</u>	Shetland Islands Council			
	Annual	Year to Date	Year to Date	Year to Date
	Budget	Budget	Actual	Variance (Overspend)/Underspend
	£	£	£	£
Executive Services (sub total)	1,362,149	931,997	874,724	57,273
Executive Management	56,418	56,418	59,925	(3,507)
Organisational Development	339,152	197,840	113,139	84,701
Finance	4,500	0	6,900	(6,900)
Legal & Administration	962,079	677,739	694,760	(17,021)
Education & Social Care (sub total)	555,430	339,015	298,947	40,068
Adult Learning & Train Shetland	396,932	231,544	235,900	(4,356)
Housing	156,712	107,471	63,047	44,424
Sports & Leisure	1,786	0	0	0
Infrastructure Services (sub total)	492,692	193,325	146,550	46,775
Environment	250,000	74,509	76,034	(1,525)
Planning	242,692	118,816	70,516	48,300
Economic Development Unit (sub total)	10,293,565	5,103,704	3,795,028	1,308,676
Economic Development Unit	10,293,565	5,103,704	3,795,028	1,308,676
TOTAL	12,703,836	6,568,041	5,115,249	1,452,792

Revenue Expenditure by Subjective

Employee Costs (sub total)	864,087	504,052	427,981	76,071
Basic Pay	646,067	376,873	320,768	56,105
Overtime	0	0	991	(991)
Other Employee Costs	218,020	127,179	106,222	20,957
Operating Costs (sub total)	1,933,840	1,296,040	1,482,075	(186,035)
Travel & Subsistence	23,920	7,149	46,568	(39,419)
Property Costs	641,208	513,611	531,532	(17,921)
Other Operating Costs	1,268,712	775,280	903,975	(128,695)
Transfer Payments (sub total)	10,062,501	4,861,486	3,343,778	1,517,708
Income (sub total)	(156,592)	(93,537)	(138,585)	45,048
TOTAL	12,703,836	6,568,041	5,115,249	1,452,792

RESERVE FUND MANAGEMENT A/c's 2010/11 - COST CENTRE DETAIL - PERIOD 7 1st April 2010 to 31st October 2010
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<u>Cost Centre</u>	<u>Description</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Overspend)/Underspend
		£	£	£	£
Chief Executive		56,418	56,418	59,925	(3,507)
RRX0021	LPA Claim	56,418	56,418	59,925	(3,507)
Financial Support Services		4,500	0	6,900	(6,900)
RRF1150	Winter Fuel Grant	0	0	6,900	(6,900)
RRF1151	Councillor Christmas Grant	4,500	0	0	0
Organisational Development		339,152	197,840	113,139	84,701
RRX4120	Graduate Placement Scheme	339,152	197,840	113,139	84,701
Asset & Property Services		962,079	677,739	694,760	(17,021)
RRB6380	N.A.F.C.	517,051	232,711	229,135	3,576
RRB6381	SCOFE Property Costs	445,028	445,028	445,028	0
RRB6383	Complaint Investigation	0	0	20,597	(20,597)
Adult Learning & Train Shetland		396,932	231,544	235,900	(4,356)
RRL6050	Modern Apprenticeships	396,932	231,544	235,900	(4,356)
Housing		156,712	107,471	63,047	44,424
RRH2800	Housing Initiatives	59,816	51,316	22,026	29,290
RRH2801	Tenant Participation	15,414	15,414	280	15,134
RRH2803	Shetland Women's Aid	81,482	40,741	40,741	0
Sports & Leisure		1,786	0	0	0
RRJ3007	Cunningsburgh Marina	1,786	0	0	0
Environment		250,000	74,509	76,034	(1,525)
RRY5001	Fuel Poverty Grant Scheme	250,000	74,509	76,034	(1,525)
Planning		242,692	118,816	70,516	48,300
RRY8003	NAFC Marine Management	9,610	9,610	0	9,610
RRY8381	Area Regeneration Res Fund	30,700	17,907	10,619	7,288
RRY8383	Coastal Protection	44,000	4,667	0	4,667
RRY8481	KIMO Policy	7,000	4,083	1,084	2,999
RRY8482	Nuclear Policy	21,382	18,049	14,313	3,736
RRY8486	Env Improve/Cons	100,000	59,500	44,500	15,000
RRY8488	Natural Heritage	30,000	5,000	0	5,000
Economic Development		10,293,565	5,103,704	3,795,028	1,308,676
Fisheries		4,253,792	2,089,057	1,431,561	657,496
RRD2104	S.H.O.A.L.	1,000	583	0	583
RRD2120	Fisheries General Assistance	105,000	17,500	896	16,604
RRD2121	North Atlantic Fisheries Coll	2,443,711	1,124,444	1,124,444	0
RRD2122	SSQC	233,751	50,953	50,953	0
RRD2123	Shet Shellfish Management O	43,888	25,601	21,944	3,657
RRD2201	Mentoring Programme	4,000	2,333	0	2,333
RRD2203	Fisheries&Aquaculture Lending	1,320,000	820,000	205,500	614,500
RRD2204	European Fisheries Match Fun	102,442	47,643	27,824	19,819

Agriculture		485,000	271,051	164,985	106,066
RRD1129	Livestock Health Scheme	100,000	50,000	45,755	4,245
RRD1133	Agriculture General Assistanc	115,000	73,333	25,991	47,342
RRD1136	Agriculture Contractors Schei	20,000	11,667	7,250	4,417
RRD1137	Shetland Rural Dev Scheme	50,000	29,167	17,994	11,173
RRD1138	Shet Agric Business Scheme	100,000	48,551	67,995	(19,444)
RRD1150	Agricultural Loans	100,000	58,333	0	58,333
Other		3,554,156	1,651,495	1,399,911	251,584
RRD1500	Other Research	60,000	44,247	34,652	9,595
RRD1502	Publications	2,000	1,167	(114)	1,281
RRD1515	Shetland Buinesss Growth Sch	50,000	8,333	316	8,017
RRD1520	Other General Assistance	89,489	49,958	83,969	(34,011)
RRD1523	Rural Shop Improvement	60,000	35,000	23,553	11,447
RRD1526	Rnew Energy Proj	90,000	46,642	38,229	8,413
RRD1527	Business Energy Efficiency	100,000	16,667	19,153	(2,486)
RRD1528	Foula Electricity	80,000	0	0	0
RRD1530	Economic Infrastructure Proj	1,194,375	451,970	246,750	205,220
RRD1532	Architectural Heritage	250,000	250,000	250,000	0
RRD1533	Fairer Scotland Fund	40,000	40,000	40,592	(592)
RRD1540	New Manufacturing-New Serv	30,000	0	0	0
RRD1541	Food & Drink Projects	200,000	0	0	0
RRD1545	Textiles	150,000	43,750	0	43,750
RRD1550	Broadband Services	50,000	50,000	55,225	(5,225)
RRD1551	Pop Set up Highspeed data linl	0	0	11,390	(11,390)
RRD1552	Mareel	140,000	81,667	66,822	14,845
RRD1553	Creative Industry Developmer	418,292	284,125	269,919	14,206
RRD1554	Fibre Optic Cable	20,000	11,667	8,516	3,151
RRD1560	Community Enterprise Scheme	30,000		5,000	(5,000)
RRD1561	Retain Active Rural Population	30,000	0	0	0
RRD1562	Engage with Learning Centres	70,000	0	0	0
RRD1563	COPE	175,000	175,000	175,000	0
RRD1564	Childcare	100,000	48,000	16,526	31,474
RRD1800	Leader	(3,670)	(3,669)	9,605	(13,274)
RRD1801	Convergence	3,670	2,141	(5,460)	7,601
RRD1810	Business Gateway	0	0	43,570	(43,570)
RRD1910	Decommissioning Projects	75,000	0	0	0
RRD6010	Investment Management	50,000	14,830	6,698	8,132
Tourism		2,000,617	1,092,101	798,571	293,530
RRD1620	Tourism Financial Assistance	50,000	29,167	11,200	17,967
RRD1621	Tourism Infrastructure	75,000	0	0	0
RRD1630	Tourism General	20,000	11,667	10,565	1,102
RRD1631	Heritage Tourism	1,008,452	430,955	126,264	304,691
RRD5005	MDP	38,000	22,167	22,468	(301)
RRD5010	Promote Shetland	363,000	235,500	235,500	0
RRD5014	Film Support	23,371	14,261	14,261	0
RRD5031	Shetland Promotional Costs	85,175	54,237	52,153	2,084
RRD5039	Flavour of Shetland	76,655	74,931	81,797	(6,866)
RRD5041	Food Festival	40,500	29,632	40,470	(10,838)
RRD5042	Tall Ships	154,391	138,348	139,019	(671)
RRD5043	Hamefarin	66,073	51,236	64,874	(13,638)
TOTAL		12,703,836	6,568,041	5,115,249	1,452,793



REPORT

To: Shetland Islands Council

8 December 2010

From: Programme Manager

Report No: CPS-20-10-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 advises on slippage and savings that have occurred within the Capital Programme and makes recommendations on re-allocation.

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.

2.4 Risk

Financial:

- The main area of risk is financial in terms of over or underspend. Regular progress reports to Committee and the Council enable Members to monitor the capital programme.

3.0 Background

- 3.1 Tables in Appendix A have been broken down by service area. We have also added programme progress, however this is very much dependent on information provided to Capital Programme Services. Where information is not forthcoming this is highlighted in Appendix A.
- 3.2 The management and control of the Capital programme will help to keep expenditure within sustainable limits and would reinforce the best value message and contribute to the change in culture needed to control expenditure.

4.0 Slippage and Proposed Re-allocation

4.1 Slippage, transfers and savings

A total of £491,604 slippage, transfers and savings have been identified as follows:

- | | |
|--|----------|
| • Contingency & Final A/Cs (GCK2002) Transfer
Budget moved to cover minor overspends | £4,604 |
| • Education Maintenance (GCE1500) Slippage/Transfer
Reallocation of budgets to current projects and some
project slippage into 11/12 (see Appendix E for detail) | £342,000 |
| • Train Shetland Maintenance (GCL6000) Slippage
Project part slipped into 11/12 | £40,000 |
| • Refurbishment Play Areas (GCJ3003) Saving
Service request this money be used for Quoys Play
Area this is the subject of a separate report. | £25,000 |
| • Community Organisation Grants (GCJ3006) Saving
Service to request this money be used elsewhere. This
will be the subject of a future report. | £75,000 |
| • Sletts Road Sea Wall (GCY6126) Slippage
Anticipate final A/C in 11/12 | £5,000 |

4.2 It is proposed to transfer the £4,604 from the Contingency & Final A/Cs budget (GCK2002) as follows:

- | | |
|---|--------|
| • Bells Brae Primary Alterations (GCE1240) Additional
Project now complete, but final payment greater than
anticipated last year. | £3,546 |
| • Sandwick JHS ASN (GCE3402) Additional
Project completed 2009/10, late Mechanical Services
invoice received. | £1,058 |

- 4.3 It is proposed to transfer £5,000 from the approved 2011/12 Capital Programme to allow preliminary works to progress in 2010/11

Strand Loch Bridge (GCY6207) Transfer from 11/12 £5,000

- 4.4 Appendix A shows 2010/11 project expenditure and progress by service area as requested by the Audit and Scrutiny Committee.

- 4.5 Where items are complete but show little expenditure this may be due to:-

- On larger contracts a retention sum is held for (normally) one year to ensure there are no defects evidenced; therefore budget is retained for final completion but no expenditure will be incurred until the end of the defects period;
- Design work carried out in-house will not be charged to projects until year end through the recharges;
- Time lapse between completion of project, invoicing and invoice payment.

- 4.6 Appendix B shows adjustments in 2010/11 and slippage proposed between financial years 2010/11 and 2011/12.

- 4.7 Appendix C gives a summary of the Council's 2010/11 funded capital projects with proposed adjustments.

- 4.8 Appendix D gives a summary of the Council's 2011/12 funded capital projects with proposed adjustments.

- 4.9 Appendix E is the updated 5 Year Capital Programme with proposed adjustments and Education Maintenance updated.

5.0 Proposal

It is proposed that the Council:

- 5.1 Note the progress of the current committed projects in Appendix A;
- 5.2 Approve the allocation of budgets, slippage and transfers in Appendices B, C, D & E.

6.0 Financial Implications

- 6.1 On 28 October 2009 the Council approved a Capital Programme of £34,418,329 for all funds in 2010/11 (Min Ref 142/09), this excluded the £15m leasing arrangement for the AHS New Build project as this was approved separately (Min Ref 94/08). The total capital programme budget for 2010/11 was therefore £49,418,329, of which the General Fund element was £31,319,184.
- 6.2 Further approved budget adjustments reduced the 2010/11 General Fund Capital Programme budget to £24,384,250. Adjustments proposed in this report will reduce the 2010/11 budget to £23,902,250. Further slippage is anticipated.
- 6.3 On 27 October 2010 the Council approved a 5 Year Capital Programme of £167,627,004 for all funds from 2010 to 2015 (Min Ref 152/10), of which the General and Reserve Fund element was £99,304,904. Approved Budget Strategy for 2010/11 recommends a five year spending target of £100 million on the General & Reserve Fund Capital Programme of £100m (Min Ref 107/09). If the Council approves the budget adjustments detailed in this report the budget on the General Fund Capital Programme for years 1 – 5 will be £99,204,904.

7.0 Policy and Delegated Authority

- 7.1 Decisions relating to approval or variation to the Council's Capital Programme require 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

It is recommended that the Council:

- 9.1 Note the progress of the current committed projects in Appendix A;
- 9.2 Approve the allocation of budgets, slippage and transfers in Appendices B, C & D.

Our Ref: GMF/CPS-20-10-F1

1 December 2010

Enclosed: Appendix A Capital Programme Progress Report
Appendix B Summary of Budget Adjustments
Appendix C 2010/11 Capital Programme with Adjustments
Appendix D 2011/12 Capital Programme with Adjustments
Appendix E Updated 5 Year Capital Programme with Adjustments

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCX4300	PC/Lan Replacement	278,000	278,000	272,915	X	X	X	X	X	X	✓		Implementation stage, budget to be spent in full
GCX4311	SSIS Upgrade	0	77,500	300	X	X	X	X	X	X	✓		Implementation stage, budget to be spent in full
GCX4312	Computers for Schools	395,000	395,000	394,182	X	X	X	X	X	X	✓		Implementation stage, budget to be spent in full
GCX4319	LV/MV Photocopiers	75,000	75,000	52,448	X	X	X	X	X	X	✓		Implementation stage, budget to be spent in full
GCX4323	Shetland Public Sector Network	251,000	251,000	241,232	X	X	X	X	X	X	✓		Implementation stage, budget to be spent in full
GCX4329	ICT Planning Project	0	150,000	37,024	X	X	X	X	X	X	✓		Project previously slipped into 10/11, at implementation stage now.
GCK6001	Copper Pipework Replacement	150,000	100,000	0	✓			X					Asset discussing with Building Services re which buildings need to be done and 50K offered as saving on programme
GCK6002	Lystina Stonework	0	15,000	0	✓								Survey cost report completed in draft by Amenity Trust; this will be reported to Council in the future.
GCK6004	DDA Access Audit Construction	100,000	100,000	1,719	✓	✓	✓	✓	✓				Voe toilets to be undertaken this year - project to be retendered as no Contractor appointed last time
GCK6006	Ness of Sound Farm	12,000	12,000	0	✓	✓	✓	X	X				Ongoing, further dyke work to start shortly
GCK6010	Purchase Scottish Water Asset	0	1,500	1,354	X	X	✓	✓	X	X	✓	✓	Asset purchase agreed by Council Min Ref 28/09, funds from contingency
GCF1302	Purchase Payments System	0	2,425	2,425	X	X	X	X	X	X	X	✓	Project complete 09/10, but final payment not processed until 10/11
GCK2000	Feasibility Studies: Overall	400,000	200,000	-900									Budget reduced to 200K for this and future years at Council 27-10-10
GCK2001	CCTV System Lerwick	0	0	-20,852	✓	✓	✓	X	✓	✓	✓	✓	Final A/C accrual made and payment to be processed during 10/11 now that project has been commissioned
GCK2002	Contingency & Final A/Cs	100,000	90,075	-7,177	X	X	X	X	X	X	X	✓	Budgets previously transferred to Knab Dyke, Payments System and Scottish Water Projects. Small transfer to Sandwick ASN proposed
Total		1,761,000	1,747,500	974,670									

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCJ3001	Capital Grants to Water Based Facilities	382	382	0	×	×	×	×	×	×	✓		Small amount of retention - £382 to be paid in 10/11
GCJ3002	Knab Dyke	0	6,000	0	✓	✓	✓	×	✓	✓	✓	✓	This project is essentially complete but a sum of £4,366.19 is required to meet the project retention and a sum of £1,500 is required for remaining works. 6K allocated from Contingency & Final A/C budget at Council on 27-10-10
GCJ3003	Play Areas and Park Equipment	175,000	175,000	116,670	✓	✓	✓	×	✓	✓	✓		The three play area projects at Norderdale, Twageos in Lerwick and at Baltasound in Unst have been completed. An underspend of £25,000 has been identified on this budget. A report is being presented to the Services Committee on 25th November to request that a Service Need Case be prepared to fund a new play area at Arheim using this surplus.
GCJ3006	Capital Grants to Voluntary Organisations (General)	300,000	510,496	64,706	×	×	×	×	×	×	✓		At present a total of £256,033 has been committed towards 12 different Community projects throughout Shetland. It is anticipated that funding requests will be received, for a number of other community projects over the next few months. It has been identified that there will be an underspend of £75,000 on this budget in 2010-11. At a departmental level it has been requested that this surplus be used to create a new budget heading to provide furnishings, fittings and equipment for the Council's new Social Work Office at North Ness Business Park.
GCJ3020	Islesburgh Capital Maintenance	0	22,595	21,627	✓	✓	✓	✓	✓	✓	✓	✓	Works complete
GCL4100	Old Library Centre Maintenance	85,000	85,000	1,762									Study nearing completion .
GCL4402	Mareel	1,500,000	1,704,111	1,056,574	✓	✓	✓	✓	✓	✓	✓		Works continue on site for completion Spring 2011

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCL6000	Train Shetland Maintenance	100,000	100,000	0									Floors dug up and replaced in school holidays, remedial works identified during works and BSU request that 40K be carried forward to 11/12 for completion of these works. NB Floor works incorrectly coded - BSU to transfer 60K of expenditure.
UCL5203	Shetland College Extension	0	400,000	24,332	✓	✓		✓					Production information ongoing for proposed site start April 2011, planning application submitted. Project also reprofiled and 100K slipped into future years
GCE1171	Little Tikes	0	336,678	43,522	✓	✓	✓	✓	✓	✓	✓		Project will be complete November 2010
GCE1240	Bells Brae Primary Alterations	0	0	3,546							✓	✓	Project complete and all retention now paid, proposed transfer from contingency to cover over spend
GCE1315	Mid Yell Junior High School	3,350,000	3,534,669	1,856,426	✓	✓	✓	✓	✓	✓	✓		Project complete other than snagging and remedial items
GCE1512	Schools Reroofing	0	0	-8,000	✓	✓	✓	✓	✓	✓	✓	✓	Brae Re-roof Final A/C Accrual
GCE3402	Sandwick JHS Additional Support Needs	0	0	1,058									Mott MacDonald late fee - previously completed project. CPS to request funding from Contingency & Final A/C
GCE1500	Education Capital Maintenance - please see XXE codes below for detail	1,583,000	1,528,966	850,605									Individual projects are noted below.
XXE1001	Aith Maintenance	12,500	12,500	6,898	✓	✓							Enabling works complete, design ongoing. BS request that balance £5.5K be carried forward to 11/12
XXE1002	AHS Maintenance	225,000	370,000	150,259	✓	✓	✓	✓	✓	✓	✓		New sash & case windows for the Old English Block - project ongoing and Phase 2 will commence April 2011- BSU request slippage of 180K to 11/12
XXE1003	Baltasound Maintenance	5,000	5,000	1,321	✓	✓							Electrical Rewire - design ongoing
XXE1004	Bells Brae Maintenance	210,700	295,700	126,587	✓	✓	✓	✓	✓	✓	✓		Original contract scope 95% complete. Roofing works to GP room complete, however a major problem to the walls identified resulting in unforeseen structural works. BS request slippage of £55.7K to 11/12 for roofing and structural works to Games Hall

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
XXE1005	Brae Maintenance	34,000	34,000	14,039	✓	✓	✓	✓	✓	✓			Staff toilet complete; lighting and rewire consultant appointed. BS request slippage of £19K to 11/12
XXE1006	Bressay Maintenance	0	0	6,954									External Redecoration
XXE1007	Burravoe Maintenance	0	0	38									External Redecoration
XXE1008	Cullivoe Maintenance	5,000	5,000	4,357	✓	✓	✓	✓	✓	✓	✓		External Redecoration
XXE1009	Cunningsburgh Maintenance	30,000	30,000	5,838	✓	✓	✓	✓	✓	✓			Electrical system and DDA works. External works complete; internals deferred until 2011 due to weather. BS request slippage of £7K to 11/12
XXE1010	Dunrossness Maintenance	5,000	5,000	0	✓	✓							Electrical system- ongoing; M&E Engineer appointed
XXE1011	Fetlar Maintenance	0	0	3									External Redecoration
XXE1012	Foula Maintenance	50,000	20,000	14,913	✓	✓	✓	✓	✓	✓	✓		External redecoration, playground resurfacing and fire alarms. Works complete with a 30K transfer to Old Craiguelea Maintenance
XXE1014	Tingwall Maintenance	0	0	94									
XXE1016	Hamnavoe Maintenance	175,000	175,000	119,736	✓	✓	✓	✓	✓	✓	✓	✓	Roofing works complete, anticipate £165K in total. Not being offered as a saving as Happyhansel Maint is over budget
XXE1017	Happyhansel Maintenance	156,500	156,500	171,642	✓	✓	✓	✓	✓	✓	✓	✓	Roofing works, canteen and electrical upgrade- all works complete but over budget
XXE1021	Mossbank Maintenance	40,000	40,000	19,236	✓	✓	✓	✓	✓	✓			Toilet refurbishment, works complete on site.
XXE1022	North Roe Maintenance	10,000	10,000	488	✓	✓	✓	✓	✓				Playground resurfacing unable to go ahead due to lack of resources - BS request slippage of £9.5K to 11/12.
XXE1023	Ollaberry Maintenance	16,000	16,000	72	✓	✓	✓	✓	✓	✓			External redecoration and playground resurfacing unable to go ahead due to lack of resources. BS request slippage of £15.9K to 11/12
XXE1024	Olhafirth Maintenance	30,000	30,000	2,509	✓	✓	✓	✓	✓	✓	✓	✓	External redecoration, leadwork and tankroom roof replacement ongoing
XXE1028	Sandwick Maintenance	120,000	120,000	67,287	✓	✓	✓	✓	✓	✓	✓	✓	Defective blockwork, fire alarm and games hall heating replacement - Phase 3 still to be done - BS request slippage of £50K to 11/12.

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
XXE1029	Scalloway Maintenance	5,000	5,000	282	✓	✓							Fire alarm replacement - M&E consultant appointed
XXE1032	Sound Maintenance	7,000	7,000	649									Phase 3 render and light fitting replacement - M&E consultant appointed
XXE1033	Nesting Maintenance	0	0	1,177									
XXE1034	Whalsay JHS Maintenance	50,000	50,000	16,892	✓	✓	✓	✓	✓	✓	✓	✓	Repair aluminium roof, entrance alterations and correct water ingress, work complete on site
XXE1035	Urafirth Maintenance	0	0	54									
XXE1036	Uyeasound Maintenance	0	0	89									
XXE1060	Janet Courtney Maintenance	376,300	142,266	119,195	✓	✓	✓						Agreed with George McGhee that BSU can take possession of one floor at a time to upgrade fire doors and to renew the services, with Phase1 now complete. BS request slippage of £17.2K to 11/12.
XXE1062	New Bruce Hostel Maintenance	20,000	0	0	✓	✓	✓	✓	✓	✓			20K transfer to Old Craigielea Maintenance
GCA0100	Social Work (Buildings) Rolling Programme (SWRP) - Inspection, Health & Safety	26,465	26,465	232	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0101	SWRP - Building Fabric	41,850	41,850	13,277	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0102	SWRP - Elect Systems Upgrade	38,542	38,542	1,712	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0103	SWRP - Mech Systems Upgrade	16,492	16,492	10,921	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0104	SWRP - Plant Equip Replacement	2,160	2,160	1,576	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0105	SWRP - Safety Surfaces	22,055	22,055	1,018	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0106	Older People's Rolling Programme for new care places	0	110,000	21,303	✓								Study completed, some funds may be required for land purchase. 75K transferred to new ET/Taing House Extension Project
GCA0120	OTRP - Special Studies	2,129	2,129	0	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA0231	Fire Upgrades to Care Homes	248,000	318,053	39,092	✓	✓	✓	✗	✓	✓	✓		Minor works to be completed at Taing and ET House. Viewforth works to be carried out spring 2011. Other works completed.

850,605

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCA0233	Occupational Therapy Resource Centre	2,600,000	530,000	58,200	✓	✓							Design completed for site at Gremista and Planning Application submitted. Design team appointed and detailed design ongoing.
GCA0234	Taing House Capital Maintenance	0	6,500	4,344					✓				Works delayed due to unavailability of rooms, 70K slipped to 11/12
GCA0235	Viewforth Capital Maintenance	0	0	0					✓				Works delayed due to unavailability of rooms, 40.5K slipped to 11/12
GCA0237	Eric Gray Resource Centre	500,000	80,000	743	✓								Site at Seafeld confirmed as available for building. Tendering for consultants underway. Project re-profiled and slippage to future years advised to Council
GCA0238	Replacement Viewforth	400,000	50,000	0	✓								Part of Older People's Rolling Programme for new care places. Project re-profiled and slippage to future years advised to Council
GCA0239	Replacement Isleshavn	500,000	120,000	787	✓								Procurement of Design Team completed and team meetings to be arranged. Project re-profiled and construction slippage to future years advised to Council
GCA0240	Old Craigielee - Maintenance	50,000	120,000	248									Proposals to make building wind and watertight developed and advertisement for interested contractors. Additional funding from savings on other maintenance projects added to project
GCA0241	Extensions to ET & Taing Houses	0	75,000	0	✗	✓							Design commenced for presentation to client on 14 December. Anticipate planning submission end January.
GCA1000	Occupational Therapy Rolling Programme (OTRP) Specialist Aids Stock Items	94,685	94,685	87,362	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1001	OTRP - Specialist Aids	277,433	277,433	125,673	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1003	OTRP - Minor Adaptions	46,703	46,703	25,179	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1004	OTRP - Major Adaptions	228,892	328,892	200,000	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1005	OTRP - Housing Adaptions	145,831	25,831	0	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1006	OTRP - Professional Fees	24,528	24,528	4,936	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1007	OTRP - Specialist Aids Refurbishment	45,868	45,868	16,264	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme
GCA1008	OTRP - Sensory Impairment	0	20,000	816	✗	✗	✗	✗	✗	✗	✗		Ongoing Rolling Programme

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCG0232	Leog Replacement	0	281,528	141,930	✓	✓	✓	✗	✓	✓	✓		Project on site and now wind and water tight in accordance with programme.
GCG0233	Laburnum - Refurbishment / Extension	100,000	0	0	✓								Feasibility Study reported March 2009. No further work to be carried out this year and budget slipped into future years.
GCG0234	Laburnum - New Build Replacement	200,000	0	0	✓								Feasibility Study reported March 2009. No further work to be carried out this year and budget slipped into future years.
GCG0235	Laburnum - Maintenance	20,000	0	0	✓								Project slipped into 2010/11
GCH3100	Housing Staff Accommodation	10,969	10,969	0									Ongoing Programme - provision being reviewed
GCH3102	Housing Chalet Accommodation	12,175	12,175	0									Ongoing Programme
GCH3103	Skerries/Foula School House Maintenance	100,000	100,000	0	✓								Options being assessed
GCH3120	Housing Temp Accommodation (Homelessness)	16,025	16,025	4,800									Ongoing Programme
	Halls of Residence	0	0	0									No budget approved, proposal being carried forward as part of the AHS Project
Total Services General Fund		12,864,184	11,247,780	4,793,241									

PROJECTS FUNDED OUTWITH CAPITAL PROGRAMME

GCA0236	New Temporary Care Home for Lerwick (Montfield) - 100% NHS Funding	0	930,208	774,951							✓		Project completed on site, now into defects period. NHS funding has be reported and set as budget.
GCE1304	Anderson High School Replacement, including moving Train Shetland from premises at the Knab	15,000,000	1,210,212	41,802	✓								See separate report on this agenda
Total Out with General Fund Capital Programme		15,000,000	2,140,420	816,753									

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCD1576	Fibre Optic Cable	0	700,000	771	✓	✓	✓	✓	✓	✓			All spend so far has been internal. Slippage of 400K to 11/12 reported to Council 27-10-10, no further report received
Total		0	700,000	771									

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCY5121	Fetlar Burial Ground	38,000	78,000	66,746	✓	✓	✓	✓	✓	✓	✓	✓	Retention and minor works left to do, all major works complete
GCY5124	Bixter Burial Ground	364,500	10,000	0	✓	✓	✓		✓				Land purchase problems have resulted in this being delayed, CPO to be followed up
GCY5125	Voe Burial Ground	10,000	0	0									No progress due to land owner
GCY5126	Muckle Roe Burial Ground	0	364,500	18,578	✓	✓	✓	✓	✓	✓			Contract awarded
GCY5129	Energy Recovery Plant Update Works	50,000	259,593	235,932	✓	✓	✗	✗	✗	✓	✓		System installed, 3 month snagging period commenced
GCY5132	Esplanade Toilets	18,000	0	0	✓	✓	✓	✓	✓	✓	✓	✓	Project complete, and final A/C received from LPA last year, therefore budget removed from 10/11.
GCY5133	Rova Head Reinstatement	140,000	10,000	2,030	✓	✓	✓	✓	✓	✓	✓	✓	Project complete.
GCY5137	Landfill Phase 2	2,600,000	2,600,000	696,818	✓	✓	✓	✓	✓	✓	✓		On site, due for completion January 2011
GCY5139	Wheelie Bin Purchase	59,500	102,922	75,062	✓	✗	✗	✗	✗	✓			First batch of this years bins ordered and delivered.
GCY5200	Public Toilets Essent Maint	60,000	60,000	39,369	✗	✗	✗	✗	✓	✓	✓		Work in progress/planned at Bressay, Gutcher, Belmont and Toft Toilets. Voe work to be readvertised as no contractors interested at first advert.
GCY5501	Gremista Wrk/shp Recladding	564,000	300,000	16,608	✓	✓	✓	✗	✓				Final Design produced by Arch Hendersons - tenders returned and contract awarded . £333K slippage reported to Council 27-10-10
GCY5504	TF Facility Management Software	0	5,332	17,800	✓	✓	✗	✗	✗	✓	✓		Building Services to identify revenue savings to fund balance of this project.
GCY5505	New Mid Yell Workshop	10,000	61,309	40,718	✓	✓	✓	✗	✓	✓	✓		External shell of building complete. Internal fit out in progress.
GCY9016	Public Toilets	0	1,625	0	✗	✗	✗	✗	✗	✗	✗	✓	Fully Committed, but hall committee unable to process final claim before year end.
GCY6106	Haggersta to Cova A971	0	0	40,049	✓	✓	✓						Expenditure relating to CPO and Stopping Up Order. BRO had requested this be funded from "Advanced Design of Schemes" but this is over subscribed and BRO will need to find another source of funding for this overspend.

	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCY6116	B9074 Trondra Phase 2	0	0	100	✓	✓	✓	✓	✓	✓	✓	✓	Minor spend on final completion, BRO will need to find a source of funding for this overspend.
GCY6118	Germatwatt Footways	0	0	1,412	✓	✓							Minor spend, BRO will need to find a source of funding for this overspend.
GCY6120	A970 Oversund Junction	0	0	1,104	✓	✓	✓	✓	✓	✓	✓	✓	Minor spend, BRO will need to find a source of funding for this overspend.
GCY6121	B9081 Mid Yell Link	10,000	10,000	161	✓	✓	✓	✓	✓	✓	✓	✓	Construction and snagging now complete - final payment to be made shortly
GCY6122	Papa Stour Road	15,000	15,000	11,098	✓	✓	✓	✓	✓	✓	✓		Resurfacing complete, minor snagging virtually complete
GCY6124	A970 Scord to School	20,000	20,000	0	✓	✓							Outline footpath design in hand
GCY6125	B9071 Bixter to Aith Phase 2	150,000	150,000	2,376	✓	✓	✓		✓				Planning obtained, minor final land acquisition matters being addressed. Tenders issued, for construction next year.
GCY6126	Sletts Road Sea Wall, Lerwick	250,000	250,000	130,001	✓	✓	✓	✓	✓	✓	✓		Construction nearing completion, BRO has requested that 5K be slipped into 11/12 for final A/C
GCY6127	Murrister Depot Replacement	0	279,748	4,637	✓	✓	✓	✓	✓	✓			Construction due to start this month.
GCY6129	B9071 Parkhall to Sand Junction	20,000	20,000	0	✓	✓							Laxaburn Bridge, Effirth Bridge and Junction designs being funded from this budget
GCY6130	B9082/3 Gutcher to Cullivoe	50,000	50,000	0	✓	✓							Design In hand
GCY6131	Gulberwick Road	15,000	15,000	0	✓	✓							Outline design of potential road improvements nearing completion
GCY6132	Gremista Road Improvement	0	410,000	27,666	✓	✓	✓	✓	✓	✓			Funds transferred from 3 Capital Rolling Programmes. Works are underway to construct carriageway, pavement to college, and replace culvert at North Burn.
GCY6133	Vidlin Shore Road Footway	0	0	210	✓	✓							Minor spend, BRO will need to find a source of funding for this overspend.
GCY6134	Scalloway East Voe Footway	0	0	1,500	✓	✓							Minor spend, BRO will need to find a source of funding for this overspend.
GCY6136	Tingwall Footways	0	0	1,500	✓	✓							Minor spend, BRO will need to find a source of funding for this overspend.
GCY6137	Weathersta Depot Maintenance	10,000	10,000	0									No Report

	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GCY6207	Strandloch Bridge Tingwall	0	0	0	✓	✓	✓	✓					Construction programmed for 11/12, BRO has requested that 5K be brought forward for preliminary works
GCY6298	Advance Design of Schemes	170,000	170,000	650		✓							There is good progress on the 2010/11 design programme
GCY6401	Scord Quarry Plant Purchases	250,000	250,000	33,750	✗	✗	✗	✗	✗	✗			Works and purchases well under way
GCY6405	North Mainland Roads Office	0	74,500	0	✓	✓	✗	✓	✓	✓	✓		Construction under way
GCY9200	Minor Works	100,000	100,000	23,775									Various works well under way.
GCY9201	Development Related Roads	60,000	60,000	2,540									Ditto GCY9200
GCY9202	Bridge Replacement	350,000	240,000	8,791									Ditto GCY9200 and budget transfer to GCY6132
GCY9203	Footways	250,000	100,000	3,140									Ditto GCY9200
GCY9204	Street Lighting Replacements	200,000	200,000	56,634									Various works well under way.
GCY9205	Plant Purchases	0	0	0									No purchases planned this year
GCY9206	Traffic Management	50,000	50,000	5,873									Various works well under way.
GCY9207	Accident Investigation & Prevention	100,000	100,000	1,094									Ditto GCY9200
GCY9208	Minor Works & Purchases Airstrips	20,000	20,000	3,823									Extension of Tingwall Airstrip car park due to be done shortly
GCY9209	Minor Works & Purchases Bus Services	40,000	40,000	3,519									Various works under way
GCY9210	Road Reconstruction	300,000	150,000	82,331									Various works under way. Also budget transfer to GCY6132
GCY9211	Roads Rolling Drainage Improvements	80,000	80,000	42,453									Various works under way
GCY9212	Roads Rolling Crash Barrier Replacement	150,000	150,000	72,320									Ditto GCY9200
GCY9213	20MPH Speed Limits at Schools	0	150,000	26,671									Good progress on few remaining sites
GCY7202	Tingwall Airport (H&SE Works)	0	378,617	189,564	✓	✓	✓	✓	✓				Contract award end Nov 09, works ongoing on site.
GCY7212	Bressay Link	0	0	1,129	✓								Minor 09/10 expenditure carry forward, further consultation work likely to be undertaken with regard to Council Fixed Link decision
GCY7213	Whalsay Link	1,000,000	100,000	34,515	✓								Further consultation work likely to be undertaken with regard to Council Fixed Link decision

	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
GKY7214	Fetlar Breakwater	2,600,000	400,000	26,792	✓	✓	✓						Design ongoing, land and consents requested - further slippage and reprofile advised to Council
GKY7215	Skerries South Mooth	200,000	200,000	265	✗	✓							Proposal submitted to Historic Scotland, response expected soon.
GKY7254	FMU Rolling Programme	1,200,000	1,200,000	429,932	✗	✗	✗	✗	✗	✗			Vehicle and plant purchases
GKY7601	Ferries Minor Works/Purchases	180,000	180,000	30,469	✗	✗	✗	✗	✗	✗			No Report
GKY7626	Ferry Terminals Structural Improvements	290,000	290,000	21,186									No Report
Total Infrastructure General Fund Capital Programme		12,044,000	9,766,146	2,532,691									

