



Shetland Islands Council

12 June 2013

Chair's Report – Energy Efficiency Funding: Scottish Government Submission and Eco Funding

Report No. SIC-1206-EX-BT0-04

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendation from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Executive Committee considered a Chair's report from the Environment and Transport Committee that presented the methodology and strategy required for the disbursement of energy efficiency funding available from the Scottish Government.

2.0 Decision Required

- 2.1 That the Council **RESOLVES** to:
 - (a) approve the Domestic Energy Efficiency Support Scheme, as a delegated grant scheme,
 - (b) grant delegated authority to the Director of Infrastructure Services (or his nominee) to approve HES:ABS funding disbursement in terms of the delegated grant scheme.
 - (c) grant delegated authority to the Director of Infrastructure Services (or his nominee) to agree and enter into an ECO funding arrangement with an appropriate energy provider.

3.0 Report

- 3.1 This report seeks approval for the outline methodology and strategy required for the disbursement of energy efficiency funding, following the submission of a bid to the Scottish Government for energy efficiency funding available under the Home Energy Scotland: Area Based Scheme (HES:ABS)

- 3.2 This funding is for works in domestic properties throughout Shetland and will assist us to reach our carbon reduction targets under the Climate Change (Scotland) Act 2009.

4.0 Implications

- 4.1 Detailed information concerning the proposals was contained within the report already circulated to Members, including the strategic and resources implications for the Council.

For further information please contact:

Mr G Robinson, Chair of Executive Committee
3 June 2013

List of Appendices

None

Background documents:

Environment and Transport Committee – 8 May 2013
www.shetland.gov.uk/coins/Agenda.asp?meetingid=3780

Executive Committee – 3 June 2013
<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END



Shetland Islands Council

12 June 2013

Chair's Report – Progress Report – Capital Projects

Report No. SIC-1206-EX-CPS-06

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider a recommendation from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 A report that presented the 5-year Asset Investment Plan (AIP) was approved on 20 February 2013 (Min. Ref. 08/13). This report advises on progress on the projects contained within the AIP.
- 1.3 The report includes a summary of the financial status and predicted outturn for the full life of each project.

2.0 Decision Required

- 2.1 That the Council RESOLVES to note the progress on the projects within the AIP.

3.0 Report

- 3.1 This report provides an update on progress in delivering the Asset Investment Plan and summarises the full life financial position for each project.
- 3.2 Quarterly monitoring reports on capital expenditure will now be provided by the Executive Manager - Finance, detailing the progress of capital projects within the current financial year.

4.0 Implications

- 4.1 Detailed information concerning the proposals was contained within the report already circulated to Members, including the strategic and resources implications for the Council.

- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.
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For further information please contact:

Mr G Robinson, Chair of the Executive Committee
3 June 2013

List of Appendices

None

Background documents:

Executive Committee

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END



Shetland Islands Council

12 June 2013

Chair's Report – Planning and Performance Management Update Report

Report No. SIC-1206-EX-CRP-05

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider a recommendation from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Committee considered a report that recommended updates to the Councils Planning and Performance Management Framework due to progress on delivering the Councils Improvement Plan and the development of the Corporate Plan.

2.0 Decision Required

- 2.1 That the Council RESOLVES to:
 - 2.1.1. Approve the arrangements contained in the Appendix to the report and the Planning and Performance Management Framework
 - 2.1.2 Approve integration of further improvement activity into the Corporate Plan and therefore conclude the Improvement Sounding Board and return full improvement scrutiny and performance management responsibility to the Executive Committee.

3.0 Report

- 3.1 The Council's Planning and Performance Management Framework (PPMF) was last updated in July 2012. It was acknowledged then that it would have to be updated again when the Council developed its Corporate Plan. It is also good practice to regularly review and improve these arrangements and this is an appropriate time to conclude the Improvement Sounding Board and transfer its responsibilities to the Executive Committee.

4.0 Implications

- 4.1 Detailed information concerning the proposals was contained within the report already circulated to Members, including the strategic and resources implications for the Council.
- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.

For further information please contact:

Mr G Robinson, Chair of the Executive Committee
3 June 2013

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None

Background documents:

Executive Committee

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END



Shetland Islands Council

12 June 2013

Chair's Report – Shetland College Fees 2013/2014 - May 2013

Report No. SIC-1206-EX-SCB-035

Chair's Report – Executive Committee –3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendation from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Committee considered a report from the Chair of the Shetland College Board that presented the proposed course fees for academic session 2013/2014.

2.0 Decision Required

- 2.1 That the Council **RESOLVES** to approve the course fees for the academic session 2013/14.

3.0 Report

- 3.1 Whilst some of the college's course fees are set by the awarding body, the Scottish Qualifications Authority (SQA) and by UHI centrally, the College reviews the course fees which it can set on an annual basis. In line with national benchmarks and ongoing budgetary constraints, course fees which the College can set have been increased by 10% for 2013/14 to try to ensure that the College covers its operating costs. Historically fee increases have been levied below the rate of inflation, and given the financial exigencies facing the College in 2013/14 and beyond, it is felt that this increase on a number of courses represents a catch-up.

4.0 Implications

- 4.1 Detailed information concerning the proposals was contained within the report already circulated to Members, including the strategic and resources implications for the Council.

- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.
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For further information please contact:

Mr G Robinson, Chair of the Executive Committee
3 June 2013

List of Appendices
None

Background documents:
Shetland College Board – 23 May 2013
<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

Executive Committee – 3 June 2013
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=14554>

END



Shetland Islands Council

12 June 2013

Chair's Report –Shetland Youth Strategy

Report No. SIC-1206-EX-CS-29

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendation from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Executive Committee considered a Chair's report from the Education and Families Committee. The report set out the proposed strategy for the delivery of Youth Work in Shetland.
- 1.3 The Strategy has been developed following meetings with people who are involved in delivering services to young people. Community consultation events have recently been held in order for parents, staff, representatives from a variety of community groups, and members of the public to share their views. Meetings have also been held with church groups and uniformed groups.

2.0 Decision Required

- 2.1 That the Council **RESOLVES** to adopt the recommendations from the Executive Committee and approve the Shetland Youth Strategy.

3.0 Report

- 3.1 In responding to the Strategic Guidance for Community Planning Partnerships, the focus shifts from one of universal provision to one of prevention and a greater integration with other services.
- 3.2 The development of a Shetland Youth Strategy represents a major step forward in terms of targeting our resources, to best meet the needs of all children and young people in this respect.
- 3.3 The intention would be that the Shetland Youth Strategy also be presented to the Integrated Children and Young People's Forum, and an action plan be developed by that group.

4.0 Implications

- 4.1 Detailed information concerning the proposals are contained within the report already circulated to Members, including the strategic and resources implications for the Council.
- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.

For further information please contact:

Mr G Robinson, Chair of Executive Committee
3 June 2013

List of Appendices

None

Background documents:

Education and Families Committee

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3775>

Executive Committee – 3 June 2013

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END



Shetland Islands Council

12 June 2013

Chair's Report – Clothing Grant – Revised Policy

Report No. SIC-1206-EX/E&FC-CS-23

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendations from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Committee considered a report from the Chair of the Education and Families Committee that presented a revised Children's Service Policy on the eligibility criteria for Clothing Grants. The report recommended that the Council approve a change to the existing policy – namely that the payment of clothing grants to parents/carers of pre-school children should be removed.
- 1.3 However the recommendation of the Education and Families Committee was that the existing policy should be retained. The Executive Committee adopted the recommendation of the Education and Families Committee.

2.0 Decision Required

- 2.1 That the Council **CONSIDERS** whether to adopt the recommendation from the Executive Committee, and recommend that the Council retain the existing policy

3.0 Report

- 3.1 The provision of clothing grant for pre-school children is quite unusual for local authorities in Scotland, and removing this from Shetland Islands Council's policy would bring us in line with almost all other local authorities. No other changes to the policy are proposed. This policy change would also enable Children's Services to fully utilise the SEEMIS system to process all Clothing Grant Payments.

- 3.2 Currently £1,200 is paid out to 30 parents/carers of pre-school children, £10,350 is paid out to parents/carers for 230 primary aged pupils and £5,600 is paid out to parents for 112 secondary aged pupils.
- 3.3 Removing the eligibility for Clothing Grant from parent/carers of pre-school pupils is one of a whole raft of savings proposals put forward by Children's Services to the budget setting meeting on 20 February 2013 as part of the Shetland Islands Council Budget 2013/14 Report, to meet the challenging levels of savings required across the whole service.
- 3.4 Removing this payment from the parents/carers of pre-school pupils will bring Shetland Islands Council in line with almost all other local authorities.

4.0 Implications

- 4.1 Detailed information concerning the proposals are contained within the report already circulated to Members, including the strategic and resources implications for the Council.
- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.

For further information please contact:

Mr G Robinson, Chair of Executive Committee
3 June 2013

List of Appendices

None

Background documents:

Education and Families Committee

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3775>

Executive Committee

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END



Shetland Islands Council

12 June 2013

Chair's Report – Prevention of Homelessness Policy

Report No. SIC-1206-EX-HS-05

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendation from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Committee considered a report from the Chair of the Social Services Committee that detailed a new draft policy on the prevention of homelessness in Shetland.

2.0 Decision Required

- 2.1 That the Council RESOLVE to approve the prevention of homelessness policy.

3.0 Report

- 3.1 Preventing homelessness is a key priority for the Scottish Government and a corporate responsibility, particularly in terms of its focus on early and integrated intervention.
- 3.2 The Prevention of Homelessness Policy seeks to update and underpin current working practice in place to prevent homelessness.

4.0 Implications

- 4.1 Detailed information concerning the proposals are contained within the report already circulated to Members, including the strategic and resources implications for the Council.
- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.

For further information please contact:

Mr G Robinson, Chair of the Executive Committee
3 June 2013

List of Appendices

None

Background documents:

Social Services Committee – 24 May 2013

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3828>

Executive Committee – 3 June 2013-05-31

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END



Shetland Islands Council

12 June 2013

Chair's Report – Policy on Contributing to Your Support

Report No. SIC-EX-CC-15

Chair's Report – Executive Committee – 3 June 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendations from the Chair of the Executive Committee in relation to a report requiring a Council decision.
- 1.2 The Executive Committee considered a report from the Chair of the Social Services Committee that reported on activity over the last month in particular engagement events. It also introduced a draft policy, detailing how contributions from customers will be managed.
- 1.3 Following the comments received by the Social Services Committee the appendices were updated and presented to Executive Committee, and are attached for ease of reference.

2.0 Decision Required

- 2.1 That the Council:
 - 2.1.1 RESOLVES to introduce the policy that requires people to contribute to the cost of their support, where they are financially able to do so, (policy attached as Appendix 1);
 - 2.1.2 APPROVES the taper level(s), discretions and rates proposed in appendix 2. Rates that are not already agreed are in red; and
 - 2.1.3 RESOLVES to implement the Contributing to Your Support policy as of 1st July 2013.

3.0 Report

- 3.1 A report was put before Social Services and the Executive Committee in the last cycle which explored the proposal to introduce a policy that would require customers of Community Care to contribute to the cost of their support, where they can afford to do so. It also set out the timescales in which we would implement the policy.

3.2 In order to implement the policy on 1st July the following work streams need to be complete:

- Design of Financial Assessment form
- Information leaflets produced
- All customers of direct service provision and of Direct Payments will need to be written to confirming current care plan.
- All customers will need to complete a financial assessment – it is assumed that this will be a self assessment.
- Training / support to administration teams
- Further sessions to identified staff groups – i.e. Senior Nursing Staff
- Clear definition of terminally ill/ end of life care to be clarified.

3.3 The implementation will be supported by a Project Initiation Document and refreshed time line. Resources out with Community Care have been identified to support this work.

4.0 Implications

4.1 Detailed information concerning the proposals are contained within the report already circulated to Members, including the strategic and resources implications for the Council.

4.2 There are no additional implications to be considered by the Council, other than those set out in the report.

For further information please contact:

G Robinson, Chair of the Executive Committee
3 June 2013

List of Appendices

Appendix 1 – Draft Community Care Contributing to Your Support Policy

Appendix 2 – Direct Payment Rates – 2013/14

Background documents:

Social Services Committee – 24 May 2013

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3828>

Executive Committee – 3 June 2013

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3787>

END

Community Care Contributing to Your Support Policy

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1. Policy Statement

1.1 This charging policy was agreed by Shetland Islands Council on xxxxxxxx and explains how we will work out how much customers should be expected to contribute towards the cost of the services they receive. The policy covers non residential services for all people using community care services.

1.2 The policy is intended to help staff working for the Council, service providers, customers and other interested groups to understand how we will calculate charges.

1.3 Shetland Islands Council will charge for services where it has a statutory power to do so. We will not charge for 'personal care' services for older people, as defined by the Community Care and Health (Scotland) Act 2002.

2. Principles on which the charging policy is based.

2.1 Ability to Pay – all customers will contribute towards the cost of services they use, on the basis of their available income and cash assets.

2.2 Maximum charge – we will not charge more than the cost of providing the service

2.3 Equity – all service users will be treated equally

2.4 Transparency – service users will know how and why they are being charged for a particular service

2.5 Compliance with national guidance – the charging policy complies with COSLA's Guidance on charging policies for non residential services that enable people to remain in their own home – 2013-2014, the National Assistance Act 1948 and the National Assistance (Assessment of Resources) Regulations 1991.

3. Aims of the contributing to Your Support policy

The policy explains:

3.1 What incomes, savings and capital we take into account when working out how much someone has to pay towards the cost of the service they receive. This is called the financial assessment.