Yes =

✓

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N/A =

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Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
RCM2208	Scalloway Dredging Consents	3,000,000	225,000	2,101	✓	✓	✓	✗	✓				Original tender over budget - CPS recommended re-advertising and re-tendering. Project re-profiled and slippage to future years advised to Council 27-10-10
RCM2309	Peerie Dock Symbister	0	0	0	✓								No further work to be undertaken until final decision on Whalsay Link.
RCM2313	Tugs for Sellaness	361,500	3,342,345	113,987	✓	✓	✓	✗	✓	✓	✓		Committed (ring fenced) project - tugs undergoing sea trials, if trials successful they could be ready for delivery by end November.
RCM2314	Uyeasound Harbour Development	0	0	-14,419	✓	✓	✓	✓	✓	✓	✓	✓	Site works complete, accrual made for final account which is due 10/11.
RCM2315	Scalloway Water Main	250,000	287,824	3,121	✓	✓	✓	✓	✓				Works advertised and technical / financial vetting ongoing - tender documents issued
RCM2316	Walls Pier	1,400,000	410,000	609	✓	✓	✓						Planning granted July, detailed design complete and agreement reached with landowner. Tender anticipated November
PCM2101	Plant Vehicles & Equipment	70,000	143,402	81,347	✗	✗	✗	✗	✗				Balance of £73,402 c/f from 2009/10
PCM2104	Navigational Aids - Sullom Voe	70,000	122,891	94,983	✗	✗	✗	✗	✗				Balance of £52,891 c/f from 2009/10
Total		5,151,500	4,531,462	281,729									

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
HCH3303	Land & Property Acquisition	678,851	703,851	89,305	✓	✓							Additional £0.125M agreed by Council 30/06/10 - split over 5 year programme
HCH3304	Brae New Housing	0	450,000	11,606	✓	✓	✓						Awaiting decrofting prior to issue of enabling works tenders. Additional £1.250M agreed by Council 30/06/10, split over 5 year programme.
HCH3305	Hoofields New Housing	0	900,000	196,949									Additional £8.550M agreed by Council, split over 5 year programme. Planning achieved on 4th August. Contractor starting enabling works contract on 20th September. First house building contract starting approx March 2011.
HCH3306	Virkie Groundworks	0	50,000	0									Additional £0.450M agreed by Council 30/06/10, split over 5 year programme.
HCH3404	Environmental Improvements	259,266	259,266	29,045	✓	✓	✗	✗	✓	✓	✓		Completion of Burra scheme. Bayview, North Roe been tendered, report to Services committee 25/11
HCH3512	Community Care Projects	107,103	107,103	3,417	✓	✓	✓	✗	✓	✓	✓		Feasibility - further conversion at Brucehall
HCH3516	Lerwick Internals Phase 1	0	0	6,939									Should be coded to HCH3711 Retentions/Final A/Cs - Housing to raise journal transferring costs
HCH3525	Feasibility Studies	25,655	25,655	0	✓								
HCH3526	Opportunity Conversion	124,862	124,862	1,087	✓	✓	✓	✗	✓	✓	✓		
HCH3704	Pump Prime	0	0	3,000									Should be coded to HCH3303 Land/Property Acquisitions. Housing to raise journal transferring costs
HCH3706	Heating Replacement Programme	157,103	157,103	10,000	✓	✓							Programme agreed for 2010/11. Link to Low Carbon Network bid.
HCH3708	External Re-render Programme	387,758	387,758	74,771	✓		✗	✗					Completion of Yell. Work on Pitt/Park Lane commenced.
HCH3709	Landward Crudens	0	0	3,722									Should be coded to HCH3711 Retentions/Final A/Cs - Housing to raise journal transferring costs
HCH3710	Lerwick Crudens	1,146,933	1,146,933	99,226	✓	✓		✗					On site

Code	Project Name	Original Approved Budget 2010/11 £	Amended Budget 2010/11 £	Period 7 Actual 2010/11 £	Feasibility / Options	Outline Design	Consents	Land	Full Design	Tender	Construction / Implementation	Completion	Status
HCH3711	Retentions/ Final Accounts	40,000	40,000	0	✗	✗	✗	✗	✗	✗	✗		Costs from HCH3516 and HCH3709 to be journalled
HCH3712	Housing Quality Standard	560,000	560,000	129,990	✓	✓	✗	✗	✓	✓	✓	✓	Ongoing
HCH3714	Replacement MIS System	0	199,817	0	✓	✗	✗	✗	✗	✓			Tenders received, demos held and site visits due to take place Dec/Jan.
HCH3800	Capital Rec/ Sale Council Houses	-889,886	-889,886	-640,738	✗	✗	✗	✗	✗	✗	✗	✗	Ongoing
Total HRA Capital Programme		2,597,645	4,222,462	18,320									

Budget Adjustments

CPS-20-10 Appendix B

10/11 Budgets - General & Reserve Fund			
Project	Additional Budget Required	Budget Slippage / Savings / Transfer	Net Budget Totals
£	£	£	£
Contingency & Final A/C GCK2002 (Transfer)	0	4,604	4,604
Bells Brae Primary Alterations GCE1240 (Additional/Transfer)	3,546	0	(3,546)
Sandwick JHS ASN GCE3402 (Additional/Transfer)	1,058	0	(1,058)
Education Maintenance GCE1500 (Slippage)	0	342,000	342,000
Train Shetland Maint GCL6000 (Slippage)	0	40,000	40,000
Refurbishment Play Areas/Park Equip GCJ3003 (Saving)	0	25,000	25,000
Community Organisation Grants GCJ3006 (Saving) *	0	75,000	75,000
Sletts Road Sea Wall GCY6126 (Slippage)	0	5,000	5,000
Strand Loch Bridge GCY6207 (Transfer from 11/12)	5,000	0	(5,000)
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Totals	9,604	491,604	482,000

11/12 Budgets - General & Reserve Fund				
Project	Budget Slippage from 10/11	Additional Budget Required	Reduction in Budget Required	Overall Total Budget Amendments
£	£	£	£	£
Education Maintenance GCE1500 (Slippage)	342,000	0	0	342,000
Train Shetland Maint GCL6000 (Slippage)	40,000	0	0	40,000
Sletts Road Sea Wall GCY6126 (Slippage)	5,000	0	0	5,000
Strand Loch Bridge GCY6207 (Trans to 10/11)	0	0	5,000	(5,000)
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
Totals	387,000	0	5,000	382,000

10/11 Budgets - General Fund (Externally Funded)				11/12 Budgets - General Fund (Externally Funded)				
Project	Additional Budget Required £	Budget Slippage / Savings £	Net Budget Saving £	Project	Budget Slippage from 09/10 £	Additional Budget Required £	Reduction in Budget Required £	Overall Total Budget Amendments £
	0	0	0		0	0	0	0
	0	0	0		0	0	0	0
Totals	0	0	0	Totals	0	0	0	0

* Services are proposing to use this elsewhere - a gateway report to be prepared.

General Fund

Service Area	Project Cost Centre	General Fund Projects	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Community Care	GCA0100	SC RP Inspection Health & Safety	26,465		26,465
Community Care	GCA0101	SC RP Building Fabric	41,850		41,850
Community Care	GCA0102	SC RP Electrical Sys Upgrade	38,542		38,542
Community Care	GCA0103	SC RP Mechanical Sys Upgrade	16,492		16,492
Community Care	GCA0104	SC RP Plant Equip Replacements	2,160		2,160
Community Care	GCA0105	SC RP Safety Surfaces	22,055		22,055
Community Care	GCA0106	Additional Care Home Beds	110,000		110,000
Community Care	GCA0120	SC RP Special Studies	2,129		2,129
Community Care	GCA0231	Care Homes Fire Upgrade	318,053		318,053
Community Care	GCA0233	Joint Occupational Therapy Centre	530,000		530,000
Community Care	GCA0234	Taing House Maintenance	6,500		6,500
Community Care	GCA0237	Eric Gray Replacement	80,000		80,000
Community Care	GCA0238	Viewforth Replacement	50,000		50,000
Community Care	GCA0239	Isleshavn Replacement	120,000		120,000
Community Care	GCA0240	Maintenance RP - Old Craigielea	120,000		120,000
Community Care	GCA0241	ET & Taing House Extensions	75,000		75,000
Community Care	GCA1000	SC RP Special Aids Stock Items	94,685		94,685
Community Care	GCA1001	SC RP Specialist Aids	277,433		277,433
Community Care	GCA1003	SC RP Minor Adaptions	46,703		46,703
Community Care	GCA1004	SC RP Major Adaptions	328,892		328,892
Community Care	GCA1005	SC RP Housing Renovations	25,831		25,831
Community Care	GCA1006	SC RP Professional Fees	24,528		24,528
Community Care	GCA1007	SC RP Specialist Aids Reurbishment	45,868		45,868
Community Care	GCA1008	SC RP Sensory Impairment	20,000		20,000
Childrens Service	GCG0232	Leog Replacement	281,528		281,528
Schools	GCE1171	Little Tikes	336,678		336,678
Schools	GCE1240	Bells Brae Primary Alterations	0	3,546	3,546
Schools	GCE1315	Mid Yell JHS	3,534,669		3,534,669
Schools	GCE1500	Education Capital Maintenance	1,528,966	(342,000)	1,186,966
Schools	GCE3402	Sandwick AHS Additional Support Needs	0	1,058	1,058
Sport & Leisure	GCJ3001	Water Based Facilities (Marinas)	382		382
Sport & Leisure	GCJ3002	Knab Dyke	6,000		6,000
Sport & Leisure	GCJ3003	Refurbishment of Play Areas/Park Equipment	175,000	(25,000)	150,000
Sport & Leisure	GCJ3006	Community Organisation Grants	510,496	(75,000)	435,496
Sport & Leisure	GCJ3020	Islesburgh Maintenance	22,595		22,595
Culture	GCL4100	Maintenance RP - Old Library Centre	85,000		85,000
Culture	GCL4402	Cinema and Music Venue	1,704,111		1,704,111
Culture	GCL6000	Maintenance RP - Train Shetland	100,000	(40,000)	60,000
Culture	UCL5203	Shetland College Extension	400,000		400,000
Housing	GCH3100	Housing Staff Accommodation	10,969		10,969
Housing	GCH3102	Housing Chalet Accommodation	12,175		12,175
Housing	GCH3103	Maintenance RP - Skerries/Foula School Houses	100,000		100,000
Housing	GCH3120	Housing Temporary Accom (Homelessness)	16,025		16,025
Finance	GCF1302	Purchase Payments System	2,425		2,425
CPS	GCK2000	Feasibility Studies	200,000		200,000
CPS	GCK2002	Contingency and Final Accounts	90,075	(4,604)	85,471
CPS	GCK3000	Copper Pipework Replacement	100,000		100,000
CPS	GCK3001	Lystina Stonework	15,000		15,000
CPS	GCK3002	Disability Discrimination Act Works	100,000		100,000
CPS	GCK3003	Ness of Sound Farm	12,000		12,000
CPS	GCK3004	Purchase Scottish Water Assets	1,500		1,500
ICT	GCX4300	PC & LAN replacement	278,000		278,000
ICT	GCX4311	SSIS Upgrade	77,500		77,500
ICT	GCX4312	Schools ICT Equipment	395,000		395,000
ICT	GCX4319	LV/MV Photocopiers	75,000		75,000
ICT	GCX4323	Shetland Public Sector Network	251,000		251,000
ICT	GCX4329	ICT Planning Project	150,000		150,000
Development	GCD1576	Fibre Optic Cable	700,000		700,000
Environment	GCY5121	Fetlar Burial Ground	78,000		78,000
Environment	GCY5124	Bixter Burial Ground	10,000		10,000
Environment	GCY5126	Muckle Roe Burial Ground	364,500		364,500
Environment	GCY5129	Energy Recovery Plant	259,593		259,593
Environment	GCY5133	Rova Head Reinstatement	10,000		10,000
Environment	GCY5137	Gremista Landfill Phase 2	2,600,000		2,600,000
Environment	GCY5139	Wheelie Bins	102,922		102,922
Environment	GCY5200	Public Toilets Essential Maintenance	60,000		60,000
Environment	GCY9016	Public Toilets Grant Funding	1,625		1,625
Building Services	GCY5501	Maintenance RP - Recladding Gremista Workshop	300,000		300,000
Building Services	GCY5504	FT Facility Management Software	5,332		5,332
Building Services	GCY5505	New Mid Yell Workshop	61,309		61,309
Roads	GCY6121	B9081 Mid Yell (Hillend Section)	10,000		10,000

Service Area	Project Cost Centre	General Fund Projects	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Roads	GCY6122	Papa Stour Road	15,000		15,000
Roads	GCY6124	Scord to School	20,000		20,000
Roads	GCY6125	B9071 Bixter to Aith Phase 2	150,000		150,000
Roads	GCY6126	Sletts Road Sea Wall	250,000	(5,000)	245,000
Roads	GCY6127	Murraster Depot Replacement	279,748		279,748
Roads	GCY6129	B9071 Parkhall to Sand Junction	20,000		20,000
Roads	GCY6130	B9082/3 Gutcher to Cullivoe	50,000		50,000
Roads	GCY6131	Gulberwick Road	15,000		15,000
Roads	GCY6132	Gremista Road Improvements	410,000		410,000
Roads	GCY6137	Maintenance RP - Weathersta Depot Building	10,000		10,000
Roads	GCY6207	Strand Loch Bridge, Tingwall	0	5,000	5,000
Roads	GCY6298	Advanced Design of Schemes	170,000		170,000
Roads	GCY6401	Scord Quarry Fixed Plant Replacement	250,000		250,000
Roads	GCY6405	North Mainland Roads Office	74,500		74,500
Roads	GCY9200	Roads Rolling Minor Works	100,000		100,000
Roads	GCY9201	Roads Rolling Development Related Roads	60,000		60,000
Roads	GCY9202	Roads Rolling Bridge Replacements	240,000		240,000
Roads	GCY9203	Roads Rolling Footways	100,000		100,000
Roads	GCY9204	Roads Rolling Streetlighting Replacement	200,000		200,000
Roads	GCY9206	Roads Rolling Traffic Management	50,000		50,000
Roads	GCY9207	Roads Rolling Accident Investigation & Prevention	100,000		100,000
Roads	GCY9208	Roads Rolling Air Service	20,000		20,000
Roads	GCY9209	Roads Rolling Works/Purchases Bus Services	40,000		40,000
Roads	GCY9210	Roads Rolling Road Reconstruction	150,000		150,000
Roads	GCY9211	Roads Rolling Roads Drainage Improvements	80,000		80,000
Roads	GCY9212	Roads Rolling Crash Barrier Replacement	150,000		150,000
Roads	GCY9213	Roads Rolling - Speed Limits for Schools	150,000		150,000
Transport	GCY7202	Tingwall Airport (H&SE Works)	378,617		378,617
Transport	GCY7213	Whalsay Link	100,000		100,000
Transport	GCY7214	Fetlar Breakwater	400,000		400,000
Transport	GCY7215	Skerries South Mouth	200,000		200,000
Transport	GCY7254	Vehicle & Plant Replacement Programme	1,200,000		1,200,000
Transport	GCY7601	Ferries Capital Rolling Programme	180,000		180,000
Transport	GCY7626	Urgent Repairs to Ferry Terminals	290,000		290,000
Sub Total			23,461,426	(482,000)	22,979,426
Service Area	Project Cost Centre	Port Operations Capital Funding (Non Sullom Voe Harbour)	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Port Operations	RCM2208	Scalloway Dredging	225,000		225,000
Port Operations	RCM2315	Scalloway Water Main	287,824		287,824
Port Operations	RCM2316	Walls Pier	410,000		410,000
Sub Total			922,824	0	922,824
General Fund Total			24,384,250	(482,000)	23,902,250

Externally Funded Projects

Service Area	Project Cost Centre	Capital Budgets created through Revenue Savings / External Grant Funding	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Community Care	GCA0236	Montfield Care Home	930,208		930,208
Externally Funded Total			930,208	0	930,208

Harbour Account

Service Area	Project Cost Centre	Funded directly from Harbour Account	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Ports & Harbours	PCM2101	Ports & Harbours Plant & Equipment	143,402		143,402
Ports & Harbours	PCM2104	Ports & Harbours Nav Aids	122,891		122,891
Sub Total			266,293	0	266,293
Service Area	Project Cost Centre	Funded through debt charges from the Harbour Account	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Ports & Harbours	RCM2313	Sellaness Tugs	3,342,345		3,342,345
Sub Total			3,342,345	0	3,342,345
Harbour Account Total			3,608,638	0	3,608,638
Service Area	Project Cost Centre	Capital Expenditure not funded by the Capital Programme to be met by financial arrangement.	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Schools	GCE1304	AHS New Build	1,210,212		1,210,212
AHS Financing Arrangement Total			1,210,212	0	1,210,212

CAPITAL PROGRAMME 2010/11
Housing Revenue Account

CPS-20-10 Appendix C

Service Area	Project Cost Centre	Ring Fenced Housing Expenditure	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
HRA	HCH3303	Land/Property Acquisition	703,851		703,851
HRA	HCH3304	Brae New Housing	450,000		450,000
HRA	HCH3305	Hoofields New Housing	900,000		900,000
HRA	HCH3306	Virkie New Housing	50,000		50,000
HRA	HCH3404	Environmental Improvements	259,266		259,266
HRA	HCH3512	Community Care Projects	107,103		107,103
HRA	HCH3525	Feasibility Studies HRA	25,655		25,655
HRA	HCH3526	Opportunity Conversion	124,862		124,862
HRA	HCH3706	Heating Replacement Programme	157,103		157,103
HRA	HCH3708	External Re-Render Programme	387,758		387,758
HRA	HCH3710	Lerwick Crudens	1,146,933		1,146,933
HRA	HCH3711	Retentions/Final Account	40,000		40,000
HRA	HCH3712	Housing Quality Standard	560,000		560,000
HRA	HCH3714	Replacement MIS System	199,817		199,817
HRA	HCH3800	Cap Rec/Sale Council Houses	(889,886)		(889,886)
HRA Total			4,222,462	0	4,222,462
Total Overall Capital Budget			34,355,770	(482,000)	33,873,770

General Fund

Service Area	Project Cost Centre	General Fund Projects	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Community Care	GCA0100	SC RP Inspection Health & Safety	27,789		27,789
Community Care	GCA0101	SC RP Building Fabric	43,942		43,942
Community Care	GCA0102	SC RP Electrical Sys Upgrade	40,469		40,469
Community Care	GCA0103	SC RP Mechanical Sys Upgrade	17,317		17,317
Community Care	GCA0104	SC RP Plant Equip Replacements	2,268		2,268
Community Care	GCA0105	SC RP Safety Surfaces	23,158		23,158
Community Care	GCA0120	SC RP Special Studies	2,236		2,236
Community Care	GCA0233	Joint Occupational Therapy Centre	2,000,000		2,000,000
Community Care	GCA0234	Taing House Maintenance	70,000		70,000
Community Care	GCA0235	Viewforth Maintenance	40,500		40,500
Community Care	GCA0237	Eric Gray Replacement	600,000		600,000
Community Care	GCA0238	Viewforth Replacement	300,000		300,000
Community Care	GCA0239	Isleshavn Replacement	150,000		150,000
Community Care	GCA0241	ET & Taing House Extensions	900,000		900,000
Community Care	GCA1000	SC RP Special Aids Stock Items	99,419		99,419
Community Care	GCA1001	SC RP Specialist Aids	291,305		291,305
Community Care	GCA1003	SC RP Minor Adaptions	49,038		49,038
Community Care	GCA1004	SC RP Major Adaptions	240,336		240,336
Community Care	GCA1005	SC RP Housing Renovations	153,123		153,123
Community Care	GCA1006	SC RP Professional Fees	25,754		25,754
Community Care	GCA1007	SC RP Specialist Aids Reurbishment	48,162		48,162
Childrens Service	GCG0233	Laburnum - Refurbishment/Extension	100,000		100,000
Childrens Service	GCG0235	Maintenance RP - Laburnum	20,000		20,000
Schools	GCE1171	Little Tikes	10,000		10,000
Schools	GCE1315	Mid Yell JHS	150,000		150,000
Schools	GCE1500	Education Capital Maintenance	854,434	342,000	1,196,434
Sport & Leisure	GCJ3003	Refurbishment of Play Areas/Park Equipment	175,000		175,000
Sport & Leisure	GCJ3006	Community Organisation Grants	300,000		300,000
Culture	GCL4402	Cinema and Music Venue	278,724		278,724
Culture	GCL6000	Maintenance RP - Train Shetland	0	40,000	40,000
Culture	UCL5203	Shetland College Extension	1,300,000		1,300,000
Housing	GCH3100	Housing Staff Accommodation	10,969		10,969
Housing	GCH3102	Housing Chalet Accommodation	12,175		12,175
Housing	GCH3120	Housing Temporary Accom (Homelessness)	16,025		16,025
CPS	GCK2000	Feasibility Studies	200,000		200,000
CPS	GCK2002	Contingency and Final Accounts	100,000		100,000
CPS	GCK3000	Copper Pipework Replacement	50,000		50,000
CPS	GCK3002	Disability Discrimination Act Works	100,000		100,000
CPS	GCK3003	Ness of Sound Farm	12,000		12,000
CPS	GCK3***	6 Hillhead - Maintenance	20,000		20,000
ICT	GCX4300	PC & LAN replacement	203,000		203,000
ICT	GCX4312	Schools ICT Equipment	395,000		395,000
ICT	GCX4319	LV/MV Photocopiers	75,000		75,000
ICT	GCX4323	Shetland Public Sector Network	238,000		238,000
Development	GCD1576	Fibre Optic Cable	400,000		400,000
Environment	GCY5124	Bixter Burial Ground	453,000		453,000
Environment	GCY5125	Voe Burial Ground	10,000		10,000
Environment	GCY5126	Muckle Roe Burial Ground	228,000		228,000
Environment	GCY5129	Energy Recovery Plant	85,000		85,000
Environment	GCY5137	Gremista Landfill Phase 2	110,000		110,000
Environment	GCY5139	Wheelie Bins	44,500		44,500
Environment	GCY5200	Public Toilets Essential Maintenance	60,000		60,000
Building Services	GCY5501	Maintenance RP - Recladding Gremista Workshop	333,000		333,000
Roads	GCY6125	B9071 Bixter to Aith Phase 2	1,400,000		1,400,000
Roads	GCY6126	Sletts Road Sea Wall	0	5,000	5,000
Roads	GCY6129	B9071 Parkhall to Sand Junction	20,000		20,000
Roads	GCY6130	B9082/3 Gutcher to Cullivoe	10,000		10,000
Roads	GCY6132	Gremista Road Improvements	10,000		10,000
Roads	GCY6205	Laxaburn Bridge Replacement	10,000		10,000
Roads	GCY6207	Strand Loch Bridge, Tingwall	440,000	(5,000)	435,000
Roads	GCY6298	Advanced Design of Schemes	150,000		150,000
Roads	GCY6401	Scord Quarry Fixed Plant Replacement	200,000		200,000
Roads	GCY9200	Roads Rolling Minor Works	100,000		100,000
Roads	GCY9201	Roads Rolling Development Related Roads	100,000		100,000
Roads	GCY9202	Roads Rolling Bridge Replacements	340,000		340,000
Roads	GCY9203	Roads Rolling Footways	100,000		100,000
Roads	GCY9204	Roads Rolling Streetlighting Replacement	200,000		200,000
Roads	GCY9206	Roads Rolling Traffic Management	100,000		100,000
Roads	GCY9207	Roads Rolling Accident Investigation & Prevention	100,000		100,000
Roads	GCY9208	Roads Rolling Air Service	20,000		20,000
Roads	GCY9209	Roads Rolling Works/Purchases Bus Services	40,000		40,000
Roads	GCY9210	Roads Rolling Road Reconstruction	500,000		500,000

Service Area	Project Cost Centre	General Fund Projects cont...	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Roads	GCY9211	Roads Rolling Roads Drainage Improvements	80,000		80,000
Roads	GCY9212	Roads Rolling Crash Barrier Replacement	150,000		150,000
Roads	GCY9213	Roads Rolling - Speed Limits for Schools	0		0
Transport	GCY7202	Tingwall Airport (H&SE Works)	0		0
Transport	GCY7213	Whalsay Link	500,000		500,000
Transport	GCY7214	Fetlar Breakwater	2,243,609		2,243,609
Transport	GCY7215	Skerries South Mouth	0		0
Transport	GCY7254	Vehicle & Plant Replacement Programme	1,200,000		1,200,000
Transport	GCY7601	Ferries Capital Rolling Programme	180,000		180,000
Transport	GCY7626	Urgent Repairs to Ferry Terminals	290,000		290,000
Sub Total			19,952,252	382,000	20,334,252
Service Area	Project Cost Centre	Port Operations Capital Funding (Non Sullom Voe Harbour)	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Port Operations	RCM2208	Scalloway Dredging	2,773,185		2,773,185
Port Operations	RCM2315	Scalloway Water Main	0		0
Port Operations	RCM2316	Walls Pier	2,920,946		2,920,946
			0		0
			0		0
Sub Total			5,694,131	0	5,694,131
General Fund Total			25,646,383	382,000	26,028,383

Harbour Account

Service Area	Project Cost Centre	Funded directly from Harbour Account	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Ports & Harbours	PCM2101	Ports & Harbours Plant & Equipment	70,000		70,000
Ports & Harbours	PCM2104	Ports & Harbours Nav Aids	70,000		70,000
Ports & Harbours	PCM****	Tug Jetty System	200,000		200,000
Sub Total			340,000	0	340,000
Service Area	Project Cost Centre	Funded through debt charges from the Harbour Account	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Ports & Harbours	RCM2313	Sellaness Tugs	0		0
Sub Total			0	0	0
Harbour Account Total			340,000	0	340,000

Service Area	Project Cost Centre	Capital Expenditure not funded by the Capital Programme to be met by financial arrangement.	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
Schools	GCE1304	AHS New Build	2,000,000		2,000,000
AHS Financing Arrangement Total			2,000,000	0	2,000,000

Housing Revenue Account

Service Area	Project Cost Centre	Ring Fenced Housing Expenditure	Existing Budget Allocation	CPS-20-10 Adjustments	Proposed Budget Allocation
HRA	HCH3303	Land/Property Acquisition	778,851		778,851
HRA	HCH3304	Brae New Housing	1,000,000		1,000,000
HRA	HCH3305	Hoofields New Housing	3,375,000		3,375,000
HRA	HCH3306	Virkie New Housing	400,000		400,000
HRA	HCH3404	Environmental Improvements	259,266		259,266
HRA	HCH3512	Community Care Projects	107,103		107,103
HRA	HCH3525	Feasibility Studies HRA	25,655		25,655
HRA	HCH3526	Opportunity Conversion	124,862		124,862
HRA	HCH3706	Heating Replacement Programme	157,103		157,103
HRA	HCH3708	External Re-Render Programme	387,758		387,758
HRA	HCH3710	Lerwick Crudens	1,146,933		1,146,933
HRA	HCH3711	Retentions/Final Account	40,000		40,000
HRA	HCH3712	Housing Quality Standard	560,000		560,000
HRA	HCH3714	Replacement MIS System	0		0
HRA	HCH3800	Cap Rec/Sale Council Houses	(889,886)		(889,886)
HRA Total			7,472,645	0	7,472,645
Total Overall Capital Budget			35,459,028	382,000	35,841,028

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5

Summary of Years 1-5

General Fund & Reserve	23,902,250	26,028,383	15,800,201	14,626,907	18,847,163	99,204,904
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Other A/Cs (Ring Fenced)

Harbour A/C	3,608,638	340,000	140,000	140,000	140,000	4,368,638
Montfield - NHS Funding	930,208	0	0	0	0	930,208
AHS Financing Arrangement	1,210,212	2,000,000	5,000,000	15,000,000	15,000,000	38,210,212
Housing (HRA)	4,222,462	7,472,645	6,072,645	4,322,645	2,722,645	24,813,042
Sub Total	9,971,520	9,812,645	11,212,645	19,462,645	17,862,645	68,322,100

Total Capital Programme (All Funds)	33,873,770	35,841,028	27,012,846	34,089,552	36,709,808	167,527,004
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GENERAL FUND EXECUTIVE PROJECTS

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5

Capital Programme Service Projects

GCK2000	Feasibility Studies	200,000	200,000	200,000	200,000	200,000	1,000,000
GCK2002	Final A/Cs Contingency	85,471	100,000	100,000	100,000	100,000	485,471

Asset & Property Projects

GCK3000	Copper Pipework Replacement	100,000	50,000	50,000	50,000	50,000	300,000
GCK3001	Lystina House - maintenance	15,000	0	0	0	0	15,000
GCK3002	Disability Discrimination Act Works	100,000	100,000	100,000	100,000	100,000	500,000
GCK3003	Ness Of Sound Farm	12,000	12,000	12,000	12,000	12,000	60,000
GCK3004	Purchase Scottish Water Assets	1,500	0	0	0	0	1,500
TBA	4 Market Street - maintenance	0	0	0	125,000	0	125,000
TBA	6 Hillhead (Family History Group) - maintenance	0	20,000	0	0	0	20,000

Finance Projects

GCF1302	Payments System	2,425	0	0	0	0	2,425
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ICT Projects

GCX4300	PC & LAN Replacement	278,000	203,000	257,000	202,000	202,000	1,142,000
GCX4311	SSIS Upgrade	77,500	0	0	0	0	77,500
GCX4312	Schools ICT Equipment	395,000	395,000	395,000	395,000	395,000	1,975,000
GCX4319	LV/MV Photocopier Replacement	75,000	75,000	75,000	75,000	75,000	375,000

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5
GENERAL FUND EXECUTIVE PROJECTS cont..							
ICT Projects cont...							
GCX4323	Shetland Public Sector Network	251,000	238,000	250,000	256,000	256,000	1,251,000
GCX4329	ICT Planning Project	150,000	0	0	0	0	150,000
GENERAL FUND DEVELOPMENT PROJECTS							
Development Projects							
GCD1576	Fibre Optic Cable	700,000	400,000	0	0	0	1,100,000
GENERAL FUND SERVICES COMMITTEE PROJECTS							
Social Work Projects - Community Care							
GCA0100	SC RP Inspection Health & Safety	26,465	27,789	29,178	30,637	31,403	145,472
GCA0101	SC RP Building Fabric	41,850	43,942	46,139	48,448	49,659	230,038
GCA0102	SC RP Electrical Sys Upgrade	38,542	40,469	42,493	44,618	45,733	211,855
GCA0103	SC RP Mechanical Sys Upgrade	16,492	17,317	18,183	19,092	19,569	90,653
GCA0104	SC RP Plant Equip Replacements	2,160	2,268	2,381	2,500	2,563	11,872
GCA0105	SC RP Safety Surfaces	22,055	23,158	24,316	25,532	26,170	121,231
GCA0106	Additional Care Home Beds	110,000	0	0	0	0	110,000
GCA0120	SC RP Special Studies	2,129	2,236	2,348	2,465	2,527	11,705
GCA0231	Care Homes Fire Upgrade	318,053	0	0	0	0	318,053
GCA0233	Joint OT Resource Centre	530,000	2,000,000	200,000	0	0	2,730,000
GCA0234	Taing House - maintenance	6,500	70,000	0	0	0	76,500
GCA0235	Viewforth - maintenance	0	40,500	0	0	0	40,500
GCA0237	Eric Gray Replacement	80,000	600,000	2,750,000	2,076,328	100,000	5,606,328
GCA0238	Viewforth Replacement	50,000	300,000	400,000	2,200,000	3,300,000	6,250,000
GCA0239	Isleshavn Replacement	120,000	150,000	0	0	3,500,000	3,770,000
GCA0240	Old Craigielea - maintenance	120,000	0	0	0	0	120,000
GCA0241	Extensions to ET and Taing	75,000	900,000	1,000,000	450,000	60,000	2,485,000
TBA	Lerwick Extra Care Housing	0	0	0	400,000	2,500,000	2,900,000
GCA1000	SC RP Special Aids Stock Items	94,685	99,419	104,390	109,609	112,349	520,452
GCA1001	SC RP Specialist Aids	277,433	291,305	305,870	321,163	329,192	1,524,963
GCA1003	SC RP Minor Adaptions	46,703	49,038	51,490	54,065	55,417	256,713
GCA1004	SC RP Major Adaptions	328,892	240,336	252,353	264,971	271,595	1,358,147
GCA1005	SC RP Housing Renovations	25,831	153,123	160,779	168,818	173,038	681,589
GCA1006	SC RP Professional Fees	24,528	25,754	27,042	28,394	29,104	134,822
GCA1007	SC RP Specialist Aids Reurbishment	45,868	48,162	50,570	53,098	54,425	252,123
GCA1008	SC RP Sensory Impairment	20,000	0	0	0	0	20,000

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5
GENERAL FUND SERVICES COMMITTEE PROJECTS cont..							
Social Work Projects - Childrens Service							
GCG0232	Leog Replacement	281,528	0	0	0	0	281,528
GCG0233	Laburnum - Refurbishment/Extension	0	100,000	540,000	10,000		650,000
GCG0234	Childrens Service New Build (Laburnum Replacement)	0			200,000	1,300,000	1,500,000
GCG0235	Laburnum - maintenance	0	20,000	0	0	0	20,000
Education Projects							
GCE1171	Little Tikes	336,678	10,000	0	0	0	346,678
GCE1240	Bells Brae Primary Alterations	3,546	0	0	0	0	3,546
GCE1315	Mid Yell JHS (ongoing)	3,534,669	150,000	0	0	0	3,684,669
GCE3402	Sandwick AHS Additional Support Needs	1,058	0	0	0	0	1,058
Education Maintenance Projects (Parent code GCE1500)							
XXE1001	Aith Maintenance	7,000	5,500	133,000	0	250,000	395,500
XXE1002	AHS Maintenance	0	73,000	10,000	10,000	tba	93,000
XXE1002	AHS Maintenance Old English Block	190,000	430,000	0	0	tba	620,000
XXE1003	Baltasound Maintenance	5,000	0	0	0	215,000	220,000
XXE1004	Bells Brae Maintenace	240,000	115,700	0	0	tba	355,700
XXE1005	Brae JHS Maintenace	15,000	19,000	0	165,000	tba	199,000
XXE1006	Bressay Maintenace	7,000	0	0	0	0	7,000
XXE1007	Burravoe Maintenance	100	100,000	0	0	tba	100,100
XXE1008	Cullivoe Maintenance	5,000	0	0	0	tba	5,000
XXE1009	Cunningsburgh Maintenance	23,000	7,000	0	0	tba	30,000
XXE1010	Dunrossness Maintenance	5,000	0	0	30,000	tba	35,000
XXE1012	Foula Maintenance	20,000	0	0	0	tba	20,000
XXE1014	Tingwall Maintenance	100	0	0	0	0	100
XXE1016	Hamnavoe Maintenance	165,000	0	0	0	tba	165,000
XXE1017	Happyhansel Maintenance (Re-roof)	175,000	0	0	0	tba	175,000
XXE1017	Happyhansel Maint (Fire Alarms etc)	0	0	0	120,000	tba	120,000
XXE1019	Lunnasting Maintenance	0	0	50,000	0	tba	50,000
XXE1021	Mossbank Maintenance	40,000	0	0	30,000	tba	70,000
XXE1022	North Roe Maintenance	500	9,500	0	0	tba	10,000
XXE1023	Ollaberry Maintenance	100	15,900	0	0	tba	16,000
XXE1024	Olnafirth Maintenance	30,000	0	0	0	tba	30,000
XXE1028	Sandwick Maintenance	70,000	85,100	90,000	140,000	tba	385,100
XXE1029	Scalloway Maintenance	5,000	0	0	0	tba	5,000

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5

GENERAL FUND SERVICES COMMITTEE PROJECTS cont..

Education Maintenance Projects (Parent code GCE1500) cont..