3.2 How we treat that income, savings and capital.

3.3 What allowances are made for individual's circumstances.

3.4 What happens if service users can't pay or won't pay.

4. Contributions for Community Care Services

4.1 We will require customers to contribute to the cost of the provision of the following services, subject to a financial assessment of their ability to contribute.

- Supported Living
- Personal Care (Under 65)
- Domestic Home Care

- Attending Day Care
- Short Breaks at Home
- Personal Assistant

4.2 Services that are free

- Personal care tasks as defined by the Community Care and Health (Scotland) Act 2002 for people 65 years of age and over.
 - Service for people with a mental illness who are subject to a Compulsory Treatment Order.
 - Services provided by the Criminal Justice Service
 - New or additional services for people over the age of 65 who are being discharged from hospital. In this circumstance they will not be expected to contribute to their support for a period of 42 days
 - People who are terminally ill.

4.3 Financial assessment and household income

4.3.1 Customers will be asked to complete a financial assessment form.

4.3.2 If a customer does not want to divulge financial information for the assessment, we will charge the full charge for the service. This may mean that we may charge more than we would have done had we carried out a financial assessment.

4.3.3 The service user and their partner's income and capital will be taken into account for the provision of services which benefit both, i.e. non personal care tasks.

4.3.4 Service users will be financially re-assessed on an annual basis unless their total package is covered by Free Personal Care payments. If a customer's circumstances changes in the mean time they can request a new financial assessment.

4.4 Income maximisation and benefit take-up

4.4.1 We will advise and sign post customers to sources of advice and help concerning their entitlement to receive state and other benefits.

4.5 Income disregarded in the financial assessment

4.5.1 We will disregard the income from the following sources when calculating how much people should pay towards the cost of the services they receive:

- Mobility component of Disabled Living Allowance
- All benefits paid for or on behalf of dependent children e.g
 - Child Benefit
 - Tax Credit
 - Disability payment in respect of child
 - War widows supplementary pension

We will take all other income into account

4.6 Capital rules

4.6.1 We will take into account available capital such as savings held in a bank, building society, post office or other savings account, bonds, stocks and shares, value of PEPs , ISAs, etc.

4.6.2 - We will disregard capital below £6,000 for people under 60 and £10,000 for people 60 and above.

4.7 Tapering arrangements

4.7.1 A taper is a method for dealing with income available to the service user that is over the threshold figure. We will disregard 30% of the income above the threshold amount. This level may change from year to year but details will be published.

4.8 Mortgage payments and housing costs

4.8.1 We will deduct all rent payments made after application of housing benefit by people living in rented accommodation when calculating their available income.

4.8.2 We will deduct all capital and interest payments made by owner-occupiers towards mortgages on their primary residence (usual residence where a person owns more than one property) when calculating their available income.

4.8.3 We will deduct the agreed lodging allowance for people who reside at home with their parent/s

4.8.4 We will deduct payments made by owner occupiers and tenants for council tax, water, sewerage and household insurance for building costs when calculating their available income.

4.9 Discharge from hospital

4.9.1 We will not charge people 65 years of age and over on the day of discharge from hospital for 42 days for any new or additional -service from the date of discharge. This free service does not apply in cases where admission to hospital is on a regular basis or a frequent basis as part of regular treatment or ongoing care arrangements.

4.11 Cases of hardship and Non payment of charges

4.11.1 Shetland Islands Council will pursue all assessed contributions not paid by people assessed as being able to contribute through the Corporate Council Debt Recovery procedure.

4.11.2 Waiving Charges - Before a service starts, the Director of Community Care can use discretion in exceptional circumstances for a charge not to be made. Any decision to waive all or part of the weekly charge must be reviewed annually at the time of financial re-assessment.

4.11.3 Write-Off - The Director of Community Care can recommend a debt for write-off once all normal Council Debt Recovery procedures have been followed.

4.11.4 Write-off of debt for non-residential services can only be considered on the following grounds:

- Financial reasons – the service user has died and has left no estate or has absconded
- Social grounds – to pursue the debt would be at the detriment of the service user's well-being

4.12 Incorrect financial assessment

4.12.1 If it is discovered that an incorrect financial assessment has led to a customer being asked to contribute too much or too little, a new financial assessment will be completed and we will apply the correct charge from that date.

4.13 Backdated Adjustments

4.13.1 Where we have been given the correct financial information by the customer, or his/her representative, and have calculated the charge wrongly, we will reimburse the full amount of any over-charge and will seek to recover any amount by which they have been under-charged.

4.13.2 If any under-charge results from the customer, or their representative, providing us with incorrect financial information, we will seek to recover any amount by which they have been under-charged. If a customer, or their representative, provides us with incorrect financial information and this results in their being over-charged, we will refund the amount by which they have been over-charged.

4.14 Temporary or emergency admission to hospital or care home

4.14.1 If a customer was receiving community based services before a temporary admission to hospital or care home, we will not charge for services while they are away from home. The customer would be required to meet any cost for residential services if this was the case.

There may be times when care has to be provided at short notice and thus the financial assessment is not completed at the same time. Under these circumstances payments will be begin from the date of assessment.

4.15 Information for customers on Contributing to Community Care Services

4.15.1 Customers will be given information about contributions at the time of assessment and contributions will be applied from the first date the service is received, unless the customer is the age of 65 years and over, or they are being discharged from hospital. They will then have a period of 42 days where they will not be expected to contribute.

4.16 Changes to Contributions

4.16.1 All contributions will be reviewed regularly. Details of any changes to expected contributions will be published.

4.17 Contributing to Your Support policy appeals and reviews

4.17.1 Customers not satisfied with the calculation or outcome of their financial assessment will be encouraged to discuss their concern with staff involved in the assessment process or the member of staff working with them. This would normally be the coordinator of the customers With You For You.

4.17.2 Customers who remain dissatisfied will be entitled to pursue their complaint through the Department's complaint procedure.

http://www.shetland.gov.uk/community_care/documents/SC02rev-ComplaintsLeaflet-Jul12.pdf

draft

DIRECT PAYMENTS RATES 2013/14

DIRECT PAYMENT RATES - COMMUNITY CARE SERVICES	
	2013/14
SERVICE	Direct Payments Rate Payable
Personal Care per hour	£16.18
Domestic Tasks per hour (including Laundry and Meal preparation)	£11.37
Day Care per day – All age groups	£56.80
Residential Short Breaks per week	£503.00
Short Breaks at Home per hour	£10.33
Personal Assistant per hour	£10.33

Direct payments are paid net of any charges that apply.

COMMUNITY CARE CHARGES 2013/14

Supported Living Service (Per Week)	£53.00*
Charges for Communal Facilities – Arheim (Per Week)	£15.00
Transition Experience Flat (Per Overnight)	£11.00
Personal Care (Under 65s) (Per Hour)	£16.18*
Domestic Home Care (Per Hour)	£11.37*
Day Care Charge (Per Day)	£5.00*
Day Care Meal Charge	£5.00*
Meals on Wheels	£5.00
Community Alarm Response Service (Per week)	£1.02*
Short Breaks at Home per hour	£10.33*
Personal Assistant	£10.33*

*Rates to be approved

Taper levels and discretions are set out in the Contributing to Your Support policy.

Charges for Communal Facilities, Transition Flat, Day Care Meal Charge, Meals on Wheels and Community Alarm response service are fixed charges and are not included as part of the financial assessment.



Shetland Islands Council

12 June 2013

Remaining Grants to the Agricultural Sector

Report No. SIC-1206-DV016

Chair's Report – Development Committee – 29 May 2013

1.0 Summary

- 1.1 The purpose of this report is to consider the recommendation from the Chair of the Development Committee in relation to a report requiring a Council decision.
- 1.2 The Committee considered a report which sought approval for the removal of the remaining grants supporting the agricultural sector in Shetland.

2.0 Decision Required

- 2.1 The Council **RESOLVES** to adopt the recommendation from Development Committee, namely, to
 - approve the cessation of the remaining historic grant streams payable to the agricultural sector. These are support grants to the Scottish Crofting Foundation (Shetland branch); the Shetland Flockbook Trust; the Shetland Cattle Herdbook Society; the Pony Breeders of Shetland Association; and the Council-operated Agricultural Contractors Scheme and AI Scheme. Cumulatively, these have represented an annual budget commitment of £35,350.

3.0 Report

- 3.1 The historic support grants paid to the Shetland branch of the Scottish Crofting Foundation; the Shetland Cattle Herdbook Society; the Shetland Flockbook Trust; the Pony Breeders of Shetland Association; and under the auspices of the Agricultural Contractors and AI Schemes became something of an anachronism in the light of the Development

Committee's decision in November 2012 to henceforth cease the Shetland Agricultural Business Scheme and the Shetland Rural Development Scheme.

- 3.2 It is consistent therefore with that decision that these remaining development payments in support of agriculture also ended at the end of the 2012/13 financial year. Recipients of the support grants were informed of this impending action in October 2012, and while there was some limited opposition to this, the sums involved are relatively small, and not outwith the abilities of the organisations in question to raise from within their memberships, or by their own fundraising endeavours.
- 3.3 Copies of the report have been previously circulated, or can be accessed via the Council's website at the links shown, or by contacting Committee Services.
- 3.4 The Chair will present information to the Council as to any debate or issues that the Committee considered.

4.0 Implications

- 4.1 Detailed information concerning the proposals are contained within the report already circulated to Members, including the strategic and resources implications for the Council.
- 4.2 There are no additional implications to be considered by the Council, other than those set out in the report.

For further information please contact:

Alastair Cooper, Chair of Development Committee
31 May 2013

List of Appendices

None

Background documents:

Remaining Grants to the Agricultural Sector
DV016-F

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=14532>

END



**Executive Committee
Shetland Islands Council**

**3 June 2013
12 June 2013**

Shetland Islands Council 2012-13 Draft Outturn

F-030-F

Report Presented by Executive Manager – Finance

Corporate Services

1.0 Summary

- 1.1 The purpose of the 2012-13 Draft Outturn report is to present the actual spending position for Shetland Islands Council.
- 1.2 The 2012-13 actual spend will move the organisation towards achieving financial sustainability within the lifetime of the current Council.

2.0 Decision Required

The Executive Committee RESOLVES to note the 2012-13 draft outturn position.

3.0 Detail

- 3.1 The detailed of the 2012-13 draft outturn position is set out in Appendix 1, 2 and 3 respectively to this report.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

The 2012-13 draft outturn position will contribute towards delivering the Medium Term Financial Plan. The actual spend is within this budget agreed for 2012-13.

4.2 Community/Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

The Chief Executive and Directors have delivered within the Council's budget in accordance with the Scheme of Delegations and Financial Regulations.

4.4 Risk Management – None.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

This report presents the draft outturn position for 2012-13. This will contribute towards the Council becoming financially sustainable and retaining a level of reserves no lower than £125m.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The draft outturn position for 2012-13 will help to retain a minimum level of £125m in the Council's reserves, and assist to eradicate the organisation's structural deficit. By achieving this, the Council will become financially sustainable.

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Appendix 1 – 2012-13 Draft Outturn Position

Appendix 2 – 2012-13 Revenue Management Accounts Outturn (Detail)

Appendix 3 – 2012-13 Capital Management Accounts Outturn (Detail)

Shetland Islands Council



2012-13 Financial Review

The Council's Draft Outturn Position

Securing the Best for Shetland

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Executive Summary

- 1.01 The 2012-13 draft outturn report sets out the actual spending position for the Council.
- 1.02 The draft outturn position has exceeded the target in the Medium Term Financial Plan and therefore has contributed towards the strategic aim of realigning spending within available resources in order to preserve a minimum level of £125m in the Council's reserves. By achieving this, the Council will eradicate the organisation's structural deficit and become financially sustainable.
- 1.03 The total draw on reserves required to balance the budget in 2012-13 was £21.445m (unaudited figure) which is significantly lower than the £35.6m required in 2011-12. Despite this progress the Council's current reliance on reserves to balance its budget is still unsustainable and large reductions in spending will be required to ensure that the Council can become financially sustainable.

2012-13 Draft Draw on Reserves Summary

- 1.04 The table shows that the draft draw on reserves is £21.445m against a target of £26.331m resulting in a reduction in the draw on reserves against the revised budget of £4.886m:

Spending Area	2012-13 Revised Budget £m	2012-13 Actual £m	2012-13 Variance £m
General Fund	23.940	20.691	3.249
Harbour Account	(3.040)	(3.401)	0.361
Housing Revenue Account	1.174	2.058	(0.884)
Asset Investment Plan (Capital Programme)	3.342	1.359	1.983
Spend to Save (Capital and Revenue)	0.915	0.738	0.177
TOTAL DRAW ON RESERVES	26.331	21.445	4.886
Split between:			
Recurring Draw on Reserves	21.925	16.655	5.270
Non- Recurring Draw on Reserves	4.406	4.790	(0.384)

- 1.05 It is important to recognise the difference between the recurring draw on reserves, which represents the underlying need to use reserves year on year, and the non-recurring draw on reserves, which is a one-off use of reserves. The scale of the recurring draw on reserves can lead us to conclude that the Council is operating a structural deficit whereby expenditure levels do not reflect the income levels received by the Council. Therefore, it is encouraging to see that against a budgeted recurring draw on reserves of £21.925m, the draft actual spending figure was £5.270m less than budget at £16.655m, indicating that the Council is making good progress to tackle the structural deficit.
- 1.06 The table below sets out the budget and actual non-recurring draw on reserves for 2012-13:

Type of Expenditure Non-Recurring Costs	2012-13 Revised Budget £m	2012-13 Actual £m	2012-13 Variance £m
Budget Carry Forwards from 2012-13 (Revenue)	1.263	0.940	0.323
Spend to Save (Revenue & Capital)	0.915	0.738	0.177
Unsustainable Draw on Housing Repairs & Renewals Fund	1.174	2.058	(0.884)
Hjaltland Housing Association Grant	1.054	1.054	0
TOTAL	4.406	4.790	(0.384)

Reserves health check

- 1.07 The value of the externally invested reserves stood at £205.730m on 31 March 2013 (£193.170m 31 March 2012). The increase in their value is attributable to the 14.6% return achieved during the financial year which was driven by strong growth in the FTSE100 since the turn of the calendar year. This level of return is considerably higher than the long term average and we do not anticipate that level of growth is sustainable in the longer term. Therefore, we continue to estimate a long-term average of 5.75% less the inflation rate.
- 1.08 The higher than anticipated level of reserves at 31 March 2013, achieved by a smaller draw on reserves and a large investment return, will be reflected in the updated Medium Term Financial Plan. However, it is important to recognise that stock market values will fluctuate from year to year, and this should not form a basis for altering the current course if the Council still wishes to become financially sustainable by 2017.

2012-13 Detailed Spending

The 2012-13 General Fund

2.01 The 2012-13 General Fund budget and actual comparison is set out in the table below:

Line No.	Description	2012-13 Revised Budget £000s	2012-13 Actual £000s	2013-14 Variance £000s
1	Chief Executive & Cost of Democracy	1,861	1,900	(39)
2	Children's Services	44,729	43,761	968
3	Community Care Services	23,040	24,029	(989)
4	Corporate Services	12,128	10,805	1,323
5	Development Services	18,659	16,638	2,021
6	Infrastructure Services	23,338	22,910	428
7	Police	1,630	1,698	(68)
8	Fire	2,054	2,196	(142)
9	Fund Manager Fees	755	896	(141)
10	GENERAL FUND SERVICES NET EXPENDITURE (equals lines 1-9)	128,194	124,833	3,361
11	Recharges Out (to Other Funds/External Bodies)	(3,772)	(3,417)	(355)
12	TOTAL NET GENERAL FUND EXPENDITURE (equals line 10 plus line 11)	124,422	121,416	3,006
13	Funded by:			
14	GRG/NNDR (Scottish Government Allocation)	(90,851)	(91,143)	292
15	Council Tax	(8,036)	(8,865)	829
16	DLO	(595)	(717)	122
17	SDT Contribution	(1,000)	0	(1,000)
18	TOTAL CORE FUNDING (equals lines 14-17)	(100,482)	(100,725)	243
19	Deficit to be funded from Reserves			
20	Draw on Reserves – General Fund	(9,878)	(10,317)	439
21	Draw on Reserves – Repairs & Renewals	(7,937)	(6,631)	(1,306)
22	Draw on Reserves – Reserve Fund	(6,125)	(3,703)	(2,422)
23	Draw on Reserves – Efficiency Fund	0	(40)	40
23	TOTAL FUNDING FROM RESERVES (equals lines 20-22)	(23,940)	(20,691)	(3,249)
24	TOTAL FUNDING (equals line 18 plus line 23)	(124,422)	(121,416)	(3,006)
25	Balanced budget (line 10 plus line 21)	0	0	0

Expenditure

- 2.02 The General Fund Services Net Expenditure was budgeted to be £128.194m in 2012-13 as shown at Line 9 in the table above. This expenditure represents the spending on day to day Council services.
- 2.03 Chief Executive & Cost of Democracy (**£0.039m or 2.1% overspend**)
- The overspend was fully attributable to the costs of an exit package to a former employee. Without this cost, the area would have achieved an underspend against budget.
- 2.04 Children's Services (**£0.968m or 2.2% underspend**)
- The net underspend is mainly due to savings/underspends on Directorate (£0.1m), Children & Families (£0.1m), Quality Improvement/Schools (£0.4), there was also £0.3m transferred to capital in relation to works on Sound School and the Halls of Residence which was originally budgeted under revenue. Sports and Leisure were overspent due to actual energy and water usage being higher than budgeted for (£0.021m).
- 2.05 Community Care Services (**£0.989m or 4.3% overspend**)
- The net overspend was a combination of shortfalls against budgeted savings in Community Care Resources (£1.2m) and Mental Health (£0.5m) and self funders income (£0.2m); offset by underspending mainly on training (£0.3m), vacancies in Adult Services (£0.3m) and Occupational Therapy (£0.2m).
- 2.06 Corporate Services (**£1.323m or 7% underspend**)
- The underspend is a combination of vacancies and savings/underspends on Capital Programmes (£0.3m), Human Resources (£0.2m), Governance and Law (£0.3m), ICT (£0.4m) and Finance (£0.1m).
- 2.07 Development Services (**£2.021m or 10.8% underspend**)
- The net underspend is a combination of unbudgeted Council wide savings to be identified (£0.3m) and non achievement of rural transport savings (£0.3m); offset by overbudgeting for Schools Transport indexation (£0.3m), additional savings/underspends mainly on Development with the non-payment of the NAFC grant which was met from the SDT surpluses instead (£1.2m) and additional income from unexpected investments recovered (£0.2m). Expenditure on Planning for the Town Centre Regeneration was transferred to capital (£0.1m). Underspending on Community Planning & Development relates mainly to grants not being approved by the Council (£0.1m), Housing underspend on salary savings offset by non achievement of savings on Housing Support Workers

review (£0.2m) and Train Shetland reduced costs in relation to the apprentice scheme and vacancies (£0.2m).

2.08 Infrastructure Services (**£0.428m or 1.8% underspend**)

- The net underspend was a combination of shortfalls against budgeted savings in Ferries (£0.2m) and Fleet Management Unit (£0.038m); offset by additional income from waste and burial services and other savings/underspends in Environment Services (£0.5m), vacancies and maintenance underspends on Roads (£0.2m) and the Directorate (£0.1m).

2.09 Fund Managers Fees (**£0.141m or 18.7% overspend**)

- The Fund Manager Fees figure was overspend because the savings target of £150,000 was not achieved during the year. The outcome of the Investment Strategy review will be reported to Council at the end of June with proposals to reduce fees. However, it should be noted that the payment of “active” management fees did result in the Council achieving a £28.1m return during the year which was more than if the investments were “passively” managed, so overall the performance of the fund managers covered the additional cost of the fees themselves.

Funding

2.10 The Scottish Government allocations is the Council’s General Revenue Grant and the level of income that the Council will receive from the National Non-Domestic Rates Pool. There was additional income received of £0.292m which had not been budgeted. This related to late allocations of additional funding such as for support with welfare reform costs.

2.11 The increase in Council Tax collected is due to a combination of increased properties and previous outstanding Council Tax income which has been collected this year.

2.12 The remainder of the funding required to balance the General Fund has to come from the Council’s reserves. This was £20.691m in 2012-13 (Line 23 in the table at 2.01) against a budgeted draw of £23.940m. The reason for this was because of the overall reductions in expenditure as explained in the previous section.

The 2012-13 Harbour Account

3.01 The 2012-13 Harbour Account budget and actual comparison is set out in the table below:

Line No.	Description	2012-13 Revised Budget £000s	2012-13 Actual £000s	2013-14 Variance £000s
1	Ports Management	51	51	0
2	Sullom Voe	12,307	11,312	995
3	Scalloway	693	613	80
4	Other Piers	395	444	(49)
5	Jetties & Spur Booms	1,794	2,820	(1,026)
6	HARBOUR ACCOUNT SERVICES EXPENDITURE (equals lines 1-5)	15,240	15,240	(0)
7	Funded by:			
8	Income Generated from Harbours	(16,486)	(15,821)	(665)
9	Income Jetties & Spur Booms	(1,794)	(2,820)	1,026
10	TOTAL CORE FUNDING (equals lines 8-9)	(18,280)	(18,641)	361
11	TOTAL HARBOUR ACCOUNT NET INCOME (equals line 6 plus line 10)	(3,040)	(3,401)	361
12	Contributions (from)/to Reserves			
13	Draw on Reserves – Marine Fund	(127)	(253)	126
14	Contribution to Reserves – Reserve Fund	3,167	3,654	(487)
15	TOTAL FUNDING FROM/(TO) RESERVES (equals lines 13-14)	3,040	3,401	(361)
16	Balanced budget (line 10 plus line 15)	0	0	0

3.02 The Harbour Account budgeted for a surplus of £3.040m in 2012-13 and exceeded this to achieve £3.401m. This was as a result of additional cost savings which exceeded the reduced level of income from harbours against the budget.

3.03 The better than budgeted surplus includes a contribution of £2m to the Pension Fund for Towage Pension shortfall on transfer to the Council.

3.04 There has been a significant reduction in the throughput of oil at Sullom Voe as a result of the temporary suspension of production at the Schiehallion field. This will mean that surpluses will not be much greater than a breakeven position for the next 2 to 3 years.

The 2012-13 Housing Revenue Account Budget

4.01 The 2012-13 Housing Revenue Account budget and actual comparison is set out in the table below:

Line No.	Description	2012-13 Revised Budget £000s	2012-13 Actual £000s	2012-13 Variance £000s
	<u>Expenditure</u>			
1	Supervision & Management	667	731	(64)
2	Repairs & Maintenance	2,437	2,363	74
3	Void Rents & Charges	137	101	36
4	Garages	46	38	8
5	Capital Funded from Current Revenue	1,993	2,761	(768)
6	Capital Charges - Dwellings	2,817	2,887	(70)
7	TOTAL EXPENDITURE (equals lines 1-6)	8,097	8,881	(784)
	<u>Income</u>			
8	HSG - General	(761)	(761)	0
9	Interest on Revenue Balances	(19)	(2)	(17)
10	Rents - Dwellings	(5,839)	(5,892)	53
11	Rents - Other ie garages/sites etc	(120)	(131)	11
12	Contribution from Housing Repairs & Renewals Fund (Reserves)	(1,174)	(2,058)	884
13	DLO	(184)	(37)	(147)
14	TOTAL FUNDING (equals lines 8-12)	(8,097)	(8,881)	784
15	Balanced HRA budget (line 7 plus line 14)	0	0	0

4.02 The Housing Revenue Account (HRA) failed to deliver against its 2012-13 budget. The main reason is that the Capital Funded from Current Revenue (CFCR) was overspent by £0.768m. This happened because the HRA capital programme was set at a level which required £2.2m of borrowing to balance the budget despite the debt already being unsustainably high. Therefore, CFCR was used instead to minimise the amount of new debt required.

4.03 Therefore, when the impact of the unsustainably high capital expenditure on the HRA is removed, the HRA revenue budget virtually achieved its budget.

The Asset Investment Plan (Capital Programme) Budget

5.01 The 2012-13 Asset Investment Plan budget and actual comparison is set out in the table below:

Description	2012-13 Revised Budget £000s	2012-13 Actual £000s	2012-13 Variance £000s
<u>Expenditure</u>			
New Developments - Contractually Committed Projects	4,958	5,405	(447)
New Developments	487	224	263
Maintenance of Existing Assets	3,276	3,237	39
Spend to Save Projects	727	584	143
Housing Revenue Account Projects	5,060	4,610	450
TOTAL EXPENDITURE	14,508	14,060	448
<u>Income</u>			
Capital Grants/External Funding	(4,907)	(6,887)	1,980
Capital Funded from Current Revenue (GF, Harbour and HRA)	(3,054)	(3,615)	561
Capital Receipts (General Fund and HRA)	0	(938)	938
TOTAL INCOME	(7,961)	(11,440)	3,479
Spend to Save – Draw on Reserves	(727)	(584)	(143)
Draw on Reserves	(3,342)	(1,359)	(1,983)
Borrowing – Harbour Account	(265)	(61)	(204)
Borrowing - HRA	(2,213)	(616)	(1,597)
TOTAL DEFICIT FUNDING REQUIRED	(6,547)	(2,620)	(3,927)
TOTAL FINANCING	(14,508)	(14,060)	(448)
Balanced Asset Investment Plan	0	0	0

5.02 The Asset Investment Plan under-spent against its revised budget for 2012-13 by £0.448m. The most significant variances were as follows –

- New Developments Contractually Committed - the College Phase 3 has spent more than budget (£0.5m) but external income was received to offset this from government grants and ERDF;
- New Developments – the AHS project has underspent due to the initial submission delayed until 2013/14;
- Housing Revenue Account Projects - the Housing Quality Standards project has not progressed as quickly as originally anticipated (£0.331m).

Spend to Save Budget

6.01 The 2012-13 Spend to Save budget and actual comparison is set out in the table below:

Description	2012-13 Revised Budget £000s	2012-13 Actual £000s	2012-13 Variance £000s
Expenditure:			
Revenue Projects	188	154	34
Capital Projects	727	584	143
TOTAL EXPENDITURE	915	738	177
Funded by:			
Draw on Reserves – Spend to Save	(915)	(738)	(177)
TOTAL FUNDING	(915)	(738)	(177)
Balanced Spend to Save	0	0	0

6.02 The 2012-13 Spend to Save is underspent mainly on one capital project, the purchase of the Biomass Boiler for Sellaness was delayed until 2013/14 (£0.120m).