XXE1032	Sound Maintenance	7,000	145,700	100,000	0	tba	252,700
XXE1033	Nesting Maintenance	2,000	0	0	0	0	2,000
XXE1034	Whalsay JHS Maintenance	50,000	0	0	150,000	tba	200,000
XXE1035	Urafirth Maintenance	100	0	50,000	0	tba	50,100
XXE1036	Uyeasound Maintenance	100	0	0	0	0	100
XXE1037	Whiteness Maintenance	0	0	0	50,000	tba	50,000
XXE1060	Janet Courtney Maintenance	124,966	190,034	125,000	125,000	tba	565,000
XXE1061	Old Bruce Hostel Maintenance	0	0	75,000	0	tba	75,000

Housing Projects

GCH3100	Housing Staff Accommodation	10,969	10,969	10,969	10,969	10,969	54,845
GCH3102	Housing Chalet Accommodation	12,175	12,175	12,175	12,175	12,175	60,875
GCH3103	Skerries/Foula School House Maintenance	100,000	0	0	0	0	100,000
GCH3120	Housing Temporary Accom (Homelessness)	16,025	16,025	16,025	16,025	16,025	80,125

Community Development Projects

GCJ3001	Water Based Facilities (Marinas)	382	0	0	0	0	382
GCJ3002	Knab Dyke	6,000	0	0	0	0	6,000
GCJ3003	Refurbishment of Play Areas & Park Equip	150,000	175,000	175,000	175,000	175,000	850,000
GCJ3006	Community Organisation Grants	435,496	300,000	300,000	300,000	300,000	1,635,496
GCJ3020	Islesburgh - maintenance	22,595	0	0	0	0	22,595

Community Culture Projects

GCL4100	Old Library Centre - maintenance	85,000	0	0	0	0	85,000
GCL4402	Cinema and Music Venue (ongoing)	1,704,111	278,724	0	0	0	1,982,835
GCL6000	Train Shetland - maintenance	60,000	40,000	0	0	0	100,000
UCL5203	Shetland College Extension (NB SIC costs only)	400,000	1,300,000	663,000	150,000	0	2,513,000

GENERAL FUND INFRASTRUCTURE COMMITTEE PROJECTS

Environment Projects

GCY5121	Fetlar Burial Ground	78,000	0	0	0	0	78,000
GCY5124	Bixter Burial Ground	10,000	453,000	12,000	0	0	475,000
GCY5125	Voe Burial Ground	0	10,000	419,000	8,000	0	437,000
GCY5126	Muckle Roe Burial Ground	364,500	228,000	8,500	0	0	601,000
GCY5127	Skerries Burial Ground	0	0	10,000	250,000	6,250	266,250
GCY5129	Energy Recovery Plant	259,593	85,000	82,000	125,000	122,000	673,593
GCY5133	Rova Head Reinstatement	10,000	0	0	0	0	10,000
GCY5137	Gremista Landfill Phase 2	2,600,000	110,000	0	0	0	2,710,000

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5
GENERAL FUND INFRASTRUCTURE COMMITTEE PROJECTS cont..							
Environment Projects cont ..							
GCY5139	Wheelie Bins	102,922	44,500	37,000	37,000	37,000	258,422
GCY5200	Public Toilets Essential Maintenance	60,000	60,000	60,000	60,000	60,000	300,000
GCY9016	Public Toilets Grant Funding	1,625	0	0	0	0	1,625
Building Services Projects							
GCY5501	Recladding Gremista Workshop	300,000	333,000	0	0	0	633,000
GCY5504	TF Facility Management Software	5,332	0	0	0	0	5,332
GCY5505	New Mid Yell Workshop	61,309	0	0	0	0	61,309
Roads Projects							
GCY6121	B9081 Mid Yell (Hillend Section)	10,000	0	0	0	0	10,000
GCY6122	Papa Stour Road	15,000	0	0	0	0	15,000
GCY6124	A970 Scord to School	20,000	0	0	0	0	20,000
GCY6125	B9071 Bixter to Aith Phase 2	150,000	1,400,000	500,000	50,000	0	2,100,000
GCY6126	Sletts Road Sea Wall	245,000	5,000	0	0	0	250,000
GCY6127	Murraster Depot Replacement	279,748	0	0	0	0	279,748
GCY6129	B9071 Parkhall to Sand Junction (Design only)	20,000	20,000	5,000	0	0	45,000
GCY6130	B9082/3 Gutter to Cullivoe	50,000	10,000	190,000	200,000	0	450,000
GCY6131	Gulberwick Road (Design only)	15,000	0	0	0	0	15,000
GCY6132	Gremista Road Improvements	410,000	10,000	0	0	0	420,000
GCY6137	Weathersta - Depot Buildings - Maintenance	10,000	0	0	0	0	10,000
GCY6205	Laxaburn Bridge Replacement	0	10,000	235,000	5,000	0	250,000
GCY6207	Strand Loch Bridge, Tingwall	5,000	435,000	10,000	0	0	450,000
GCY6298	Advanced Design of Schemes	170,000	150,000	130,000	100,000	100,000	650,000
GCY6401	Scord Quarry Fixed Plant Replace	250,000	200,000	205,000	213,000	220,000	1,088,000
GCY6405	North Mainland Roads Office	74,500	0	0	0	0	74,500
GCY9200	Roads Rolling Minor Works	100,000	100,000	100,000	100,000	100,000	500,000
GCY9201	Roads Rolling Development-Related Road	60,000	100,000	200,000	200,000	200,000	760,000
GCY9202	Roads Rolling Bridge Replacements	240,000	340,000	350,000	350,000	350,000	1,630,000
GCY9203	Roads Rolling Footways	100,000	100,000	100,000	100,000	100,000	500,000
GCY9204	Roads Rolling Streetlighting Replacement	200,000	200,000	200,000	200,000	200,000	1,000,000
GCY9206	Roads Rolling Traffic Management	50,000	100,000	110,000	140,000	140,000	540,000
GCY9207	Roads Rolling Accident Investigation & Prevention	100,000	100,000	100,000	100,000	100,000	500,000
GCY9208	Roads Rolling Air Service	20,000	20,000	20,000	20,000	20,000	100,000
GCY9209	Roads Rolling Works/Purchases Bus Services	40,000	40,000	60,000	60,000	60,000	260,000
GCY9210	Roads Rolling Road Reconstruction	150,000	500,000	500,000	300,000	300,000	1,750,000

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5

GENERAL FUND INFRASTRUCTURE COMMITTEE PROJECTS cont..

Roads Projects cont...

GCY9211	Roads Rolling Roads Drainage Improvements	80,000	80,000	80,000	80,000	80,000	400,000
GCY9212	Roads Rolling Crash Barrier Replacement	150,000	150,000	150,000	150,000	150,000	750,000
GCY9213	Roads Rolling Speed Limits for Schools	150,000	0	0	0	0	150,000

Transport/Ferries Projects

GCY7202	Tingwall Airport H&SE Works	378,617	0	0	0	0	378,617
GCY7213	Whalsay Link	100,000	500,000	500,000	500,000	500,000	2,100,000
GCY7214	Fetlar Breakwater	400,000	2,243,609	100,000	0	0	2,743,609
GCY7215	Skerries South Mouth	200,000	0	0	0	0	200,000
GCY7254	Vehicle & Plant Replacement Programme	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
GCY7601	Ferries Capital Rolling Programme	180,000	180,000	180,000	180,000	180,000	900,000
GCY7626	Urgent Repairs to Ferry Terminals	290,000	290,000	290,000	290,000	290,000	1,450,000

Sub Total **22,979,426 20,334,252 15,400,201 14,526,907 18,847,163 92,087,949**

RESERVE FUND PROJECTS

TBA	Fish Market Roof, Scalloway	0	0	150,000	0	0	150,000
TBA	Skerries Pier	0	0	0	100,000	0	100,000
RCM2309	Peerie Dock, Symbister	0	0	150,000	0	0	150,000
RCM2208	Scalloway Dredging	225,000	2,773,185	0	0	0	2,998,185
RCM2316	Walls Pier	410,000	2,920,946	100,000	0	0	3,430,946
RCM2315	Water Main, Scalloway	287,824	0	0	0	0	287,824

Sub Total **922,824 5,694,131 400,000 100,000 0 7,116,955**

Total General & Reserve Fund 23,902,250 26,028,383 15,800,201 14,626,907 18,847,163 99,204,904

5 Year Capital Programme - Proposed Budgets 08-12-10

CPS-20-10 Appendix E

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Code	Fund, Service Dept & Description	10/11	11/12	12/13	13/14	14/15	Yrs. 1-5
OTHER ACCOUNTS (Ring Fenced Expenditure)							
Harbour Account							
RCM2313	Tugs for Sellaness	3,342,345	0	0	0	0	3,342,345
PCM2101	Plant, Vehicles & Equipment	143,402	70,000	70,000	70,000	70,000	423,402
PCM2104	Navigational Aids - SV	122,891	70,000	70,000	70,000	70,000	402,891
TBA	Tug Jetty CP System	0	200,000	0	0	0	200,000
		3,608,638	340,000	140,000	140,000	140,000	4,368,638
AHS Financing Arrangement							
GCE1304	AHS New Build	1,210,212	2,000,000	5,000,000	15,000,000	15,000,000	38,210,212
NHS External Funding							
GCA0236	Montfield Conversion	930,208	0	0	0	0	930,208
Housing Revenue Account							
HCH3303	Land & Property Acquisition	703,851	778,851	678,851	678,851	678,851	3,519,255
HCH3304	Brae New Housing	450,000	1,000,000	100,000	0	0	1,550,000
HCH3305	Hoofields New Housing	900,000	3,375,000	3,375,000	1,725,000	125,000	9,500,000
HCH3306	Virkie New Housing	50,000	400,000	0	0	0	450,000
HCH3404	Enviromental Improvements	259,266	259,266	259,266	259,266	259,266	1,296,330
HCH3512	Community Care Projects	107,103	107,103	107,103	107,103	107,103	535,515
HCH3525	Feasibility Studies	25,655	25,655	25,655	25,655	25,655	128,275
HCH3526	Opportunity Conversion	124,862	124,862	124,862	124,862	124,862	624,310
HCH3706	Heating Replacement Programme	157,103	157,103	157,103	157,103	157,103	785,515
HCH3708	External Re-render	387,758	387,758	387,758	387,758	387,758	1,938,790
HCH3710	Lerwick Crudens	1,146,933	1,146,933	1,146,933	1,146,933	1,146,933	5,734,665
HCH3711	Retentions/Final Accounts	40,000	40,000	40,000	40,000	40,000	200,000
HCH3712	Housing Quality Standard	560,000	560,000	560,000	560,000	560,000	2,800,000
HCH3714	Replacement MIS system	199,817	0	0	0	0	199,817
HCH3800	Capital Rec-Sale Council Houses	(889,886)	(889,886)	(889,886)	(889,886)	(889,886)	(4,449,430)
		4,222,462	7,472,645	6,072,645	4,322,645	2,722,645	24,813,042
Total							
		9,971,520	9,812,645	11,212,645	19,462,645	17,862,645	68,322,100



REPORT

To: Shetland Islands Council

8 December 2010

**From: Revenue Services Manager
Executive Services Department**

Report No: F-064-F

Housing Benefit and Council Tax Benefit Anti-Fraud Policy

1. Introduction

- 1.1 The purpose of this report is to seek Member approval of the Housing Benefit and Council Tax Benefit Anti-Fraud Policy.

2. Links to Corporate Priorities

- 2.1 This report contributes to the Council's aim of improving our business.

3. Risk

- 3.1 This policy document has been prepared in order to demonstrate the measures that will be taken to meet the Council's responsibilities to prevent and detect fraudulent claims and deter benefit claimants who may negligently or deliberately perpetrate benefit fraud.

4. Background

- 4.1 Housing Benefit and Council Tax Benefit is administered in Shetland by the Council's Benefits Section.
- 4.2 During 2009-10, at any one time, there were on average 929 Housing Benefit claimants and 1,334 Council Tax Benefit claimants. The Benefits Section paid out a total of £2,756,197 of Housing Benefit and £934,762 of Council Tax Benefit.

- 4.3 Housing Benefit and Council Tax Benefit should only be paid to claimants who are entitled to receive them. It is, therefore, important that the administration of Housing Benefit and Council Tax Benefit is secure, fair, provides help where it is needed and is vigilant in tackling fraud and error to ensure value for the taxpayer's money.
- 4.4 However, the complex rules governing entitlement to Housing Benefit and Council Tax Benefit create many opportunities for people to commit fraud, both by lying (making false statements) when claiming the benefits and by concealing subsequent changes (failing to notify a change in their circumstances) which may end or reduce their entitlement. Housing Benefit awarded to people who rent in the private sector may be paid directly to landlords, creating opportunities for fraud by them as well as claimants.
- 4.5 The exact level of benefit fraud is extremely difficult to prove particularly as it is difficult to distinguish fraud from genuine mistakes or misunderstandings made by claimants and landlords. Decisions on whether to view particular cases as fraud rather than innocent errors are made by the Council's Benefits Manager or, in her absence, the Revenue Services Manager.
- 4.6 During 2009-10, £26,905 of Housing Benefit fraud was detected with a further £43,215 overpaid due to claimant error. With regard to Council Tax Benefit, £7,695 of fraud was detected with a further £16,190 overpaid due to claimant error.
- 4.7 In order that a consistent approach to tackling and preventing fraud is achieved it is essential that this authority has in place an up to date Housing Benefit and Council Tax Benefit Anti-Fraud Policy.
- 4.8 The proposed Anti-Fraud Policy is attached to this report as Appendix 1. This single policy will replace the current Housing Benefit and Council Tax Benefit Anti-Fraud Policy and the Housing Benefit and Council Tax Benefit Fraud Sanctions Policy, which were both approved in 2002 by the full Council.

5. Financial Implications

- 5.1 There are no direct financial implications arising from this report.
- 5.2 However, it should be noted that the Department for Work and Pensions (DWP) reimburses the Council 100% of Housing Benefit and Council Tax Benefit payments made to claimants. Therefore, you would expect the Council to receive no money from the DWP for benefit overpayments as the Council is expected to recover benefit payments made to claimants in error. However, as an incentive to detect fraud and claimant error overpayments, the DWP automatically reimburses the Council 40% of all such overpayments detected, regardless of whether or not the Council actually collects the overpayments from the claimants.

6. Policy & Delegated Authority

- 6.1 The administration of Housing Benefit and Council Tax Benefit is not delegated to any specific committee. Therefore, the establishment of a revised Anti-Fraud Policy, as part of the establishment of a framework for the proper administration of Housing Benefit and Council Tax Benefit, is a matter for the full Council to deal with.

7. Conclusions

- 7.1 Housing Benefit and Council Tax Benefit should only be paid to claimants who are entitled to receive them. It is, therefore, important that the administration of Housing Benefit and Council Tax Benefit is secure, fair, provides help where it is needed and is vigilant in tackling fraud. Fraud is the deliberate withholding or falsification of information to obtain benefit and is a criminal offence.
- 7.2 The purpose of this report is to seek Member approval of the Housing Benefit and Council Tax Benefit Anti-Fraud Policy.

8. Recommendation

- 8.1 I recommend that the Council review the enclosed draft Housing Benefit and Council Tax Benefit Anti-Fraud Policy attached as Appendix 1 to this report and approve it for implementation with immediate effect.

Report No: F-064-F
Ref: Revenues/AH

Date: 26 November 2010

Housing Benefit and Council Tax Benefit **Anti-Fraud Policy**

Contents

1. Introduction
2. Benefit fraud definition
3. The role of staff in preventing and detecting fraud
4. Measures to prevent fraud
5. Detection
6. Procedures to be followed on suspicion of fraud
7. The decision to prosecute or impose a sanction
8. Prosecution
9. Formal Caution and Administrative Penalty
10. Publicity of convictions
11. Recovery of overpayments
12. Monitoring the effectiveness of the policy
13. Review of the policy

1. Introduction

- 1.1 Housing Benefit and Council Tax Benefit should only be paid to claimants who are entitled to receive them. It is therefore important that the administration of Housing Benefit and Council Tax Benefit is secure, fair, provides help where it is needed and is vigilant in tackling fraud. Fraud is the deliberate withholding or falsification of information to obtain benefit and is a criminal offence. Fraudulent activity cannot be accepted or tolerated and appropriate action must be taken against those who abuse the system.
- 1.2 This policy document has been prepared in order to demonstrate the measures that will be taken by the Shetland Islands Council to meet its responsibilities to prevent and detect fraudulent claims and deter benefit claimants who may negligently or deliberately perpetrate benefit fraud.

2. Benefit fraud definition

- 2.1 The complex rules governing entitlement to Housing Benefit and Council Tax Benefit create many opportunities for people to commit fraud, both by lying (making false statements) when claiming the benefits and by concealing subsequent changes (failing to notify a change in their circumstances) which may end or reduce their entitlement. Housing Benefit awarded to people who rent in the private sector may be paid directly to landlords, creating opportunities for fraud by them as well as claimants.
- 2.2 Fraud is a deliberate act as opposed to an error, which occurs without intention. Fraud occurs where there is a deliberate intent by a person to obtain financial advantage by deception and to that end the person:
 - Makes a statement or representation which he/she knows to be false; or
 - Fails to notify the Benefits Section of a change of circumstances

3. The role of staff in preventing and detecting fraud

- 3.1 All benefit claims must be subjected to the proper verification of identity, income, capital, household membership and residency to ensure that benefit is paid to the correct person, at the correct rate. Staff should at all times be alert to the possibility that a benefit claim may be incomplete or contain false information.
- 3.2 To be effective in preventing and detecting benefit fraud, staff must have a sound knowledge of the benefits system. Training must be provided to ensure that the benefit regulations are correctly implemented and to develop an awareness of fraudulent activity. Training will mainly be undertaken in-house with attendance on external courses where it is considered appropriate.
- 3.3 As a minimum the Revenue Services Manager and the Benefits Manager must have gained membership of the Institute of Revenues, Rating and Valuation and should be qualified as Authorised Officers, having successfully completed the Department for Work and Pensions (DWP) Professionalism in Security (Pins 9) qualification.

- 3.4 Where fraudulent activity is suspected it should be referred to the Benefits Manager or in her absence the Revenues Manager on a fraud referral form. Regular evaluation, monitoring and feedback where possible, to the originator of the fraud referral, will keep them informed of the progress and outcome of the referral.
- 3.5 Council employees should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them or be perceived to influence them in the performance of their duties. Staff must not process claims involving relatives, friends or associates.
- 3.6 Benefits staff must declare any interests that might be perceived to influence benefit decisions. A Register of Staff Interests must be retained and reviewed on a monthly basis to record claims received from close relatives of benefits staff, or if a member of staff is a landlord or has a close relative that is. Close relative in this context is defined as:
- a partner or spouse;
 - a parent, step-parent or parent-in-law, or their partner; or
 - brother or sister, step-brother or step-sister, or their partner ; or
 - son, son-in-law, daughter, daughter-in-law, step-son, stepdaughter, or their partner or their children including stepchildren
- 3.7 Staff should ensure that their actions do not encourage fraudulent activity. The appropriate level of authority should determine computer access. Computer terminals should not be left unattended and password protected screen savers should be activated when not in use.

4. Measures to prevent fraud

It is often difficult to distinguish fraud from genuine mistakes or misunderstandings made by claimants and landlords. Therefore, it is important that the Council have procedures in place that prevent mistakes or fraud from entering the system. The Council will undertake the following activities in order to prevent genuine mistakes or fraud from entering the system:

- 4.1 Regulations permit the Council to ask for such verification as is needed to put benefit into payment, subject to what is a reasonable request. When a claimant first applies they will be required to provide proof of identity, evidence of all income and capital, proof of allowable expenses and evidence of rent liability. The documentation provided as evidence must, where possible, be original documentation and sufficient to give an accurate picture of current circumstances;
- 4.2 Management controls will be in place to ensure that correct procedures are being followed to minimise fraud and error. For example an internal control sheet, which serves as a checklist, must be completed by benefit processing staff before a claim can be paid.

- 4.3 A random selection of benefit claims being processed will be checked by the Benefits Manager or in her absence the Revenue Services Manager to ensure that the claim is calculated correctly and that all the required evidence provided is sufficient. The computerised benefits system will randomly select the claims to be checked and will only allow payment of benefit once checked and authorised by the relevant manager;
- 4.4 BACs payments will be the preferred method of payment. Claimants and landlords will be encouraged to accept payment by electronic transfer directly to their bank/building society, which eliminates the possibility of payments being cashed by other persons fraudulently;
- 4.5 The Benefit Section will cross reference benefit claim information with other Revenues internal records such as Council Tax and Council Rent accounts to ensure that the information received is consistent with other Council records;
- 4.6 Where permitted by relevant legislation, the Benefits Section will liaise closely with other bodies and organisations such as landlords, Jobcentre Plus, The Pension Service, Inland Revenue and other Council services such as Housing and Social Services to verify benefit claim information;
- 4.7 The Royal Mail's Do Not Redirect Service to return redirected mail will be utilised as a means of preventing benefit letters and benefit paid by cheque being sent to someone who has either left or never resided in a property;
- 4.8 At every opportunity we will remind our customers of their responsibilities to report changes to their circumstances, which will have a preventative effect by encouraging claimants to report changes that might otherwise not have been reported and therefore avoid fraud entering the system;
- 4.9 Fraud awareness publicity will highlight the problem of benefit fraud and discourage potential fraudsters. We will deliver the message that fraud is a crime and there are consequences for anyone who sets out to defraud the Council.

5. Detection

It is inevitable that there will be fraudulent claims that were not prevented from entering the system and which arise due to a deliberate failure to report changes in circumstance. The procedures to be followed by staff on suspicion of fraud are detailed in section 6 of this policy. However, the following activities will be undertaken to help detect fraudulent claims:

- 5.1 Staff and stakeholders will be given guidance on how to make a referral for investigation. Targeted advertising of the dedicated hotline number staffed during office hours open to employees and the public. The Council website contains guidance for employees and the public on how to make a referral electronically, in writing and by telephone;

- 5.2 All investigations will be undertaken by officers who as a minimum have membership of the Institute of Revenues, Rating and Valuation and should be qualified as an Authorised Officer, having successfully completed the DWP Professionalism in Security (Pins 9) qualification;
- 5.3 The Council will make maximum use of the DWP Housing Benefit Matching Service. On a monthly basis the Council's benefit data is matched with records held by the DWP, HMRC and the Credit Reference Agency. Inconsistencies between the data is highlighted and referred back to the Council for consideration. Cases where fraud is suspected will be referred for investigation;
- 5.4 The Council will participate in the National Fraud Initiative. Data is provided by local authorities and other public bodies to the Audit Commission and cross-matched to find inconsistencies. Lists are provided detailing cases where the data held does not match and requires further examination. We will use this information to detect possible cases of fraud and error and initiate investigations in appropriate cases;
- 5.5 Investigating benefit fraud can be time consuming and must be carried out by staff that specialise in fraud work and are trained fraud investigators. Consequently, the Council will whenever possible, and as the preferred route, undertake joint investigation and sanction action with the DWP Fraud Investigation Service in cases where Housing and/or Council Tax Benefit and a DWP benefit is also in payment. By doing this the Council will utilise the DWP's highly trained fraud investigators, counter fraud surveillance teams and their counter fraud intelligence unit who can search credit reference agency details and DVLA data;
- 5.6 On a weekly basis a review of claims will be done based on the risk of a change having occurred and the length of time since the last review. Claimants will be unaware of when a review is to be carried out. The reviews will take the format of telephone call, form or home visit;
- 5.7 The Benefits Manager and the Revenue Services Manager are authorised under the Social Security Administration Act 1992 to request information relating to an investigation from third parties out-with the local authority. The following are external intelligence sources available to and used by investigating officers to gather evidence during the course of an investigation:
- DWP's Customer Information System – Providing a comprehensive picture of a customer's social security benefit history along with tax credit information and history.
 - National Anti Fraud Network – Providing data and intelligence information from a variety of sources to support in their protection of the public purse.
 - Operational Intelligence Unit – Providing a gateway for accessing information from HM Revenues and Customs relating to employment, self-employment and capital.

- Credit Reference Agencies – Providing information regarding credit held and applied for at a particular address or multiple addresses giving investigators evidence relating to allegations of undeclared residents or bank accounts.
- Land Registry – Providing investigation officers with a means to validate the landlord's ownership of properties for private sector claimants.

6. Procedures to be followed on suspicion of fraud

6.1 If benefit fraud is suspected it should be referred as follows:

- A fraud referral form should be completed and forwarded to the Benefits Manager or in her absence the Revenue Services Manager;
- The referral will be assessed for its quality and an assessment will be undertaken to determine the risks to public funds;
- An investigation will be made into the fraud allegations;
- On the conclusion of the investigation the person who made the original referral will receive notice of the outcome;
- Fraud involving other Social Security Benefits such as Income Support or Jobseekers Allowance should be investigated in accordance with the agreement between the Council and the Jobcentre Plus/Fraud Investigation Service;
- If a member of the public notifies the Council of a suspected fraud, details should be taken and then forwarded to the Benefits Manager or in her absence the Revenue Services Manager.

6.2 A fraudulent claim for benefit is a criminal offence and the Council must consider the following range of options:

- To investigate and gather evidence to ascertain if a criminal offence has occurred. As part of the investigation process claimants may be requested to take part in an interview in order to present all evidence gathered and allow the claimant their chance to explain or dispute any inconsistencies. The interview will be carried out by the Benefits Manager or the Revenue Services Manager and they will be accompanied by a note taker. The claimant under investigation will receive a copy of the notes of the interview if requested. Thereafter the quality and weight of the evidence gathered will be considered to ascertain if there is a sufficiency of evidence to prove this offence to the required standard to determine whether a fraud has been committed.
- If there is insufficient evidence, to take no further action as there is insufficient evidence to support criminal proceedings;

- If there is a sufficiency of evidence, consideration can be given to offer an Administrative Caution. A fraud has to have been committed, and admitted to;
- If there is a sufficiency of evidence, consideration can be given to offer an Administrative Penalty as a direct alternative to prosecution. This is a fixed penalty which is calculated as 30% of the benefit overpayment arising from the offence;
- To consider prosecution, and if there is a sufficiency of evidence report the case to the Procurator Fiscal.

7. The decision to prosecute or impose a sanction

- 7.1 The decision to prosecute or impose a sanction is a serious matter and as such each case will be decided on its own merits within the framework of this policy.
- 7.2 The investigator must demonstrate that the following has been established:
- A good case to answer (prima facie)
 - Sufficient corroborative evidence of false information or failure to declare a change
 - Sufficient corroborative evidence of fraudulent intent
 - A complete record of the investigation
- 7.3 An interview under caution is necessary before a case can be prosecuted or an Administrative Penalty can be offered. If there are grounds to suspect a customer has committed an offence a caution must be given before any questions about the offence are asked. Benefits staff cannot issue a caution until they have received the appropriate training. If no-one in the benefits section has received the relevant training it will be necessary to refer the case to the Northern Constabulary for prosecution.

8. Prosecution

- 8.1 After a full investigation, collection of evidence and an interview under caution, a decision will be made on whether prosecution is appropriate. The Council will normally consider prosecution where:
- The sum of money defrauded is significant, this will normally be where the overpayment exceeds £2000;
 - The fraud has been perpetrated over a protracted period of time;
 - The claimant has previously made a fraudulent claim for benefit;

- The claimant is a Council employee;
- The case has arisen from collusive action between two or more persons;
- An administrative penalty or formal caution has been offered and refused;
- A prosecution would be in the interest of the public and/or the Council;

8.2 Cases where the amount of overpayment does not exceed £2000 will not be excluded from prosecution merely because the amount falls below this threshold. There may be other factors that still make prosecution appropriate. These circumstances include:

- The person involved in the fraud was in a position of trust, for example, a member of staff;
- The person has used a false identity document, either forged or counterfeit, to claim benefits;
- It is known that the person has been previously convicted of benefit fraud;
- The person previously agreed to pay an administrative penalty or has received a formal/administrative caution in respect of an earlier offence;
- The person has declined the offer of an administrative penalty or formal/administrative caution or has withdrawn from an agreement to pay an administrative penalty.

8.3 In determining what constitutes the best interest of the public and the Council will be taken into consideration the physical and or mental well being of the claimant. Cases where it would not be appropriate to prosecute include those where:

- The claimant is suffering from medically confirmed stress or nervous problems;
- The claimant is elderly or bedridden;
- The claimant has hearing or sight problems which could impair those completing forms or understanding questions;
- The claimant has a severe mental impairment;
- The claimant was driven to commit the offence due to tragic domestic circumstances;
- The likelihood that a prosecution would cause unnecessary injury to a third party;

- There was a failure in benefit administration that made a major contribution to the fraud. For example, it would not normally be appropriate to prosecute where benefit has been paid on incomplete information or the claim form has been badly completed by an interviewing officer.

9. Formal Caution and Administrative Penalty

The sanctions available for the Council to administer as an alternative to prosecution are formal caution and administrative penalty.

9.1 Formal Caution

A formal caution is a serious measure and meaningful penalty that will be handled as formally as any other sanction. The quality of evidence required is of the same standard as that required for a prosecution. In particular should the claimant refuse the sanction there should be sufficient evidence to consider referral to the Procurator Fiscal for prosecution. A caution will be considered where the following conditions are met:

- There is sufficient evidence of the person's guilt;
- The public interest test is met;
- A clear and reliable admission of the offence has been obtained during an interview under caution;
- The person has not committed a benefit offence before;
- The person has committed a minor benefit offence within the last 5 years but was not prosecuted for the earlier offence;
- The person's attitude towards the offence indicates that a caution would be a suitable alternative to prosecution, for example, if they express genuine remorse for what they had done;
- A caution is likely to act as a deterrent and the overpayment is less than £2000. Exceptionally a caution will be offered in cases where the overpayment is more than £2000 if the Revenue Services Managers and the Benefits Manager agrees that it would not be appropriate to seek a prosecution.

9.2 Administrative Penalty

Local authorities have the power to offer a claimant a penalty of 30% of the overpayment deemed to be fraudulent. The claimant can accept or decline the offer and if accepted has 28 days to withdraw from the agreement. Where a decision is reached that there is sufficient information to prosecute, consideration may be given as to whether the imposition of an administrative penalty would be more appropriate given the following factors that will be considered are:

- The case is not so serious that the first option would be prosecution
- Any previous fraudulent history
- The claimant's ability to repay
- The value of the overpayment. Under normal circumstances an administrative penalty will be applied in cases involving overpayments of less than £2000. Exceptionally there may be circumstances where it is appropriate to issue a formal caution instead if the Revenues and Benefits Manager feels it is justified. The reason for this will be fully documented for each case.

10. Publicity of convictions

- 10.1 A successful prosecution for benefit fraud may act to deter others from fraud. A press release may be issued if it will generate positive publicity and promote the willingness of the Council to prosecute. However, great care should be taken in the content of such a press release and in particular nothing more may be said following conviction than was said before the court.

11. Recovery of overpayments

- 11.1 All benefit overpayments that are determined to be recoverable should be pursued using the following methods:
- By deduction from ongoing Housing Benefit entitlement;
 - From arrears of benefit, which become payable while there is an outstanding overpayment;
 - By deduction from other social security benefits by means of application to the DWP Debt Management Service;
 - By raising an invoice, to be pursued in accordance with the Council's debt recovery policy and procedures;

- In the case of Council Tax Benefit, by adding the overpayment onto the claimant's Council Tax account;
- In the case of Council Tenants, by adding the Housing Benefit overpayment onto the claimant's Council Rent account;

11.2 Benefit overpayments recovery levels and actions will be monitored on a monthly basis and reported to the Revenue Services Manager.

12. Monitoring the effectiveness of the policy

12.1 A decision on whether to prosecute, or use the Administrative Penalty, must be recorded along with the outcome. This will be used to monitor the effectiveness of the policy, identify necessary amendments and to predict the likelihood of a successful prosecution in the future.

13. Review of the policy

13.1 The policy will be reviewed and appropriate changes made where legislation and working practices make such amendments necessary.

Andrew Hall
Revenue Services Manager
November 2010



REPORT

To: **Pension Fund Management Consultative Committee** 6 December 2010
Shetland Islands Council 8 December 2010

From: **Head of Finance**

ADMISSION AGREEMENT TO THE LOCAL GOVERNMENT PENSION SCHEME COMMUNITY ALCOHOL & DRUGS SERVICES SHETLAND (CADSS) & CROSSROADS (SHETLAND) CARE ATTENDANT SCHEME

Report No: F-066-F

1. Introduction

- 1.1 Regulation 4 of the Local Government Pension Scheme (administration) (Scotland) Regulations 2008 enables the Council and certain other bodies to enter into agreements whereby their employees can participate in the benefits of the Council's Pension Scheme.
- 1.2 The purpose of this report is to seek Council approval to permit CADSS and Crossroads (Shetland) Care Attendant Scheme to be admitted to the Local Government Pension Scheme. However, in order to protect the Council against having to meet the liability should an Admitted Body fold, this report is also proposing a change in respect of admitting any further employers to participate in the Local Government Pension Scheme.

2. Links to Corporate Priorities

- 2.1 This report ensures we are treating employees of the CADSS organisation equally and fairly by ensuring that they all are permitted access to the Local Government Pension Scheme.
- 2.2 It also links to the Council's corporate priorities, defined in the Corporate Plan, specifically in relation to prioritising and planning so we can sustain the services we want to provide to help our community, in particular:
 - **in respect of CADSS:** to promote the health of, advance education of, and relieve the suffering and distress of those inhabitants of Shetland affected by alcohol and substance misuse, their families and carers.
 - **In respect of Crossroads:** to relieve stress on the person or family caring for physically or mentally disabled or elderly persons, and in appropriate circumstances to care for disabled or elderly persons living alone.

3. Risk Assessment

- 3.1 There is a risk to the Council of having to meet any future pension liabilities, should an Admitted Body cease to exist.

4. Background

- 4.1 The former Shetland Alcohol Trust has been an Admitted Body of the Local Government Pension Scheme since 1 April 1992 but the former Shetland Community Drugs Team has never had admitted body status.
- 4.2 On 5 October 2007, the former Shetland Alcohol Trust was merged into Shetland Community Drugs Team and a change in name was adopted on this date and the organisation became "Community Alcohol & Drugs Services Shetland (CADSS).
- 4.3 The new organisation now finds itself in the position that some staff (previously employed by Shetland Alcohol Trust) have access to the Local Government Pension Scheme and others (previously employed by the Shetland Community Drugs Team) do not. The new organisation would like the situation rectified so that all staff are eligible to be members of the local government pension scheme so as to ensure that the organisation is treating their employees equally and fairly in respect of pension entitlements.
- 4.4 Currently CADSS employs 15 staff of which 8 are members of the local government pension scheme.
- 4.5 Crossroads (Shetland) Care Attendant Scheme has also requested for the Co-ordinator and Assistant Co-ordinator to be eligible to join the Shetland Islands Council Pension Scheme through entering into a formal Admission Agreement.
- 4.6 The Council has, up until now, always permitted requests from organisations who meet the criteria for admitted body status, to participate in the Shetland Islands Council Pension Scheme, however, in doing so there is a potential risk to the Council that if the body ceases to exist, the Council would require to meet any liability due. Appendix 1 includes details of the liabilities that have arisen when Bodies have ceased to participate in the SIC Pension Fund.
- 4.7 This risk could be minimised if, as part of the Admission Agreement, the Council requested that at the date the Admission Agreement is made the new Body requires to ensure that they have an Indemnity or Bond in place so that safeguards are in place for the Council, as Administering Authority, should the Body cease to exist. It should be noted however that, Bonds can be very expensive and if the Council is providing any form of funding (which it usually is) then there could be a degree of debate over the appropriateness of requesting a Bond as Regulation 4 (4) of the Local Government Pension Scheme (administration) (Scotland) Regulations 2008, confirms the following:

- “Where at the date that an admission agreement is made, the contributions paid to the Body by one or more Scheme Employers equals in total 50% or less of the total amount it receives from all sources, it must be a term of the admission agreement that the Scheme employer paying the contributions (or, if more than one pays contributions, all of them) guarantees the liability of the body to pay all amounts due.”

- 4.8 Advice is currently awaited from the Council’s actuary, whether Employer sponsors must provide the guarantee if they provide funding in excess of 50% to a Body.
- 4.9 Attached as Appendix 1, is a list of the Bodies that Shetland Islands Council have already entered into an Admission Agreement with.

5. Options – In respect of future requests

- 5.1 To maintain the status quo. This being to continue to permit Admission Agreements with organisations who meet the criteria for Admitted Body Status, understanding that the Council will require to meet any liabilities should the Body cease to exist at a later date. The impact of this option may increase the Council’s liability to fund pension costs.
- 5.2 To only permit future requests, where the Body can confirm that they will put in place an Indemnity or Bond at the time the Admission Agreement is made. This will reduce the SIC’s liability to fund pension costs should the organisation cease in the future.
- 5.3 To not permit any future requests. This will remove any possible further liability for the SIC but may affect individuals in future as they will not have access to a quality pension scheme administered locally.

6. Proposals

- 6.1 To permit both CADSS and Crossroads (Shetland) Care Attendant Scheme to participate in the Local Government Pension Scheme.
- 6.2 To only permit further requests from Bodies for Admission Agreement Status in the Shetland Islands Council Pension Scheme, where they can demonstrate that an Indemnity or Bond will be put in place to remove any possible future pension liability for the SIC.

7. Financial Implications

- 7.1 Should both CADSS and Crossroads (Shetland) be granted admission body status, they would be liable, from 1 January 2011, to apply the appropriate tiered contribution rate for their employees and the appropriate Employers rate which is currently 16.6% of pensionable pay, increasing to 18.2% in 2011/12. Also there is an administration charge of 5%, plus VAT, of the employees’ share.
- 7.2 The rate of the employer’s contributions are reviewed every 3 years by the fund’s actuaries. The next review is due at 31 March 2011.

- 7.3 As per Regulation 34 (2) of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 a cessation valuation requires to be carried out in respect of the former Shetland Alcohol Trust which may result in a revised contribution rate and/or monetary payment due. The cessation valuation requires to be carried out by the actuaries of the Council's Pension Scheme for which a fee of approximately £2,000 plus VAT will be payable. It has been agreed that any one-off costs resulting from the winding up of the former Alcohol Trust and the set up of this new organisation will be met by CADSS.
- 7.4 Should at anytime in the future CADSS or Crossroads (Shetland) Care Attendant Scheme cease to participate in the Shetland Islands Council Pension Fund, a cessation valuation will require to be carried out so as to establish the level of liabilities being placed on the Shetland Islands Council Pension Fund.
- The cost associated with carrying out the cessation valuation will require to be met directly by the body concerned, which is approximately £2,000 plus VAT.
 - As per Regulation 4 (4) of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, the organisation(s) responsible for providing funding to CADSS and Crossroads (Shetland) Care Attendant Scheme would be responsible for guaranteeing the liability to the Pension Fund should, these bodies cease to exist in the future.

8. Policy and Delegated Authority

- 8.1 The Head of Finance has no delegated authority in this matter. This matter is dealt with under Regulation 4 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008. This matter stands referred to the Council for a decision.
- 8.2 In addition the view of the Pension Fund Management Consultative Committee should be sought in relation to the making of the Admission Agreement with CADSS and Crossroads (Shetland) Care Attendant Scheme and ceasing to permit any future requests for Admission Agreements in accordance with its remit to oversee the management of the Pension Fund.

9. Conclusions

- 9.1 The proposal for CADSS and Crossroads (Shetland) Care Attendant Scheme to become admission bodies falls within the scope of the regulations.
- 9.2 All applications to join the fund as an admission body are treated on their merits. Both CADSS and Crossroads (Shetland) Care Attendant Scheme meets with the criteria for admitted body status, which includes:

- a body, which provides a public service in the United Kingdom otherwise than for the purposes of gain and which has sufficient links with the Scheme employer for the body and the Scheme employer to be regarded as having a community of interest.
 - a body to the funds of which the Scheme employer contributes.
- 9.3 Due to the risk to the Council, of having to meet the pension liability should an Admitted Body fold, it is proposed that any future organisations admitted to Shetland Islands Council Pension Scheme will put in place an indemnity or bond.

10 Recommendations

I recommend that the Pension Fund Management Consultative Committee recommend that the Council:

- 10.1 approve the making of the admission agreement with CADSS and Crossroads (Shetland) Care Attendant scheme, so as to enable its employees to be admitted to the Council's Pension Scheme, with effect from 1 January 2011;
- 10.2 only permit future organisations into the Shetland Islands Council Pension Fund where an Indemnity or Bond is put in place.