2012-13 Carry Forwards into 2013-14

7.01 The 2013-14 budget included all known carry-forward money. However, as a result of late notification from the Scottish Government and late notification of Hjalmland Housing Association with regard to spending levels on their grant there is a requirement to carry-additional money into the new financial year. The table below sets these items out:

Description	2013-14 Budget Request £000s
Expenditure:	
Purchase and implement CHRIS21 EMP21 Module to record Employee Review and Development.	12
Redetermination of General Revenue Grant received in March 2013 to implement Welfare Reform.	115
Redetermination of General Revenue Grant received in March 2013 for Early Years Change Fund for supporting development of co-ordinated and integrated family support for 0-8 year olds received in March 2013.	24
Committed grant funding for Hjalmland Housing Association	176
Specific Grant for PE Support from Sports Scotland	1
TOTAL EXPENDITURE	328
Funded by:	
General Fund - Draw on Reserves in 2013-14	(328)
TOTAL FUNDING	(328)
Balanced Carry Forwards	0

7.02 The 2012-13 budget has been adjusted so that the results in this report exclude the items above so that they are budgeted for in the correct year.

Revenue Expenditure by Service

	Annual Budget £	Annual Expenditure Outturn £	Annual Variance (Over)/ Underspend £	(Over)/ Underspend As a Percentage	
General/Support/Recharged					
Chief Executive Services (sub total)	2,616,310	2,796,117	(179,807)	-2.1%	(ex Fund Managers Fees)
Executive Services	1,082,853	1,139,861	(57,008)		
Council Members	581,469	572,755	8,714		
Fund Manager Fees	755,000	896,484	(141,484)	-18.7%	
Internal Audit	196,988	187,017	9,971		
Children's Services (sub total)	44,729,025	43,760,674	968,351	2.2%	
Director of Children's Services	2,220,260	2,106,116	114,144		
Children & Families	1,043,619	924,695	118,924		
Children's Resources	3,860,546	3,813,169	47,377		
Library	962,636	957,434	5,202		
Quality Improvement/Schools	35,073,514	34,369,756	703,758		
Sport & Leisure	1,568,450	1,589,503	(21,053)		
Community Care Services (sub total)	23,039,863	24,029,349	(989,486)	-4.3%	
Director of Community Care	2,375,702	2,028,027	347,675		
Adult Services	6,649,390	6,341,787	307,603		
Community Care Resources	10,539,674	11,974,551	(1,434,877)		
Criminal Justice	41,575	(21,004)	62,579		
Mental Health	1,954,137	2,406,877	(452,740)		
Occupational Therapy	1,479,385	1,299,111	180,274		
Corporate Services (sub total)	15,812,207	14,699,205	1,113,002	7.0%	
Director of Corporate Services	145,621	100,858	44,763		
Capital Programmes	4,089,388	3,783,679	305,709		
Finance	3,156,351	3,063,284	93,067		
Police	1,630,364	1,697,910	(67,546)		
Fire	2,053,500	2,196,081	(142,581)		
Governance & Law	1,544,628	1,218,542	326,086		
Human Resources	1,468,621	1,282,304	186,317		
ICT	1,513,041	1,138,767	374,274		
Improvement & Performance	210,693	217,780	(7,087)		
Development Services (sub total)	18,658,746	16,638,586	2,020,160	10.8%	
Director of Development Services	(178,774)	112,939	(291,713)		
Community Planning & Development	2,471,674	2,294,578	177,096		
Economic Development	5,431,226	3,802,331	1,628,895		
Housing	2,155,085	1,982,476	172,609		
Housing Hjaltrand Grant	1,054,425	1,054,425	(0)		
Planning	1,689,615	1,575,446	114,169		
Shetland College	(30,195)	(124,843)	94,648		
Train Shetland	634,474	457,018	177,456		
Transport Planning	5,431,216	5,484,217	(53,001)		
Infrastructure Services (sub total)	23,338,277	22,910,008	428,269	1.8%	
Director of Infrastructure Services	836,804	736,672	100,132		
Environmental Services	4,867,971	4,434,495	433,476		
Ferry Operations	10,779,218	11,018,299	(239,081)		
Roads	5,265,741	5,093,822	171,919		
Building & Transport Operations	1,588,543	1,626,720	(38,177)		
	0	0			
Council Wide Savings	0	0	0		
Recharges to Other Funds	(3,772,190)	(3,417,839)	(354,351)		
General Fund Total	124,422,238	121,401,700	3,020,538	2.4%	
Funded By:					
Revenue Support Grant	(75,815,706)	(76,108,000)	292,294		
NNDR	(15,035,000)	(15,035,000)	(0)		
Council Tax	(8,035,807)	(8,864,579)	828,772		
Trading - Housing	0	0	(0)		
Trading - Building Services	(65,618)	(115,855)	50,237		
Trading - Roads	(529,547)	(601,597)	72,050		
Ports & Harbours	0	(0)	0		
Shetland Development Trust Contribution	(1,000,000)	0	(1,000,000)		
Financing & Investment Income	0	(0)	0		
Draw from Reserves	(23,940,560)	(20,676,669)	(3,263,891)		
Total Funding	(124,422,238)	(121,401,700)	(3,020,538)		

Revenue Expenditure by Service

(Housing Revenue Account)	Annual Budget £	Annual Expenditure Outturn £	Annual Variance (Over)/ Underspend £	(Over)/ Underspend As a Percentage
Housing - HRA	1,358,179	2,099,804	(741,625)	
HRA Totals	1,358,179	2,099,804	(741,625)	-54.60%

Funded By:

Housing Repairs & Renewals Fund	(1,358,179)	(2,099,804)	744,625
Total Funding	(1,358,179)	(2,099,804)	744,625

Revenue Expenditure by Service

(Harbour Account)	Annual Budget £	Annual Expenditure Outturn £	Annual Variance (Over)/ Underspend £	(Over)/ Underspend As a Percentage
Ports Management	28,922	19,927	8,995	
Ports Engineering	0	0	0	
Sullom Voe	(3,662,198)	(3,707,579)	45,381	
Scalloway	314,993	48,875	266,118	
Other Piers	278,106	238,252	39,854	
Jetties & Spur Booms	0	0	(0)	
Harbour Account Totals	(3,040,177)	(3,400,526)	360,349	-11.85%

Funded By:

Marine Fund	(126,702)	(253,002)	126,300
Contribution to the Reserve Fund	3,166,879	3,653,528	(486,649)
Total Funding	3,040,177	3,400,526	(360,349)

EXPENDITURE BY SERVICE	Annual Budget £	Annual Expenditure Outturn £	Annual Variance (Over)/ Underspend £	Percentage (Over)/ Underspend £
Chief Executive Services (sub total)	47,397	47,397	0	0.0%
Executive Services	47,397	47,397	0	0
Children's Services (sub total)	871,434	589,961	281,473	32.3%
Quality Improvement/Schools	871,434	589,961	281,473	
Community Care Services (sub total)	1,990,070	2,044,801	(54,731)	-2.8%
Adult Services	429,098	352,948	76,150	
Occupational Therapy	1,560,972	1,691,853	(130,881)	
Corporate Services (sub total)	580,401	418,336	162,065	27.9%
Capital Programme	37,500	14,750	22,750	
Finance	38,701	38,701	0	
ICT	504,200	364,885	139,315	
Development Services (sub total)	2,638,676	3,036,113	(397,437)	-15.1%
Economic Development	1,140,000	1,094,453	45,547	
Planning	99,350	99,350	0	
Shetland College	746,326	1,220,378	(474,052)	
Transport Planning	653,000	621,933	31,067	
Infrastructure Services (sub total)	3,591,966	3,144,957	447,009	12.4%
Environmental Services	485,000	414,553	70,447	
Ferry Services	426,500	201,316	225,184	
Roads	1,423,152	1,363,371	59,781	
Building & Transport Operations	119,314	192,901	(73,587)	
Ports & Harbours	1,138,000	972,817	165,183	
General Fund Total	9,719,944	9,281,564	438,380	4.5%
Housing Revenue Account	5,059,537	4,610,514	449,023	8.9%
Harbour Account	472,991	167,824	305,167	64.5%
Overall Net Total Expenditure	15,252,472	14,059,903	1,192,569	7.8%

FUNDED BY:

General Capital Fund Reserves	(3,368,264)	(1,358,831)	(2,009,433)
Scottish Govt General Capital Grant	(4,881,000)	(4,881,000)	0
Spend to Save Reserve	(726,500)	(583,619)	(142,881)
European Grant Funding	0	(576,123)	576,123
Other Government Grants	0	(830,047)	830,047
General Fund Capital Receipts	0	(304,488)	304,488
General Fund CFCR	(744,180)	(747,456)	3,276
General Fund	(9,719,944)	(9,281,564)	(438,380)
Housing Revenue Account CFCR	(1,992,622)	(2,761,504)	768,882
Housing Revenue Account Debt Charges	(3,066,915)	(615,875)	(2,451,040)
Housing Revenue Account Other Government Grants	0	(600,000)	600,000
Housing Revenue Account Capital Receipts	0	(633,135)	633,135
Housing Revenue Account	(5,059,537)	(4,610,514)	(449,023)
Harbour Account CFCR	(207,600)	(106,285)	(101,315)
Harbour Account Debt Charges	(265,391)	(61,539)	(203,852)
Harbour Account	(472,991)	(167,824)	(305,167)
Overall Total Income/Funding	(15,252,472)	(14,059,903)	(1,192,569)



**Executive Committee
Shetland Islands Council**

**3 June 2013
12 June 2013**

Council Performance Report – 2012/13 Q4

CRP-06-13-F

**Chief Executive
Director Corporate Services
Executive Manager – Improvement &
Performance**

1.0 Summary

- 1.1 This report presents Shetland Islands Council's progress against its 2012 Action Plan and reports on Council Wide operational health measures.

2.0 Decisions Required

- 2.1 The Executive Committee should discuss the contents of this report and comment on progress against priorities to inform the planning process for 2014/15.

3.0 Detail

- 3.1 The Council approved a one year "Action Plan" at its meeting on the 4th July 2012 to guide short term activity to deliver key objectives in the early part of its term of office while plans for the full term were being developed.
- 3.2 A Corporate Plan – 2013-17 is presented as a separate item on this agenda as is progress with delivery of the Council's Change Programme which took over the management of key actions in April this year.
- 3.3 The 2012 Action Plan had three main strands;
- Service delivery actions aligned with the Single Outcome Agreement
 - Improvement actions aligned to the Improvement Plan
 - Savings aligned to the 2012/13 budget

Progress in each of these areas is summarised below.

		Done	Not to be progressed	Work continuing
Service Delivery Actions	83	63	3	17
Improvement Actions	77	67	1	9
Savings Actions	93	44	2	47

- 3.4 Detailed progress against service delivery actions has been reported quarterly by directorates to the relevant service committees and a consolidated position was reported in the Single Outcome Agreement 2012 delivery report in February. Much of the activity has been about preparing for further service change and going through the necessary work to develop proposals and options properly.

Some highlights of what has been delivered would include:

- Securing funding for a new build Anderson High School;
- Delivery of fibre optic broadband infrastructure from Sandwick to Sullom Voe;
- Progress on the curriculum for excellence;
- Being a pathfinder for local engagement in Police & Fire reform;
- The new OT resource centre being close to completion;
- Effective preparation for Welfare reform; and
- Support for Hjatland Housing in building new houses.

- 3.5 The details of planned service delivery actions for next year are described in directorate plans and the draft Shetland SOA – 2013. The key actions are those included in the Corporate Plan and the Council's Change Programme.

- 3.6 Progress against Improvement Actions has been reported periodically to Executive Committee through updates on the Council's Improvement Plan. An in depth position was reported in March 2013 in response to the Accounts Commission's latest findings.

The Council has now delivered c90% of its Improvement Plan and intends to embed further improvement work into the Corporate Plan and the Corporate and Chief Executive directorate plans as described in the PPMF report on this agenda.

Highlights of what has been delivered would include:

- Agreeing a Medium Term Financial Plan that sets out a realistic route to financial sustainability and the preservation of significant reserves;
- Meeting last year's budget targets;
- Setting and agreeing a very challenging budget for this year;
- Being released from special measures by the Accounts Commission;

- Creating an effective collaborative leadership style between and among both members and managers; and
- Developing the Corporate Plan on today's agenda

The details of planned service delivery actions for next year are primarily described in the Corporate Services directorate plan. The key actions are those included in the Corporate Plan and in the Council's Change Programme.

- 3.7 Progress against savings has been reported regularly to service committees and to Executive Committee as part of revenue management reporting process. The overall 2012/13 outturn report is a separate report on this agenda.
- 3.8 The outturn report confirms that the Council has met and exceeded its overall financial targets for 2012/13. However, it became evident that many of the individual savings initiatives created, when the 2012/13 budget was set in February 2012, were perhaps unsurprisingly unachievable in that timescale.
- 3.9 That has resulted in less than 50% of those savings reviews actually being delivered within their timescales. Early identification of that problem allowed directorates to find alternative savings to meet targets, assisted by a comprehensive internal challenge programme that identified and made significant efficiency savings across the Council. It also highlighted the need to have a more structured approach to change resulting in the Change Programme, set-up through the last Council meeting.

Further reporting on last year's financial performance is set out in the Outturn Report on this agenda and through the 2012 Savings Reviews Overview link in background documents.

- 3.10 The details of planned savings for this year are described in the 2013/14 budget and in directorate plans. The key savings are those included in the Corporate Plan and in the Council's Change Programme.
- 3.11 Overall most of the service and improvement actions in the 2012 Action Plan have been met and contingencies found where that was not possible. However it has become very clear that 250+ "key" actions are just too many to plan, track and report effectively. Because of this the Corporate Plan lists less than 50 priority actions for next year and the Change Programme concentrates on 30 projects.
- 3.12 The Change Programme focuses on the biggest projects the Council is doing at the moment including;
- The highest value service changes contained within the activity sheets that approved by Council on 20 February 2013 in the budget; (the tablecloths);
 - Significant service reviews still to be completed; (the biggest reviews carried over from last years)
 - The highest value internal efficiencies still to be implemented (as detailed in the SOFIE implementation plan);

- The most significant changes described in the service/ directorate/ corporate plan /single outcome agreement.

Performance Measures

- 3.13 The Councils Planning and Performance Management Framework require periodic reporting of service performance to functional committees.
- 3.14 Council wide financial performance is reported regularly to the Executive Committee and Departmental performance has been reported to each functional Committee earlier in this cycle.
- 3.15 Appendix A of this report sets out the key information such as staffing numbers and absence rates, so the Committee can understand how performance in these areas is developing.
- 3.16 The Committee is asked to consider and discuss any aspect of the information provided but I would draw particular attention to the following areas:
- FTE staff numbers are going down
 - Long-Term sickness rates are reducing
- 3.17 There has been a “spike” in sickness in January/February 2013, early indication are that this was related to “winter vomiting bug” outbreaks in a number of locations.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The Council Action Plan described how Corporate priorities were to be delivered in 2012/13. This report comments on how far that was achieved.
- 4.2 Community /Stakeholder Issues – None
- 4.3 Policy And/Or Delegated Authority –
- 4.3.1 The Council’s constitution – Part A Governance - specifies the Executive Committee as the managing body for the Corporate Plan, the Action Plan was a one year alternative to the Corporate Plan.
- 4.4 Risk Management – Effective performance monitoring and reporting helps to identify and manage risks.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

- 4.7 Financial – The 2012/13 outturn report on this agenda provides more detailed information on financial performance.
- 4.8 Legal – NONE
- 4.9 Human Resources - NONE.
- 4.10 Assets And Property – NONE.

5.0 Conclusions

- 5.1 Most of the service (76%) and most of the improvement actions (87%) in the 2012 Action Plan have been met on time. Other financial contingencies were found for what turned out to be an overambitious timescale for many savings (46%) although these savings projects continue on more realistic timescales.
- 5.2 It is clear that 250+ “key” actions are just too many to plan, track and report effectively. Because of this the Corporate Plan lists less than 50 priority actions for next year and the Change Programme concentrates on only 30 of those.

For further information please contact:

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17/05/2013

Appendices

Appendix A – Council Wide Performance Indicators

Background Documents

Council Action Plan 2012/13

2012 Savings Review Overview

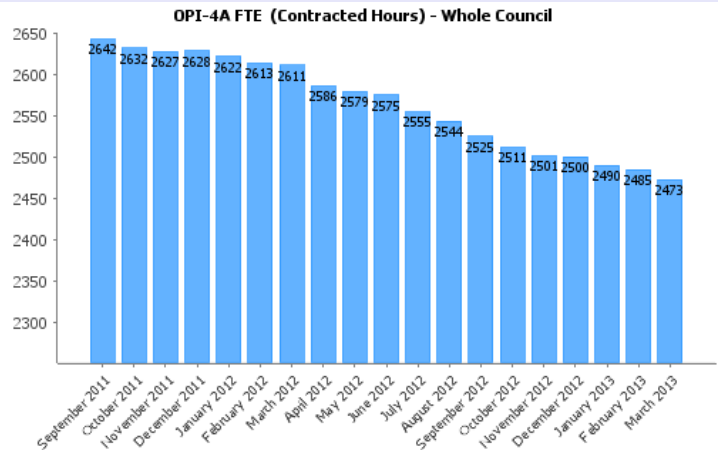
Executive Committee - Performance Overview - Council-wide Indicators

Generated on: 20 May 2013

The Number of Full-Time Equivalents - Whole Council - Contracted Hours only

Purpose & Guidance

This PI is a measure of headcount, at the moment it only includes contracted hours. It does not include hours worked beyond contract (either straight-time or time-and-a-half overtime). It does not include hours worked by Relief staff, and it does not include hours worked by "passed-to" staff (those staff with multiple contracts who only receive one payslip). Work is ongoing to address these omissions.



March 2013 result
2473

Improving

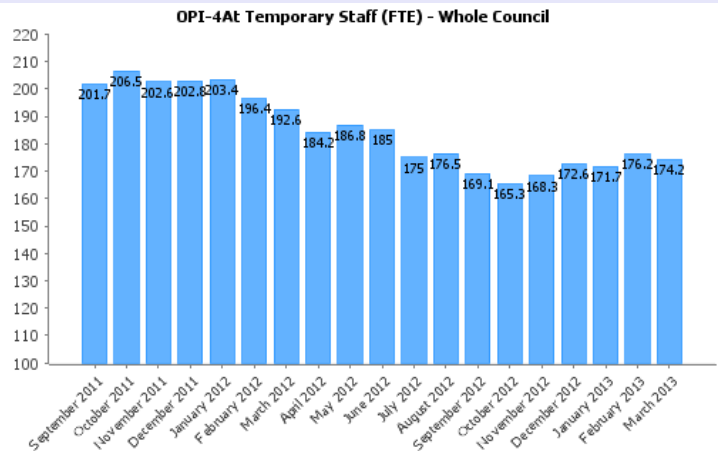
Improving



Temporary Staff (FTE) in Whole Council

Purpose & Guidance

This PI is a measure of the number of FTE staff on temporary contracts. These temporary staff ARE also included in the total FTE (Contracted Hours) PI. It does not include the hours they work beyond their contract (either straight-time or time-and-a-half overtime). It does not include Relief staff, and it does not include hours worked by "passed-to" staff (those staff with multiple contracts who only receive one payslip). Work is ongoing to address these omissions.



March 2013 result
174.2

Improving

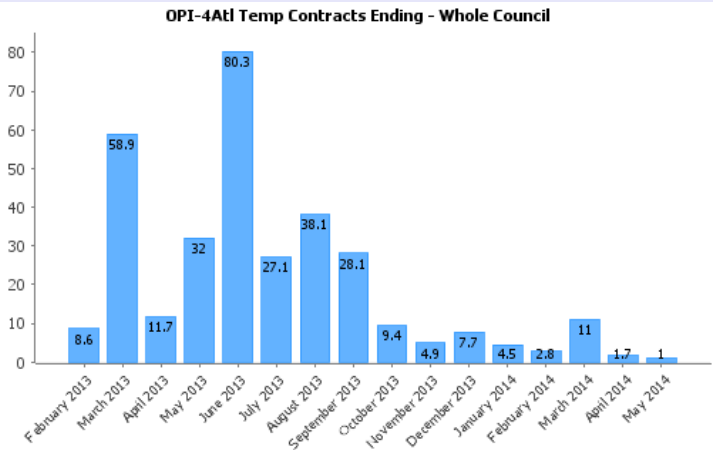
Improving



Temp Contracts Ending in Whole Council

Purpose & Guidance

This PI shows when current temporary contracts are due to end. These temporary staff ARE included in the total FTE (Contracted Hours) PI.



May 2014 result
1



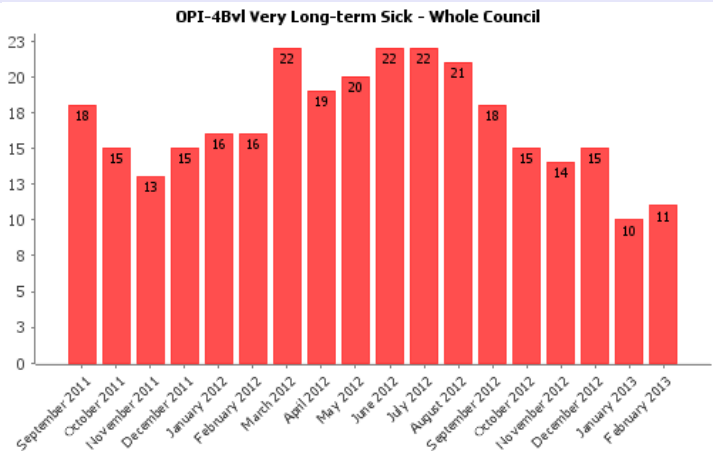
Short-Term Long-Term

Improving Improving

Very Long-term Sick Headcount in Whole Council

Purpose & Guidance

This PI measures the number individuals who have been sick for over 6 months. All Executive Managers and Directors should already be aware of staff in their areas that have been absent for extended periods of time.



February 2013 result
11



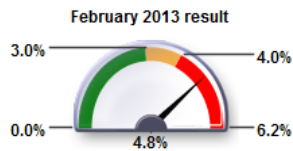
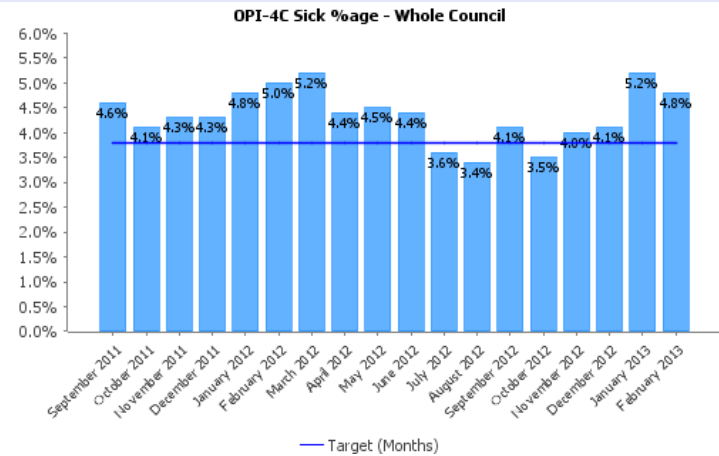
Short-Term Long-Term

Getting Worse Improving

Percentage Rate Of Sickness in Whole Council

Purpose & Guidance

This indicator shows the percentage of CALENDAR days that are "absent due to sickness", it does not measure "working days". It does not include compassionate leave, Maternity/Paternity or any other leave other than sickness. It does not take into account whether a person is on full-pay, half-pay or zero-pay.



Short-Term Long-Term

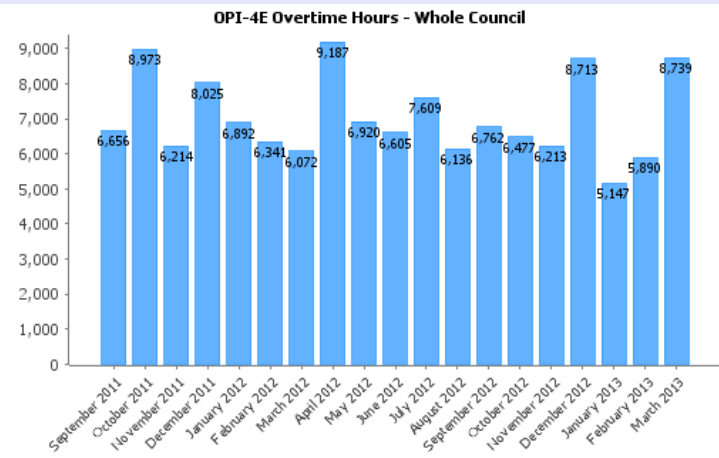
Improving Getting Worse



Overtime Hours in Whole Council (non-contractual)

Purpose & Guidance

This PI measures non-contractual, time-and-a-half, overtime hours. It does not include hours worked beyond contract where these are straight time (e.g. a 20 hour per week person working 30 hours one week). It does not include contractual overtime (e.g. the 5 hours contracted overtime that most ferry staff have).



March 2013 result
8,739

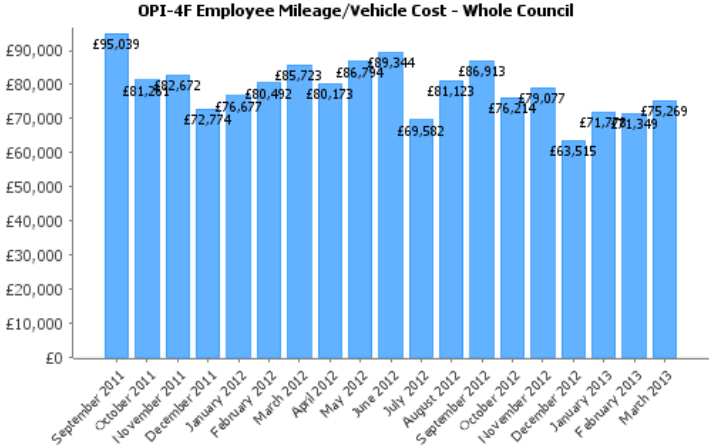
Short-Term Long-Term

Getting Worse Getting Worse



Purpose & Guidance

This measures the cost to the Council, of Car Allowances and mileage done in employee's own vehicles. This PI includes Essential Car Allowance plus the cost of mileage claimed. It does not include any "employers on-costs". There are some mileage/vehicle claims that are omitted from this indicator, these are usually trivial amounts and do not affect overall trends. It does not include any costs for Council owned vehicles.



March 2013 result
£75,269

Getting Worse

Improving

↓

↑



**Executive Committee
Shetland Islands Council**

**3 June 2013
12 June 2013**

Corporate Plan 2013-17

CRP-07-13-F

**Chief Executive
Director Corporate Services
Executive Manager – Performance &
Improvement**

1.0 Summary

- 1.1 This report presents Shetland Islands Council's Corporate Plan 2013-17.