Date: 29 November 2010
Our Ref: MGS/S/3/14

Report No: F-066-F

SHETLAND ISLANDS COUNCIL PENSION FUND LISTING OF ADMITTED BODIES

Lerwick Port Authority

Shetland Welfare Trust (ceased to exist 31 March 2005 – Employer share of Fund in surplus so no payment due)

Shetland Recreational Trust

Shetland Fisheries Training Centre Trust

Shetland Alcohol Trust (ceased 5 October 2007 **but still got members participating in the LGPS**)

Shetland Enterprise Co Ltd

Shetland Islands Tourism

Shetland Amenity Trust

ABA Services Ltd

Shetland Careers Services (ceased to exist 31 March 2002)

Shetland Youth Information Service

Islesburgh Trust (ceased to exist 30 June 2006 - Employer share of Fund in deficit by £4,300)

Shetland Business Innovation Centre (ceased to exist 30 June 2004 – Employer share of Fund in surplus so no payment due)

Advocacy Shetland

Disability Shetland (never had any employees participate in the Scheme)

Shetland Voluntary Care Forum (never had any employees participate in the scheme)

Shetland Seafood Quality Control Ltd

Shetland Development Trust (ceased to exist 20 December 2009 – Employer share of Fund in deficit by £150,000)

CT Services Ltd (ceased to exist 31 March 2005 – Employer share of Fund in deficit by £6,000)

Shetland Charitable Trust

Shetland Arts Trust (ceased to exist 31 March 2006 – Employer share of Fund in deficit by £58,000)

Shetland Arts Development Agency

Atlantic Ferries Ltd



REPORT

To: Shetland Islands Council

8 December 2010

From: Head of Organisational Development

Report No: CE-44-F

Equality Update

1 Introduction

- 1.1 The UK Government Equality Act received Royal Assent in April 2010. Commencement of the main provisions of the Equality Act 2010 began in October 2010, but the Act will not be fully implemented until April 2011, when the specific duties are finalised and published. This report provides an update on Equality Law, and what actions are being taken by the Council to meet the duties outlined in the Equality Act 2010.

2 Link to Corporate Priorities & Risk

- 2.1 The Council's Corporate Plan 2008-2011 commits to deliver against Shetland's Single Outcome Agreement priority of: 'ensuring that equal opportunities exist for all, no matter an individual's age, race, gender, faith, sexual orientation or disability and we will decrease social inequalities'.
- 2.2 The contents of this report aims to minimise risk to the Council as it outlines the actions in place in response to the new legislative requirements regarding equality and diversity within the public sector. There is a risk to Council if it does not meet its equality duties.

3 Background to Legislation

- 3.1 The overarching aim of the Equality Act 2010 is to restate, simplify and, where appropriate, harmonise the various pieces of legislation that are currently still in place. The current legislation it will replace includes the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995 and a number of sets of Regulations.
- 3.2 The Equality Act consolidates the three existing public sector equality duties (race, disability and gender) into a new single equality duty. This single duty will replace those three existing equality duties, and be extended to include what is known in the Equality Act as 'protected characteristics'. These are: race, disability, gender, age, sexual orientation, religion and belief, gender reassignment and pregnancy and maternity.

- 3.3 The new single equality duty states that public authorities must have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act.
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.4 The new single equality duty will not come into force until April 2011 at the earliest. Until then, the requirements of the existing race, disability and gender duties will remain in place.

4 Current Progress

- 4.1 In preparation for the single Equality Duty coming into force in April 2011, the Policy Unit, in collaboration with Human Resources, the Schools Service, Shetland College, ZetTrans and the Shetland Licensing Board, is creating an Equality Framework, which will replace the segregated schemes and draw together the protected characteristics of the Equality Act 2010 into a single reporting system. The Framework will include baseline data on each protected characteristic, a review of the known issues, a set of actions required to meet outcomes, and a performance monitoring framework to be able to measure and report on progress.
- 4.2 The Equality Act 2010 extends the public sector duty to include a wider number of protected characteristics, which means that our existing data and information base is incomplete. To ensure the Council has an evidence base to inform equality outcomes, the Policy Unit and Human Resources are working together to carry out community and staff consultation to improve this information base and to improve on equality monitoring. The consultation has already begun and aims to identify any gaps in equality in Shetland's communities, the services that the Council provides, and within the Council's workplaces. The consultation will be complete in January 2011.
- 4.3 As the new single equality duty will not come into force until April 2011 at the earliest, the requirements of the existing race, disability and gender duties remain in place, and monitoring progress on our existing equality schemes continues. The 2010 Equality Annual Report, which was published in November of this year, is now available on the Council's website via the following link: <http://www.shetland.gov.uk/equalopportunities/documents.asp>. Highlights from this report include:
- A professional translation/interpreter service known as Language Line is now in use across services within the Council;
 - A British Sign Language (BSL) translation service is currently being looked into, and it is hoped that it will be in place early next year; and
 - The 2010 Shetland Youth Voice Conference and Community Planning Partnership Summit looked into a range of issues young

people face, and considered equality of opportunity for young people of a range of council services.

- 4.4 The Scottish Government have recently consulted on the detailed proposals for the specific duties of the Equality Act 2010. The specific duties are intended to enable the better performance of the general duty, and this consultation is intended to seek the views of stakeholders on their content.
- 4.5 The Policy Unit have submitted a response to the consultation, and this response was generally in favour of the proposed specific duties. A summary of the proposed specific duties are as follows:
- Publish equality outcomes based on evidence and informed by the involvement of equality groups and communities.
 - Report on 'mainstreaming' – the embedding of equality into day-to-day systems and practices.
 - Conduct Equality Impact Assessments – consider the impact on equality of policies and practices, informed by evidence.
 - Gather and report on employment data and publish an equal pay statement.
 - Simplification of reporting using existing public performance reporting systems.

5 Financial Implications

- 5.1 There are no financial implications arising from this report.

6 Policy and Delegated Authority

- 6.1 There is currently no delegated authority for equalities within the Shetland Islands Council, therefore it is necessary to report any changes to legislation to Full Council.

7 Conclusion

- 7.1 This report provides an update on equalities, a background to equality law and the Equality Act 2010; and details the current progress in preparation for specific duties coming into force in April 2011. These preparations include the Equality Framework for Shetland, which draws together the protected characteristics of the Equality Act 2010 into a single reporting system, and the equality consultation that is currently taking place to further strengthen the baseline data that the Council holds on equalities.

8 Recommendations

- 8.1 I recommend that Members note the content of this report.

Date: 26 November 2010
Ref: EP/LG

Report No: CE-44-F



REPORT

To: Shetland Islands Council

08 December 2010

**From: Planning Officer – Development Plans
Planning Service
Infrastructure Services Department**

LERWICK – TOWN CENTRE BUSINESS IMPROVEMENT DISTRICT (BID) STEERING GROUP UPDATE

1. Introduction

- 1.1 The purpose of this report is to update the Council about the Lerwick Town Centre Business Improvement District (BID) Steering Group, and the progress of Lerwick (BID) Steering Group and request continued officer and Member time and support.

2. Links to Corporate Plan 2008-11 and Risk Analysis

- 2.1 Links to Corporate Priorities 1. Increased employment, 5. Quality of Life, 6. Equal opportunities. With section 2 – of a sustainable economy Tourism and Creative Industries as well as helping maintain a strong town centre for all of Shetland.
- 2.2 Delivering a more sustainable approach to Council spending and ensuring that it is being as efficient as possible in the way it procures goods and services is a key element of the Corporate Plan.
- 2.3 No substantial additional risk to the Council at this point in the BID process. The consequences if Members do not approve one or more of the said recommendations would be a delay in the investigation into the potential benefit of the Lerwick BID.

3. Background

- 3.1 The report to the Infrastructure Committee of 16 June 2009 (Minute Ref: 55/09) stated that SIC Planning Service had been asked for assistance from the Lerwick Town Centre Association (LTCA). The LTCA received a grant of £20,000 from the Scottish Government to investigate and promote the development of a Business Improvement Scheme for the Lerwick town centre, the report noted the financial implications, and the officer time and support required

from Legal and Admin Services, Revenue Services, and Infrastructure Services. Other Councils throughout Scotland have offered match funding to the BIDS area improvement levy, and the Council will need to consider this if the BID has support and after further investigation of the Lerwick BID 5 year business plan and the statutory services that it already provides. The Council has a number of buildings in the proposed area that could be charged the improvement levy.

- 3.2 A report to Shetland Islands Council on 30 June 2010 (Minute Ref: PL-23-10-F) appointed 2 elected Members to represent the Council on the Lerwick Town Centre Business Improvement District (BID) Steering Group, namely Councillor A Cooper and Councillor A Wishart.
- 3.3 The SIC Economic Development Unit has granted discretionary Assistance of £20,000 (Report No. DDS-928) match funding on 11 March 2010, to "Support community enterprises engaged in economic development activity" Economic Development Policy number 26.

4. Proposal

- 4.1 The Council has received a request from Lerwick Town Centre Business Improvement District (BID) Steering Group, for the Council's Returning Officer to conduct the ballot. However, due to the work involved with preparations for the Scottish Parliamentary Election and UK Referendum in May next year, the Returning Officer and his staff will be unable to carry out this additional workload at that time, but will be able to assist with the BIDS counting of votes, as this is expected to be in June. In this regard, the Steering Group will engage the Electoral Reform Society to issue the ballot papers but it is proposed that the ballot papers be returned to Shetland for counting by the Returning Officer and his staff.
- 4.2 Time and support from other Council services to provide baseline data in the BID development area, such as cleansing, safety, marketing/promotion, transport, parking and infrastructure, will be required to assist in developing the business plan and the investigation into a preliminary proposed operating agreement between the Council and the BID company. This agreement will assist at a later date in setting out the operation of the BID and invoicing and collection of the levies if it is successful, and further reports will be issued detailing these requirements in more detail. However, in the meantime, officer support in developing the BID is proposed to continue, which includes officer involvement in the Steering Group, as the draft business plan is developed. The surveys for the business plan are still underway, and the Council will get a further opportunity to review this information when it is available. As the key stakeholder and organisation with a high rateable value of £225,825, which will be subject to a % improvement levy, the Council will have to decide whether to continue participation and support for the BID before the ballot.

5. Financial Implications

- 5.1 Lerwick BID Steering Group will pay the fees for the Electoral Reform Society out of the BIDS budget so this cost will not be incurred by the Council. However expenses incurred by reallocation of officer time to do the count and ongoing administration and technical support will be found from within existing budgets under the 2010/11 & 2011/12, Legal and Admin - Elections GRB 2310, Finance - Income and Recovery SRF 2300. The Planning Service and Economic Development are aware of the process and will continue work within existing remit and budget to develop the project.

6. Policy and Delegated Authority

- 6.1 In the absence of any specific delegated authority for this project a decision of the Council is required.

7. Conclusion

- 7.1 I recommend your agreement to continue support of the BID development, through officer time and the steering group, and agreeing that the Count, if it proceeds to that, will be done by the Council's Returning Officer. The Council will only be in a position to consider its future support the operation of the BID once the business plan and operating agreement comes forward in the future.

8. Recommendations

- 8.1 I recommend that the Council:
- 8.2 Note that the Electoral Reform Society will be engaged by the Lerwick BID Steering Group to issue the ballot, but agree that the ballot be counted in Shetland by the Council's Returning Officer and his staff;
- 8.3 Officers to provide information as necessary to ensure proper investigation of baseline and other services in the BID area.
- 8.4 continue officer and elected Members support to represent the Council on the Lerwick Town Centre Business Improvement District (BID) Steering Group and investigation into a preliminary proposed operating agreement.

Report No: PL-43-10-F



REPORT

To: Shetland Islands Council

8 December 2010

From: Service Manager - Administration

Schedule of Meetings 2011

Report No. LA-38-F

1.0 Introduction

- 1.1 The purpose of this report is to seek Members' approval as to the diary of meetings for the first two cycles of 2011. Dates beyond that have not been set due to anticipated changes in the Committee structure.

2.0 Link Corporate Priorities

- 2.1 The terms of this report do not directly support the Council's Corporate priorities, but may indirectly contribute towards the Council's Priorities and the Single Outcome Agreement by ensuring improvement in operational efficiency and by reducing bureaucracy.

3.0 Proposals

- 3.1 The proposed scheduling of Council, Committee, Sub-Committee and Board meetings for the first two cycles of 2011 is attached as Appendix 1.
- 3.2 Members are asked to note the following:
- All morning meetings commence at 10 a.m., and all afternoon meetings commence at 2.15 p.m.
 - Meetings of the Visiting Committee for Legalised Police Cells, the Shetland Islands Area Licensing Board and ZetTrans will be submitted to a meeting of those bodies for approval.
 - From time to time the date of a specific meeting requires to be changed in consultation with the relevant Chairperson but approval of this report will broadly set the cycle of meetings for the year ahead.
 - The schedule of meetings may be altered at any time by the Council in order to reflect any change in the Committee structure.

- The Chairman of the Shetland Charitable Trust has kindly agreed to move the Trust February meeting in order to accommodate a special meeting of the Council on the national day agreed for setting the Council Tax.

4.0 Policy and Delegated Authority

- 4.1 Approval of the Council's diary of meetings requires a decision of the Council, as required by Section 8.0 of the Council's Scheme of Delegations.

5.0 Financial Implications

- 5.1 There are no financial implications associated with the recommendation in this report.

6.0 Recommendations

- 6.1 I recommend that the Council approve the schedule of meetings for the first two cycles of 2011, attached as Appendix 1.

December 2010
AC

Week beginning Monday	Date	Monday	Tuesday	Wednesday	Thursday	Friday	
27 December 2010	Week ending Friday 31 December 2010 a.m.	<i>Public Holiday</i>	<i>Public Holiday</i>	<i>Xmas</i>	<i>Close</i>	<i>Down</i>	
	p.m.						
3 Jan 2011	7 Jan 2011 a.m.	<i>Public Holiday</i>	<i>Public Holiday</i>				FIRST CYCLE (1)
	p.m.						
10 Jan	14 Jan a.m.						
	p.m.						
17 Jan	21 Jan a.m.	Audit and Scrutiny Committee	<i>Planning Board Site Visits</i>	Planning Board	Harbour Board	Inter Island Ferries Board	
	p.m.	<i>ZetTrans</i>	Employees JCC	SAT	TS / Shetland College Board		
24 Jan	28 Jan a.m.		<i>Lerwick Up Helly Aa No meetings</i>	<i>Public Holiday</i>	Development Committee	<i>SIALB Licensing Sub- Committee</i>	
	p.m.						
31 Jan	4 Feb a.m.		Infrastructure Committee		Services Committee		
	p.m.						
7 Feb	11 Feb a.m.			Sp Harbour Board (<i>Setting of Harbour Dues</i>)	Sp SIC (<i>Council Tax Setting – national date</i>)	SCT	
	p.m.						

SIC – 8 December 2010 – Report No. LA-38-F – **Appendix 1**

2011	Date	Monday	Tuesday	Wednesday	Thursday	Friday				
Week beginning Monday	Week ending Friday									
14 Feb	18 Feb a.m.			SIC						
	p.m.									
21 Feb	25 Feb a.m.	Audit and Scrutiny Committee	Planning Board Site Visits	Planning Board		Inter Island Ferries Board	SECOND CYCLE (2)			
	p.m.	ZetTrans			TS / Shetland College Board					
28 Feb	4 Mar a.m.		Employees JCC	Harbour Board	Development Committee	SIALB Licensing Sub-Committee				
	p.m.									
7 Mar	11 Mar a.m.		Infrastructure Committee		Services Committee					
	p.m.									
14 Mar	18 Mar a.m.									
	p.m.									
21 Mar	25 Mar a.m.	Planning Board Site Visits	Planning Board	SIC						
	p.m.									
28 Mar	1 April a.m.	School holidays								



REPORT

To: **Shetland Islands Council**
Pension Fund Management Consultative Committee
Employees JCC

8 December 2010
6 December 2010
16 November 2010

From: **Head of Finance**

Report No: F-047-F

Review of Discretionary Policies

1. Introduction

- 1.1 The purpose of this report is to seek approval from the Council for revised discretionary policies under the Local Government Pension Scheme (Scotland) Regulations 2008 (i.e. the Benefit Regs and the Admin Regs) and the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended) (i.e. the Discretionary Regs).
- 1.2 This policy will apply to all employees who are members of the local government pension scheme.
- 1.3 This revised Policy will replace the Discretionary Policies that have been in operation since June 1998.

2. Background

- 2.1 Discretionary policies fall into two distinct categories, being as follows:
 - 1) **Employing Authority** - Employers participating in the Shetland Islands Council Pension Fund are required to formulate and publish specific policies best suited to their own organisational requirements.
 - 2) **Administering Authority** – The policies apply to all employing authorities participating in the Shetland Islands Council Pension Fund.
- 2.2 There is also custom and practice which has evolved over the years which we now wish to adopt as formal policy.
- 2.3 Shetland Islands Council is both an employing authority and the administering authority for the Shetland Islands Council Pension Fund.

3. Links to Corporate Plans and Priorities

- 3.1 This report seeks to ensure we are treating our employees equally and fairly by ensuring that this policy applies to all employees who are members of the local government pension scheme.

4. Changes

The most significant changes to the revised discretionary policies are outlined below:

Employer Discretions

- 4.1 To credit a member with up to 5 additional Compensatory Added Years (CAYs) where early payment of pension benefits are permitted due to voluntary redundancy (previously up to 6 2/3 years was awarded) or efficiency of the service (previously up to 10 years was awarded), with no award of CAYs being made in cases of compulsory redundancy (previously the award was not defined) .
- 4.2 The introduction of a separate Flexible Retirement Policy.
- 4.3 The introduction of Voluntary Early Retirement. This has been incorporated as an option in the Council's Early Retirement & Redundancy Scheme.
- 4.4 To apply the 12 month time limit for a member to request a transfer value from a previous scheme (previously the 12 month time limit has not been applied).

Administering Authority Discretions

- 4.5 To suspend pension payments where a child takes a break (eg gap year) whilst in full time education.
- 4.6 To charge interest on late payments made by Admitted Bodies/Employers where payments are more than one month late.

5. Consultation and Communication

- 5.1 Informal consultation between Pensions and Human Resources with representatives from the Trade Unions has taken place to discuss the draft proposals in detail.
- 5.2 The Trade Unions have been given time to consult with their members and follow up meeting with Pensions and HR staff has taken place to consider that consultation.
- 5.3 The Council's Corporate Management Team have considered the draft policies and the Council's Heads of Service have also been provided with the opportunity to comment on the policies in addition to the formal Agenda Management consultation process

6. Financial Implications

- 6.1 In general the application of discretionary policies will not add further costs to the Pension Fund and/or General Fund unless it can be demonstrated that a decision to release a pension or award a compensation payment before normal retirement is in the Council's financial and/or operational interest.

7. Policy and Delegated Authority

- 7.1 The determination of new or variation of existing policy has not been delegated, and therefore remains a decision of the Council, in terms of Section 8.0 of the current Scheme of Delegations.

8. Conclusion

- 8.1 Following regulatory change, the attached Discretionary Policies are now being presented to the Council for approval.
- 8.2 If agreed, the policy will apply to all Council employees who are members of the Local Government Pension Scheme.
- 8.3 Admitted Bodies of the Local Government Pension Scheme will require to adopt the Employer Discretions for their employees, if they wish to do so.

9. Recommendations

- 9.1 I recommend that the Council, with effect from 9 December 2010:
- 1) Approve the recommendations contained in Appendix 1 and 2 of this report.
 - 2) Approve the Employing Authority Statement attached as Appendix 3.
 - 3) Approve the Administering Authority Statement attached as Appendix 4 of this report.

Our Ref: MGS/S/3

Report No: F-047-F

**Local Government Pension Scheme (Scotland) Regulations 2008 &
Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)
Shetland Islands Council – EMPLOYER DISCRETIONS**

APPENDIX 1

Discretion	Existing Policy	Recommendation
To allow entry to the Scheme for members who have opted out on previous occasions (1998 LGPS Regs)	Allow entry on one further occasion only	Discretion is removed from the new regulations. There is no restriction on re-entry to the scheme following opting out.
To allow a late application by a member to pay optional contributions for a period of unpaid leave eg Strike, child related leave or unpaid leave of absence beyond 30 days. (2008 LGPS Admin Reg 19)	30 days from being notified.	To allow 30 days after scheme member is notified of their right to pay the optional contributions or where there are extenuating circumstances, for example an administrative delay which was outwith the scheme member's control.
To reduce or suspend employee's contributions on attaining 40 years membership (1998 LGPS Regs)	Provision not to be used	No change
To credit a member with up to 10 additional Compensatory Added Years where early payment of pensions benefits are permitted due to redundancy or efficiency of the service (1998 Discretionary Reg 8)	Up to 10 years was awarded on a sliding scale in respect of efficiency retirements and up to 6 2/3 years in respect of redundancy retirements.	Due to cost implications, restrict the award to 5 years, on a sliding scale, in respect of both efficiency and redundancy retirements.
To issue a certificate of protection of pension benefits where an eligible member fails to apply for one. (2008 LGPS Admin Reg 43)	The custom and practice has been to issue one	It is recommended the current custom and practice be adopted as policy.

**Local Government Pension Scheme (Scotland) Regulations 2008 &
Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)
Shetland Islands Council – EMPLOYER DISCRETIONS**

APPENDIX 1

To adopt a redundancy payment calculation based upon actual weeks pay where this pay exceeds the statutory weeks pay limit. (1998 Discretionary Reg 4)	Redundancy payments are currently calculated using actual weeks pay therefore the statutory weeks pay limit is not applied.	No change.
To pay lump sum compensation of up to 104 weeks pay (previously up to 66 weeks pay was permitted) in cases of redundancy or retirement in the interests of efficiency. (1998 Discretionary Reg 35)	In cases of Voluntary Redundancy, up to 66 weeks was awarded where employee was under age 50 and statutory redundancy (up to 30 weeks pay) plus compensatory added years was awarded where employee was over age 50.	<p>In cases of voluntary redundancy to continue to award up to 66 weeks where an employee is under age 55 and statutory redundancy (up to 30 weeks) plus compensatory added years where employee is over age 55.</p> <p>In cases of compulsory redundancy only a statutory redundancy payment (up to 30 weeks pay) would be made, irrespective of age, with no compensatory added years being awarded.</p>
To increase a member's period of membership (Maximum of 6 years 243 days under former regulations, increased to 10 years under the new scheme) known as "Augmentation" (2008 LGPS Benefit Reg 12)	Provision not to be used due to cost implications.	No change. It is recommended that the current provisions relating to efficiency, redundancy and ill-health retirement are more than sufficient.
To award a scheme member an additional pension of up to £5,000 per annum. (2008 LGPS Benefit Reg 13)	New provision	Due to cost implications It is recommended that the Council will not exercise awarding additional pension in this way. It is recommended that the current provisions relating to efficiency, redundancy and illhealth are more than sufficient.

**Local Government Pension Scheme (Scotland) Regulations 2008 &
Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)
Shetland Islands Council – EMPLOYER DISCRETIONS**

APPENDIX 1

To split a spouse's compensatory annual pension where there is more than one surviving spouse. (1998 Discretionary Reg 20)	No Policy but custom and practice has been to only pay spouse's compensatory annual pension if s/he is entitled to a spouse's pension under the LGPS Regulations	It is recommended that the current custom and practice is adopted as policy.
To suspend payment of a spouse or civil partner's compensatory annual pension should they remarry or enter into a new civil partnership. (1998 Discretionary Reg 20)	No policy in place but custom and practice has been not to suspend a spouse's or civil partner's pensions during any subsequent period of cohabitation or remarriage.	It is recommended that the current custom and practice is adopted as policy.
To decide to whom any children's annual compensatory pension should be paid and how it should be apportioned if there is more than one eligible child. (1998 Discretionary Reg 26)	No policy but custom and practice has been to make payment in line with the rules of the LGPS Regulations in respect of who is entitled and what the apportionment should be if there is more than one eligible child.	It is recommended that the current custom and practice is adopted as policy.

**Local Government Pension Scheme (Scotland) Regulations 2008 &
Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)
Shetland Islands Council – EMPLOYER DISCRETIONS**

APPENDIX 1

To make a one-off lump sum payment to a member where employment has been terminated on ill-health capability grounds and the member is not eligible to receive ill-health benefits due to not being deemed permanently unfit. (1998 Discretionary Reg 49B)	New Provision	The cost to implement this provision would fall on service budgets rather than the Pension Fund. The calculation is one week's actual pay for every year of service with the Council, up to a maximum of 30 weeks pay. It recommended not to exercise this discretion as this payment would be in addition to payments made under the Council's sick pay scheme and the statutory notice period of up to 12 weeks. These payments are deemed to be adequate.
To establish a shared cost additional voluntary contribution scheme (SCAVCS) to which Shetland Islands Council would contribute. (2008 LGPS Admin Reg 22)	Provision not to be used as direct costs to the Council would be incurred and an AVC Scheme already exists for members.	No change
Granting of Widowers' Pension in respect of service between 1972 – 1988 (1998 LGPS Regs)	Resolved that the service would count for all married women.	No change
To establish a Flexible Retirement Scheme where all benefits can be paid if a scheme member (aged 55 and over) reduces their hours and/or grade. (2008 LGPS Benefit Reg 18)	New provision	A separate Policy has been devised to permit retirement this way.
To grant an application for Voluntary Early Retirement on or after a scheme member reaches 55 and before age 60 (2008 LGPS Benefit Reg 30)	None	This provision has been incorporated in the Council's revised Early Retirement Policy.

**Local Government Pension Scheme (Scotland) Regulations 2008 &
Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)
Shetland Islands Council – EMPLOYER DISCRETIONS**

APPENDIX 1

<p>To extend the normal time limit for a member to request a transfer value from a previous scheme beyond 12 months from the date of joining the LGPS. (2008 LGPS Admin Reg 78)</p>	<p>None</p>	<p>The Council to apply the 12 month rule unless there are extenuating circumstances for the delay in a particular case. In doing so, also permit existing scheme members a 12 month period, to transfer any previous pension scheme benefits into the LGPS.</p> <p>Note, by allowing extension of the 12 month rule can result in additional costs to the Pension Fund and individual employers. For example, an employee who has been with an employer for 2 years may decide to proceed with a transfer in the knowledge that a promotion or re-grading is imminent. This could result in the Fund taking a financial hit as the transfer amount would not necessarily match the value of the benefits being purchased which in turn could have an impact on the employer contribution rate.</p>
<p>To apply to the Scottish Ministers to forfeit all or part of a scheme Member's pension benefits where a member is convicted of a serious offence in connection with their employment and as a result of which the member has left employment. (2008 LGPS Admin Reg 66)</p>	<p>None</p>	<p>The Council to reserve the right to exercise this discretion should the need arise.</p>

**Local Government Pension Scheme (Scotland) Regulations 2008 &
Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)
Shetland Islands Council – EMPLOYER DISCRETIONS**

APPENDIX 1

To recover from a member's pension benefits any loss to the Council arising from a criminal or fraudulent act or omission in connection with their employment and as a result of which the member has left employment (2008 LGPS Admin Reg 70)	None	Providing that all other efforts to recover monetary obligations have been exhausted, the Council to reserve the right to exercise this discretion should the need arise.
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Local Government Pension Scheme (Scotland) Regulations 2008
Shetland Islands Council – ADMINISTERING AUTHORITY DISCRETIONS

APPENDIX 2

Discretion	Existing Policy	Recommendation
To recover strain on the fund costs associated with the early payments of pension benefits by a single lump sum payment or by instalments over a period not exceeding 5 years. (2008 LGPS Admin Reg 37)	By single lump sum payment	No change
To decide to whom any death grants should be paid (2008 LGPS Benefit Reg 23,32 & 35)	Decision making delegated collectively to: Head of Finance Expenditure Manager Human Resources Manager Union official. Payment to be made to nominee(s), if relationship still exists or to the Estate where relationship does not exist or no Nomination Form has been completed.	No change
To treat full-time education or training as continuous despite a break(up to age 23) (1998 LGPS Regs) Under the new LGPS regulations there is still provision to treat full time education or training as continuous for a child (between age 17 and 23) where they take a break for a specified period of time, with their pension being suspended for the period of the break. (2008 LGPS Benefit Reg 26)	To be treated as continuous if break is less than one year.	The Council to deem full-time education or training to be continuous provided that any break is for a period of no more than one academic year and that payment of any pension during such a break would be suspended (pension payments would continue for normal term time breaks).

Local Government Pension Scheme (Scotland) Regulations 2008
Shetland Islands Council – ADMINISTERING AUTHORITY DISCRETIONS

APPENDIX 2

<p>To require a satisfactory medical before allowing a member to make Additional Regular Contributions (ARC) – purchase of additional pension (2008 LGPS Admin Reg 20)</p> <p>ARCs replaced the purchase of Added Years. (1998 LGPS Regs)</p>	<p>Medical Examination at Member's expense required in all cases.</p>	<p>No change.</p>
<p>To charge interest on late payments made by Employers where payments are overdue by more than one month. (2008 LGPS Admin Reg 39)</p>	<p>None</p>	<p>The Council to charge interest at 1% above the base rate, compounded with three monthly rests, on employers' payments which are overdue by more than one month.</p> <p>Only on a couple of occasions in the past has an Employer not paid contributions by the due date.</p>
<p>Reduction or suspension of LGPS pension when a pensioner is re-employed by any LGPS Employer. (2008 LGPS Admin Reg 64)</p>	<p>To remove abatement on re-employment</p>	<p>No change. In particular now that members can access their pension benefits through flexible retirement whilst remaining in LGPS employment.</p> <p>It must be noted that the Council must continue to abate any pension awarded in respect of Compensatory Added Years under the Early Retirement and Redundancy Scheme except in the case of elected members who are exempt from the abatement compensation of compensatory pension.</p>

Local Government Pension Scheme (Scotland) Regulations 2008
Shetland Islands Council – ADMINISTERING AUTHORITY DISCRETIONS

APPENDIX 2

To charge a member when a further calculation requires to be performed in respect of a Transfer In of their AVC Fund into the Pension Fund if they have not replied after the 3 month guarantee date (2008 LGPS Admin Reg 25).	None	The Council not to commence charging due to transfers in this regard being minimal.
To automatically aggregate concurrent former employments with active concurrent employment if no option is received from the scheme member within 1 month of being notified of the option to aggregate. (2008 LGPS Admin Reg 14)	No policy in place but the custom and practice has been to aggregate if advantageous for the scheme member to do so.	It is recommended that the current custom and practice is adopted as policy.

1. LGPS - EMPLOYING AUTHORITY POLICY STATEMENT

- 1.1 Where a member's weekly wage is above the statutory minimum, redundancy payments will be calculated using the actual weekly wage.
- 1.2 Compensatory Added Years will only be awarded in accordance with the Early Retirement and Redundancy Scheme where, after consideration of all relevant factors, it can be demonstrated to be in the interests of the Council.
- 1.3 The Council will only pay a spouse's compensatory annual pension if s/he is entitled to a spouse's pension under the LGPS Regulations.
- 1.4 The Council will not suspend a spouse or civil partner's compensatory pension during any subsequent period of cohabitation, remarriage or civil partnership.
- 1.5 The Council will pay any children's compensatory pension to a child in line with the rules of the LGPS in respect of children's pensions.
- 1.6 The Council will make discretionary redundancy payments of up to 66 weeks in cases of voluntary redundancy or retirement in the interests of efficiency where a member is under age 55.
- 1.7 The Council will only make redundancy payments in accordance with the statutory redundancy scheme (current maximum 30 weeks) in cases of compulsory redundancies.
- 1.8 The Council will not pay an ill-health gratuity to a member where employment is terminated on ill-health capability grounds.
- 1.9 The Council will award up to 5 additional Compensatory Added Years (CAYs) in the cases of voluntary redundancy or retirement in the interests of efficiency where a member is aged 55 or over.
- 1.10 The Council will not award Additional Scheme Membership in terms of Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008.
- 1.11 The Council will not award Additional Scheme Pension in terms of Regulation 13 of the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008.
- 1.12 Scheme benefits will only be released through flexible retirement where, after consideration of all relevant factors, it can be demonstrated to be in the interests of the Council.
- 1.13 The Council will not extend the 30 day time limit, after an employee has been notified for an application to pay optional contributions unless it can be demonstrated that there has been an administrative delay.

- 1.14 The Council will not implement a shared cost AVC scheme.
- 1.15 The Council will reserve the right to apply for a forfeiture certificate from the Scottish Ministers where a member has left employment as a result of being convicted of an employment related offence.
- 1.16 The Council will reserve the right to recover from the member's pension benefits any loss the Council arising from a criminal or fraudulent act or omission in connection with an employment and as a result he member has left employment.
- 1.17 The Council will not extend the 12 month time limit for an application to transfer in benefits from another pension provider unless it can be demonstrated that there has been an administrative delay.
- 1.18 The Council will issue a certificate of protection of pension benefits where an eligible member fails to apply for one.

1. LGPS - ADMINISTERING AUTHORITY POLICY STATEMENT

- 1.1 A scheme member will not be permitted to enter into a contract to purchase Additional Regular Contributions until they have submitted a satisfactory medical report at their own expense.
- 1.2 The Council will recover any costs associated with the early payment of pension benefits (strain on fund costs) by a single lump sum payment.
- 1.3 The Council will charge interest at 1% above base rate, compounded with three monthly rests, on employers' payments which are overdue by more than one month.
- 1.4 The Council will not reduce or suspend a member's LGPS pension where that member is re-employed by any other LGPS employer.
- 1.5 The Council will deem full-time education or training to be continuous provided that any break in full-time education or training is for a period of no more than one academic year. Payment of any children's pension will be suspended during such a break.
- 1.6 The Council will pay any death grant to a member's nominated beneficiary if the relationship still exists at the time of death. Where the relationship no longer exists or no nomination Form has been completed, payment shall be made to the member's estate.



REPORT

**To: Shetland Islands Council
Pension Fund Management Consultative Committee
Employees JCC**

**8 December 2010
6 December 2010
16 November 2010**

From: Head of Finance

Report No: F-048-F

Flexible Retirement Policy

1. Introduction

- 1.1 The purpose of this report is to seek the Council's approval for introducing a new Flexible Retirement Policy, attached as Appendix 1, which will apply to all employees who are members of the Local Government Pension Scheme.

2. Background

- 2.1 A new Local Government Pension Scheme (LGPS) came into force on 1 April 2009. As a result of this, substantial regulatory change has been effected, including the introduction of Flexible Retirement.

3. Links to Corporate Plans and Priorities

- 3.1 This report seeks to ensure we are treating our employees equally and fairly by ensuring that this policy applies to all employees who are members of the local government pension scheme.

4. Policy Summary

- 4.1 The Local Government Pensions Scheme (Scotland) Regulations 2008 provides that where a member of the scheme has attained the age of 55, and, with the employer's consent, reduces the hours s/he works and/or grade in which s/he is employed, s/he may elect, in writing, for accrued pension benefits to be paid and such benefits may be paid notwithstanding there is no retirement from the employment.
- 4.2 Employer consent to the payment of benefits will be required if the member has not reached the age of 60.

- 4.3 If the payment of benefits takes effect before the member's 65th birthday, the benefits are reduced in accordance with guidance issued by the Government Actuary.
- 4.4 Where an application for flexible retirement is made and there is a cost to the Pension Fund, which requires to be met by the Council, then the flexible retirement application will only be approved if a clear business case can be made in respect of how the cost will be met.

5. Consultations and Communication

- 5.1 Informal consultation between Pensions and Human Resources with representatives from the Trade Unions has taken place to discuss the draft proposals in detail.
- 5.2 The Trade Unions have been given time to consult with their members and a follow up meeting with Pensions and HR staff has taken place to consider that consultation.
- 5.3 The Council's Corporate Management Team have considered the draft policies and the Council's Heads of Service have also been provided with the opportunity to comment on the policies in addition to the formal Agenda Management consultation process.

6. Financial Implications

- 6.1 In the majority of cases, the cost of awarding flexible retirement should be cost neutral to the Council.
- 6.2 The only time that a cost would arise would be where an employee is under age 60 and fulfils the Rule of 85. No actuarial reduction can be applied to the employee but a strain on the pension fund cost arises. An example to illustrate this is attached as Appendix 2.
- 6.3 In some circumstances there may be cost savings to the Council, for example:
- in the case of an application to reduce working hours, the service may be able to accommodate an overall reduction in the total number of hours worked, without causing a detriment to the service.
 - in the case of an application to reduce grade, rather than fill the resultant vacancy, the service may decide to restructure by deleting the post currently occupied by the applicant, with the applicant occupying a lower graded post.

7. Policy and Delegated Authority

- 7.1 The determination of new or variation of existing policy has not been delegated, and therefore remains a decision of the Council, in terms of Section 8.0 of the current Scheme of Delegations.

8. Conclusion

- 8.1 Following regulatory change to the LGPS, the attached new Flexible Retirement Policy is now being presented to the Council for approval.
- 8.2 If agreed, the policy will apply to all Council employees who are members of the Local Government Pension Scheme.

9. Recommendations

- 9.1 It is recommended that the Council approve the new Flexible Retirement Policy with effect from 9 December 2010.
- 9.2 It is recommended that, as this policy is new that it should be reviewed in one year from date of implementation.