2.0 Decisions Required

- 2.1 The Executive Committee RECOMMENDS;

- 2.1.1 that the Council resolves to approve the objectives and actions contained in Appendix 1 - Shetland Islands Council - Corporate Plan 2013-17.
- 2.1.2 that the Council delegates authority to the Chief Executive in consultation with the Leader and Convenor to confirm final arrangements for the most appropriate publication and dissemination of the plan once finalised.

3.0 Detail

- 3.1 When this Council took office it was quickly clear that the changes that started towards the end of the last Council had to be kept going and the pace picked up. Local, national and international contexts were continuing to change; however the biggest changes the Council still had to keep making was in the way we do things;
- driving out waste and inefficiency,
 - deciding what we can afford and what we can't,
 - making good decisions based on evidence,
 - sticking to these decisions, and

- implementing them.

3.2 At the start of this Council it was clear that immediate action on spending was critically needed. To do that we focused on a one year “Action Plan” which was agreed in the first few weeks of the new Council’s term. The Council has now delivered against many of those immediate actions, most notably;

- setting a medium term financial plan that will deliver long-term sustainability,
- meeting our first year financial savings targets against that financial plan despite the challenges that gave us.
- clearing the qualification from our accounts and
- being released from special measures by the Accounts Commission

Further detail on delivery on that Action Plan is included in the “Council Performance Overview – 2012/13” which is also on today’s agenda.

3.3 It was always clear that the issues we had to address were so large that this drive for change would have to be kept going throughout the life of this Council. To do that we have mapped out what we are going to do next, and where we want to be in 2017. This is set out in the Corporate Plan 2013-17.

3.4 The Corporate Plan is rooted in what people said was most important before, during and after the elections and what we have heard since. It is also rooted in the critically important things that any Council must do. The Corporate Plan is about delivering on the most important priorities for Shetland, not trying to do everything for everybody.

3.5 The Corporate Plan is still very strongly focused on early action, what we will do in the coming year. This will build directly on what we have done already. It will include seeing through the Ferries review, big changes in Community Care, moving forward with the Blueprint for Education and meeting our very demanding budget targets again.

3.6 However the Corporate Plan is more than just a set of annual action plans, it sets out the vision we have for Shetland and the Council by 2017. By 2017 we will have stabilised our finances, evolved and transformed services into more efficient and effective approaches and still be very well positioned to deal with current and new challenges

3.7 However we will only be able to do that by establishing confidence in a properly led and well managed Council; delivering that, and delivering this Corporate Plan, will need a lot of hard work from everybody.

3.8 Setting out a plan is not enough on its own, we need to make sure that it gets implemented; and that it gets adapted when that becomes necessary. That means;

- joining up how we set our objectives and targets with
- how we organise our staff and other resources and
- how we monitor progress.

They way's we go about doing this may be just as important a learning process and as significant a change as any other thing we do.

- 3.9 The arrangements for monitoring and reporting progress on implementation of the Corporate Plan are described in the Planning and Performance Management Framework update report which is on today's agenda.
- 3.10 The arrangements for the support and delivery of the biggest and most challenging items in the plan are described in the Change Programme Progress Report, also on today's agenda.
- 3.11 Keeping things linked up going forward is equally important. It is anticipated that the Council's Medium Term Financial Plan will be updated by the end of June. The Shetland Single Outcome Agreement will also be formally agreed between the Shetland Partnership and the Scottish Government at the end of June.
- 3.12 This will then allow the development of integrated directorate plans, service plans and budgets from August onwards. It will be possible to take this work forward for the first time from the security of a complete and current set of high level plans and that should help its quality. This development work must accompany the implementation of the Change Programme and carry its work forward to future years. It must also integrate and tighten priority and target setting within directorate and service plans including appropriate benchmarking and self-assessment.
- 3.13 How we integrate this further planning work is described in more detail in the Planning and Performance Management Framework Update Report.
- 3.14 This version of the Corporate Plan is a text draft. The Council's Communications Service has been doing further work with this draft while it has been in committee circulation to establish the best options for developing the overall readability and impact of the plan further. They have also been considering how it can be best brought to a wider audience to help communicate and promote the Council's objectives.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The Corporate Plan is the prime document that describes and communicates corporate priorities and how they are going to be implemented.
- 4.2 Community /Stakeholder Issues – The Corporate Plan has been informed by community engagement from the 2012 election forward. This has included members and officers involvement in community engagement around all the work of the Council in the last year particularly the development of a new Shetland Single Outcome Agreement through the Shetland Partnership Board. The plan places community engagement and working effectively with partners at the core of its priorities.

4.3 Policy And/Or Delegated Authority –

4.3.1 The Councils constitution – Part A Governance - specifies the Executive Committee as the managing body for the Corporate Plan but decision making responsibility is reserved to the full Council.

4.4 Risk Management – The Council is charged with a community leadership role, failure to develop and set out clear priorities would increase the risk of the Council working inefficiently and being subject to further negative external scrutiny. An update of the Councils strategic and corporate risk registers will be completed on adoption of this plan and reported to the next cycle.

4.5 Equalities, Health And Human Rights – The plan undertakes to make sure that change has been conscious of equalities, health and human rights issues and that each of these areas has been protected and improved.

4.6 Environmental – The plan commits the Council to develop and deliver sustainability, carbon management and waste management arrangements to ensure we protect, and where possible enhance, our stunning environment.

Resources

4.7 Financial – The Corporate Plan confirms the Medium Term Financial Plan as the key financial plan for this Council and reaffirms the requirement to deal with challenges and spending pressures within the limits of that plan. Any costs for further development or publication of the plan will be met within existing budgets.

4.8 Legal – NONE

4.9 Human Resources - The plan describes a range of changes in how services will be delivered over the next four years and commits the Council to making these changes in full consultation with staff.

4.10 Assets And Property – The plan commits the Council to further rationalisation of its properties including significant disposals.

5.0 Conclusions

5.1 The Council has delivered the majority of its first year objectives as set out in the Council Action Plan it adopted within a few weeks of coming into office in May 2012.

5.2 While those early actions were being implemented as promptly as possible we have developed a clear plan of how Shetland can be best assured of good quality and sustainable services and properly managed and sustainable finances in the medium term.

5.3 The Corporate Plan 2013-17 is now in front of you as the road map of how to achieve those objectives over the next four years.

For further information please contact:

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17/05/2013

Appendices:

Appendix 1 – Shetland Islands Council – Corporate Plan 2013-17

Shetland Islands Council - *a time of change*

This plan sets out how the council is going to change over the next four years and describes what we want to have achieved by then.

We are breaking with the past; we have learned some hard lessons. We understand the limits to our income and the limits to Shetland's reserves. We accept that we have to live within them. We know we have to reduce the cost of public services to what we can afford in the long term. We recognise that because there is a lot less money to spend we will have to find new ways of working. We must think hard about how we spend every pound and we will not tolerate any waste or inefficiency.

As well as being realistic about finances we also believe passionately in the value and the importance of the services the council provides to the people of Shetland. We know being elected as your councillor's means we are responsible to you for making sure these critical services are the best they can be. Some of the services the council provides are literally a matter of life and death to people; most services are key to living safe and fulfilling lives for others. Having to do things better and more cost effectively, just makes these services even more important and valuable.

Everyone is aware of the austere times we are living in and a new relationship is being developed with communities; they are becoming more self-reliant and reducing their dependency on public services. Over the next four years the council will be working closely with community councils, voluntary groups, local people and other public sector organisations to keep in touch with real community needs; and make sure that all of us, working together, meet them in the most effective ways we can.

This plan links to the long term vision set out in the Shetland community plan and single outcome agreement. It was developed through one of the most extensive and in depth consultations in Shetland's history. The core messages were that public bodies in Shetland must carry out their business professionally, make sensible decisions, do things cost effectively and find a better balance between public, private and community spending. Those messages were reinforced in the 2012 council elections and have echoed through the extensive consultation exercises we have been involved in since then.

We are wholeheartedly committed seeing through these changes, that is central to all our plans for the next four years.

signed - leader

signed - convenor

our priorities

<p>providing critical services for children and adults and the transport services we all need</p> <p>We must provide the essential services people in Shetland really need cost effectively; we will have to change how we do some things to make services more efficient and secure their long term viability, but we will do that with people, not to them.</p>	<p>being a properly led and well managed council, dealing with the challenges of the present and the future, and doing that within our means</p> <p>We are determined that the council will be run to the very highest standards. We will take difficult decisions when we have to and we will balance the books.</p>	<p>helping build a healthy economy and strong communities</p> <p>We know we can't intervene directly the way we used to, but we will work in partnership with business and communities to help the Shetland economy to be as strong as possible, to diversify wherever possible and to encourage sustainable businesses across all parts of Shetland.</p>
<p>mindful of how change could affect the vulnerable and disadvantaged</p> <p>We will be mindful of the potential effects of changes on individuals. People who have the least access to income, employment and good housing often have less resilience to meet challenges and deal with change.</p>		<p>working with all our partners to achieve the best results possible</p> <p>We will work closely with individuals, communities and partners in the public, private and voluntary sectors to generate ideas, resolve issues and meet challenges; by doing so, we can be more effective and achieve much more.</p>

supporting adults to be independent

	what we want to achieve	what needs to change and how that will be done
<p>“People in Shetland will be supported to be active and independent throughout their lives and into older age, at home or in a homely setting, for as long as possible ”</p>	<p>Providing high quality care and support to an ageing population is a fundamental principle of social justice and is an important hallmark of a caring and compassionate society.</p> <p>Collectively we need to make sure people receive the care, compassion, support and dignity they need and deserve.</p> <p>The elderly population in Shetland continues to rise and so does the numbers of adults with complex needs.</p> <p>Everyone wants to live an active independent life for as long as possible; together we need to find ways to make that possible including help and assistance when that is needed.</p> <p>That will often have to be different to the labour intensive and sometimes inflexible ways that have been used in the past.</p>	<ul style="list-style-type: none"> we have to concentrate on helping people to retain or regain their own independence, meet highest levels of assessed need first and find ways to help others to provide more services when that actually works best <p>we have already;</p> <ul style="list-style-type: none"> begun a wide ranging review of staffing in community care and agreed a number of actions that are now being implemented made some difficult decisions about changes in ways we provide services and a greater focus on high need levels <p>this year we will;</p> <ul style="list-style-type: none"> review and streamline staffing levels across all services and establishments to generate the savings needed to meet the councils medium term financial plan make sure that the “contributing to your support” policy is implemented consistently; so those who can make a financial contribution do so to increase the resources available to those who cannot complete the new occupational therapy resource centre in partnership with nhs Shetland and offer a wider range of improved and more efficient reablement services <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> redesigned services for older people, and adults with a learning disability, physical impairment or mental health problem to help them to live as independent lives as possible increased services that help people to live longer independently in their own homes and provided extra care housing options to provide supported homely settings improved the range and effectiveness of reablement services provided people with direct payments and personal budgets where they want that, so that they can make the choices they want for their lives

the best possible start for every child

	what we want to achieve	what needs to change and how that will be done
“Shetland is the best place for children and young people to grow up”	<p>All children and young people deserve the best life chances and we are determined that all our young people will have the best chance to be successful learners, confident individuals, effective contributors and responsible citizens.</p> <p>It is during our very earliest years and even pre-birth that a large part of the pattern for our future adult life is set it is clear that investment in a child's early years pays dividends for that child.</p> <p>This is true in terms of his or her educational outcomes, health outcomes, and future life prospects it is equally clear that investment in early years also pays dividends for society as a whole.</p> <p>We want to build on services already in place to achieve this for all Shetland's children and young people but especially for those who may be missing out on the best start to life for whatever reason.</p>	<ul style="list-style-type: none"> • we need to focus more on early intervention and prevention for those children and families who are not experiencing the best starts in life for whatever reason <p>we have already;</p> <ul style="list-style-type: none"> • agreed a timetable for the refresh of the blueprint for education • secured funding to build a new anderson high school • commissioned independent reviews of sports and leisure, additional support and childcare • consulted on a new youth strategy and youth services restructure • approved a sport and leisure strategy • established a working group for instrumental instruction <p>this year we will;</p> <ul style="list-style-type: none"> • continue to examine the educational estate and conduct a series of consultations on primary and secondary schools in line with the blueprint for education • develop a new commissioning strategy for children's services • report on independent reviews of youth strategy and instrumental instruction • provide opportunities for young people to develop skills and confidences in and out with the classroom which embraces the concepts of curriculum for excellence • work with local and national partners to develop legacy plans for major national 2014 events such as homecoming, the queens baton relay and the commonwealth games <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> • built and moved into a new anderson high school • an appropriate educational estate to implement the curriculum for excellence across Shetland on a sustainable basis preparing young people for further education, employment or training • delivered effective early intervention and prevention which seeks to give all our children and young people the best start in life through the early years collaborative and making sure that we “get it right for every child” • enhanced this practically through improved arrangements for childcare, an increased focus on children and young people who have experienced domestic abuse, better inter-agency child protection procedures, improved residential and short break services and by providing essential family support services to those most in need, including parenting support • continued to provide quality services to children and young people who are looked after • strengthen Shetland library's delivery of “bookbug” the early years literacy programme • increased levels of physical activity and participation in sport and other cultural activities

the transport services we need most

	what we want to achieve	what needs to change and how that will be done
<p>“Shetland’s transport systems will be efficient, sustainable, flexible and affordable, meet our individual and business needs and enable us to access amenities and services we need ”</p>	<p>Shetland is a group of islands, nothing can change our fundamental geography and it is essential that our internal and external transport systems meet our individual and business needs and are efficient, sustainable, flexible and affordable.</p> <p>We know that we have to make internal transport services more efficient to be able to sustain them for the long term we are determined to make those changes in partnership with communities and businesses who depend on these transport links most.</p> <p>Communities have told us that supporting economic activity, local businesses and access to jobs is the top priority for internal transport and that access to services and social amenities are a secondary factor.</p> <p>We also know that external transport is one of the most significant issues for Shetland’s medium and long term economic growth and social well being we have to campaign hard to make sure these needs are properly understood regionally and nationally.</p>	<ul style="list-style-type: none"> for the medium term we need to understand how we meet Shetlands core transport needs cost effectively; then configure services to best deliver those needs; for the longer term we need to decide whether fixed links are a realistic and affordable alternative to ferries and how external transport links can be improved to stimulate economic growth <p>we have already;</p> <ul style="list-style-type: none"> instigated a wide ranging review of transport services and agreed a range of changes that are now being implemented this includes the ferries review; winter maintenance, roads maintenance and internal air services made difficult decisions about changes to service levels, but we have done that through extensive consultation with affected communities <p>this year we will;</p> <ul style="list-style-type: none"> put in place new arrangements for school, public, asn & community care bus transport to more efficiently link together services complete the implementation of the ferries review establish whether there is a clear case for developing a programme for fixed links continue to maintain the very valuable transport infrastructure we already have in place <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> financially sustainable transport arrangements that meet people’s current needs developed a programme of long term internal transport infrastructure developments with a realistic funding programme the most effectively used and maintained set of transport assets possible including properly looked after roads a programme of long term external transport developments that meet our economic growth needs with a realistic funding programme

healthy economy - strong communities

	what we want to achieve	what needs to change and how that will be done
“Shetland has sustainable economic growth with good employment opportunities and our people have the skills to match, good places to stay and the transport people and businesses need”	<p>We can't intervene like we used to but we can work in partnership with individuals, communities and business to understand what would help them to turn an idea into a business, get a viable community project off the ground, expand an existing company or find a new market.</p> <p>Shetland has many resources and much talent, we need to work together to make the best of them.</p> <p>If everyone has the opportunity to work, improve their skills and make a positive contribution to the islands increasing prosperity, we will create a wealthier, fairer and smarter Shetland.</p> <p>We want to see more of Shetland's people in higher-skilled and better-paid jobs across Shetland and for those jobs to be in a more diverse range of business areas than they are at the moment.</p>	<ul style="list-style-type: none"> the council no longer has the money to make widespread direct investments and support payments to local business; therefore we have to help in new ways where to make a difference. <p>we have already;</p> <ul style="list-style-type: none"> assisted local companies and individuals to get contracts and jobs at the new gas plant installed fibre optic high speed broadband connections from Sandwick to Sullom developed a local development plan <p>this year we will;</p> <ul style="list-style-type: none"> create and implement a renewable energy development plan 2013-20 which will seek a balance between inward investment and indigenous community projects and define Shetland's proposition as a test site for renewable energy projects. develop a plan to attract people to Shetland to live, work, study and invest. run a campaign to promote the business and community benefits of high speed broadband. work in partnership with communities to identify barriers to employment and development e.g. childcare issues, transport etc. and develop sustainable, creative solutions continue to work with communities to identify viable projects, maximise return from community assets, increase resilience and create jobs in remote areas. identify skill and trade shortages and develop action plans to support the unemployed and underemployed get training in these areas with a specific focus on women and young people. undertake a tertiary education review to ensure Shetland's learning providers are fit for purpose and meet demand. <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> a more diverse business base, and closer partnership with both traditional and emerging sectors next generation broadband available to 84% of the Shetland population found ways to assist in the provision of affordable housing sustained Shetland's overall high rates of employment more resilient and sustainable communities and community enterprises across Shetland maintained working age population levels throughout Shetland

the vulnerable and disadvantaged

	what we want to achieve	what needs to change and how that will be done
“we will have tackled inequalities in Shetland by making sure the needs of the most vulnerable and hard to reach groups are identified and met, and that services are targeted at those most in need ”	<p>Those who have the least access to income, employment and good housing experience higher levels of ill health; often have less physical and psychological resilience to meet challenges; and less power and influence to effect change.</p> <p>Poverty and inequality not only diminish opportunity and life experience, but detract from Shetland's economic success and well-being as a community.</p> <p>We want to make sure that the changes which have to be made to services consider the needs of the most vulnerable in those changes.</p> <p>We are also committed to concentrating services and resources on early intervention and prevention to tackle some of the underlying reasons why people become vulnerable and disadvantaged in the first place.</p>	<ul style="list-style-type: none"> • we need to make sure that everything we do considers its impact on the most vulnerable <p>we have already;</p> <ul style="list-style-type: none"> • provided up to date, consistent and relevant information on the welfare reform changes to the Shetland public, staff, councillors and landlords • developed an integrated impact assessment tool to be used in all change activity to highlight potential effects <p>this year we will;</p> <ul style="list-style-type: none"> • work with partners as welfare reform is implemented and support households through the changes and impacts resulting from it; including support to maximise income • make sure all change projects use the integrated impact assessment tool • help families developing a thrifty approach to reduce household bills • promote the home energy efficiency programme and eco obligation funds to make sure lots of households take them up • continue to lobby ministers to recognise the additional factors affecting fuel poverty in Shetland and continue to promote measures to help reduce fuel poverty locally <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> • concentrated our resources and services on the people who need them most and protected them from the worst effects of change • provided the right support, at the right time, to help each individual to access long-term employment opportunities • worked with at need individuals to improve their life chances • provided opportunities to develop positive community connections, enabling people to feel more part of their community and take part in a wider range of activities • made sure that issues around new forms of inequality like digital exclusion have been identified and addressed

working with partners and communities

	what we want to achieve	what needs to change and how that will be done
“we have a better balance in Shetland between a dynamic private sector, a strong third sector and efficient and responsive public services ”	<p>No agency working on its own can solve some of the deep rooted problems around inequalities that have persisted in society for years; we must work together with our public sector partners, the voluntary sector, businesses and communities to share resources, skills, ideas and solutions if we are going to get the best results.</p> <p>People are more able to live fulfilling lives and realise their social and economic potential in strong, resilient and supportive communities.</p> <p>Shetland has a very proud history of strong and capable communities, this council will give strong community leadership and work well with our partners; we will listen to communities so we understand their needs, and we will talk and listen to them when we are making decisions.</p>	<ul style="list-style-type: none"> its not just the council that is going through difficult financial times, individuals, communities, businesses and other public bodies are having to manage with less money as well; we can all achieve the most with what we have got when we genuinely work with each other <p>we have already;</p> <ul style="list-style-type: none"> established the new Shetland partnership board and performance group progressed work on police & fire reform as a pathfinder authority <p>this year we will;</p> <ul style="list-style-type: none"> screen all main service areas to establish opportunities for potential moves between public / private / third sector organisations providing services review and analyse obstacles to better partnerships and transfers of responsibilities make sure all services do good community engagement and consultation work with community groups to rationalise community resources to get the maximum benefit from them liaise with the association of community councils, other community stakeholders, developers and others to develop a community benefit policy on renewable energy <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> established a fully integrated health and social care partnership a shared understanding of the financial, physical and human resources available across the Shetland partnership and how they can best be used together made sure that we are making the best choices between public / private and third sector partners providing services eliminated blockages that stop more efficient and effective use of private / third sector organisations providing more services greater understanding about what each other can do and built more capacity in the private and third sector to become involved in service areas they previously haven't

a properly led and well managed council

	what we want to achieve	what needs to change and how that will be done
“it is only through good governance that the right choices and decisions are made, that costly errors are avoided, that public money is safeguarded and public confidence is sustained “	<p>In order to provide high quality and cost effective services to people and communities in Shetland the council has to be run properly.</p> <p>We are determined that the council will be run to the very highest standards in these challenging circumstances all decisions have to be taken well and every service has to be highly professional and very efficient we must make sure that we take the right actions now to protect the long term well being of Shetland.</p> <p>We have established a clear vision and sense of purpose which reflects local needs and we can demonstrate linked-up planning and resourcing to make it happen.</p> <p>We will have strong improvement led and performance driven culture and systems; and we have a systematic approach to identify risk and develop effective responses.</p> <p>We will provide good quality information regularly through a variety of means to tell people how we are doing and promote effective public accountability.</p>	<ul style="list-style-type: none"> we understand that we have to run the council professionally and efficiently to provide high quality services over the long haul; that means we as councillors must prepare, train, practice, deliver and review all aspects of decision making and other conduct to make sure that the highest possible standards are being met <p>we have already;</p> <ul style="list-style-type: none"> progressed the improvement plan to the point the council has been released from special measures by the accounts commission made sure the councils accounts were unqualified for the first time in seven years created new staff engagement arrangements with the human resources partnership group <p>this year we will;</p> <ul style="list-style-type: none"> make sure member induction is followed by a learning and development programme have a leadership and development programme in place for all managers see senior councillors, the chief executive and corporate management team take the lead in developing the corporate plan and communicating it to the public and staff fully align the timetables, time-spans and approaches for medium term financial planning & annual budgeting with council, directorate and service planning complete the councils self assessment against the national “code of corporate governance” and implemented any improvements required complete a mid-term review of internal governance arrangements develop and agree a workforce strategy make sure all risk registers are complete and up to date implement the new complaints handling procedure <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> made the decisions that needed to be made; and we will have done that properly, promptly and with a proper assessment of risk made many, and sometimes radical, changes in how we provide services; and will have done that through proper consultation with communities and staff demonstrated that this council is providing best value in all its services after having had a successful bv2 review by audit scotland regained the confidence of the Shetland public

dealing with challenges effectively

	what we want to achieve	what needs to change and how that will be done
“we have an improvement led and performance driven culture and a systematic approach to identify risks and deal with them”	<p>We serve the people of Shetland as councillors and they rightly expect us to do our very best in every way as we go about our work on their behalf.</p> <p>We are the representatives of all Shetlands people and we have a duty to safeguard their interests, provide community leadership where necessary and speak up on their behalf here and in regional, national and international forums.</p> <p>The strength of Shetlands voice should never be diminished by any failure of councillors or the council.</p> <p>We will have to become a smaller commissioning body, working with partners - enabling and facilitating, with fewer staff and more providers.</p> <p>This approach means that we can continue to meet priorities and help local people and communities to help themselves.</p>	<ul style="list-style-type: none"> the council no longer has the money to react to problems and demand pressures by further spending these problems and pressures will still arise but they must be better planned for and their impacts absorbed better within existing budgets that has happened previously <p>we have already;</p> <ul style="list-style-type: none"> created a risk and contingency approach to the management of financial growth pressures that stops costs spiralling out of control identified the issue and opportunities created by possible constitutional change and mapped out a way forward with our neighbouring islands identified the key legislative changes that will have effects on Shetland identified the demographic and other demand changes which must be coped with <ul style="list-style-type: none"> aging population, increase in special needs, climate change identified the large scale economic and infrastructure issues which must be planned for; <ul style="list-style-type: none"> west of Shetland oil & gas ; renewables, external transport ; fixed links , high capacity broadband <p>this year we will;</p> <ul style="list-style-type: none"> develop our constitutional change approach into a shared lobbying strategy make sure that key plans such as the Shetland single outcome agreement and this corporate plan are complete and approved and that they address the issues highlighted make sure all these plans link to each other ensure we regularly collate, scrutinise and report on workforce profile data and ensure equality impact assessments are completed for all new strategies and policies <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> dealt with pressures, issues and problems within existing budgets developed and put in place sustainability, carbon management and waste management arrangements to ensure we protect and where possible enhance our stunning environment made sure that change has been conscious of equalities, health and human rights issues and that each of these areas has been protected and improved secured the best for Shetland in any constitutional change following the referendum

and living within our means

	what we want to achieve	what needs to change and how that will be done
“we will achieve financial sustainability over the next four years, we will line up our spending with our priorities and we will still have significant reserves”	<p>We will have robust financial management arrangements that ensure we can make the transition to financial sustainability.</p> <p>We will make spending decisions that realistically reflect the money we have.</p> <p>We will make the best economic, efficient and effective use of our buildings and other physical assets.</p> <p>We will meet our supply needs economically and efficiently.</p>	<ul style="list-style-type: none"> we can't continue to spend beyond our income without completely exhausting reserves Spending needs to be reigned in to reach financial balance and still preserve a significant element of reserves <p>we have already;</p> <ul style="list-style-type: none"> agreed a medium term financial plan that will give ongoing financial sustainability by 2017 reduced our draw on reserves, it reached £36m in 2012/13 in 2013/14 it's budgeted to be £28m of which £14m is non-recurring expenditure under spent against the 2012/13 revised budgeted draw on reserves by £5m disposed of a number of buildings raising £440,000 in capital receipts identified £7 million of internal efficiencies across the whole Council <p>this year we will;</p> <ul style="list-style-type: none"> meet our budget targets set out in the medium term financial plan implement all the internal efficiencies we have identified keep challenging everyone across the whole Council to make further savings dispose of further surplus buildings raising £500,000 more in capital receipts update our standing orders about contracts and procurement to ensure best practice re-negotiate contracts with our biggest suppliers to achieve savings work with public sector partners to buy things cheaper together train relevant staff to use e-procurement and other forms of electronic ordering better <p>by the end of this council we will have;</p> <ul style="list-style-type: none"> stuck to the medium term financial plan and be financially sustainable at least £125m left in the councils reserves a well developed risk / contingency approach to dealing with spending pressures made better use of technology to both cut costs and sustain and improve services reduced our use of consultants raised more income where there are opportunities to do that made further significant savings by reducing our number of buildings

links to other relevant documents

- 1 the change programme
- 2 revenue budgets 2013-17
- 3 medium term financial plan 2013-17
- 4 capital programme 2013-17
- 5 directorate plans 2013/14
- 6 Shetland single outcome agreement 2013
- 7 planning and performance management framework



Shetland Islands Council



**Shetland Islands Council
Shetland NHS Board**

**12 June 2013
25 June 2013**

Health & Social Care Integration

CRP-10-13-F

**Director of Corporate Services
Director of Public Health**

1.0 Introduction

- 1.1 This report presents up to date information regarding the Health and Social Care Integration Project commissioned by Shetland's CHP Committee.
- 1.2 It builds on the report presented to the CHP Committee on 20 May 2013 and Social Services Committee on 24 May 2013 and it has been updated following discussions at a seminar arranged for all members of the Council and Shetland NHS Board which took place on 4 June 2013.
- 1.3 The report makes reference to the Public Bodies (Joint Working) (Scotland) Bill 2013 (the Bill) which was published by the Scottish Government on 28 May 2013.
- 1.4 The report includes information under the following headings:
 - Governance
 - Management and
 - Service Delivery

and presents proposals to progress the establishment of a combined "shadow" health and social care partnership board for Shetland.