Our Ref: MGS/S/3

Report No: F-048-F

SHETLAND ISLANDS COUNCIL**FLEXIBLE RETIREMENT POLICY**

(Employees who are members of the Local Government Pension Scheme only)

1. INTRODUCTION

- 1.1 The provision to permit flexible retirement is contained within The Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. A flexible retirement request is where an employee seeks the Council's consent to either reduce his/her hours of work and/or grade of post, at the same time accessing his/her pension benefits in full. Where a grade changes it will be more likely than not that the employee will be applying for a new post. As a result an employee would not have to retire completely from employment in order to receive a pension. The employee can also continue to pay contributions into the pension scheme and accrue further pension benefits once the change in hours and/or grade has occurred.
- 1.2 The Council recognises that benefits of flexible retirement can include:
- reducing capacity without some of the disadvantages associated with early retirement
 - the retention of experienced employees with valuable skills who can pass their skills and knowledge to other employees thus preventing knowledge gaps
 - providing a development opportunity to other employees as colleagues reduce their hours and responsibility level
 - offer an acceptable solution to staff who are currently at a blockage to promotion or reorganisation
 - help alleviate burn out and stress
 - an improvement to an employee's work life balance
 - the extension to employees' working lives
 - assist employees to
 - ease down into retirement
 - make a gradual adjustment to life without paid employment
 - gradually break free of the routine and habits of work
 - keep mentally/physically active

- 1.3 Managers will, where practicable and operationally feasible, attempt to accommodate flexible retirement requests.
- 1.4 There may be reductions to employees' pension benefits. This is due to the fact that the pension/lump sum is being paid before normal retirement date. Any reduction is in accordance with pension scheme regulations and applicants will be fully advised of this prior to making a decision.

2. SCOPE

- 2.1 The policy applies to all employees who have at least 2 years' membership in the Local Government Pension Scheme and who are aged 55 or over. There are similar but separate provisions on flexible retirement options for employees who are members of the Teachers' Pension Scheme.

3. PRINCIPLES

- 3.1 Employees have a right to apply for flexible retirement, subject to the conditions in section 4 being met, but there is no obligation on the Council to support any application.
- 3.2 Flexible retirement will allow employees to access pension benefits at an earlier stage where the conditions of the scheme are met.
- 3.3 Flexible retirement should assist the Council to retain employees with valuable knowledge and experience who might otherwise leave the organisation.
- 3.4 Each application will be considered on its individual merits. However, an application **MUST** meet all the conditions of the scheme and result in clear business benefits for the Council.
- 3.5 Where an application for flexible retirement is made and there is a cost to the Pension Fund, then the flexible retirement application will only be approved if a clear business case can be made in respect of how the cost will be met.

The table below details all of the scenarios for Flexible Early Retirement:-

Age	Member Satisfies Rule of 85(LGPS)	Actuarial Reduction	Strain on the Fund Cost	Type of Approval Required
55 to 59	Yes	No	Yes	Head of Service
55 to 59	No	Yes	No	Head of Service
60+	Yes	No	No	None
60+	No	Yes	No	None

It should be noted that, where a LGPS employee is aged between 55 and 59 and satisfies the Rule of 85, a strain on the pension fund cost is payable and consequently approval by the Head of Finance Services is required.

- 3.6 Where there is a reduction to an employee's pension benefits, due to them accessing their benefits prior to normal retirement age, there is currently no scope within the pension scheme regulations for the employee to meet this cost.
- 3.7 Following flexible retirement, the service accrued in respect of benefits being drawn will not count in the continuing employment towards the "Rule of 85".
- 3.8 Following flexible retirement, the service accrued in respect of benefits being drawn will still count as continuous for leave, sick pay and employment rights such as redundancy payments.
- 3.9 Following flexible retirement, the service accrued in respect of benefits being drawn will still count as qualifying service should the employee subsequently be awarded early retirement on the grounds of efficiency or redundancy.
- 3.10 Flexible retirement does not entitle an employee to be issued with a Certificate of Pension Protection. This is due to the reduction in hours and/or grade being entirely voluntary.

4. QUALIFYING CRITERIA

- 4.1 The following are qualifying criteria that **MUST** be met before a flexible retirement arrangement can be approved and amended working arrangements are put in place:
 - The employee must be an active member of the Local Government Pension Scheme.
 - The employee must have at least 2 years' membership in the pension scheme.
 - The employee must be aged 55 or over.
 - The employee must draw their full accrued pension benefits in the post(s) for which they are applying for flexible retirement.
 - The employee's basic salary and/or hours must be reduced by at least **40%**. This can be achieved either through a reduction in hours and/or a reduction in grade. The Line Manager must then fully assess the needs of the service against the level of the request from the employee.
 - The reduction in hours and/or grade must be **permanent**.

- The employee must not have a live disciplinary warning on record.
- The employee must apply for flexible retirement in accordance with the agreed procedure and consent must be given before the arrangement can be implemented.
- The flexible retirement must be for a **minimum period of 6 months** prior to actual retirement.
- The employee must access any remaining pension benefits accrued since being granted Flexible Retirement by the eve of their 75th birthday.

5 APPEALS

- 5.1 Should an employee have any concerns regarding the application of this Policy s/he should, if possible, discuss this with their Trade Union representative or with Pensions and/or Human Resources in the first instance.
- 5.2 The employee has a right to appeal against their line manager's decision not to allow a reduction in hours and/or grade within 10 working days of receiving their formal notification of refusal. The employee must appeal, in writing, stating their grounds for appeal and submit it to the Head of Legal and Administrative Services. The Head of Legal and Administrative Services (or nominee) will hear the appeal within 10 working days and a Trade Union Official or work colleague may accompany the employee to any appeal hearing. The employee cannot appeal against a refusal on the grounds of pension fund cost.
- 5.3 There is no further right of appeal.

6 THE PROCEDURE

6.1 Stage 1 - Making an Application

- 6.1.1 The employee will complete the Expression of Interest for Flexible Retirement Form - **Form 1** and submit it to their line manager, on the basis of a **permanent reduction** in contractual hours and/or a reduction in grade.
- 6.1.2 The line manager will liaise with the Pensions Section to establish whether there are any cost implications.
- 6.1.3 On receipt of the above information, and taking advice from Human Resources, the employee's line manager will complete the Flexible Retirement Accessment Form - **Form 2**. Forms 1 & 2 will then be forwarded for approval by:
 - The Executive Director/Head of Service and the Service Manager – Human Resources.

- The Service Manager – Human Resources will then submit Forms 1 & 2 to the Head of Finance for approval.
- The Head of Finance will then pass Forms 1 & 2 to the Pensions Section.

6.1.4 If the Line Manager, Executive Director/Head of Service, Service Manager - Human Resources and Head of Finance Services are supporting the application, the Pensions Section of Finance Services will send pension figures directly to the employee clearly detailing any reduction to benefits and the line manager will be notified that this has been done.

6.2 **Stage 2 – Meeting between applicant and Line Manager**

6.2.1 Once the Line Manager has received notification that the employee is in receipt of the relevant pension information, the manager must arrange to meet the employee to discuss the application as soon as practicable.

- Where a flexible retirement request is linked to a reduction in hours the reduction must be workable.
- Where a flexible retirement request is linked to a reduction in grade the reduction must be appropriate and the normal recruitment process should be followed as a reduction in grade will nearly always mean a change in post.
- The line manager and employee must be in agreement if the flexible retirement application is to proceed. Completion of Flexible Retirement **Form 3** will require to be completed by both parties before implementation.

6.3 **Stage 3(a) – If the request to grant flexible retirement is refused**

6.3.1 Where a request for flexible retirement is refused, the employee will be informed in writing by the appropriate Line Manager with reasons given, which may include:

- Detrimental impact on service delivery
- Inability to re-organise work among staff
- Detrimental impact on quality of service and/or service performance

The written notification must be issued timeously after the meeting and a copy sent to the Pensions Section, Finance Services.

6.4 **Stage 3(b) – If the request to grant flexible retirement is approved**

6.4.1 Where a flexible retirement arrangement has been approved, the employee will be informed in writing by the appropriate line manager. The written notification must be issued timeously after the meeting with a copy provided to the Pensions Section, Finance Services.

6.4.2 The line manager responsible for the new, or modified job, having taking advice from Human Resources, should write to the employee with details of the aspects of the job that have changed. Typically this letter should include details of the kind below (The final point **must** always be included):

- New or changed place, hours or days of work
- New or changed job title or role
- New or changed duties and responsibilities
- That in accepting flexible retirement the change is **permanent and cannot be reversed..**

6.4.3 The Pensions Section will then issue the appropriate paperwork to the employee to allow the release of pension benefits following the change to hours and/or grade. On completion of the appropriate paperwork the pension benefits will be put into payment with effect from the date specified in Form 3.

6.4.4 The line manager responsible for the new, or modified job, also require to complete the appropriate CHRIS SAL Forms and forward to the Payroll Section, Finance Services.

**SHETLAND ISLANDS COUNCIL
FORM 1
EXPRESSION OF INTEREST FOR FLEXIBLE RETIREMENT FORM**

TO BE COMPLETED BY EMPLOYEE

An employee can request flexible retirement by seeking the Council's consent to either reduce his/her hours of work and/or grade of post, at the same time accessing his/her pension benefits in full. There are certain conditions that require to be met before a flexible retirement request can proceed. Please refer to the policy document for details. The employee can also continue to pay contributions into the pension scheme and accrue further pension service once the change in hours and/or grade has occurred.

To be considered for flexible retirement you must complete parts 1 to 4 of this form and submit it to **your line manager**.

1. PERSONAL AND POST DETAILS

Name (in full):..... Employee Number.....

Current Post Number: Current Post Title:

Department/Service:Location/Section:.....

Current Working Hours: Grade of Post:

3. REASON FOR APPLICATION

Please state briefly the reason(s) for applying for flexible retirement, and if you are requesting reduced hours in your current post(s) include suggestions as to how the remainder of your post would be carried out and what benefit this would be to the Council.

.....

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.....

.....

4. PROPOSED DATE FOR FLEXIBLE RETIREMENT

Please confirm the date when you would like to retire flexibly: **Date:**.....

5. DECLARATION AND SIGNATURE

I confirm that I meet the eligibility criteria as specified in the Flexible Retirement Policy and declare that I am applying for flexible retirement in accordance with procedure.

Signature Date

Please submit the completed form to **your line manager**.

**SHETLAND ISLANDS COUNCIL
FORM 2
FLEXIBLE RETIREMENT ASSESSMENT FORM**

TO BE COMPLETED BY LINE MANAGER

1. PERSONAL AND POST DETAILS

Name (in full):..... Employee Number.....

Current Post Number: Current Post Title:.....

Department/Service: Location/Section:.....

Current Working Hours: Grade of Post:

2. PROPOSED WORKING HOURS/GRADE OF POST – Please tick one box

Reduction in hours	<input type="checkbox"/>
Reduction in grade	<input type="checkbox"/>
Reduction in hours and grade	<input type="checkbox"/>

To reduce working hours to per week

To reduce grade to

To reduce hours to and grade to
(reduction must be at least **40%**)

3. PROPOSED EFFECTIVE DATE FOR FLEXIBLE RETIREMENT

Date:

I understand the normal recruitment process applies where an employee is seeking employment into an alternative post.

4. IS THE PROPOSAL PRACTICABLE?

I have checked with the Pensions Section of Finance Services to establish whether there are any cost implications: **Yes/No**

Is the proposal practicable:

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
Yes with modification	<input type="checkbox"/>

Please confirm below the reasons for your decision:

Flexible Retirement Policy: Sept 2010

Financial implications (eg salary savings due to no recruitment required to hours that have been reduced, costs due to employee being aged 55 to 59 and satisfying Rule of 85)

Non-financial implications (eg improved morale, better use of skills, retention of expertise)

Line Manager Support

Signature: Date:

Name (print) Job Designation:.....

Executive Director/Head of Service Support

Signature: Date:

Service Manager – Human Resources Support

Signature: Date:

Head of Finance Services Support

Signature: Date:

Head of Finance should now forward completed Forms 1 & 2 to Pensions Section – Finance Services.

SHETLAND ISLANDS COUNCIL
FORM 3
EMPLOYEE FORMAL REQUEST FOR FLEXIBLE RETIREMENT

To be completed by the employee

If flexible retirement is agreed the employee must make a formal request to access their pension benefits.

Employee Number:

Name:

☐

I confirm I wish to proceed with my application for flexible retirement with access to my full pension benefits, understanding that the reduction in salary/hours is **permanent**.

☐

I confirm I no longer wish to continue with my application for flexible retirement

Please tick one box

Signed Date

The Pensions Section requires a **minimum of 4 weeks** notice prior to your date of flexible retirement. This is to allow processing and issuing of the documents required for your flexible retirement.

LGPS Membership After Flexible Retirement

If you do not wish to remain a contributing member of the LGPS following your flexible retirement, please read the following and sign to confirm.

I do not wish to contribute to the LGPS following my flexible retirement. I therefore wish to exercise my right to opt out of the Scheme from the date of my flexible retirement. I understand that by opting out of the LGPS I will accrue no further pension benefits and also that no LGPS death in service benefits would be payable.

Signed Date

To be completed by the Line Manager

Line Manager Name:

Designation:

☐

I confirm I agree to the flexible retirement request, understanding that the reduction in salary is **permanent..**

☐

I confirm I do not agree to the flexible retirement request

Please tick one box

Agreed date when flexible retirement will take effect: **Date:**

This must be the same date that changes in working arrangements, job, or duties to reduce salary by at least **40%**.

Signature Date

FOR ADMINISTRATIVE PURPOSES OF EMPLOYING SERVICE

Employee notified, in writing, of decision **(DATE):**

Completed Flexible Retirement- Form 3 and copy of Flexible Retirement letter forwarded to Pensions Section, Finance Services on **(DATE):**

Completed CHRIS Sal Forms forwarded to Payroll Section, Finance Services on **(DATE):**

FLEXIBLE RETIREMENT**Example 1**

Age - 55

Full Time Salary - £20,000

Service - 37 years

Proposed Reduction of Hours – 40%

Rule of 85 Fulfilled - Yes

Pension Payable	9,420.32
Reduced Salary to 60%	<u>12,000.00</u>
New Income	<u>£21,420.32</u> (per annum)

Lump Sum Payable:	£26,217.12 (tax free)
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Cost to Council (Strain Cost)	£34,129.67
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Example 2

Age – 55

Full Time Salary - £20,000

Service – 17 years

Proposed Reduction of Hours – 40%

Rule of 85 Fulfilled – No

Pension	£4,420.32
Less actuarial reduction	<u>£1,794.74</u> (30%)
Pension Payable	<u>£3,094.22</u>
Pension Payable	3,094.22
Reduced Salary to 60%	<u>12,000.00</u>
New Income	<u>£15,094.22</u> (per annum)

Lump Sum	£11,217.12
Less actuarial reduction	<u>1,794.74</u> (16%)
Lump Sum Payable	<u>£ 9,422.38</u> (tax free)

Cost to Council	Nil
(Strain Cost)	



REPORT

**To: Shetland Islands Council
Pension Fund Management Consultative Committee
Employees JCC**

**8 December 2010
6 December 2010
16 November 2010**

From: Head of Finance

Report No: F-049-F

Revised Ill Health Retirement Policy

1. Introduction

- 1.1 The purpose of this report is to seek approval of the revised Ill Health Retirement Policy, attached as Appendix 1, which will apply to all employees who are members of the Local Government Pension Scheme.
- 1.2 This revised policy is necessary due to changes in pensions legislation. The policy will replace the Ill Health Retirement Policy that was devised in 2000 and based on the earlier pension regulations, which applied to all staff groups with the exception of Teachers.

2. Background

- 2.1 A new Local Government Pension Scheme (LGPS) came into force on 1 April 2009. As a result of this, substantial regulatory change has been effected, including the provisions pertaining to ill health retirement.

3. Links to Corporate Plans and Priorities

- 3.1 This report seeks to ensure we are treating our employees equally and fairly by ensuring that the Council's approach to releasing employees is applied consistently to all employees who are members of the local government pension scheme.

4. Changes

The most significant changes to the Ill Health Retirement Policy are outlined below:

- 4.1 The new LGPS will provide pensions based on prospective service to age 65. (not on completed service as was the case in the old LGPS). This means that in the new LGPS ill health benefits are tiered according to ability to carry out other gainful employment (in local government or otherwise) before age 65. The two tiers are summarised below:
 - **Tier 1** – no reasonable prospect of obtaining gainful employment before the member's Normal Retirement Age.
 - **Tier 2** – there is a reasonable prospect of obtaining gainful employment before the member's normal retirement age.
- 4.2 The regulations also provide that, where a member was a member of the scheme before 1 April 2009, they should get no less an amount of enhancement than they would have received under the 1998 Regulations (on which the Council's current policy is based).

5. Consultation and Communication

- 5.1 Informal consultation between Pensions and Human Resources with representatives from the Trade Unions has taken place to discuss the proposals in detail.
- 5.2 The Trade Unions have been given time to consult with their members and a follow up meeting with Pensions and HR staff has taken place to consider that consultation.
- 5.3 The Council's Corporate Management team have considered the draft policies and the Council's Heads of Service have also been provided with the opportunity to comment on the policies in addition to the formal Agenda Management consultation process.

6. Financial Implications

- 6.1 All costs associated with Ill Health Retirements are born by the Pension Fund. The Council has no discretion over the cost associated with the award of Ill Health Retirements.

7. Policy and Delegated Authority

- 7.1 The determination of new or variation of existing policy has not been delegated, and therefore remains a decision of the Council, in terms of Section 8.0 of the current Scheme of Delegations.

8. Conclusion

- 8.1 Following regulatory change to the LGPS, the attached Ill Health Retirement Policy is now being presented to the Council for noting.
- 8.2 The policy will apply to all Council employees who are members of the Local Government Pension Scheme.

9. Recommendations

- 9.1 It is recommended that the Council note the regulatory changes that have been made in respect of Ill Health Retirement provisions for employees who are members of the LGPS and accordingly approve the updated Ill Health Retirement Policy.

Our Ref: MGS/S/3

Report No: F-049-F

SHETLAND ISLANDS COUNCIL

ILL HEALTH RETIREMENT POLICY

(Employees who are members of the Local Government Pension Scheme only)

1. POLICY STATEMENT

- 1.1 Shetland Islands Council recognises that unfortunately some employees become unable to continue carrying out their job because of illness.
- 1.2 Shetland Islands Council is committed to investigating redeployment and retraining as an alternative to retirement because of ill health.

2. SCOPE

- 2.1 This policy applies to all employees (including former employees who have preserved pension benefits) who are members of the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. These regulations provide that, where a member is retiring on health grounds and was a member of the scheme before 1 April 2009, they should get no less an amount of enhancement than s/he would have received under the 1998 Regulations. If ill-health retirees have membership of the scheme before 1 April 2009, it will be necessary to underpin the new “tiered” enhancement with the old “sliding Scale”.
- 2.2 There are similar but separate provisions on Ill Health Retirement options for employees who are members of the Teachers’ Pension Scheme.

3. BENEFITS

3.1 Ill-Health Retirement – Short Service

Eligibility: Where an employee has less than two years’ membership and no transfer in has occurred, the employee is entitled to a refund of contributions only (no pension is payable).

3.2 Ill-Health Retirement

Eligibility: Where an employee has completed two years’ membership, or has less than 2 years’ membership and has had a transfer into the LGPS at the time of termination of their employment.

Benefits: Pension Benefits are payable immediately on retirement.

Enhancement: The level of enhancement awarded depends on whether the employee’s health condition falls into:

- **Tier 1** – no reasonable prospect of obtaining gainful employment before the member's Normal Retirement Age.

Enhancement - the member's benefits are increased:

- (a) as if the date on which the member left local government employment was the member's normal retirement age; and
- (b) by adding to the member's total membership at that date the **whole** of the period between that date and the member's actual normal retirement age.

- **Tier 2** - **there** is a reasonable prospect of obtaining gainful employment before the member's normal retirement age.

Enhancement – the member's benefits are increased:

- (a) as if the date on which the member left local government employment was the member's normal retirement age; and
- (b) by adding to the member's total membership at that date **25%** of the period between that date and the member's actual normal retirement age.

4. PROCEDURES

- 4.1 The Council will seek guidance from its Occupational Health Physician at an early stage of an employee's illness to enable consideration to be made of any adjustments, which may assist the employee to carry out his/her job.
- 4.2 Where the Occupational Health Physician indicates that the employee cannot continue to carry out his/her job (even after any adjustment has been considered) redeployment opportunities will be sought.

III Health Retirement will only be progressed if no suitable redeployment is possible.

- 4.3 An Occupational Health Referral Form (OH1) must be completed by the employing department and forwarded to Human Resources. The form is then passed to the Council's Occupational Health Physician who will arrange to examine the employee.
- 4.4 In respect of former employee who no longer work for the Council, contact requires to be made with the Pensions Section, in the first instance, who will advise on how they progress with being seen by an Occupational Health Physician.
- 4.5 The Occupational Health Physician must consider whether in their opinion the employee is permanently incapable of discharging efficiently the duties of the relevant local government employment because of ill-health or infirmity of mind or body and, if so, what the likelihood is of the member being able to obtain gainful employment before reaching normal retirement age.

- 4.6 The guidance presently contained in the Local Government Pension Scheme (Scotland) Regulations 2008 is that:

“gainful employment” means paid employment for not less than 30 hours in each week for a period of not less than 12 months;

“permanently incapable” means that the member will, more likely than not, be incapable until, at the earliest, the member’s 65th birthday.

5. GUIDELINES

- 5.1 Any independent registered medical practitioner who certifies that a member is permanently incapable on ill health grounds must be qualified in occupational health medicine.
- 5.2 Where the advice of the Occupational Health Physician is inconclusive or disputed, further specialist medical advice may be sought. If the request for specialist advice is at the request of the Council, the Council will meet the cost. If the employee seeks specialist advice, when the Council does not deem it necessary, the employee will have to meet the cost.
- 5.3 Ill-Health Retirement will be granted as soon as practicable after advice from the Occupational Health Physician supporting the application is received. The contract of employment will be regarded as terminated by mutual agreement at that time.
- 5.4 Where a disciplinary investigation or disciplinary action is in progress with regard to an individual employee, Ill-Health Retirement will not be progressed until the disciplinary matter is resolved.
- 5.5 If Shetland Islands Council Occupational Health Physician advises that a member’s life expectancy is less than one year, the pension can be paid as a single lump sum equal to five times the amount of the pension given up.
- 5.6 Where an employee has been granted Ill-Health Retirement, the employee would **not** be re-employed by the Council without being medically examined and assessed, by the Council’s independent medical practitioner, as being fit to be re-employed in that post.



REPORT

To:	Shetland Islands Council	8 December 2010
	Pension Fund Management Consultative Committee	6 December 2010
	LNCT	1 December 2010
	Employees JCC	16 November 2010
	Shetland College JCC	10 November 2010

From: Head of Finance

Report No: F-046- F1

Review of Early Retirement & Redundancy Scheme

1. Introduction

- 1.1 The purpose of this report is to seek approval from Council for a revised Early Retirement & Redundancy Policy, as attached, which will apply to all Council employees.
- 1.2 The need to revise and update this policy has arisen for two main reasons. Firstly to ensure that the Council's treatment of employees seeking early retirement is in line with recent changes made to the Local Government Pension Scheme. Secondly to ensure that the Council's policy is fit for purpose to effectively support the challenges facing it in the future by providing a framework that enables effective management of the workforce and planning for a sustainable future.
- 1.3 This revised Policy will replace the Early Retirement Scheme that has been operational since 14 February 2002.
- 1.4 This revised Policy also supersedes the current local agreement that is in place in respect of Employee Pension Rights – Marine Officers (17 October 1985). The current arrangements will remain in place for the marine officers/pilots until the implementation of Single Status has taken place for this group of staff.
- 1.5 In respect of all other staff, transitional provisions shall be put in place to ensure that we are treating our employees fairly and equitable during a period of changing staffing structures. The transitional arrangements are detailed at paragraph 5 of this report. The current arrangements will continue to apply until **31 March 2011**.

- 1.6 If approved, this revised approach to dealing with Early Retirement through efficiency and redundancy will lead to financial savings being made.

2. Background

- 2.1 The Council regards its employees as an essential resource for the successful delivery of quality services to the public. However, there may be times when the Council has to allow some employees to retire early, for example during a restructuring exercise or where there is a need to streamline the workforce due to economic pressures.
- 2.2 The objective of the Early Retirement and Redundancy Scheme is to allow the Council to consider the early retirement of employees other than for reasons of ill-health or capability which are dealt with in different ways and covered by different policies.
- 2.3 The attached policy should be read in conjunction with the Council's Redundancy and Redeployment Policies.

3. Links to Corporate Plans and Priorities

- 3.1 This report seeks to ensure we are treating our employees equally and fairly during a period of change by ensuring that this policy applies to all Council employees.
- 3.2 It also links to the Council's priorities in relation to prioritising and planning to ensure that it can sustain its levels of service delivery within the money available. If approved, the revised Early Retirement Policy will assist in this process and will bring our Council in line with what other Scottish Pension Administering Authorities deem to be affordable exit packages.

4. Changes

The most significant changes to the Early Retirement & Redundancy Scheme are outlined below:

- 4.1 To award Compensatory Added Years (CAYs) from age 55 (previously age 50).

Reason: This is now the earliest age employees can have their pension benefits paid, apart from employees who were members of the LGPS on 5th April 2006 who have a protected pension age of 50.

- 4.2 To award up to 5 CAYs (previously 6 2/3 years – redundancy & 10 years – efficiency).

Reason: Reflecting the messages in a report to Council earlier this year (Strategic Planning, Service Planning and Budget Savings: A Way Forward ESCD-23, June 20100) these proposals ensure that exit packages being offered are sustainable, affordable, fair and equitable. The proposals are also in line with the packages offered by most other Scottish Pension Administering Authorities. see Appendix 6 attached.

- 4.3 In the case of voluntary redundancy, it is proposed to continue to award up to 66 weeks compensation where an employee is not receiving CAYs. Compensatory added years is now only awarded from age 55 (previously 50 but legislation only permits **some** employees to access their pension benefits at age 50) with the calculation being derived from the statutory entitlement multiplied by 2.2.

Reason: To ensure we are being fair and equitable with the age we use for permitting CAYs to be awarded. Previously the compensation calculation was provided within the Discretionary Payments Regulations 1998 (as amended) but these have been revoked due to being age discriminatory and it is now up to each Council to decide on the way to award discretionary compensation, if they decide to do so.

- 4.4 To introduce the option of Voluntary Early Retirement.

Reason: Now permitted within LGPS regulations.

- 4.5 Requests for chief officials to be delegated to the Chief Executive.

Reason: To streamline the process and enable consideration of requests as part of service re-organisations and redesign. Approval can only be granted where there is evidence that efficiency savings can be made.

5. Transitional Arrangements

- 5.1 The revised policy proposes to award up to 5 CAYs, on a sliding scale, both in respect of efficiency and redundancy early retirements but only **from age 55**. This is to ensure that all employees are treated equally in respect of the age at which CAYs are awarded.

- 5.2 It is proposed that the cap of up to 5 CAYs will apply to packages sought from 1 April 2011.

- 5.3 It is proposed that the earliest age at which CAYs be awarded is phased in over a period of 3 years as follows:

CAYs awarded at age 50 – granted to 31 March 2011 (the 2002 Policy will apply))

CAYs awarded at age 51+ – granted from 1 April 2011 to 31 March 2012

CAYs awarded at age 53+ - granted from 1 April 2012 to 31 March 2013

CAYs awarded at age 55+ - granted from 1 April 2013 onwards.

Note: To access retirement benefits prior to age 55 is only available to LGPS employees who were a members of the Scheme on 5 April 2006:

6. Consultation and Communication

- 6.1 Informal consultation between Pensions and Human Resources with representatives from the Trade Unions has taken place to discuss the draft proposals in detail.
- 6.2 The Trade Unions have been given time to consult with their members and a follow up meeting with Pensions and HR staff has taken place to consider that consultation.
- 6.3 The Council's Corporate Management Team have considered the draft policies and the Council's Heads of Service have also been provided with the opportunity to comment on the policies in addition to the formal Agenda Management consultation process.

7. Financial Implications

- 7.1 This policy seeks to ensure that the financial implications of awarding any early retirement and/or redundancy package are fully considered before any commitment is made and that the cost can be recovered within 3 years. In exceptional circumstances, where cost recovery exceeds 3 years, a decision of the Chief Executive would be required.
- 7.2 The introduction of this revised policy will result in cost savings being achieved by only permitting Compensatory Added Years to be awarded from age 55 (currently age 50) and limiting the award to up to 5 years, examples of such savings are attached as Appendix 7.

8. Policy and Delegated Authority

- 8.1 The determination of new or variation of existing policy that affects Council staff has not been delegated, and therefore remains a decision of the Council, in terms of Section 8.0 of the current Scheme of Delegations.

9. Conclusion

- 9.1 The policy will apply to all Council employees, apart from the transitional arrangements detailed at paragraph 5.3, which only applies to some LGPS employees.
- 9.2 In Services where an exercise is already underway to seek volunteers for Early Retirement and/or Redundancy and calculations of the benefits payable have already been issued to interested employees, the 2002 policy will continue to apply until 31 March 2011. However, calculations requested after the policy implementation date will be under new policy provisions, unless the date of retirement is prior to 1 April 2011.

10. Recommendations

- 10.1 It is recommended that the Council agree to implement the attached Early Retirement & Redundancy Policy with effect from 9 December 2010.

Our Ref: MGS/S/3

Report No: F-046-F

SHETLAND ISLANDS COUNCIL

EARLY RETIREMENT AND REDUNDANCY SCHEME

1. INTRODUCTION

- 1.1 One of the key aims of the Council is to attract and retain employees who are committed to delivering excellent public services and making the Shetland Islands Council a dynamic and innovative Council. To achieve this aim, workforce planning is used to provide a flexible and adaptable workforce.
- 1.2 An Early Retirement and Redundancy Scheme is an integral part of our approach to retaining a workforce with the appropriate skills, abilities and experience needed to deliver the Council's service requirements, as well as supporting business change and organisational transformation. Importantly, the Early Retirement and Redundancy Scheme also supports equality of opportunity and values diversity within our workforce, as well as providing flexible options for employees who may wish to improve their work life balance as they approach retirement age, or who may no longer be able to cope with the demands of their current position.

2. SCOPE

- 2.1 The Early Retirement and Redundancy Scheme applies to all employees of Shetland Islands Council.
- 2.2 This policy supersedes the current Early Retirement Policy (14 February 2002) and also supersedes the current local agreement that is in place in respect of Employee Pension Rights – Marine Officers (17 October 1985). The current arrangements will remain in place for the marine officers/pilots until the implementation of Single Status has taken place for this group of staff.
- 2.3 Requests from chief officials will be considered by the Chief Executive. Requests from all other staff will require approval by the Chief Executive/Executive Director (or in his/her absence appointed nominee).
- 2.4 The provisions for Working Beyond Normal Retirement Age apply to all Council employees regardless of membership of a pension scheme.

3. TYPES OF RETIREMENT

- 3.1 a) **Early Retirement in the Interests of Efficiency** – may be acceptable to the Council if one or more of the following criteria is satisfied:
 - (i) as an alternative to redundancy of an individual
 - (ii) to avoid redundancy of another employee
 - (iii) to assist in service restructuring
 - (iv) to effect financial savings
 - (v) other justifiable circumstances which would be in the interests of the service

- b) **Early Retirement on the grounds of Redundancy** - In adhering with the Employment Rights Act 1996 which defines redundancy as dismissal which is attributable wholly or mainly to the fact that:
 - the employer has ceased, or intends to cease, to carry on that business for the purposes of which the employee was employed, either generally or at the place where the employee was employed. (eg the employee's post can be deleted from the establishment)
 - or;
 - the requirement of the business for employees to carry out work of a particular kind, either generally or at the place where the employee is employed, have ceased or diminished, or are expected to cease or diminish (eg there is a significant change in duties)
- c) Voluntary Early Retirement
- d) Normal Retirement
- e) Ill Health Early Retirement (separate policy in place)
- f) Flexible Early Retirement (separate policy in place)
- g) Late Retirement - Working Beyond Age 65 (separate policy in place)

4. QUALIFYING CRITERIA

4.1 Early Retirement in the Interests of Efficiency or Redundancy

- 4.1.1 The earliest age at which employees' LGPS/Teachers' Pension Scheme benefits can be paid is age 55. However, employees who were in the LGPS on 5th April 2006 have a protected pension age of 50 regardless of their date of retirement in the Interests of Efficiency or Redundancy. This same protection does not apply to employees who are members of the Teachers' Pension Scheme.
- 4.1.2 The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended) and the Teachers (Compensation for Premature Retirement and Redundancy) (Scotland) Regulations 1996 (as amended) allow Councils to exercise discretion in the award of Compensatory Added Years. Shetland Islands Council (SIC) will award Compensatory Added Years in accordance with the table shown below.

Age at 31/3/2011*	Age at 1/4/2011	Age at 1/4/2012	Age at 1/4/2013	Service with SIC	Added Years
50+	51+	53+	55+	5 but less than 10 yrs	1.00
50+	51+	53+	55+	10 but less than 15 yrs	2.00
50+	51+	53+	55+	15 but less than 20 yrs	3.00
50+	51+	53+	55+	20 but less than 25 yrs	4.00
50+	51+	53+	55+	25 + years	5.00

* CAYs awarded up to 31/3/2011 will be as per the 2002 Policy.

- 4.1.3 The service criterion for the award of Compensatory Added Years (CAYs) relates only to continuous service leading up to the post to which early retirement is being applied. Where early retirement from more than one post is being considered, it is the service accrued in each post that will dictate the CAYs awarded.
- 4.1.4 Whilst employees who were members of the LGPS on 5th April 2006 have a protected early retirement pension age of 50, Shetland Islands Council will only award CAYs to employees, who retire in the interests of efficiency or redundancy and who are age 55 and over. This is to ensure that all employees are treated equally in respect of the age at when CAYs are awarded.
- 4.1.5 In respect of LGPS employees, who were members of the LGPS on 5th April 2006, transitional arrangements have been put in place to phase in the age 55, over three years, and therefore still permit CAYs to be awarded to staff that can retire prior to age 55 with their employer's consent.
- 4.1.6 The number of CAYs awarded to an employee cannot exceed the shortest of the following:-
- the period by which their service for benefit calculation purposes falls short of 40 years
 - the period remaining from the retirement date to age of 65
 - 5 years
- 4.1.7 Employees affected by a restructuring of the Council's Services will be advised if the process is likely to provide opportunities for Early Retirement in the Interests of Efficiency or Redundancy.
- 4.1.8 As an incentive to encourage employees to take up an offer of voluntary redundancy the statutory redundancy entitlement (see Appendix 1) will be multiplied by a factor of 2.2 (ie up to 66 weeks pay) where the employee is not entitled to CAYs. There will be no obligation on either the employee or the Council to accept an offer of voluntary redundancy.
- 4.19 In respect of compulsory redundancies, the employee will be entitled to a statutory redundancy payment of up to 30 weeks' (at the employee's current weekly rate of pay), as detailed in the Ready Reckoner for Statutory Redundancy Payments (See Appendix 1).

5. Procedure

- 5.1.1 Either the employee or the manager can initiate early Retirements in the interests of efficiency or redundancy.
- 5.1.2 Employees considering Early Retirement in the Interests of Efficiency or Redundancy should notify their line manager as soon as possible so that careful consideration can be given to the cost implications, the impact on the service and the individual employee's circumstances. Upon receipt of the employee's note of interest, the line manager should, in the first instance, contact Human Resources for advice and guidance on progressing the matter further.
- 5.1.3 Managers considering service restructuring that would result in Early Retirement in the Interests of Efficiency or Redundancy should notify Human Resources as soon as possible so that careful consideration can be given to the cost implications, the impact on the service and obtain guidance on progressing the matter further.
- 5.1.4 Details of the procedure for managers to follow in these circumstances are attached as Appendix 2.
- 5.1.5 In the case of Early Retirement on the grounds of Redundancy, an employee cannot be re-employed with another employer covered by the Redundancy Modification Order within 4 weeks of terminating employment. Should this happen they will lose their entitlement to their redundancy payment.
- 5.1.6 Employees who leave the Council in the interests of efficiency or on the grounds of redundancy will not normally be permitted to be re-employed by Shetland Islands Council (unless in exceptional circumstances or without first referring the matter to Human Resources).

6. Voluntary Early Retirement

- 6.1 In a Voluntary Early Retirement situation, both members of the LGPS and the Teachers' Pension Scheme can request payment of their benefits before the normal retirement age of 65 where they are age 55 and over. In these cases, the employee will not be awarded any Compensatory Added Years and may have an actuarial reduction applied to their benefits.
- 6.2 Employees aged 55 to 59 require Council approval to leave under this provision, whereas employees aged 60 or over can retire without seeking approval from the Council.
- 6.3 It should be noted that, where a LGPS employee is aged between 55 and 59 and satisfies the Rule of 85, a strain on the fund cost is payable.
- 6.4 Employees aged 60 or over must write to their line manager indicating that they are taking Voluntary Early Retirement and must give the appropriate notice due under their contract of employment.

The table below details the scenarios for LGPS Voluntary Early Retirement:-

Age	Member Satisfies Rule of 85(LGPS)	Actuarial Reduction	Strain on the Fund Cost	Type of Approval Required
55 to 59	Yes	No	Yes	Head of Service
55 to 59	No	Yes	No	Head of Service
60+	Yes	No	No	None
60+	No	Yes	No	None

Voluntary Early Retirement Procedure

- 6.5 Employees considering Voluntary Early Retirement prior to their 60th birthday should notify their line manager, in writing at least 6 months before their preferred date so that careful consideration can be given to the cost implications, the impact on the service and the individual employee's circumstances. Upon receipt of the employee's note of interest, the line manager should, in the first instance, contact Human Resources for advice and guidance on progressing the matter further.
- 6.6 Human Resources will then liaise with the Pensions Section to provide an estimate of pension benefits along with the associated costs to the line manager.
- 6.7 If an employee, having considered the estimate of benefits, wishes to proceed with their application for Voluntary Early Retirement, they should complete Part 1 of the Voluntary Early Retirement Application Form (attached as Appendix 5). The Line Manager/Head of Service would consider the application and if supporting it would forward it to Human Resources and to the Head of Finance for approval.
- 6.8 The following criteria should be taken into account when considering an application for Voluntary Early Retirement:
 - Cost implications for the Council
 - Effect on the operation of the service
 - Ability to re-organise work including the impact this would have on existing post holders and job grades
 - Impact on performance or quality of work
 - Planned structural changes
- 6.9 Requests from chief officials will be considered by the Chief Executive.
- 6.10 If a request for Voluntary Early Retirement is declined by either the Executive Director/ Head of Service or the Council, the employee will be given written reasons for the decision and the manager and employee should explore alternative options, if available.

7. Flexible Early Retirement/Winding Down

- 7.1 The Council has a separate policy in place in respect of Flexible Retirement for employees who are members of the LGPS. There are similar but separate provisions on flexible retirement options applicable to employees who are members of the Teachers' Pension Scheme.
- 7.2 The Council also has a separate policy in place for teachers, known as "The Winding Down Policy". This provision is only available to employees who are a member of the Scottish Teachers' Pension Scheme.

8. Ill Health Early Retirement

- 8.1 The Council has a separate policy in place in respect of Early Retirement on the grounds of Ill Health. There are similar but separate provisions on ill health retirement options applicable to employees who are members of the Teachers' Pension Scheme.

9. Normal Retirement/Late Retirement

- 9.1 Currently the default retirement age for all employees is age 65 regardless of whether or not they are a member of an occupational pension scheme. All employees can request that they be allowed to continue to work beyond age 65. The Council has a separate Policy in this regard.

10. Appeals

- 10.1 Should an employee have any concerns regarding the application of this Policy s/he should, if possible, discuss this with their Trade Union representative or with Pensions and/or Human Resources in the first instance.
- 10.2 The employee has a right to appeal against their line manager's decision, within 10 working days of receiving their formal notification of refusal:
- i. on refusal of granting an efficiency retirement
 - ii. on refusal of granting a redundancy retirement
 - iii. on refusal of granting a Flexible Retirement Request
 - iv. on refusal of a request for Voluntary Early Retirement.
 - v. on refusal of a request to Work Beyond Age 65.
- 10.3 The employee must appeal, in writing, stating their grounds for appeal and submit it to the Head of Legal and Administrative Services. The Head of Legal and Administrative Services (or nominee) will hear the appeal within 10 working days and a Trade Union Official or work colleague may accompany the employee to any appeal hearing. The employee cannot appeal against a refusal on the grounds of pension fund cost.
- 10.4 There is no further right of appeal.

11. Supporting Employees Approaching Retirement

- 11.1 Employees who are members of the Local Government Pension Scheme can obtain information regarding their pension rights by contacting the Pension Section of Finance Services. In particular, members are encouraged to seek information regarding the Rule of 85 and any other protections, which may apply under the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008.
- 11.2 Employees who are members of the Teachers' Pension Scheme can obtain information regarding their pension rights by contacting the Pensions Section of Finance Services. However as this Scheme is administered by the Scottish Public Pensions Agency (SPPA) in Galashiels certain queries regarding service/entitlements may require to be directed to SPPA.

12. Monitoring And Review

- 12.1 The Early Retirement and Redundancy Scheme will be subject to regular review to ensure compliance with the appropriate Pension Scheme Regulations. Regular monitoring will be carried out by Finance/Human Resources to ensure that the Early Retirement and Redundancy Scheme is applied in a fair and consistent manner, with a report summarising the costs of early retirements being submitted to Council annually after each financial year end.

STATUTORY REDUNDANCY

APPENDIX 1

REDUNDANCY READY RECKONER FOR CALCULATING THE NUMBER OF WEEKS' PAY DUE

Read off your age and number of complete years' service. The table will then show how many weeks' pay you are entitled to.

Service (years)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (years)																			
20	1	1	1	1	-														
21	1	1½	1½	1½	1½	-													
22	1	1½	2	2	2	2	-												
23	1½	2	2½	3	3	3	3	-											
24	2	2½	3	3½	4	4	4	4	-										
25	2	3	3½	4	4½	5	5	5	5	-									
26	2	3	4	4½	5	5½	6	6	6	6	-								
27	2	3	4	5	5½	6	6½	7	7	7	7	-							
28	2	3	4	5	6	6½	7	7½	8	8	8	8	-						
29	2	3	4	5	6	7	7½	8	8½	9	9	9	9	-					
30	2	3	4	5	6	7	8	8½	9	9½	10	10	10	10	-				
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11	11	11	-			
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12	12	12	-		
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13	13	13	-	
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14	14	14	-
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15	15	15
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16	16
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
62	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
63	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
64	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

EARLY RETIREMENT IN THE INTERESTS OF EFFICIENCY APPLICATION FORM

Part 1a

FULL NAME:

EMPLOYEE NUMBER: DATE OF BIRTH:

DEPARTMENT/SERVICE:

POST NUMBER: POST TITLE:

Please consider my request for early retirement in the interest of efficiency

* I have discussed early retirement with my line manager who believes my early retirement would meet the efficiency criteria as set out in the Early Retirement Policy

* I am over age 55 and therefore do/do not* wish to be considered for an award of additional service under the Discretionary Payments Regulations.

Signature of Postholder**Date****Part 1b****Confirmation from Employing Service**

Early Retirement is requested as an alternative to redundancy*

Early Retirement will avoid the dismissal of another employee by reason of redundancy*

Early retirement satisfies efficiency criteria: **(please provide details overleaf)**It will assist in the provision of improved services **(please provide details overleaf)**It will effect financial savings **(please provide details overleaf)**It will assist in the regulation of numbers employed by the Council **(please provide details overleaf)****Disciplinary action pending** Yes/No

I *confirm/do not confirm the basis of the premature retirement request and support/do not support further consideration of the request.

Proposed date of Retirement

Line Manager has obtained estimated pension calculation for the applicant Yes/No**Signature of Head of Service**

(or appointed nominee)

Date

* Delete as necessary

Part 1c

Confirmation from Employing Service (continued)

Please give further detail below explaining how the early retirement of the employee will satisfy the relevant efficiency criteria below:

Financial Implications

It will effect salary savings (please describe)

Non-Financial Implications

It will assist in satisfying efficiency criteria (please describe)

It will assist in the provision of improved services (please describe)

It will assist in the regulation of numbers employed by the Council (please describe)

Part 2

Confirmation by HR Manager, or appointed nominee

I confirm that:

- * the premature retirement of this employee is in the interests of efficiency, for the following reasons:

Or

- * I am unable to confirm that this premature retirement is in the interests of efficiency for the following reasons:

Signature **Date**

Part 3

Costs of Early Retirement, completed by Head of Finance, or in his/her absence, appointed nominee (costs require to be fully recovered within 5 years)

Capital Cost (Strain on Pension Fund)

Capital Cost of Awarding Added Years

Total Cost of Premature Retirement

Net Employment Salary Saving

Period to Eligible Retirement Date (ERD)

Salary Capitalising Factor (calculated in accordance with actuarial advice)

Salary Saving (to ERD)

Net Saving (to ERD)

Comments:

Confirmation by Head of Finance, as Chief Financial Adviser to the Pension Fund Management Consultative Committee (or appointed nominee)

Signature **Date**

Part 4

Decision under Delegated Authority by Chief Executive/Executive Director

Authorisation

Having considered the advice of the relevant senior officers, I can authorise the premature retirement in the interests of efficiency as it falls within the Council's Policy on Early Retirement in the following regard:

It is an alternative to redundancy of the individual ☐

It avoids redundancy of another employee ☐

It effects financial savings ☐

It otherwise meets the definition of efficiency as set out in the Early Retirement Policy eg to assist in service restructuring

I confirm that the cost can be met from budget head

I confirm the date of retirement is

Refusal

Having considered the advice of the relevant Heads of Service, I cannot authorise the Early Retirement in the interests of Efficiency as it does not fall within the Council's Policy on Early Retirement for the following reasons:

Does not meet Efficiency requirements ☐

Cost/Benefit Analysis reveals insufficient saving ☐

Other (please specify)

Signature of Chief Director/Executive Director
(or in his/her absence appointed nominee)

Date

Part 5

FOR ADMINISTRATIVE PURPOSES OF EMPLOYING SERVICE

Employee notified, in writing, of decision on **(DATE)**:
(this must be a date on or after the date of signature at Part 4)

Termination Date:
(consistent with Sal 003)

RETURN COMPLETED APPLICATION TO PENSION SECTION, FINANCE SERVICES

**FORWARD CHRIS TERMINATION FORM (SAL 003) TO PAYROLL SECTION,
FINANCE SERVICES**

Guidance on the Completion of Early Retirement in the Interest of Efficiency - Application Form

Part 1a

This must be completed by the postholder.

Part 1 b & 1c

Must be completed and signed by the Head of Service or in his/her appointed nominee.

Where the employee concerned is employed by Finance Services, the Chief Executive of his/her appointed nominee will sign the form.

Part 2

This must be completed and signed by the Service Manager - Human Resources, or his/her appointed nominee.

Part 3

This must be completed and signed by the Head of Finance Services, or his/her appointed nominee.

Part 4

This must be completed by the Executive Director/Chief Executive, or his/her appointed nominee.

Where the early retirement request is for a Head of Service, Executive Director or the Chief Executive, consideration of the request must be made by Shetland Islands Council.

EARLY RETIREMENT ON THE GROUNDS OF REDUNDANCY APPLICATION FORM

Part 1a

FULL NAME:.....

EMPLOYEE NUMBER: DATE OF BIRTH:

DEPARTMENT/SERVICE:

POST NUMBER: POST TITLE:

Please consider my request for early retirement on the grounds of redundancy

* I have discussed early retirement with my line manager who believes my early retirement would meet the redundancy criteria as set out in the Early Retirement Policy.

I am over age 55 and therefore do/do not* wish to be considered for an award of additional service under the Discretionary Payments Regulations.

Signature of Postholder**Date****Part 1b****Confirmation from Employing Service**

- > Early Retirement on the grounds of redundancy is being requested*
- > Early retirement satisfies redundancy criteria: **(please provide details overleaf)**
- > It will effect financial savings **(please provide details overleaf)**

Disciplinary action pending Yes/No**Redeployment has been sought** Yes/No**Line Manager has obtained estimated pension calculation for the applicant** Yes/No

I *confirm/do not confirm the basis of the premature retirement request and support/do not support further consideration of the request.

Proposed date of Retirement

Signature of Head of Service

(or in his/her absence appointed nominee)

Date

*Delete as necessary

Part 1c

Confirmation from Employing Service (continued)

Please give further detail below explaining how the early retirement of the employee will satisfy the relevant redundancy criteria below:

Financial Implications

It will effect salary savings. (please describe – where a post is being deleted, please confirm both the Post Title and Post Number)

Non-Financial Implications

It satisfies the redundancy criteria set out in the early retirement policy (please describe)

Part 2

Confirmation by HR Manager, or in his/her absence appointed nominee

I confirm that:

- * the premature retirement of this employee is on the grounds of redundancy, for the following reasons:

Or

- * I am unable to confirm that this premature retirement is on the grounds of redundancy for the following reasons:

I confirm that redeployment has been sought Yes/No

Signature **Date**

Part 3

Costs of Early Retirement, completed by Head of Finance, or in his/her absence, appointed nominee (costs require to be fully recovered within 5 years)

Capital Cost (Strain on Pension Fund)

Capital Cost of Awarding Added Years

Redundancy Payment

Total Cost of Premature Retirement

Net Employment Salary Saving

Period to Eligible Retirement Date (ERD)

Salary Capitalising Factor (calculated in accordance with actuarial advice)

Salary Saving (to ERD)

Net Saving (to ERD)

Comments:

Confirmation by Head of Finance, as Chief Financial Adviser to the Pension Fund Management Consultative Committee (or in his/her absence appointed nominee)

Signature **Date**

Part 4

Decision under Delegated Authority by Chief Executive/Executive Director

Authorisation

Having considered the advice of the relevant senior officers, I can authorise the premature retirement on the grounds of redundancy as it falls within the Council's Policy on Early Retirement (as detailed at Part 1c) and costs can will be fully recovered within 5 years (as confirmed at Part 3)

I can confirm the post that is being deleted is (Post Number):
(if applicable)

I confirm that the cost can be met from budget head

I confirm the date of retirement is:
(this must be the date that is detailed in the employee's letter of redundancy)

Refusal

Having considered the advice of the relevant Heads of Service, I cannot authorise the Early Retirement on the grounds of Redundancy as it does not fall within the Council's Policy on Early Retirement for the following reasons:

Does not meet Redundancy requirements ☐

Cost/Benefit Analysis reveals insufficient saving ☐

Other (please specify)..... ☐

Signature of Executive Director/Chief Executive
(or in his/her absence appointed nominee)

Date

Part 5

FOR ADMINISTRATIVE PURPOSES OF EMPLOYING SERVICE

Employee issued with letter of Redundancy on **(DATE)**:
(this **must** be a date **on or after** the date of signature at Part 4)

Termination Date:
(consistent with Sal 003)

**RETURN COMPLETED APPLICATION TO PENSION SECTION, FINANCE SERVICES
ALONG WITH A COPY OF THE REDUNDANCY LETTER**

**FORWARD CHRIS TERMINATION FORM (SAL 003) TO PAYROLL SECTION,
FINANCE SERVICES**

Guidance on the Completion of Early Retirement on the Grounds of Redundancy - Application Form

Part 1a

This must be completed by the postholder.

Part 1 b & 1c

This must be completed and signed by the Head of Service or in his/her absence appointed nominee.

Where the employee concerned is employed by Finance Services, the Chief Executive or his/her appointed nominee will sign the form.

Part 2

This must be completed and signed by the Service Manager - Human Resources, or in his/her absence appointed nominee.

Part 3

This must be completed and signed by the Head of Finance Services, or in his/her absence appointed nominee.

Part 4

This must be completed by the Executive Director/Chief Executive , or his/her appointed nominee.

Where the early retirement request is for a Head of Service, Executive Director or the Chief Executive consideration of the request must be made by Shetland Islands Council.

VOLUNTARY EARLY RETIREMENT APPLICATION FORM

Part 1a

FULL NAME:

EMPLOYEE NUMBER: DATE OF BIRTH:

DEPARTMENT/SERVICE:

POST NUMBER: POST TITLE:

Please consider my request for voluntary early retirement on the following basis:

* I have discussed voluntary early retirement with my line manager who believes my early retirement would meet the criteria set out in the Early Retirement Policy

Signature of Postholder**Date****Part 1b****Confirmation from Employing Service**Voluntary Early retirement satisfies efficiency criteria: **(please provide details overleaf)**It will assist in the provision of improved services **(please provide details overleaf)**It will effect financial savings **(please provide details overleaf)**It will assist in the regulation of numbers employed by the Council **(please provide details overleaf)****Disciplinary action pending:** Yes/No**Line Manager has obtained estimated pension calculation regarding costs of this retirement.** Yes/No

I *confirm/do not confirm the basis of the premature retirement request and support/do not support further consideration of the request.

Proposed date of Retirement

Signature of Head of Service

(or in his/her absence appointed nominee)

Date

Part 1c

Confirmation from Employing Service (continued)

Please give further detail below explaining how the voluntary early retirement of the employee will satisfy the relevant criteria below:

Financial Implications

It will effect salary savings (please describe)

Non-Financial Implications

It will assist in satisfying efficiency criteria (please describe)

It will assist in the provision of improved services (please describe)

It will assist in the regulation of numbers employed by the Council (please describe)

Part 2**Confirmation by HR Manager, or in his/her absence appointed nominee**

I confirm that:

* I support the voluntary early retirement of this employee for the following reasons:

OR

* I confirm I am unable to support the voluntary early retirement of this employee for the following reasons:

Signature **Date**

Part 3**Costs of Voluntary Early Retirement, completed by Head of Finance, or in his/her absence, appointed nominee**

Capital Cost (Strain on Pension Fund)
(age 55 to 59 and satisfy Rule of 85)

Total Cost of Voluntary Early Retirement

Net Employment Salary Saving

Period to Eligible Retirement Date (ERD)

Salary Capitalising Factor (calculated in accordance with
actuarial advice)

Salary Saving (to ERD)

Net Saving (to ERD)

Comments:

**Confirmation by Head of Finance, as Chief Financial Adviser to the Pension Fund
Management Consultative Committee (or in his/her absence appointed nominee)**

Signature **Date**

Part 4

Decision under Delegated Authority by Chief Executive/Executive Director

Authorisation

Having considered the advice of the relevant senior officers, I can authorise the voluntary early retirement as it falls within the Council's Policy on Early Retirement in the following regard:

It will effect financial savings ☐

It will assist in satisfying efficiency criteria ☐

It will assist in the provision of improved services ☐

It will assist in regulation of numbers employed by the Council ☐

I confirm that the cost can be met from budget head
(if applicable)

I confirm the date of retirement is:

Refusal

Having considered the advice of the relevant Heads of Service, I cannot authorise the voluntary early retirement as it does not fall within the Council's Policy on Early Retirement
for the following reasons:

Difficulty in re-organising the work, including the impact this would have on existing members of staff ☐

Will result in a cost ☐

Other (please specify) ☐

.....

Signature of Executive Director/Chief Executive
(or in his/her absence appointed nominee)

Date

Part 5

FOR ADMINISTRATIVE PURPOSES OF EMPLOYING SERVICE

Employee notified of decision on **(DATE)**:
(this must be a date on or after the date of signature at Part 4)

Termination Date (consistent with Sal 003) :

**RETURN COMPLETED APPLICATION FORM ALONG WITH A COPY THE LETTER TO
PENSION SECTION, FINANCE SERVICES**

**FORWARD CHRIS TERMINATION FORM (SAL 003) TO PAYROLL SECTION,
FINANCE SERVICES**

Guidance on the Completion of Voluntary Early Retirement-Application Form

Part 1a

This must be completed by the postholder.

Part 1 b & 1c

This must be completed and signed by the Head of Service or in his/her absence appointed nominee.

Where the employee concerned is employed by Finance Services, the Chief Executive or his/her appointed nominee will sign the form.

Part 2

This must be completed and signed by the Service Manager - Human Resources, or in his/her absence appointed nominee.

Part 3

This must be completed and signed by the Head of Finance Services, or his/her appointed nominee.

Part 4

This must be completed by the Executive Director/Chief Executive, or his/her appointed nominee.

Where the early retirement request is for a Head of Service, Executive Director or the Chief Executive consideration of the request must be made by Shetland Islands Council.

The 11 Scottish Pension Administering Authorities Award of Compensatory Added Years

ORKNEY ISLANDS COUNCIL - Sliding Scale of 1 to 5 (CAYs)

- 10 to 14 yrs = 1 CAY
- 15 to 19 yrs = 2 CAY
- 20 to 24 yrs = 3 CAY
- 25 to 29 yrs = 4 CAY
- 30+ yrs = 5 CAY

HIGHLAND COUNCIL – up to 5 years enhancement including option to award no enhancement.

DUNDEE CITY COUNCIL – Sliding Scale of 1 to 5 (CAYs)

- 5 but less than 10 = 1
- 10 but less than 15 = 2
- 15 but less than 20 = 3
- 20 but less than 30 = 4
- 30+ = 5

DUMFRIES & GALLOWAY COUNCIL

- sliding scale up to 4 years
- Up to 10 years = 0
- 10 but less than 20 = Up to 2
- 20 but less than 30 = Up to 3
- Over 30 = Up to 4

ABERDEEN CITY COUNCIL - maximum 1 year where greater than 10 years service

GLASGOW CITY COUNCIL - Variable across employers but in the main, maximum 6 2/3 years.

FIFE COUNCIL

Scale for added years for redundancy:

Length of Service	Added Years
5 - 10 years	One
10 - 15 years	Two
15 - 20 years	Three
20 - 25 years	Four
25 - 30 years	Five
30 or longer	Six and two thirds

For efficiency there may be an award of up to 6 2/3 years provided costs can be recovered over 3 years (not expecting many cases).

CITY OF EDINBURGH COUNCIL

Efficiency Retirement – no CAYs awarded just compensation payment

Redundancy Retirement - Compensation for redundancy lump sum based on years of service x 2.2, limited to 66 weeks, **or** up to a maximum of 5 added years, both subject to a costs/savings test which includes strain costs

(Costs/savings test is for recovery over 3 years with 25% annual salary as the minimum saving)

SCOTTISH BORDERS COUNCIL – No **CAYs** awarded just compensation payment

Redundancy – up to 66 weeks depending on age & service

Efficiency – up to 45 weeks depending on age & service

FALKIRK COUNCIL

- Current Policy is up to 5 CAYs but this is currently subject to review.

**SHETLAND ISLANDS COUNCIL
AWARD OF COMPENSATORY ADDED YEARS (CAYs)
VOLUNTARY REDUNDANCY EARLY RETIREMENT**

EXAMPLE 1**Current Policy**

Male Age 50 with 20 years service and final salary of £30,000
 Awarded 6 2/3 CAYs
 Statutory Redundancy Payment (24 1/2 weeks)

Cost to the Council

Strain on Pension Fund Cost	£52,451.12
Cost of 6 2/3 CAYs	£63,147.65
Redundancy Payment	£14,085.86
Total Cost	£129,684.63 =====

Revised Policy

Male Age 50 with 20 years service and final salary of £30,000
 Awarded 0 CAYs
 Discretionary Redundancy Payment (53.9 weeks)

Cost to the Council

Strain on Pension Fund Cost	£52,451.12
Cost of 0 CAYs	0.00
Redundancy Payment	£30,988.88
Total Cost	£83,440.00 =====
 Cost Saving to the Council	 £46,244.63

EXAMPLE 2

Current Policy

Male Age 55 with 20 years service and final salary of £30,000

Awarded 6 2/3 CAYs

Statutory Redundancy Payment (27 weeks)

Cost to the Council

Strain on Pension Fund Cost	£25,998.63
Cost of 6 2/3 CAYs	£60,413.65
Redundancy Payment	£15,523.19
Total Cost	£101,935.47 =====

Revised Policy

Male Age 55 with 20 years service and final salary of £30,000

Awarded 4 CAYs

Statutory Redundancy Payment (27 weeks)

Cost to the Council

Strain on Pension Fund Cost	£25,998.63
Cost of 4 CAYs	£36,253.13
Redundancy Payment	£15,523.19
Total Cost	£77,774.95 =====

Cost Saving to the Council	£ 24,160.52
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REPORT

**To: Shetland Islands Council
Employees JCC
Shetland College JCC
LNCT**

**8 December 2010
16 November 2010
10 November 2010
1 December 2010**

**From: Human Resources Manager
Executive Services**

Report No: CE 32F

Review of Redundancy Policy

1. Introduction

- 1.1 This report introduces the revised Redundancy Policy, which if approved will apply to all employees of the Council.
- 1.2 This revised Policy will replace the 2004 Redundancy Policy which applied to all staff groups with the exception of Teachers.
- 1.3 In respect of employees who were Local Government Pension Scheme members on 5 April 2006, transitional provisions shall be put in place to ensure that we are treating our employees fairly and equitably during a period of changing staffing structures. The transitional arrangements are detailed at paragraph 5 of this report.
- 1.4 The current policy will continue to apply until 31 March 2011.

2. Background

- 2.1 The need to revise and update this policy has arisen for two main reasons. Firstly to ensure the policy is in line with recent changes to the Local Government Pension Scheme and Age Discrimination Legislation. Secondly to ensure that the Council's policy is fit for purpose to effectively support the challenges facing it in the future by providing a framework that enables effective management of the workforce and planning for a sustainable future.

3. Links to Corporate Plans and Priorities

- 3.1 This report seeks to ensure we are treating our employees equally and fairly during a period of change by ensuring that this policy applies to all Council employees.

- 3.2 It also links to the Council's priorities in relation to prioritising and planning to ensure that it can sustain its levels of service delivery within the money available. If approved, the Redundancy Policy will assist in this process.

4. Changes to Policy

- 4.1 The most significant changes to the Redundancy Policy are outlined below:
- 4.1.1 In reviewing the existing policy it was evident that the scope of the policy needed to be widened to include Teachers in order to provide an additional framework for voluntary severance that does not currently exist within the Council.
- 4.1.2 The policy has been brought in line with age discrimination legislation in respect of the upper and lower age limits of the statutory redundancy calculation.
- 4.1.3 The policy now provides clarification on when a discretionary payment can be exercised, taking account of affordability and ongoing financial sustainability and the need to "incentivise" volunteers in a redundancy situation.

5. Transitional Arrangements

- 5.1 The revised policy proposes to award an enhanced discretionary redundancy payment as an incentive to encourage employees to take up an offer of voluntary redundancy. The redundancy payment will be up to a maximum of 66 weeks pay where the employee is **under age 55 and not in receipt of a Compensatory Added Years (CAYs) payment or aged over 55 and not a member of either the Local Government Pension Scheme or Teachers' Pension Scheme**. This new age criteria is in line with changes to the Local Government Pension Scheme as the earliest age an employee can have access to pension benefits (previously this was age 50). The earliest age members of the Teachers' Pension scheme can access pension benefits was previously age 55.
- 5.2 Transitional arrangements for the Council's revised Early Retirement Policy are detailed in the accompanying report from the Head of Finance, "Review of Early Retirement and Redundancy Schemes". As the discretionary regulations do not permit that members of the LGPS can receive CAYS and an enhance redundancy payment, the following transitional arrangements are proposed for any employee who was a member of the LGPS on 5 April 2006:
- No enhanced redundancy payment at age 50 – granted to 31 March 2011
- No enhanced redundancy payment at age 51+ – granted from 1 April to 31 March 2012
- No enhanced redundancy payment at age 53+ - granted from 1 April to 31 March 2013
- No enhanced redundancy payment at age 55+ - granted from 1 April 2013 onwards.

6. Consultation and Communication

- 6.1 Informal consultation between Pensions and Human Resources with representatives from the Trade Unions has taken place to discuss the draft proposals in detail.
- 6.2 The Trade Unions have been given time to consult with their members and a follow up meeting with Pensions and Human Resources have taken place to consider that consultation.
- 6.3 The Council's Corporate Management Team have considered the draft policies and the Council's Head of Service have also been provided with the opportunity to comment on the policies in addition to the formal Agenda Management consultation process.

7. Financial Implications

- 7.1 This policy seeks to ensure that the financial implications of awarding any early retirement and/or voluntary redundancy package are fully considered before any commitment is made and that the costs can be recovered within three years. In exceptional circumstances, where cost recovery exceeds three years, a decision of the Chief Executive will be required.

8. Policy and Delegated Authority

- 8.1 The determination of new or variation of existing policy has not been delegated, and therefore remains a decision of the Council, in terms of Section 8.0 of the current Scheme of Delegations.

9. Conclusion

- 9.1 Following a review of Redundancy frameworks in the Council, the attached Redundancy Policy is now being presented to the Council for agreement.
- 9.2 If agreed, the policy will apply to all employees of the Council.

10. Recommendations

- 10.1 It is recommended that the Council agree to implement the attached Redundancy Policy with effect from 1 April 2011.

64 St. Olaf Street
Lerwick

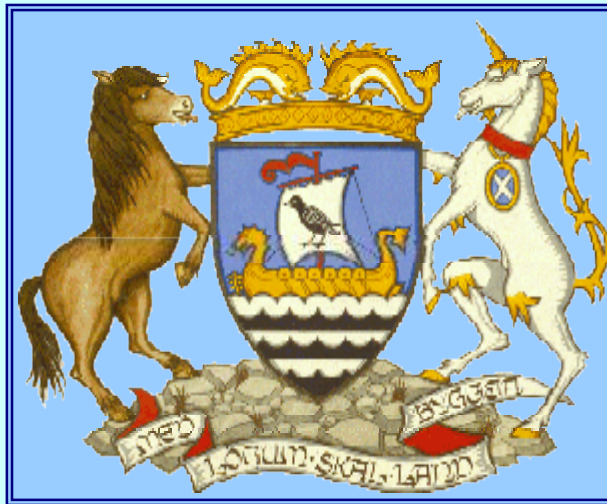
October 2010

Our Ref: EEM

Report No: CE 32F

SHETLAND ISLANDS COUNCIL

REDUNDANCY POLICY



Operational Date: Draft 2010

Shetland Island Council

REDUNDANCY POLICY

Operational Date: Draft 2010

Review Date:

1	INTRODUCTION	2
2	SCOPE OF POLICY	2
3	STATEMENT OF POLICY.....	2
4	DEFINITION OF REDUNDANCY	3
5	ORGANISATIONAL CHANGE AND CONSULTATION	3
6	MEASURES TO AVOID COMPULSORY REDUNDANCIES.....	4
7	MEASURES WHEN ALTERNATIVES HAVE FAILED	6
8	REDUNDANCY PAYMENTS	87
9	CALCULATION.....	9
10	LOSS OF ENTITLEMENT.....	10
11	GENERAL PRINCIPLES	10
12	GRIEVANCES AND APPEALS.....	1140
13	TRAVELLING AND REMOVAL EXPENSES	11
14	COMMUNICATION	11

APPENDIX 1 – REDUNDANCY PAYMENTS CALCULATION TABLE

1 INTRODUCTION

- 1.1 This policy sets out the way in which potential redundancy should be handled and the payments the Council may make to an employee being made redundant.
- 1.2 Services must contact Human Resources at an early stage when considering changes to the service that may result in redundancies and maintain such contact throughout the procedures described in this policy. This will ensure that the appropriate procedure is followed and all alternatives are considered before the need to consider redundancies arises. Human Resources will also ensure that any redundancy payment is calculated in accordance with the provisions of this policy and that Payroll Services are notified, in line with agreed procedures relating to redundancies.
- 1.3 The provisions of this policy are in line with the Acas Advisory Booklet on Redundancy Handling, the Employment Rights Act 1996 and the Employment Act 2002.
- 1.4 This policy must be read in conjunction with the Council's Redeployment Policy to ensure that every effort is made to avoid redundancies. Similarly, in the case of teaching staff, this policy should be read in conjunction with the Council's policy on the Transfer of Teachers.

2 SCOPE OF POLICY

- 2.1 This policy applies to all employees of Shetland Islands Council.

3 STATEMENT OF POLICY

- 3.1 The Council recognises that in a constantly evolving environment like Local Government, the need for change will be inevitable. As a result, it is also recognised that there will be a corresponding need at some stage for restructuring of services and departmental staffing structures to meet those changing needs and to improve the Council's performance and efficiency.
- 3.2 Although the need for change is recognised, in line with the Council's Corporate Plan, the Council will endeavour, where that is achievable, to reduce the impact of any reorganisation on employees. To this end, one of the main aims of this policy is to reduce the need for compulsory redundancies, wherever possible as well as ensuring that valuable skills, experience and knowledge are retained wherever possible.
- 3.3 This policy seeks to ensure that Council management, employees and Trade Unions are clear on the way any potential redundancy would be handled. By establishing a clear and consistent policy, which is understood by all parties, the impact on employees and services will be minimised and any potential redundancies can be handled fairly and sensitively. To achieve this it is

important that the provisions of this policy are followed where there is the potential for redundancy.

4 DEFINITION OF REDUNDANCY

- 4.1 The Employment Rights Act 1996 defines redundancy as a dismissal which is attributable wholly or mainly to the fact that:-
- the employer has ceased, or intends to cease, to carry on that business for the purposes of which the employee was employed, either generally or at the place where the employee was employed. or;
 - the requirement of the business for employees to carry out work of a particular kind, either generally or at the place where the employee is employed, have ceased or diminished, or are expected to cease or diminish.

5 ORGANISATIONAL CHANGE AND CONSULTATION

- 5.1 The purpose of consultation is to provide as early an opportunity as possible for all concerned to share the problem and explore the options.
- 5.2 Discussions should take place between employees and managers as soon as possible about any measures being considered to improve efficiency and it is important to ensure that these are fully understood by all concerned and that uncertainty about future employment is minimised. The consultation should never be hurried, and time should be allowed to permit as full as consultation as practicable.
- 5.3 Employees and their Trade Union representatives, where applicable, will be advised as soon as practicable of any proposals to reorganise service delivery that have implications for employees. A timetable should be produced by management and provided to employees and their Trade Union representatives outlining how and when organisational changes will be implemented.
- 5.4 However, in exceptional circumstances, management's proposals may need to be submitted to the Council for information prior to the full details being available. Should this be the case, as management's proposals, including detailed structures, graded job profiles and person specifications become available, they will be given to the employees affected by the proposals and their Trade Union representatives for consultation purposes.
- 5.5 It is important that employees and their representatives are given an opportunity to comment on the proposals as early as possible. Consultation must be with a view to reaching agreement on ways of minimising or avoiding the need for compulsory redundancies. This must also include providing the employees and their Trade Union representatives with the following information;

- The reason for the proposed redundancies;
- The number and categories of employees at risk of being made redundant;
- The total number of employees in each category currently employed by the Council;
- The proposed method of selection (including whether any weighted criteria will be used);
- The proposed period of time over which the programme of redundancies would be carried out.
- The method of calculating the amount of redundancy payments to be made to those who are dismissed.

Managers must keep a written record of all consultation meetings and provide a written response to employees and their Trade Union representatives on any ideas and alternatives they may have suggested.

6 MEASURES TO AVOID COMPULSORY REDUNDANCIES

6.1 Human Resource Planning

Where the need arises to reassess Council staffing numbers or a general reorganisation, prior to considering redundancies, the Corporate Management Team, taking advice from Human Resources, will be required to consider the following methods as a way of reducing staffing numbers:

- a) Placing a limit on recruitment from external sources;
- b) Natural wastage and non-filling of subsequent vacancies, with duties redistributed/Acting Up/Undertaking Higher duties arrangements, where practical;
- c) Reducing or eliminating the use of relief or temporary employees;
- d) Identifying services where overtime is habitually worked, reducing the overtime and identifying opportunities for staff redeployment to these areas if staff shortages are the reason for overtime working;
- e) Voluntary reduction of working hours or introduction of job-sharing, where appropriate;
- f) Voluntary or Flexible Retirement;
- g) Retraining existing employees in areas of skill shortage and redeployment to other service areas;
- h) Review/deletion of existing vacant posts.

6.2 Matching Employees Against New Posts

Should there still be a need to reduce staffing numbers after the exercise outlined in paragraph 6.1 has been completed, management must seek to match the existing employees to meet the requirements of the new organisational structure.

Once the proposals outlined in Section 3 are known and new structures have been developed, management must compare the job profile and person specification for each post in the new structure with the job profile and person specification for each post in the old structure, to determine into which of the following 3 categories each new post fits:

- 6.2.1 **The duties equate in all essentials with a post in the old structure, in terms of the range of duties, skills required and grade of the new post.** Providing that the number of such posts in the new structure is not less than the number of employees holding the equivalent posts in the old structure, the posts will be filled by directly matching employees from the old posts to the new posts. Where there are fewer posts in the new structure than matching employees, management will consult with staff and their Trade Union representatives to decide how employees would best be matched to the new posts. For example, through a selective interview process or by applying the weighted selection criteria.
- 6.2.2 **The duties do not equate in all essentials with a post in the old structure, but are broadly similar to one or more posts in the old structure.** In those circumstances, management should seek to agree with the Trade Union representatives, a matching pool which groups together employees holding posts in the old structure which are broadly similar to posts in the new structure. Once the matching pool has been agreed, management will consult with staff and their Trade Union representatives to determine how employees would best be matched to the new posts. For example, through a selective interview process.
- 6.2.3 **The duties contain significant additional elements which mean that the post is not broadly similar to any post in the old structure.** These additional elements may be new duties that were not undertaken within the old structure, or a higher level of responsibility reflected in a higher grading. Such posts will be filled on merit after advertisement, in accordance with the Recruitment and Selection Policy. However, management will consult with the Trade Unions to ensure that the individual circumstances relating to each potential redundancy situation are taken into account, with the ultimate aim of avoiding compulsory redundancies.

No employee will have an automatic right to be matched to a post which attracts a higher salary than their old post.

It is essential that these decisions are taken objectively and consistently. To that end the manager must involve Human Resources to ensure that a decision on matching is based on facts and objectively justifiable reasoning.

6.3 Redeployment/Transfer

In consultation with Human Resources, management must consider redeployment of a potentially redundant employee to another post in the Council. Where an employee is not matched, or is unsuccessful in selection for a matching post as outlined in paragraph 6.2 above, they will be declared to be redundant and the procedure detailed in the Council's Redeployment Policy, or where applicable the Council's Transfer Policy for Teachers will be followed.

6.4 Voluntary Redundancy and Early Retirement

Volunteers for redundancy/early retirement will be sought in the first instance from potentially redundant employees. Where employees in appropriate categories seek early retirement/redundancy, their requests will be carefully considered, in line with the Council's Early Retirement Policy, but without commitment from either the employee or the Council.

Voluntary redundancies and early retirements will be subject to the Council's need to retain a balanced workforce with the appropriate mix of skills, experience levels and knowledge to deliver services efficiently and effectively.

Voluntary redundancy/early retirement will be encouraged from other employees across the Council, if this will create vacancies which can be filled by the redeployment or transfer of employees that have been potentially identified for redundancy. This is more commonly referred to as a 'bumped' redundancy.

The estimated cost of voluntary redundancy and or early retirement must be recoverable within three years of the employee's actual termination date. The savings will be assessed by calculating the total cost of redundancy and or early retirement and offsetting these against the total employment costs savings over a three-year period. In exceptional circumstances, where cost recovery exceeds three years, approval from the Chief Executive should be sought before proceeding with the voluntary redundancy/early retirement.

7 MEASURES WHEN ALTERNATIVES HAVE FAILED – COMPLUSORY REDUNDANCY

7.1 Application of Selection Criteria

In applying selection criteria, as with the consideration of voluntary redundancies and early retirements, the Council will need to ensure a balanced workforce is retained. The weighting and criteria used and the

method chosen to apply them will need to be tailored to each situation, however the Council will ensure that criteria are fair, consistent, objective and non-discriminatory. Employees and their Trade Union representatives will be consulted with a view to reaching agreement on the criteria to be applied on each particular occasion a redundancy exercise is undertaken. Specific advice should be obtained from Human Resources in such cases.

7.2 Communication with Employees

Executive Directors (or nominee) will be responsible for informing employees on an individual basis when they have been selected for redundancy. Before such a meeting takes place, employees should be informed that they have a right to be accompanied by a Trade Union representative or some other person of their choice.

It should be noted that different approaches may be needed to communicate with those affected by the potential redundancies who are on maternity/paternity/adoption leave or off work due to long term sickness.

Executive Directors (or nominee), in consultation with Human Resources, will also be responsible for sending written notification of redundancy to the employee(s) affected. This should outline:

- (a) the reasons for their compulsory redundancy;
- (b) their personal assessment against the selection criteria;
- (c) the effective date of termination of employment;
- (d) confirmation that redeployment has been sought without success, including details of any offers of suitable alternative employment including a trial period and also details of which alternatives have been considered;
- (e) written details of any payment and notice entitlements;
- (f) an indication of the support the Council will provide, including,
 - Reasonable time off with pay during the notice period so the employee can conduct a job search, attend interviews or access training to increase their chances of finding other employment;
 - Providing counselling support through the Council's Staff Welfare Service;
 - Providing interview skills training and/or access to out-placement services as agreed between the employee, their manager and Human Resources.

Details of all communication whether in writing or otherwise should be recorded.

During the notice period of termination on grounds of redundancy, redeployment or transfer will continue to be sought, in line with the Council's Redeployment Policy or Transfer Policy for Teachers, except in cases of voluntary redundancy/early retirement.

7.3 Other Communication

The Chief Executive (or nominee) must also notify the Department of Business, Innovation and Skills of proposed redundancies before any dismissals can take effect. This would happen at the same time as notices of redundancy are formally sent to employees and their Trade Union representatives are informed.

Where between 20 and 99 employees are being made redundant over a period of 90 days or less, the notice period must be at least 30 days. Where over 100 employees are being made redundant over a period of 90 days or less, the notice period must be at least 90 days.

8 REDUNDANCY PAYMENTS

The provisions relating to redundancy payments have been established in the Employment Rights Act 1996. These payments can be enhanced at the Council's discretion by The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 as subsequently amended, and the Teachers (Compensation for Premature Retirement and Redundancy) (Scotland) Regulations 1996 as amended.

8.1 Eligibility

- In order to be eligible for a redundancy payment, employees must have at least two years' continuous service with Shetland Islands Council.
- Once this condition has been met, qualifying employment for the purposes of calculating a redundancy payment is all continuous service with an employer and included within the scope of the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999, as amended. A copy of this Order is kept at Human Resources.

8.2 Entitlement

Employees who meet the above eligibility criteria are entitled to the following redundancy pay, for each complete year of service:

- age 21 or below - a half week's pay;
- age 22 to 40 - one week's pay;
- age 41 or above - one and a half week's pay.

The minimum service that can be taken into account is 2 years service and the maximum service that can be taken into account is 20 years, therefore the maximum statutory redundancy payment would be 30 weeks' pay. (20 years x 1.5 week's pay).

As an incentive to encourage employees to take up an offer of voluntary redundancy the redundancy payment will be multiplied by a factor of 2.2 (up to a maximum of 66 weeks pay) where the employee is under age 55 and is not being awarded a CAYs payment as per the transitional arrangements detailed below or aged over 55 and not a member of either the Local Government Pension Scheme or Teachers' Pension Scheme. There will be no obligation on either the employee or Shetland Islands Council to accept an offer of voluntary redundancy.

Detail of transitional arrangements for employees who were members of the LGPS on 5 April 2006 are detailed in the Council's revised Early Retirement and Redundancy Scheme. As the discretionary regulations do not permit that members of the LGPS can receive CAYS and an enhance redundancy payment, the following transitional arrangements are in place for any employee who was a member of the LGPS on 5 April 2006:

- No enhanced redundancy payment at age 50 – granted to 31 March 2011
- No enhanced redundancy payment at age 51+ – granted from 1 April to 31 March 2012
- No enhanced redundancy payment at age 53+ - granted from 1 April to 31 March 2013
- No enhanced redundancy payment at age 55+ - granted from 1 April 2013 onwards.

In the case of compulsory redundancy, the redundancy payment will be limited to the statutory amount (up to a maximum of 30 weeks pay).

9 CALCULATION

9.1 The following general principles will apply when calculating redundancy payments. Reference should also be made to the Redundancy Payments Calculation Table (see appendix 1).

- The definition of a week's pay is set out in the Employment Rights Act 1996. However there are discretionary provisions which allow a local authority to apply an employee's actual weekly pay rather than the statutory maximum weekly rate of pay. Therefore, for the purposes of this policy, a week's pay will be based on gross actual pay. For this purpose a week's pay shall consist of an employee's normal salary or wage, including elements such as allowances, unsocial hours premium and contractual overtime, where appropriate. For an employee whose normal working hours varies and may attract an

unsocial hours payment according to the incidence of those hours, an average week's pay will be determined over a twelve- week period.

- A week's pay will be calculated using the pay rates in place on the day the employee is formally issued with their notice of redundancy and given their relevant period of notice. Any pay increases between this date and the date of termination, even if these are backdated to before the calculation date, will not be included in the calculation of weekly pay.
- The 'relevant date' is the date on which the contract ends, which should normally be on expiry of the employee's relevant notice period. Service is counted back from the 'relevant date' to the start of the period of qualifying employment to determine the number of complete years any payment is to be based upon.

10 LOSS OF ENTITLEMENT

10.1 An employee may lose the entitlement to a redundancy payment where:

- The Council has given notice to terminate employment, e.g. ill health capability
- The employee has given notice to terminate employment early
- During the redundancy notice period the employee is dismissed for some other reason e.g. conduct
- The Council has made an offer of redeployment/transfer and the employee has unreasonably refused the offer
- The Council has made an offer of redeployment/transfer and the employee has accepted the offer
- The employee has taken up employment with an employer covered by the Local Government Modification Order within four weeks of the date of termination

10 GENERAL PRINCIPLES

10.1 Employees are required to work their notice period rather than receiving payment in lieu of notice, unless in exceptional circumstances.

10.2 No period which has been previously taken into account in calculating compensation for redundancy payments or for discretionary payments, can be counted again for future compensation payments.

10.3 The employee will receive redundancy pay directly into their bank account, through the payroll system.

10.4 An employee who has been granted redundancy and left the employment of the Council will not normally be permitted to be re-employed by Shetland Islands Council (unless in exceptional circumstances or without first referring the matter to Human resources). Should an employee become re-employed

in another post within four weeks after their termination date or they will lose their entitlement to a redundancy payment.

11 GRIEVANCES AND APPEALS

- 11.1 Employees with concerns regarding the application of this Policy should discuss these in the first instance with their Trade Union representative or Human Resources.
- 11.2 In this is not considered appropriate or possible, they should refer to the relevant Grievance Procedure.
- 11.3 An employee can appeal against a dismissal if selected for redundancy and issued with a letter terminating their employment. In this instance the appeal mechanism will mirror the appeal arrangements for dismissals contained within the Disciplinary Procedure. An appeal against dismissal on the grounds of redundancy must be lodged with the Head of Legal and Administrative Services within two calendar weeks of the date on which the letter issuing the employee with notice of redundancy was received.

12 TRAVELLING AND REMOVAL EXPENSES

- 12.1 Where employees are redeployed or transferred, the provisions of the relevant conditions of service will apply in relation to travelling expenses. The Council's Relocation Package for new staff recruited to approved vacancies will apply to staff required to move house as part of the redeployment or transfer process where daily travel to the new work location is unreasonable. Eligibility for a Relocation Package in these circumstances is determined on a case by case basis by management and Human Resources.

13 COMMUNICATION

- 13.1 This policy will be communicated to new recruits through the corporate induction process. Current employees should be made aware of this policy through existing departmental communication channels and a copy will be placed on the HR section of the Council's Intranet site.
- 13.2 In addition, the terms of this policy will be brought to the attention of senior managers, to ensure that they are aware of its provisions.

REDUNDANCY PAY CALCULATION TABLE

	SERVICE (YEARS)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
AGE (YEARS)																				
20	1	1	1	1	—															
21	1	1.5	1.5	1.5	1.5	—														
22	1	1.5	2	2	2	2	—													
23	1.5	2	2.5	3	3	3	3	—												
24	2	2.5	3	3.5	4	4	4	4	—											
25	2	3	3.5	4	4.5	5	5	5	5	—										
26	2	3	4	4.5	5	5.5	6	6	6	6	—									
27	2	3	4	5	5.5	6	6.5	7	7	7	7	—								
28	2	3	4	5	6	6.5	7	7.5	8	8	8	8	—							
29	2	3	4	5	6	7	7.5	8	8.5	9	9	9	9	—						
30	2	3	3	4	5	6	7	8	8.5	9	9.5	10	10	10	10	—				
31	2	3	4	5	6	7	8	9	9.5	10	10.5	11	11	11	11	—				
32	2	3	4	5	6	7	8	9	10	10.5	11	11.5	12	12	12	12	—			
33	2	3	4	5	6	7	8	9	10	11	11.5	12	12.5	13	13	13	13	—		
34	2	3	4	5	6	7	8	9	10	11	12	12.5	13	13.5	14	14	14	14	—	
35	2	3	4	5	6	7	8	9	10	11	12	13	13.5	14	14.5	15	15	15	15	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14.5	15	15.5	16	16	16	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15.5	16	16.5	17	17	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17.5	18		
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17.5	18	18.5	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18.5	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19.5	
42	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	
45	3	4.5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4.5	6	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	
47	3	4.5	6	7.5	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4.5	6	7.5	9	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	
49	3	4.5	6	7.5	9	10.5	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4.5	6	7.5	9	10.5	12	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	
51	3.5	4.5	6	7.5	9	10.5	12	13.5	15	16	17	18	19	20	21	22	23	24	25	
52	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5	
53	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19	20	21	22	23	24	25	26	
54	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5	
55	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22	23	24	25	26	27	
56	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	23.5	24.5	25.5	26.5	27.5	
57	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25	26	27	28	
58	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25	26.5	27.5	28.5	
59	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28	29	
60	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	29.5	
61	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	
62	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	
63	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	
64	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	



REPORT

**To: Shetland Islands Council
Employees JCC
Shetland College JCC
LNCT
Shetland College JCC**

**8 December 2010
16 November 2010
December 2010
1 December 2010
TBC**

**From: Human Resources Manager
Executive Services**

Report No: CE 37- F

Review of Substance Misuse Policy

1. Introduction

- 1.1 This report seeks approval for a revised Substance Misuse Policy, which takes in to account service needs, developments and best practice since this policy was last revised in 2008. This revised Policy will therefore replace the 2008 Substance Misuse Policy and will continue to apply to all staff groups.

The main objectives of the policy are to: -

- Promote and maintain a safe working environment for all;
- Assist in the early identification of alcohol or drugs-related problems;
- Encourage employees who think they may have an alcohol or drugs-related problem to seek and accept help from the Council, as well as local expert service providers, such as the Community Alcohol and Drugs Service Shetland (CADSS).

2. Links to Corporate Plans and Priorities

- 2.1 The Corporate Plan 2010 - 2012 includes health improvement as a key priority area and in particular it recognises “that health improvement and tackling health inequalities is everyone’s responsibility and will therefore be treated as core business”. Another associated objective of the Plan is to “maintain a healthy life expectancy, including a focus on addressing alcohol and drug issues”. Also “ensuring people in Shetland feel safe and protected, recognising there are significant challenges in tackling social and cultural issues associated with drugs and alcohol misuse”.

It is hoped the revised policy will also contribute to achievement of other health improvement targets contained in the Corporate Plan.

- 2.2 The Corporate Plan also places priority on “becoming an excellent employer” and this will be achieved by ensuring the Council has policies and procedures in place, that support and protect employees, enabling them to deliver council services as effectively as possible.

3. Research

Considerable guidance has been sought and research carried out from a range of external sources to inform the development of the revised policy, these include:

- The Community Alcohol and Drugs Service Shetland
- Scottish Government
- Xpert HR Employment Law Advisory Service
- Altrix – suppliers of drug testing ‘for cause’ kits
- Chartered Institute of Personnel & Development

4 Changes to Policy

4.1 The most significant changes to the Substance Misuse Policy are outlined below:

4.1.1 The arrangements regarding the use of trained Nominated Testers to carry out drugs and alcohol testing in the workplace, whether ‘for cause’ or following an incident or accident / near incident or accident has been clarified. The previous policy recommended testing should be carried out, in the first instance by the Occupational Health Provider (OHP), with a back up of nominated tester should the OHP be unavailable. However, a number of safety critical service areas in the Council, in particular Ferries and Ports & Harbours have had difficulty in dealing with some incidents in the workplace as quickly as they would have liked, where testing was required to eliminate substance misuse as a contributing factor. For this reason, the revised policy states that the volunteer nominated testers should always be utilised in the first instance, as opposed to going to the OHP. The testers, who have been recruited on a voluntary basis, cover a wide geographic spread of Shetland and will ensure that a tester can attend quickly at any time of day or night.

It should be noted that although a permanent arrangement is being put in place to utilise the VTSO Centre at Sellaness, as an outwith office hours, point of contact for manager’s requiring a nominated tester, this provision will not be fully in place until March 2011. An interim arrangement is therefore being sought.

4.1.2 Arrangements for pre-employment drug and alcohol screening for those employees in Safety Critical Posts, have also been finalised, with this being undertaken solely by Occupational Health. It is proposed that this arrangement starts with immediate effect for all seafaring posts and is rolled out over a 12 month period to all remaining Safety Critical posts. For the purposes of this proposal seafaring posts can be defined as “any person, including the master, who is engaged or works in any capacity on board any ship or vessel owned or operated by the Shetland Islands Council”. In terms of this Council this would include all those employed onboard Council ferries and pilot boats etc. The main reason it has been decided to begin pre-employment drugs and alcohol screening for seafarers rather than any of the other Safety Critical groups, is as follows:

The Transport and Works Act 1992 makes it a criminal offence for certain workers to be unfit through drugs and/or drink while working on certain transport systems. As the operator of Ferry and Ports and Harbours Services the Council would also be guilty of an offence unless it has shown due diligence in trying to prevent such an offence being committed. It is for this reason that all new and transferring seafaring staff will be subject to drug and alcohol screening during their pre-employment medical. All offers of employment will be conditional upon the results of these tests being negative. Testing in these circumstances will be carried out by the same methods as 'for cause' testing, i.e. by breath test for alcohol and mouth swab for drugs. As the results from the drugs test-processing laboratory may take several days, any unconditional offer / offer withdrawal will need to wait until these are received.

- 4.1.2 The revised policy includes a provision for random testing. This was highlighted, by Senior Managers within Infrastructure Services, Ferries and Ports & Harbours during a consultation process in 2008, as a necessary change in managing substance misuse. It is proposed that a Random Testing Programme, which will be managed through Human Resources, is introduced for all seafaring posts and is rolled out over a 12-month period to all remaining Safety Critical posts (as above). Testing in these circumstances will be undertaken by a nominated tester. Random testing will be based on principle that all seafarers onboard a ship (or within a safety critical area), including any management travelling on the vessel (or working within the safety critical area) whilst on business, are tested and that the ship (or area) is chosen randomly (rather than an individual employee being tested at random).
- 4.1.3 The revised policy places a much stronger emphasis that employees, with substance misuse problems or concerns, must meet with the Community Alcohol and Drugs Service Shetland (CADSS). The Manager, HR or the Staff Welfare Officer should arrange this meeting. Furthermore the employee must give their 'permission to liaise', ensuring information, regarding the their progress on an agreed Care Plan (linked to the employee's Recovery Contract with the Council), is shared with HR and the OHP.
- 4.1.4 There is a wealth of evidence that good and open management is the most effective method of improving workplace performance and tackling substance misuse problems amongst staff. For this reason substance misuse awareness training will be made available through Train Shetland in the near future.
- 4.1.5 A Recovery Commitment document (Appendix D) has been added to the policy, in addition to the existing Recovery Contract (Appendix E). This Commitment is applicable where a Manager has raised general concern regarding an employee's pattern of behaviour and they have admitted a substance misuse problem, or they have self-referred.

- 4.1.6 The revised Policy and testing procedures reflect best practice recommendations from professional bodies and agencies, to ensure that employees are provided with clear information about the need for testing, the way it will be done and what happens to the results. Employees and potential employees must provide their written consent or refusal and have the right to be accompanied when the test takes place. Furthermore the Nominated Testers procedure for testing (Appendix C) has been altered into checklist format to ensure that it is strictly adhered to. The results of the tests will be handled sensitively and protected in accordance with the Data Protection Act.
- 4.1.7 The OHP will interpret the results of testing and offer HR their expert opinion on the best way forward.

5. Financial Implications

- 5.1 Promoting good attendance at work, highlighting the risk of injuries or incidents occurring due to individuals suffering from the effects of alcohol or substance misuse, has the potential to achieve higher productivity, enhanced safety and to encourage a more reliable and responsible workforce (2004 Independent Inquiry into Drug Testing At Work).
- 5.2 Training costs will be met from the Corporate Training Budget SRX4103 1600. The cost of drug testing kits and laboratory testing will be met from the occupational health budget, SRX4102 1760.

6. Consultation and Communication

- 6.1 Consultation between Human Resources and the Community Alcohol and Drugs Service Shetland (CADSS) has taken place to discuss the draft proposals in detail.
- 6.2 There has been informal consultation with managers, trade unions and 'volunteers' about on several earlier iterations of this revised policy.

7. Policy and Delegated Authority

- 7.1 The determination of new or variation of existing policy has not been delegated, and therefore remains a decision of the Council, in terms of Section 8.0 of the current Scheme of Delegations.

8. Conclusion

- 8.1 The Council has had a policy in place for Alcohol and Drugs/Substance Misuse since 1999. The proposed new policy places an emphasis on the commitment by the Council to ensure the health, safety and welfare of its employees and those affected by its activities. Good all round management is the most effective method of achieving higher productivity, enhanced safety, low absence rates and a reliable and responsible workforce.
- 8.2 The increased use of trained Nominated Testers forms part of the Councils' approach to more effectively manage sickness absence and promote good attendance.

8.3 If agreed, the policy will apply to all employees of the Council.

9. Recommendations

9.1 It is recommended that the Council agree to implement the attached Substance Misuse Policy with effect from 1 December 2010.

64 St. Olaf Street
Lerwick

November 2010

Our Ref: KR/DB

Report No: CE 37



SUBSTANCE MISUSE POLICY

Operational Date: December 2010

Review Date: December 2011

1	INTRODUCTION.....	2
2	SCOPE OF POLICY.....	2
3	DEFINITION OF SUBSTANCE MISUSE	2
4	POLICY STATEMENTS	3
5	AIMS OF POLICY	4
6	LEGISLATION.....	4
7	CONFIDENTIALITY	5
8	RAISING AWARENESS OF SUBSTANCE MISUSE	5
9	IDENTIFICATION OF POSSIBLE SUBSTANCE MISUSE.....	6
10	EMPLOYEES UNDER THE INFLUENCE OF SUBSTANCE AT WORK.....	7
11	SAFETY CRITICAL POSTS.....	7
12	COMPLAINTS	10
13	POLICY REVIEW	12

LIST OF APPENDICES

A	SUBSTANCE MISUSE FACTS AND FIGURES
B	CONTACTS
C	TESTING POLICY, PROCEDURES AND CHECKLIST, INCLUDING CONSENT / REFUSAL TO PROVIDE A SAMPLE DECLARATION FORM
D	EXAMPLE LETTER AND SUBSTANCE MISUSE RECOVERY COMMITMENT
E	EXAMPLE LETTER AND SUBSTANCE MISUSE RECOVERY CONTRACT
F	MANAGEMENT PROCEDURAL FLOWCHART

1 INTRODUCTION

- 1.1 Shetland Islands Council is committed to ensuring the health, safety and welfare of its employees and those affected by its activities. The Council will take all reasonable steps to reduce the risk of injuries or incidents occurring due to individuals misusing substances. The Council recognises the impact substance misuse can have on employees and those using its services and has developed this policy to protect those who work for or are served by the Council. It is important that the services delivered by the Council are carried out in a safe and efficient manner, and not affected by inappropriate conduct of employees due to substance misuse.
- 1.2 The Council recognises the importance of its employees' health and well-being and of a supportive working environment. It also acknowledges substance misuse as a health problem affecting an employee's performance, behaviour and attendance as well as impacting on relationships at work and home. Early identification and action on such problems is crucial and the Council encourages staff who have a dependency on alcohol or drugs to seek help through the provisions of this policy.
- 1.3 Managers must contact Human Resources for appropriate information and advice and/or contact Community Alcohol and Drugs Shetland Service (CADSS) (see Appendix B) for general advice if they come across an employee with a suspected substance misuse problem.
- 1.4 The Shetland Islands Council will, where appropriate, implement the Disciplinary Procedure to deal with incapability and/or poor performance at work related to substance misuse.

2 SCOPE OF POLICY

- 2.1 This policy applies to all employees of Shetland Islands Council. However, the standards contained within this policy will also apply to contractors, customers and the public when visiting council premises

3 DEFINITION OF SUBSTANCE MISUSE

- 3.1 For the purpose of this policy, the following definitions apply:
 - 3.1.1 **Alcohol misuse:** Any drinking of alcohol, either intermittent or continual, which interferes with a person's health, welfare and social functioning and/or work capacity or conduct.
 - 3.1.2 **Drug:** A drug is a substance which alters the way in which the body or mind works. The term drug applies to alcohol, drugs controlled under the Misuse of Drugs Act 1971 (see Appendix A), prescribed drugs, over-the-counter medication and solvents.

- 3.1.3 **Drug misuse:** Use of illegal drugs and the misuse, whether deliberate or unintentional of prescribed drugs, over-the-counter medication and solvents.
- 3.1.4 **Substance Misuse:** Drug and/or alcohol misuse as defined above.
- 3.1.5 **For cause:** Where an employee is suspected to be under influence of a substance.
- 3.1.6 **Following an accident/incident:** Where there has been an accident or incident, or near accident or incident (see 10.5 for further details).

4 POLICY STATEMENTS

- 4.1 In line with the Code of Conduct for Employees, the performance and image of the Council should not be undermined as a result of an employee's behaviour or related lifestyle induced by alcohol and/or drugs, in regard to this:

- Employees must not consume alcohol and/or misuse drugs or other substances prior to arrival at work, or during working hours (including breaks) whether within or outside the work place (for example when driving as part of work).
- Staff who are on standby duties must ensure that they are not unfit due to substance misuse in case they are required to go to work.
- Employees must not take substances into their workplace with an intention to misuse these.
- Shetland Islands Council prohibit employees distributing, manufacturing, possessing, selling or buying a controlled drug (see Appendix A for further details).

Breach of this will instigate an investigation, in line with Section 4 of the Council's Disciplinary Procedure.

- 4.2 Some employees of the Council are bound by the requirements of a professional body, such as the General Teaching Council for Scotland (GTCS) or Standards of Training, Certification and Watchkeeping (STCW) for seafarers etc, and these regulations include standards of behaviour in regard to public trust and confidence in the profession, and employees who come with these professional requirements must be familiar with and comply with these requirements as they relate to substance misuse.
- 4.3 Employees that are taking prescription drugs or over the counter medication must ensure that their performance at work is not adversely affected, especially if the duties and responsibilities of their post involves the caring for or ensuring the safety of others, such as those in Safety Critical roles (See Point 11 for definition). Generally the onus is on employees to declare their use of drugs with such potential side effects; this includes legal product use for example, codeine in cold/flu cures.

- 4.4 On occasion alcohol may be consumed on Council premises outwith working time for special events or functions (e.g. retirements, Christmas, etc). However, in advance of the event taking place permission should be sought from the Chief Executive, appropriate Chief Officer or Head of Service. Such approval will only be given when the staff drinking alcohol are not expected to return to their work duties.
- 4.5 All employees are reminded that the Council's Disciplinary Procedure regards "incapacity to carry out the duties of the post due to the intake of alcohol or the use of illegal drugs" as gross misconduct, which could result in summary dismissal.
- 4.6 While employees should be in no doubt that the Council will take action where it is required over an employee's substance misuse, it is important to emphasise its ongoing commitment to creating an environment where employees are able to acknowledge and address any dependency and seek advice and treatment.

5 AIMS OF POLICY

- 5.1 To promote the health, safety and well-being of employees and lessen the associated problems arising at work from substance misuse.
- 5.2 To ensure all employees are made aware of the risks and early signs associated with substance misuse through an ongoing health awareness/promotion process.
- 5.3 To offer appropriate support to those employees known to have substance misuse problems and to seek advice from CADSS and Occupational Health on the most appropriate course of treatment to resolve the problem.
- 5.4 To provide clear guidelines on the role and responsibilities of managers whilst dealing with substance misuse among employees.

6 LEGISLATION

- 6.1 The Road Traffic Act 1988 states that any person who, when driving or attempting to drive a motor vehicle on a road or other public place, is unfit to drive through drink or drugs shall be guilty of an offence. An offence is also committed if a person unfit through drink or drugs is in charge of a motor vehicle in the same circumstances.
- 6.2 The principal legislation in the UK for controlling the misuse of drugs is the Misuse of Drugs Act 1971. Nearly all drugs with misuse and/or dependence liability are covered by it. The Act makes the production, supply, offer to supply and possession of these controlled drugs unlawful except in certain specified circumstances (for example, when they have been prescribed by a doctor). It is also an offence for the occupier of

premises to permit knowingly the production or supply of any controlled drugs or allow the smoking of cannabis or opium on those premises.

- 6.3 The Merchant Shipping Act 1995 makes it a criminal offence for masters or seamen who are under the influence of drink or drugs at the time of an act or omission which causes or is likely to cause danger to a ship, structure or individual.

The Railways and Transport Safety Act 2003 makes it an offence:

- To be over a prescribed limit of alcohol while on duty or when a crew member might be required to take action to protect passengers;
- If ability to carry out duties is impaired because of drink or drugs.

- 6.4 Shetland Islands Council cannot condone illegal activity and managers are expected to report any incident to the Police where it is believed that the law is being broken.

- 6.5 Management of Health and Safety at Work Regulations 1999, made under the Health and Safety at Work Act 1974, requires that employees assess all the risks to their staff and others caused by their work activities. There are therefore obligations on both the employer and any affected employee where use of substances whilst at work could affect the health and safety or welfare of themselves or others.

7 CONFIDENTIALITY

- 7.1 Respect will be paid to protecting personal sensitive information. Particular care will be taken by anyone involved in the case to ensure that the confidential nature of personal records of staff is strictly preserved. In any event, personal and sensitive information will be processed in accordance with Data Protection legislation by the Council, its employees and any contractors.
- 7.2 Access to health information related to testing for substance misuse will be strictly limited to those who need to know.
- 7.3 A Data Protection Agreement has been arranged with the Testing Laboratory, in line with the Data Protection Act 1998.

8 RAISING AWARENESS OF SUBSTANCE MISUSE

- 8.1 The Council has a Common Law Duty of Care to take reasonable care of an employee's health. Furthermore, the Council recognises the benefits that will result from increased awareness of the dangers from substance misuse. It therefore has a commitment to raise awareness of substance misuse through a programme of education and training, which is an integral part of its wider health awareness campaign.

The programme will cover the following:

- awareness of risks associated with substance misuse;

- promotion of sensible drinking habits;
 - importance of identifying problems at an early stage.
- 8.2 Information will also be provided to managers in recognising the signs, handling this sensitive issue competently, in confidence and with sympathy and tact.
- 8.3 If employees are concerned about their own substance misuse they are encouraged to seek help quickly. All employees are urged not to collude with colleagues where substance misuse is causing problems at work. Such misplaced loyalty compounds and aggravates the problem and could lead to disciplinary action being taken against those colluding to subvert this policy (see Appendix A for contacts and support groups).

9 IDENTIFICATION OF POSSIBLE SUBSTANCE MISUSE

- 9.1 The earlier substance misuse is identified, the more likely it will be that the employee will overcome such problems. Listed below are signs that may indicate a substance problem.
- Increased absenteeism – frequent Monday and/or Friday absences, or following days off (for shift workers), increased sick leave, arriving late or leaving early from work;
 - Increased accidents – at work and/or elsewhere, repeated violation of safety practices;
 - Low performance standards – abnormal fluctuations in concentration and energy, poor judgement, sporadic work patterns, increased errors, periods of high and low productivity, lower quantity/quality of work;
 - Personality changes – sudden mood changes, unusual irritability or aggression, tendency to become confused, deteriorations in relationships with colleagues;
 - Change of appearance – lack of personal hygiene, hand tremors, slurred speech, dilated pupils and/or smell of alcohol.

It should be noted that these are possible signs of misuse and may be caused by other factors such as stress or other medical conditions. In accordance with this policy, assistance should be offered to those employees who show any of these signs. It is advisable to discuss these signs at an early stage with Human Resources, an occupational health appointment will be arranged and with the agreement of the employee, a meeting with CADSS will also be set up.

- 9.2 Shetland Islands Council may test any employee, or potential employee for substance misuse. Testing may take place in the following circumstances:
- Pre-employment screening (for Safety Critical Posts only, please see Section 11); this will be undertaken by the Council's Occupational Health Provider.

- As a result of concerns highlighted during regular medical screenings for example ENG1; this will be undertaken by a Marine and Coastguard Agency (MCA) approved GP.
- As part of an agreed Substance Misuse Recovery programme; this will be predominantly undertaken by CADSS. On occasional Occupational Health may also test employees for substance misuse during recovery.
- 'For cause' – where an employee is suspected to be under influence of a substance, or there has been an accident or incident or near accident or incident involving the employee. Testing in this instance would be undertaken by a trained nominated tester, who will undertake testing in line with authorised testing procedures (Appendix C), ensuring confidentiality in accordance with the Data Protection Act (DPA) 1998.
- Employees working in Safety Critical Posts are required to participate in a Random Testing Programme managed through Human Resources. A Nominated Tester will undertake this testing.

Employees are encouraged to participate in providing a sample. Failure to supply a sample may be construed as gross misconduct and the Council will proceed based on the evidence available.

10 EMPLOYEES UNDER THE INFLUENCE OF SUBSTANCE AT WORK

Please see appendix F for Management Flowchart of procedures.

10.1 General Concerns / Pattern of Behaviour

Managers must contact Human Resources for advice if they have concerns in regard to an employee's behaviour, work performance, attendance or if they come across a situation where they think substance misuse may exist. Having taken advice from HR, an initial meeting must be arranged between the line manager and the employee to discuss these concerns. All Managers have access to training or information which equips them with the knowledge of how to recognise a substance misuse problem and to be able to address and assist with it, including the initial meeting with the employee which requires sensitive handling. General advice also is available via expert agencies, such as CADSS (see Appendix B for contact details), and managers are encouraged to contact them. The initial meeting with the employee should include the following:

- Circumstances observed;
- Offer of help;
- Disciplinary consequence of continuing present pattern.

If the employee admits they have a problem with substance misuse then a meeting must be arranged between the employee and CADSS as soon as possible, this must be discussed with the employee prior to making any arrangements. Furthermore, the employee should be referred to

Occupational Health; this must also be discussed with the employee before the referral is made.

If the employee does not acknowledge the existence of a Substance Misuse problem the manager must still pass an Occupational Health Referral to HR, specifically raising concerns of substance misuse and asking for a professional opinion on whether this is the case and/or whether the employee's pattern of behaviour is due to misuse of substances, or a medical reason. Should Occupational Health then advise of a substance misuse problem, another meeting should be held with the employee and arrangements made for them to meet with CADSS. If the employee continues to deny the existence of a problem, the matter will be referred to the Head of Service who will consider further action. This may include disciplinary action with regard to any impaired work performance or behaviour.

10.2 Self Referral

An employee with a dependency, or concern regarding their own substance misuse, can seek help and support from the Council in overcoming their problem. The employee should discuss the problem with a senior member of staff (line manager/supervisor), Staff Welfare Officer or Trade Union Representative who will assist with the matter. Advice must be sought from Human Resources who will recommend the involvement of Occupational Health and CADSS as soon as possible (a meeting should be arranged by HR or the manager).

10.3 Referral of a Colleague

If an employee has concerns about any colleague's performance at work and believes these are caused by substance misuse, they should contact their manager who will raise the work performance issues with the employee concerned. Alternatively these may be raised with a Human Resources Adviser, Staff Welfare Officer or a Trade Union Representative who will refer the matter to the Head of Service.

10.4 ACTION FOLLOWING REFERRAL

10.4.1 Substance Misuse Recovery Commitment

Where a substance misuse dependency or concern is raised and acknowledged, then a Substance Misuse Recovery Commitment must be signed and returned by the employee (please see Appendix D for example letter and Recovery Commitment). Should the employee fail to make the progress with their recovery at the Recovery Commitment stage it is possible (depending on the circumstances) that, following advice from HR and a subsequent meeting with the employee, a Substance Misuse Recovery Contract may then agreed and signed (as recommended by CADSS), see below for further details.

10.4.2 Substance Misuse Recovery Contract

An employee who fails to make progress whilst they are subject to a Recovery Commitment (as discussed at 10.4.1) will be required to agree to, sign and return the Substance Misuse Recovery Contract as part of the agreed recovery programme (see Appendix E).

Furthermore, where a positive drug and/or alcohol test result is found as a consequence of an incident / near incident or 'for cause' then a Substance Misuse Recovery Contract may be arranged in conjunction with disciplinary action (see Section 10.5 for further details).

The Substance Misuse Recovery programme, which will be based on the CADSS Care Plan, must be clear, with agreed targets, and be monitored. During this time the employee must meet agreed targets and make progress on the programme. The targets must be achievable and measurable and set out how these are to be monitored.

An assessment must be done, through CADSS and OH, to determine whether the employee can remain at work while the programme is being followed and whether an employee can remain in their own job for the duration of the programme. This will be primarily where there are safety considerations, for example, for Safety Critical posts and when caring for others. Depending upon the circumstances, the Council may consider redeploying the employee to an alternative post, where available, whilst in recovery (please refer to the Council's Redeployment Policy); any redeployment must be recommended and approved by OH. Where an employee is unfit to carry out his/her job while on a recovery programme he/she will be on sick leave (this would need to be certified by their GP after the period of self certification).

Where the Council is supporting an employee through treatment or counselling it must be recommended and supervised by CADSS and supported by the Council's Occupational Health Service provider or the employee's own GP (where both the GP and the employee are happy to work in this way). Where an employee requires time off to attend this treatment or counselling sessions during working time, paid time off will be granted. The employee will, in this instance, be required to sign either a Recovery Commitment (Appendix D), if referred due to general concerns, a pattern of behaviour or is a self or colleague referral, or a Recovery Agreement (Appendix E), if referred following an incident/near incident or 'for cause', see below for further details. Where an employee is referred for a residential programme then the time off required will require to be supported by medical certification, or authorisation should be sought for paid or unpaid leave.

An employee who does not make the expected progress on a programme or who fails to accept help, fails to continue with

treatment, or who fails a substance misuse test is likely to be subject to disciplinary action, which may result in dismissal.

It is recognised that there may be a recurrence of a dependency problem after the return to work. The Council will consider each case on its merits before agreeing to a second recovery programme. Where a second programme is agreed this may take place as part of a disciplinary process.

10.4.3 CADSS

Once the employee has established contact with CADSS, they must give 'permission to liaise' so that the organisation can share information regarding them, with the Council and Occupational Health.

If the employee agrees to undertake a Substance Misuse Recovery Programme, a Care Plan will be put in place by CADSS. The care plan will form part of the Council's Recovery Contract with the employee (see 10.2.2 for further details). Once an official recovery programme is set in motion CADSS will undertake regular drugs and alcohol testing to ensure the employee has not relapsed. As the employee will have given their 'permission to liaise', this information will be shared with the Council, along with confirmation that the employee has attended scheduled counselling sessions etc.

10.4.4 Occupational Health

Occupational Health will be involved from an early stage and will assist the Council by reviewing the employee on a regular basis (recommended minimum Occupational Health appointment would be 6 weekly initially, reducing to 3 monthly as the employee recovers and stopping approximately 12 months following recovery). These dates are for guidance only and may vary depending on individual circumstances. Following each review, Occupational Health will send a report to HR, copied to the employee and their line manager.

10.5 INCIDENT / NEAR INCIDENT OR 'FOR CAUSE'

- 10.5.1 Following an incident or accident, or near incident or accident all parties involved will require to be drugs and alcohol tested as part of the overall investigation.
- 10.5.2 Where there are specific concerns that the employee is under the influence of a substance at work, a nominated tester should be contacted to undertake 'for cause' testing for the presence of substances in a sample. For alcohol this will be a sample of breath and for drugs this will be a sample of oral fluid taken by mouth swab.

- 10.5.2 If the circumstances arise during normal working hours of 9 am – 5 pm, Monday to Friday, contact Human Resources on 01595 744573 and ask to talk to an HR Advisor or Officer who will be able to arrange for a nominated tester to attend. If the circumstances arise outwith normal office hours contact the VTSO Centre on 01806 744280 / 01806 744281 or 01806 744282, and an officer there will advise you on the contact numbers of the nominated testers in your area. It will be the line manager's responsibility to contact these nominated testers as required i.e. if one is unavailable to attend move to the next on the list and so on. If the incident occurs outwith normal office hours, then HR should be informed of it as the earliest time within office hours.
- 10.5.3 The employee's manager (or a colleague if the manager is unavailable) should remain with the employee to be tested at all times before and during testing, to act as a witness to the proceedings and will be required to sign the consent or refusal form (as appropriate). It is acceptable for one witness only to be present, so long as that witness is a line/senior manager of the employee. The employee is also entitled to request that a witness of their choice is also present, who will also be required to sign the necessary forms. Please see Appendix C for full procedure and consent/refusal form.
- 10.5.4 **Once testing has taken place arrangements must be made for the employee to be sent home safely. If the employee makes any attempt to drive every effort must be made to persuade them not to. Should the employee ignore this advice then the Northern Constabulary, Safer Shetland or Crimestoppers must be informed immediately (please see Appendix A for contact details).**
- 10.5.5 The provision of a negative sample will assist Human Resources in recommending that no further action be taken in terms of this policy.
- 10.5.6 The provision of a positive sample means that an investigation, including Occupational Health interpretation of the results, the seriousness of any incident/near incident and consideration of any ongoing substance dependency or personal circumstances, will be undertaken. Following this preliminary investigation, a recovery agreement may be put in place (see below for further details), or a further investigation, in line with Section 4 of the Council's Disciplinary Procedure may be carried out. Once the investigation has been concluded, action may be taken under the Council's Disciplinary Procedure.
- 10.5.7 During this time the employee will be referred to the Council's Occupational Health Service for medical assessment. If there are signs that indicate an employee may have a substance dependency, and the employee acknowledges that an alcohol or drug problem exists, they will be strongly encouraged to agree to

undertake a Substance Misuse Recovery Programme. This will be put in place by CADSS; see Appendix E for example agreement. Whilst the employee is on a Recovery Programme, Human Resources will arrange that they are reviewed regularly at Occupational Health. The employee should be made aware that, where they do not agree to a Recovery Contract, any performance impairment will be dealt with through normal management processes, which may lead to disciplinary investigation.

- 10.5.8 There may be occasions when it is alleged that an employee may have been under the influence of a substance at work, but the information only becomes available after a time period when testing is no longer an option. In these circumstances a manager must seek advice from Human Resources and an investigation in line with Section 4 of the Council's Disciplinary Policy will be carried out as appropriate.

11 SAFETY CRITICAL POSTS

For the purposes of this policy, Safety Critical posts are defined as those posts where the employee is responsible for driving a council owned vehicle, working as a seafarer aboard a council owned or operated vessel, operating machinery or working with explosives. Employees must be informed that they are working in what the Council defines as a safety critical area and this will be included in new employee induction when they take up a new post in the Council.

12 COMPLAINTS

Employees who have questions or problems with the interpretation, provisions or application of this policy, should first raise this with the relevant Head of Service, who if necessary, will consult with the Head of Organisational Development. This can include representation by the employee's trade union. If this procedure fails to produce a satisfactory result to the employee concerned, recourse may then be made to the Council's Grievance Procedure. Administration staff within each service or on the Human Resources web site can provide information about the Grievance Procedure.

13 POLICY REVIEW

This policy will be reviewed one year after implementation and then after a further two years.

FACTS AND FIGURES

DRUGS AND THE LAW

The Misuse of Drugs Act 1971 governs the class and penalties for drugs offences in Scotland. Drugs are graded into three classes – A, B and C. The drugs which cause the most harm are class A, however all drugs have the potential to cause harm, even drugs in the lower classes (Scottish Crime and Drug Enforcement Agency, 2010). Penalties for possession and dealing in the three classes of drugs are as follows:

CLASS	DRUG	POSSESSION	PRODUCTION OR DEALING
A	Ecstasy, Heroin, Morphine, street Methadone, LSD, Cocaine, Crack, Magic Mushrooms, Methamphetamine (Crystal Meth), PMA, 2CB, Amphetamines (if prepared for injection).	Up to 7 years in prison, or a fine, or both.	Up to life in prison, or a fine, or both.
B	Amphetamines ('Speed'), Cannabis, Pholcodine (Cough Suppressant), Methylphenidate (Ritalin), Mephedrone (MCAT), Naphyrone (NRG1)	Up to 5 years in prison, or a fine, or both.	Up to 14 years in prison, or a fine, or both.
C	Tranquilisers, some painkillers, Rohypnol, GHB, GBL BZP, Ketamine.	Up to 2 years in prison, or a fine, or both.	Up to 14 years in prison, or a fine, or both.

ALCOHOL UNIT GUIDE

As per Department of Health advice, sensible drinking limits are defined as no more than 21 units a week for adult males and 14 units a week for adult females. To reduce health risks from drinking, this should be spread over the week, i.e. 3-4 units per day for men and 2-3 units a day for woman.

A unit of alcohol is 10ml of pure alcohol. Counting units of alcohol can help keep track of the amount being drunk. The list below shows the number of units of alcohol in common drinks:-

Beverage Type	Alcohol by volume (%)	Alcohol content (units)
Wine		
125 ml glass	12%	1.5
175 ml glass	12%	2
250 ml glass	12%	3
1 bottle (75cl)	12%	9
125 ml	15%	2
175 ml	15%	2.5
250 ml	15%	4
1 bottle (75cl)	15%	11.25
Beer/lager/cider		
330ml can or bottle	3%	1
440 ml can or bottle	3%	1.5
1 pint (568ml)	3%	2
330ml can or bottle	4-5%	1.5
440 ml can or bottle	4-5%	2
1 pint	4-5%	3
330ml can or bottle	6%	2
440 ml can or bottle	6%	2.5
1 pint	6%	3.5
330ml can or bottle	8% or 9%	3
440 ml can or bottle	8% or 9%	4
1 pint	8% or 9%	5
Alcopops/spirit base with mixer		
275 ml bottle	5.5%	1.5
330 ml bottle	5.5%	2
Spirits (whisky/gin/vodka/rum/brandy/shooters)		
25ml (small) measure	40%	1
35ml (large) measure	40%	1.4
50ml (small double)	40%	1.9-2.0
70ml (large double)	40%	2.7-2.8
1 bottle (70 ml)	40%	28
1 bottle (1 litre)	40%	40

CONTACTS

Human Resources

64 St Olaf Street
Lerwick
Shetland
Tel: 01595744573

Occupational Health Service

Dr Mark Hilditch (OH Physician) and / or
Ms Bernadette Dunne (Senior OH Nurse)
NHS Shetland
Brevik House
South Road
Lerwick
(Appointments must be made through Human Resources).

Staff Welfare Service

Wilma Ross
13 Hill Lane
Lerwick
Tel: 01595 744580
Fax: 01595 744585
Mobile: 07766 421 055
wilma.ross@sic.shetland.gov.uk

Safety Manager

Fiona Johnson
4 Market Street
Lerwick
Tel: 01595 744567
Fax: 01595 744585
fiona.Johnson@sic.shetland.gov.uk

SUPPORT AND COUNSELLING SERVICES

Community Alcohol & Drugs Service Shetland (CADSS)

44 Commercial Street (above Feardie-Meat)
Lerwick
Tel: 01595 695363
Email: admin@cadss.org.uk
Website: www.cadss.org.uk
Open Monday – Friday 10.00am to 5.00pm

Alcoholics Anonymous

Annsbrae House (entrance off Knab Road)
Lerwick
National Helpline: 0345 697555
Meet every Friday at 7.00pm in Congregational Church Hall, Clairmont Place, Lerwick.

Samaritans

13 Charlotte Street

Lerwick

Tel: 01595 694449

National Helpline: 08457 909090

www.samaritans.org.uk

Open from: 7.30pm to 10.30pm, Sunday – Wednesday

9.00pm to 10.30pm, Thursday – Saturday

CRIME PREVENTION

Northern Constabulary

Market Street

LERWICK

ZE1 0JN

Tel: 01595 692110

Fax: 01595 693311

Safer Shetland Action Line

Tel: 01595 694544

Crimestoppers

Tel: 0800 555 111

LOCAL HELPLINE

Community Alcohol & Drugs Service Shetland (CADSS)

Tel: 01595 695363

Email: admin@cadss.org.uk

NATIONAL HELPLINES

Alcoholics Anonymous

Tel: 0345 697555

www.alcoholics-anonymous.org.uk

National Drug Helpline

Tel: 0800 776 600

Website: www.talktofrank.com

Narcotics Anonymous

Aberdeen Helpline: 07071 223441

National Helpline: 020 7730 0009

Website: <http://www.ukna.org>

Drinkline

Freephone: 0800 314 314

Alcohol Focus Scotland

Tel: 0141 572 6700

www.alcohol-focus-scotland.org.uk

Know the Score

Tel: 0800 587879

www.knowthescore.info

NOMINATED TESTER TESTING POLICY & PROCEDURES

(For incident / near incident or ‘for cause’ workplace testing)

- 1. INTRODUCTION**
- 2. DEFINITIONS**
- 3. NOMINATED TESTERS**
- 4. COLLECTING SAMPLES**
- 5. CIRCUMSTANCES WHERE TESTING IS FRUSTRATED**
- 6. CONSENT / REFUSAL TO PROVIDE A SAMPLE FORM**
- 7. ALCOHOL BREATH TESTING CHECKLIST**
- 8. DRUG SCREENING CHECKLIST**

1. INTRODUCTION

- 1.1 The council has a responsibility to make sure that drugs or alcohol do not affect safety and efficiency at work and to ensure that employees are not at risk of harm. As part of the Council's Substance Misuse Policy an employee may be asked to provide a sample for drugs and/or alcohol analysis where a manager has reason to believe that an employee is under the influence of alcohol at work or is intoxicated and unfit because of drug misuse, referred to as 'for cause'.
- 1.2 The purpose of testing 'for cause' is to provide evidence that corroborates the employer's belief that the employee is intoxicated by alcohol or drugs. If the employee admits to being intoxicated or is believed, on reasonable grounds, to have contravened another policy requirement, such as possessing drugs on Council premises, it is unnecessary to resort to the testing procedure. In these circumstances it is recommended that the employee is asked to sign a statement confirming their admission.
- 1.3 This procedure applies to circumstances where an incident, near incident or accident has occurred, or 'for cause' where there are specific concerns that the employee is under the influence of a substance at work. In this situation a nominated tester should always be contacted to undertake testing for the presence of substances in a sample.
- 1.4 This procedure also applies to the situation where the Occupation Health Service is undertaking drugs and alcohol screening, at pre-employment stage, for Safety Critical Posts (see Section 11 of the policy for further details).
- 1.5 This procedure differs to the one for testing employees as part of an agreed Substance Misuse Recovery Programme where, with the agreement of the individual, testing by the Community Alcohol and Drugs Service Shetland (CADSS) is an integral part of the employee's Care Plan and associated Recovery Contract. In these circumstance CADSS's Policy and Procedure on Drugs and Alcohol Testing will apply.
- 1.6 Testing will provide the employer with sensitive data about those tested and all staff involved should bear in mind their obligations under the Data Protection Act 1998.
- 1.7 These testing procedures support the Council's Substance Misuse Policy and must be used alongside the policy. The procedures will apply when drug and alcohol screening or breath testing is carried out either by the Council's Occupational Health provider or by one of the Council's trained Nominated Testers.
- 1.8 It is essential to inform employees of the rules contained within the Substance Misuse Policy and that refusal to provide a sample may be regarded as a disciplinary offence or that a positive test could lead to dismissal.

- 1.9 A copy of the Substance Misuse Policy is available to all staff on the Council's Intranet site and in paper form from Administration staff in your Service area or from Human Resources.

2 DEFINITIONS

- 2.1 The term "Chain of Custody" refers to a set of procedures to ensure the privacy of an individual and the security of a collected specimen (e.g. mouth swab, breath test print out).
- 2.1 The term "OHP" refers to the Council's Occupational Health Providers. A contracted, externally supplied service.
- 2.2 The term "For Cause" (see 9.2 of Policy) is where testing is arranged due to an employee being suspected to be under influence of a substance, or after an accident or incident / near accident or incident, or where there is a 'Reportable Incident' or in the following circumstances: -
- The individual is suspected to be over the legal and/or industry limit stipulated for driving a vehicle or vessel.
 - In the opinion of management, the individual's performance is impaired and suspected of being due to alcohol consumption or substance misuse.
 - In the opinion of management, the individual's behaviour may cause embarrassment, distress or offence to others and is suspected of being due to alcohol consumption or substance misuse. In line with the Code of Conduct for Employees, the performance and image of the Council should not be undermined as a result of an employee's behaviour or related lifestyle induced by alcohol and/or drugs.
 - If the individual is considered unfit/unsafe to undertake work as a result of alcohol consumption or substance misuse.
- 2.3 The term "Testing/Screening Process" refers to the manufacturers guidelines and the training process as applied to all trained nominated testers.
- 2.4 The term "Suspected to be under influence of a substance" is where an employee appears to be under the influence of a substance at work (section 10 of Policy).
- 2.5 The term "Frustrated" refers to the prevention, under normal circumstances of testing an individual at his place of work.
- 2.6 The term "Reportable Incident" refers to any incident, which warrants or necessitates the incident being reported to a professional body, such as the Maritime and Coastguard Agency (MCA) or the Marine Accident Investigation Branch (MAIB).

3 NOMINATED TESTERS

- 3.1 Testing 'for cause' will be performed by nominated testers.
- 3.2 Testers will be nominated and trained by the Council to carry out testing. A list of suitably trained and appointed testers will be held by Human Resources (during office hours) or by telephoning the 24 hour facility (out with office hours) (please see Section 10.5 of the policy for further details). These officers will only be authorised to test after they have received appropriate training.
- 3.3 Alcohol and Drug testing equipment will be maintained by nominated testers and held at various locations throughout Shetland. The breathalyser will be tested/calibrated as per manufacturers instructions and a record of monthly tests will be maintained.

4 COLLECTING SAMPLES

- 4.1 All drug and alcohol screening must follow strict chain of custody procedures that are legally defensible. Proper chain of custody means that the sample is collected in the right way and the sample is not compromised in any way from collection all the way through to the result being issued, whether this is in an instant result for alcohol, or a laboratory result for drugs.
- 4.2 A manager (or colleague if a manager is unavailable) should be present before and during testing, to act as a witness to the proceedings and will be required to sign the consent/refusal form and testing checklist. The employee is also entitled to request that a nominated person of their choice is present and acts as a second witness to the proceedings, they will also be required to sign the consent/refusal form and testing checklist (this is optional and not essential to the procedure).
- 4.3 The results of the alcohol breath test will be available immediately following the test. Whereas, for drug screening the employee will be asked to provide an oral fluid sample, which will then be sent to a laboratory for analysis. The results of this analysis will be communicated to HR and OH, this will usually within 48 hours/2 working days of receipt.
- 4.4 If necessary proof of identity will be required, which may include a council identity card or driving licence. Details of any medication being taken, or has been taken in the last 7 days will also be required. This will help the laboratory when analysing the sample for drugs.

5 CIRCUMSTANCES WHERE TESTING IS FRUSTRATED

- 5.1 In certain circumstances it may be necessary to test an employee who has left the work place either on his own accord or because he/she has been sent home by their line manager. In these circumstances HR must be consulted before the employee is contacted and offered the opportunity to provide a test for substance or alcohol misuse.

6 CONSENT / REFUSAL TO PROVIDE A SAMPLE DECLARATION FORM

EMPLOYEE DETAILS

Full name:	(print clearly)	D.O.B.
Post title:		Emp no. (if known)
Work location:		
Name of Tester:		Location of Test:
Date of Test:		Time of Test:
Witness 1 Name (line manager, or if unavailable; colleague):		
Witness 2 Name (employee's nominated person (if requested)):		

EMPLOYEE CONSENT

The declaration below gives / does not give (delete as appropriate) your consent to be tested for drugs and alcohol in your system and for authorised personnel to disclose the results of these tests to the Council as your employer/prospective employer (delete as appropriate).

I have had explained to me the nature of the test and the possible consequences for my employment is this test proves positive.

Medical Information

Please provide any information that you wish to be taken in to account and believe may be relevant to this situation such as a medical condition or medication you are currently taking:

Employee Declaration

Having read and understood this form, I hereby DO/DO NOT give my consent to be tested and for authorised personnel to disclose the results of my test to my employer/prospective employer.

I also understand that, if I have completed the medical information above, the Council may contact my GP for verification and I consent to this.

SIGNATURE:..... **DATE:**.....

Reason for refusal (if relevant):

TO BE COMPLETED BY WITNESSES

Witness 1 Name (Manager/Colleague):
Position:
Signature:
Date:

Witness 2 Name (if applicable – employee's nominated person):
Position:
Signature:
Date:

Please note: Witnesses must also sign the completed Testing Checklist.

Any additional notes:

7 ALCOHOL BREATH TESTING**CHECKLIST FOR TESTERS**

		Tester Checklist
1	Check that the equipment is in good order and record of monthly maintenance tests is up to date. The last calibration test, should be within the last 6 months	
Comments		
2	Remind employee of right to have a witness present (in addition to the manager/colleague).	
Comments		
3	Ask witness to ensure they see the test record/printout, once it's performed.	
Comments		
4	Check that the manager/colleague present has been with the employee before the test is taken and remains during the test to act as a witness.	
Comments		
5	Explain that you are about to test for alcohol in their system and the reason for the test, referring to sections 9.2 and 9.3 of the Substance Misuse Policy which gives examples of 'for cause' testing.	
Comments		
6	Explain the possible consequences for the employees if the test proves positive (Refer to section 10 of the Substance Misuse policy).	
Comments		Tester Checklist
7	Ask the employee to read the Employee Information Sheet (Appendix A) and to sign if they are giving consent for the test to be carried out. Explain the consequences of refusing to consent to the test or to provide a sample, refusal to consent must be recorded (Appendix C). <i>A copy of either the consent/refusal form must be sent to HR along with the result of the test.</i> The employee should also be given a copy of the consent form.	
Comments		

8	You must ask the following questions.	Employee Answer
i	Have they consumed any alcohol recently?	
Comments		
ii	Have they had anything to eat or drink, including water, within the last 20 minutes? (If yes wait 20 minutes)	
Comments		
iii	Have they smoked anything in the last 2 minutes? (If yes wait 2 minutes)	
Comments		Tester Checklist
9	Strap the unit around the Tester's wrist to prevent it from being dropped or knocked.	
Comments		
10	Check the printer connection.	
Comments		
11	Press the green button on the printer twice to run a quick printer check.	
Comments		
12	Switch the I-O button on. The machine will go through a self-test and each of the four indicator lamps will illuminate in turn followed by a beep. The time and date will be briefly displayed.	
Comments		
13	Check the time and date. If there is an error, use a pen to correct and have the witness sign beside the change on both copies of the printout.	
Comments		Tester Checklist
14	Once the ready light has illuminated take a new mouthpiece and check the packaging is not broken or damaged.	
Comments		
15	Remove the packaging from the non-lipped end and peeled back until the 'stud' is exposed.	
Comments		
16	Place the mouthpiece onto the unit leaving the remaining	

	packaging covering the mouthpiece.	
Comments		
17	If the flow light illuminates with the mouthpiece on, discard the mouthpiece and replace with a new one following the process as above.	
Comments		
18	Instruct the employee to keep their hands by their sides and to take a deep breath and then blow steadily into the mouthpiece until told to stop.	
Comments		
19	Remove the remaining packaging from the mouthpiece in view of the employee and witness taking care not to handle the mouthpiece itself. Retain the packaging.	
Comments		
20	Conduct the test ensuring that:	
i	Employee blows strongly enough to illuminate the flow light.	
Comments		
ii	Employee blows until the analysing light illuminates.	
Comments		
iii	The process is witnessed.	
Comments		
21	Tell the employee to stop blowing once the analysing light illuminates.	
Comments		Tester Checklist
22	The reading will be shown on the display for a short period and then printed out (two copies).	
Comments		
23	Remove the mouthpiece using the retained packaging and dispose of properly.	
Comments		
24	If no other tests are to be carried out then briefly press the I-O button to switch off unit and stow unit in its case.	
Comments		

25	Check the results	
i	If a message E2 is displayed then the alcohol level is too high for accurate measurement (possibly because of the presence of alcohol in the mouth). If this is the case retake the test once again. If E2 appears record this as the result, ensuring to note that this occurred (and that two attempts were made).	
Comments		
ii	Above the blank check should read BrAC mg/l	
Comments		
iii	The blank check should read 0.00, if it reads more than 0.01 then retake and make sure you are not in an alcohol fume rich environment.	
Comments		
26	Inform the employee that one copy of the printout is taken (attached to this form) to discuss with Human Resources what further action is required and give the other to the employee. If the employee is unwilling to accept his copy, have the witness attest to this and retain both copies.	
Comments		
27	If a positive result is produced, the employee must be informed of this and that an investigation, in line with the Council's Disciplinary Procedure will be carried out. The employee should also be tested for drugs (see next section).	

7. DRUG SCREENING PROCEDURE**CHECKLIST FOR TESTERS**

		Tester Checklist
1	Explain that you are about to carry out a drug screening procedure and the reason for this, referring to sections 9.2 and 9.3 of the Substance Misuse Policy which gives examples of 'for cause' testing.	
Comments		
2	Explain to the employee that they are being asked to give their consent to provide an OMT Oral Fluid sample from the cheek of their mouth. This is a totally painless procedure and will take approximately 2 minutes.	
Comments		
3	<p>Explain that the OMT Oral Fluid sample will be analysed at the laboratory for any combination of the following drugs: -</p> <ul style="list-style-type: none"> • Amphetamines (inc. Speed) • Methamphetamines (inc. Ecstasy) • Cannabis • Opiates (Heroin) • Cocaine (inc. Crack Cocaine) • Benzodiazepines • Barbiturates • Methadone/Buprenorphine • LSD/PCP <p>Inform the employee that if they declare (either verbally or on the chain of custody form) that they have consumed any of the substances listed, the Council will be notified.</p>	
Comments		Tester Checklist
4	Remind the employee that they have the right to have a witness present.	
Comments		
5	Check that the manager/colleague present has been with the employee before the test is taken and remains during the test to act as a witness.	
Comments		
6	Explain the possible consequences for the employees if the test proves positive (refer to section 10 of the Substance Misuse Policy)	

Comments		
7	Complete Concateno form (enclosed in drug testing kit).	
Section 1	The Customer ID Code is SHET and the Customer Telephone is 01595 744573. Please put HR Advisor at 'responsible professional' and your own initial and surname at 'Collector's Name'.	
Section 2	The Donor ID should be your own initials followed by number 101, 102, 103, consecutively, as required.	
Sections 3&4	Complete or leave blank as appropriate.	
Section 5	Cross to screen all drug types, leave all other fields blank, do not place a cross in any of the confirmation boxes and do not sign the authorisation box at this section.	
Section 6	<p>Nominated tester must sign and date the white copy, which should be detached and placed in the envelope for the laboratory.</p> <p>Ask donor to complete their name, signature and date at Section 6 of the yellow copy, ensuring that they have read the certification first. Detach the yellow copy and give this to the employee.</p> <p>Attach pink copy to the SIC consent form, checklist and breathalyser printout when complete, and send to the HR Manager, 64 St Olaf Street, Lerwick as soon as possible.</p>	Tester Checklist
Comments		
8	Check that the employee has nothing in their mouth nor consumed or smoked anything 10 –15 minutes prior to the test.	
Comments		
9	Offer a choice of two screening kits from two separate batches.	
Comments		
10	Place two separate cotton fibre pads, one either side of the employees mouth, for 2 minutes.	
Comments		
11	Ask the employee to sign tamper evident seals for the two sample vials.	
Comments		

12	Send both samples to the laboratory under strict chain on custody procedures using the prepaid envelope provided.	
Comments		
13	Inform the employee that during the process of analysis, there may be a requirement for the laboratory to contact the employee directly. When the test results are available, they will be sent by secure email directly to the Council's Occupational Health Service or to HR	
Comments		
14	Inform the employee that if a positive result is produced, they will be informed of this and that an investigation, in line with the Council's Disciplinary Procedure will be carried out.	
Comments		

TO BE COMPLETED BY WITNESSES

Witness 1 Name (Manager/Colleague):
Position:
Signature:
Date:

Witness 2 Name (if applicable – employee's nominated person):
Position:
Signature:
Date:

Any additional notes:

Head of Service: **(Employing Department)**
Chief Executive: Alistair Buchan

Private & Confidential

Name

Address

Telephone: 01595 74

Fax: 01595 74

www.shetland.gov.uk

If calling please ask for

Direct Dial: 01595 74

Our Ref:

Date:

Your Ref: -

Dear

Substance Misuse Policy

*Following our meeting on **(insert date at insert time)** in which I raised some general concerns regarding your pattern of behaviour, I acknowledge that you have admitted a problem with substance misuse. **(OR – delete as appropriate)** Thank you for approaching me to raise concerns about your own substance misuse. I acknowledge that you have these concerns and appreciate your honesty. As you are aware, from the discussion held, an important objective of the Shetland Islands Council Substance Misuse Policy (as attached) is to assist in overcoming substance dependence **(if appropriate)**.*

As discussed an appointment has been arranged for you with the Community Alcohol and Drugs Shetland Service on **(insert date at insert time at insert venue)**. Furthermore I have referred you to our Occupational Health Service for further advice and support. You should receive a letter to confirm this appointment date shortly.

I would like to reassure you that your condition will be treated, in the same way as someone unfit for work through illness provided you comply with the attached Recovery Commitment.

Two copies of the Recovery Commitment are enclosed, please sign one copy to signify your acceptance of the contract terms and return to me by *(insert date - 7 days from date of letter)*. You should keep the second copy as it is for your records.

Yours sincerely

(Insert Manager's post title)

Cc: Human Resources Advisor / Officer
Occupational Health

Enc: Recovery Commitment (x2), Substance Misuse Policy, SIC addressed envelope

Employee Recovery Commitment

This recovery commitment must be agreed and signed by any employee embarking upon a supported recovery programme whilst working for the Shetland Islands Council. Failure to agree to, or to meet, the following conditions may result in the implementation of the Council's Disciplinary Procedure.

I agree to:

- Treat with respect all the people I have contact with in connection with my treatment.
- Keep my appointments and arrive at them on time.
- Accept responsibility for any prescription medication.
- Provide regular samples for drug/alcohol screening.
- Give my 'permission to liaise', allowing the sharing of relevant information, by the appropriate professionals involved in my treatment.
- Participate in OH reviews every 3 months; or more frequently if required.
- Be honest with the Council about any relapse into substance misuse.

Employee Name (capital letters).....

Employee Signature.....

Date.....

Employer Commitment

In return for adherence to the above employee commitment, the Council agrees to:

- Treat the above named employee with respect.
- Provide an employee, who is continuing to work, with paid time off to attend regular counselling and support sessions with CADSS.
- Facilitate access to appropriate support services, such as CADSS.
- Provide Occupation Health appointments / reviews every 3 months, or more frequently if required.
- Maintain confidentiality and only share relevant information with the appropriate personnel who are dealing with this case.

Head of Service: **(Employing Department)**
Chief Executive: **Alistair Buchan**

Private & Confidential

Name

Address

Telephone: 01595 74

Fax: 01595 74

www.shetland.gov.uk

If calling please ask for

Direct Dial: 01595 74

Our Ref:

Date:

Your Ref: -

Dear

Substance Misuse Policy

As you are aware, an incident occurred on **(insert date at insert time)** when **(delete as appropriate)** you were suspected to be under influence of a substance at work, / or after an accident or incident at work, / or after a near accident or incident at work as a **(insert employee's post title)** at **(insert work place)**. Following this you **(delete as appropriate)** consented/did not consent to an alcohol and drug test, which took place on **(insert date at insert time)**. I therefore confirm that you are now required to attend a meeting with myself, and a member of Human Resources, at **(insert venue)** on **(insert date)** at **(insert time)**. This meeting will give us the opportunity to discuss the results of the drug/alcohol test carried out under the terms and conditions of the Council's Substance Misuse Policy. You have a right to be accompanied by a union representative or colleague at the hearing; please let me know if you intend to bring someone along. I enclose a copy of our Substance Misuse Policy for your information and would recommend you read this before attending our meeting.

Yours sincerely

(Insert Manager's post title)

Enc.

Head of Service: (Employing Department)
Chief Executive: Alistair Buchan

Private & Confidential
RECORDED DELIVERY

Name
Address

Telephone: 01595 74
Fax: 01595 74

www.shetland.gov.uk

If calling please ask for

Direct Dial: 01595 74

Our Ref:
Your Ref: -

Date:

Dear

Substance Misuse Recovery Contract

Following our meeting of **(insert date at insert time)**, regarding the above and your subsequent appointments with the Community Alcohol and Drugs Shetland Service (CADSS) and Occupational Health (OH), I now confirm that the following Substance Misuse Recovery Contract and attached Care Plan (agreed between the employee and CADSS) have been put in place for you.

As you are aware, from previous discussions held, an important objective of the Shetland Islands Council Substance Misuse Policy (as attached) is to assist employees in overcoming substance dependence (Section 12). *I would like to reassure you that your condition will be treated, in the same way as someone unfit for work through illness provided you comply with the terms and conditions set out below: -* **(OR if disciplinary action is taking place (delete as appropriate) As discussed, in conjunction with the disciplinary action you are subject to, you must comply with the terms and conditions set out below: -**

- a) You must not consume alcohol or take substances at a level which is likely to interfere with your health or performance at work (CADSS and OH have advised total abstinence).
- b) You must attend Occupational Health appointments for regular monitoring and surveillance as required and comply with all medical advice offered to you.
- c) You must comply with the attached Care Plan agreed between yourself, CADSS and the Shetland Islands Council.
- d) As part of your recovery, you are strongly encouraged to attend appropriate after-care groups, such as those provided by CADSS, Alcoholics Anonymous (AA) or Narcotics Anonymous (NA) for a period of at least 6 months.
- e) You must keep all regular medical appointments and comply with the treatment regimes.

- f) You must not behave in anyway which would lead us to believe that you have re-commenced substance or alcohol misuse.

It is vital that you comply with these terms and conditions. *Wherever you do so your condition will continue to be treated in the same way as someone unfit for work through illness. However, if you default, disciplinary action is likely to follow which could potentially lead to your dismissal. (Delete the last two sentences if disciplinary action is taking place.)*

During our discussion I stressed the importance of identifying someone you can talk to if you feel you are having problems, which may result in you breaking this contract. Shetland Islands Council and its Occupational Health Service are here to support you. Should you need to contact myself on the above number or our Staff Welfare Officer, Wilma Ross on 01595 744580 please feel free to do so. Please also refer to our list of contacts including support services, counselling agencies, local and national helplines on pages 15 and 16 of the Substance Misuse Policy.

Two copies of this letter are enclosed, please sign one copy to signify your acceptance of the contract terms and return to me by XXX (7 days from date of letter). You should keep the second copy as it is for your records.

Yours sincerely

(Insert Manager's post title)

**Cc: Human Resources Advisor / Officer
Occupational Health**

Enc: CADSS Care Plan, Substance Misuse Policy, Copy of Letter, SIC addressed envelope

FORM OF ACCEPTANCE

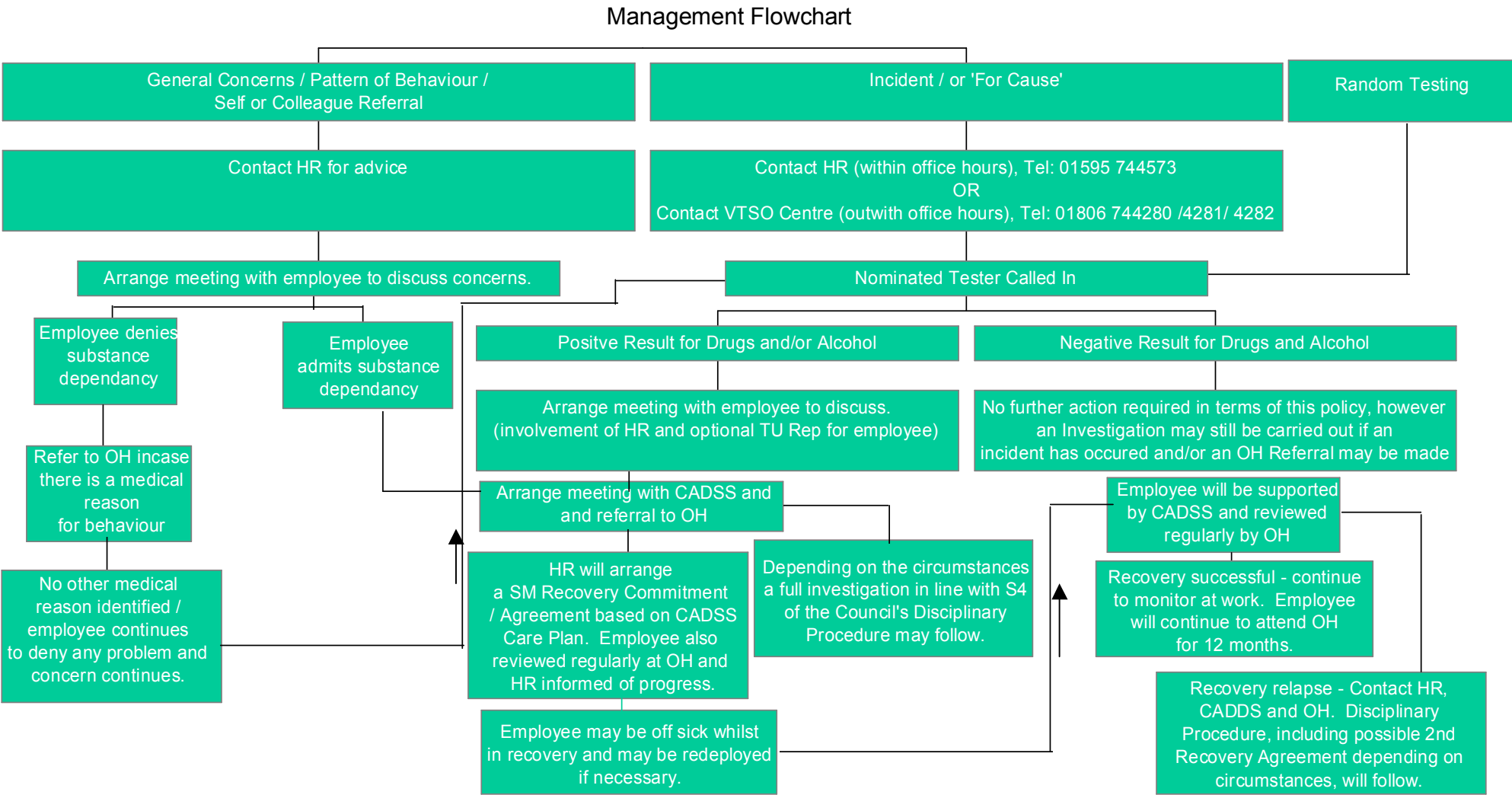
I agree to comply with the terms and conditions detailed in the Substance Misuse Recovery contract. I understand that this contract will remain in place permanently unless both parties jointly agree that it is cancelled.

I understand that if I default then I will be liable to disciplinary action.

Name.....

Signed.....

Date.....





REPORT

To: Shetland Islands Council

8 December 2010

From: Head of Legal and Administration

Strategic Sourcing of Legal Services

LA-59-F

1. Introduction

- 1.1 The purpose of this report is to seek exemption from Council Standing Orders Relating to Tenders and Contracts (Standing Orders) due to special circumstances.

2. Background

- 2.1 As Members shall be aware collaborative opportunities are now considered to be an important consideration for the procurement of goods, works and services across the public sector. Additionally, members will be aware of existing reviews in relation to provision of legal services where a range of options arise for best value provision, and this has been undertaken, or is underway, in areas such as the Crofting Estates work and the inputs in areas such as Economic Development and Council House sales.
- 2.2 An opportunity has coincidentally arisen for the Council to consider a collaborative approach for the provision of legal services where these are sourced from the private sector. Highland Council has initiated interest from several public bodies across the Highlands & Islands region with a view to establishing a strategic legal services framework. A list of the organisations currently involved is attached as Appendix 1. It is anticipated that the framework shall subsist for a period of four years.
- 2.3 At this stage no formal sign up to the initiative has taken place. Discussions have been held and information exchanged via video conference. Subject to Member approval it is recommended that the Council agrees to participate in the proposed framework arrangement, where deemed appropriate.
- 2.4 This would accord with the Council's procurement strategy where collaboration is included as a key consideration in the procurement process.

3. Links to Corporate priorities and Risk

- 3.1 The terms of this report accord with the Council's Corporate Plan 2010-12 in relation to ensuring that the Council's services are operated in the most effective and efficient way possible, and the report addresses the Council's specific priority in relation to delivering efficiency savings, with particular focus on procurement.
- 3.2 There are no significant risks associated with this report. Any risks arising from the recommendations would be managed through the progress of the procurement exercise.

4. Financial Implications

- 4.1 Expenditure on legal fees for 08/09 and 09/10 has been £190,000 and £505,221 respectively. These are the broad figures which appear on the Council's ledger under the 'Legal Fees' heading for expenditure across all Services, and can include outlays on matters such as court fees and registration dues. Whilst there is no guarantee that savings can be made in this sector it is hoped that entering into a framework agreement may have the potential to yield economies of scale.
- 4.2 As particular contracts for outsourced legal services can exceed the five times di minimis sum (£50,000) exemption from Standing Orders would be required if the framework arrangement is to be utilised.

5. Policy and Delegated Authority

- 5.1 Standing Order H2 (e) states: The Council may exempt from the provisions of these Standing Orders or any part of them, any contract when they are satisfied that the exemption is justified by special circumstances.

6. Conclusion

- 6.1 This report has set out a brief background to a collaborative opportunity for the sourcing of legal services where these are procured from the private sector.
- 6.2 Should the procurement exercise result in a satisfactory outcome for the participating public bodies it is likely that this will lead to more efficient working practices and potential savings. It is, therefore, recommended that the Council formally participates.

7. Recommendations

I recommend that Council:

- 7.1 Approve participation in the strategic sourcing of legal services framework and exemption from Standing Orders due to special circumstances and:
- 7.2 Delegates authority to the Head of Legal and Administration or his nominee to formally participate and to progress the related administrative requirements.

Report no: LA-59-D1
Our Ref CB

8 December 2010

Commodity : Legal Services

- Highland Council
- Moray Council
- Argyll & Bute Council
- Western Isles Council
- Orkney Islands Council
- Shetland Islands Council
 - Northern Constabulary
- Highland & Islands Fire & Rescue Service
- Forestry Commission
- Scottish Natural Heritage
- NHS Highland
- Highland and Islands Enterprise
- Crofters Commission