- 1.5 It is expected that the Bill will be enacted in 2013/14 and that the legislation will require health boards and their local authority partners in each local authority area to adopt one of two models for health and social care integration by April 2015. The proposals in this report are

consistent with the Bill and explanatory notes from the Scottish Government.

- 1.6 The Bill makes particular reference to the significance of health and social care integration for island communities:

“EFFECTS ON ISLAND COMMUNITIES

173. The Bill applies to all local authority areas and Health Boards and therefore to all communities across Scotland, including island communities. Island communities may experience a more concentrated need for services for older people and may also experience difficulty in recruiting and retention of health and social care practitioners. However, it is hoped that the opportunities afforded through the partnership arrangements will result in a more planned, joined up and flexible service provision to island populations, which will contribute to alleviating these difficulties.”¹

2.0 Decisions Required

The Council and Shetland NHS Board are asked to ;-

- 2.1 RESOLVE to approve the proposal for establishing a Shadow Health and Social Care Partnership Board for Shetland with a view to implementation in the autumn of 2013, based on the principles set out in Appendix 1;
- 2.2 RESOLVE to approve that further reports be presented in due course for decisions regarding the detail of the Shadow Board’s final role, remit, membership and procedures;
- 2.3 RESOLVE to approve and encourage the ongoing work to further develop integrated working of service delivery, through the development of an appropriate locality model and management structure to support this
- 2.4 NOTE that the arrangements for the Shadow Board will be reviewed after six months as part of the annual review of the CHCP Agreement and prior to the implementation of the legislation on Health and Social Care Integration;
- 2.5 NOTE that the Health and Social Care Integration (H&SCI) Project Board will continue to provide regular updates to the CHP Committee and Social Services Committee and continue to engage with stakeholders and the public on all the Health and Social Care Integration Project work streams as the work to establish the Shadow Board and locality working is taken forward;
- and
- 2.6 NOTE that any functions currently within the remit of either Social Services Committee or CHP Committee that are not included in the final

¹ Public Bodies (Joint Working) (Scotland) Bill 2013, Explanatory Notes Para 173.

remit of the Shadow Board will require to be allocated to another committee within the parent body, and for the Council, NOTE that these matters will be considered in the forthcoming review of the Council's constitutional arrangements. This will be the subject of a further report to the Council in the autumn.

3.0 Detail

- 3.1 Shetland's Community Health and Care Partnership (CHCP) has evolved over the last 8 years. The vision, mission, aims, objectives, service plans, development priorities, resources, financial framework, budgets, governance and risks are set out in the CHCP Agreement which is reviewed annually and approved by the Shetland NHS Board (the Board) and Shetland Islands Council (the Council). CHCP business is discussed at the CHCP Committee and the Council's Social Services Committee.
- 3.2 A single management structure was introduced in 2008/09, with a jointly appointed senior manager reporting through both Chief Executives and to the senior management teams of both the Board and the Council. The structure includes a number of jointly appointed service managers and responsibility for a range of community and primary health and community care services.
- 3.3 In 2011/12 a Project Initiation Document (PID) was agreed by the CHP Committee, the Council's Social Services Committee and the Board to take forward a piece of work "to identify how the Council and the Board can further the integration of health and social care services in Shetland and develop the governance and management arrangements". This set out the scope of the project, a number of work streams, the principles for change and perceived benefits, constraints and deliverables.
- 3.4 The Principles for change agreed in the original PID are:
 - A focus on services delivered for customers that make improvements to the customer's experience of services
 - Adherence to evidence based care pathways including reablement
 - Evolution, building on what has been achieved so far
 - Improved efficiency and value for money; providing efficiency savings for the public sector in Shetland
 - Reduction in bureaucracy; eliminating duplication and improving the speed of decision making.
- 3.5 Benefits to the business of the Council and NHS Shetland identified at that time include:
 - Improved outcomes for customers through quicker decision making and reduction in bureaucracy leading to more time to care
 - Efficiency savings
 - Clear lines of accountability for delivery supporting integrated partnership working.
- 3.6 The work has been taken forward through the H&SCI Project Board, including four workshops held to engage Councillors, Board members,

representatives from partner agencies and managers to consider the implications of the work programme in the light of the forthcoming Scottish Government legislation on health and social care integration. The most recent workshop was held on 4 June 2013, when proposals for a combined Health and Social Care Partnership committee were discussed.

- 3.7 This report expands on the case for change and provides an update on progress to date under each of the three main strands of work:
- Governance
 - Management and the single management model
 - Service delivery through multidisciplinary teams in localities.

Governance

- 3.8 In response to the Scottish Government's Consultation on the "Integration of Adult Health and Social Care in Scotland" the H&SCI Project Board considered options for combining the CHP and Social Services committees into a single, more streamlined governance arrangement. At the H&SCI Project Board meeting in March 2013, it was agreed that a recommendation for a combined committee would be presented to a third informal joint meeting of the two committees. This took place on 13 May 2013. The proposal was discussed further at a seminar for all members of the Council and of Shetland NHS Board on 4 June 2013.
- 3.9 The rationale for this was rehearsed in a paper written by the Director of Corporate Services, which set out proposed arrangements that would streamline current governance and reporting, and prepare for a 'body corporate' as the future model for Shetland. This is consistent with the detailed proposals from the Scottish Government as set out in the Bill. This arrangement would continue to give comfort to both organisations for the appropriate delegation and management of resources, whilst reducing the bureaucracy of servicing two separate committees and organisational structures. It would also support the range of other work necessary to take forward integration, such as working toward joint HR, finance and other corporate functions.
- 3.10 Implementation by October 2013, which was discussed as a possible date for a move to a combined committee, would give over 12 months experience to inform the move to a fully integrated model in line with the proposed legislation. This would be subject to approval by the Council and the Board of the detail in terms of the role, remit, membership and procedures of the combined committee and further reports would be presented later in the year in this regard.
- 3.11 Currently, it is not possible due to the provisions of the Local Government (Scotland) Act 1973 for the Council to delegate responsibility for social care services to a joint committee comprising equal numbers of elected members of the Council and NHS Shetland Board members. This will change with the introduction of the proposed legislation.

- 3.12 The proposal presented in this report for a combined committee is based on a model known as a “Concurrent Partnership Body”. This model has been used successfully in other parts of Scotland including Orkney and East Renfrewshire and is being introduced in other areas, most recently in Fife, to create shadow governance arrangements in advance of the legislation being introduced.
- 3.13 In our workshop sessions, the limitations of the current legislation were acknowledged and it was also recognised that although partnership working is being actively promoted by the Scottish Government not just in terms of health and social care but also through the wider Community Planning agenda, there remain constraints as to how far we can take things locally at the moment and that it is unlikely that there will be further changes in the foreseeable future that would, for example, support plans for a single public authority model.
- 3.14 In general terms attendees of the workshops expressed their support for the concept of integrated working and were of the view that Shetland should go ahead now, building on the joint working practices already well-established locally.

Shadow Board

- 3.15 The combined partnership committee or “Shadow Partnership Board” would bring together a formal sub-committee of Shetland NHS Board and a functional committee of Shetland Islands Council. There would be agreed delegated authority to the relevant committee from each statutory partner. The committees/sub-committees would meet together at the same time and in the same place under the banner of “Shetland Health and Social Care Partnership Board” (the “Shadow Partnership Board”).
- 3.16 Essentially the committees of the statutory agencies would be aligned reducing duplication for officers and members and speeding up the decision making process.
- 3.17 Decisions would remain the responsibility of each statutory agency within the Shadow Partnership Board arrangement. However, the expectation is that decisions would generally be reached by consensus. If a decision could not be achieved by consensus, the separate committees would each take a decision on their remit and would refer decisions to their respective parent bodies in circumstances where they did not have delegated authority or decided to remit a decision to the parent body.
- 3.18 There would be equal numbers of members of each of the committees brought together in the Shadow Partnership Board. For the health board, this would comprise both non-executive and executive members of Shetland NHS Board. There would in addition be representatives of the third sector, carers, the Public Partnership Forum and professional advisors in attendance at meetings of the Shadow Partnership Board.
- 3.19 A draft remit for the Shadow Partnership Board and annual programme of meetings is attached at Appendix 1. The meetings programme includes meetings of the Joint Staff Forum. The Joint Staff Forum

(JSF) brings together representatives of the Council's Employees Joint Consultative Committee (EJCC) and NHS Shetland Area Partnership Forum. Details of the membership and terms of reference for the JSF are included in the CHCP Agreement.

- 3.20 The detailed protocols and governance arrangements would be included in a Health and Social Care Partnership Agreement and the current CHCP Agreement, the Council's Constitution and standing orders of the Council and Shetland NHS Board would be revised to incorporate the details of the Shadow Partnership Board and the new governance arrangements.
- 3.21 The CHCP Agreement was approved in 2012 as the joint commissioning strategy for community health and social care services and has well established protocols for financial management across aligned budgets, decision making with regard to specific budget allocations such as the Reshaping Care Change Fund, virements and budget monitoring. This would be refreshed and include more explicit processes for the Shadow Partnership Board with regard to budget setting and budget responsibilities for joint appointments in the single management structure.

Management

- 3.22 Shetland is among a small number of partnerships who have had a senior jointly appointed and jointly accountable officer for some time. The role of Director of Community Care has evolved from the creation of a joint Community Care Manager post in 2002 and now has responsibility for a range of primary care services and all community care services.
- 3.23 The proposed legislation proposes the role of Jointly Accountable Officer to provide a point of joint accountability upwards, from the Health and Social Care Partnership, to the Shadow Partnership Board, via which there is accountability to the full Council and Health Board; and to provide a single, senior point of joint and integrated management down through the delivery mechanisms in each partner organisation.
- 3.24 The role of Director of Community Care is currently held on an interim basis. At its last meeting the H&SCI Project Board agreed plans to recruit on a permanent basis and to recognise that the incoming post holder will be the Jointly Accountable Officer when the new Health and Social Care Partnership arrangements are implemented. However, the job description as currently drafted needs further work to fully represent the relevant responsibilities and accountability in both organisations and to take into account proposed changes to the NHS management structure and the formal consultative arrangements of both NHS Shetland and the Council. It is therefore likely that a further interim arrangement will be required in the coming months as the job profile for a permanent appointment is finalised.
- 3.25 Further details of joint management arrangements to support service delivery below the level of Director of Community Care would be developed from the strand of work on service delivery, since the

rationale is that the detail would emerge from the needs of the service in terms of staffing and of best serving the needs of service users.

Service Delivery and Multi-disciplinary Teams in Localities

- 3.26 The strand of work to develop integrated multidisciplinary locality service teams is being taken forward through the CHCP Management Team. Work in this area is now being formalized through the development of a Project Initiation Document (PID) specific to this programme. This is currently in draft and sets out the case for change as: “the objective of closer and aligned working with advantages including;
- Better experience and outcomes for the individual receiving care & support.
 - More effective & efficient use of resources. Reducing duplication etc.
 - Meeting potential resource issues in more remote/rural communities.
 - Supports the ethos and principles around Self Directed Support – in terms of being able to respond to challenges of ‘deep’ personalisation.
 - Supporting preventative and proactive care rather than crisis intervention.
 - Supports the reablement philosophy and minimises dependency.
- 3.27 Project outcomes are defined as:
- Improved service delivery to individuals
 - More efficient and effective use of existing resources
 - Support for considered change in use of resources including disinvestment
 - Support Third Sector Partners to deliver appropriate services instead of statutory provision or to enhance provision
 - Break down actual or perceived barriers of integrated working
 - Continue to promote enablement/reablement
 - Support for the Joint Commissioning Strategy
 - Support for implementation and the ethos of Self Direct Support legislation.
 - Full engagement with individuals and other key stakeholders
- 3.28 In order to move towards further integration via locality based service design and provision the following activities have been identified;
- Identifying localities
 - Mapping out current resources, both in situ and uptake of visiting services.
 - Potential ability to use assistive technology for both health and social aspects of care and support.
 - Engagement & Consultation events with current services within each locality to ascertain thinking around improved working and resource management.
 - Locality Plan(s) designed and agreed.
 - Pilot Project initiated – with 6 month review.
 - Learning & Sharing event from the pilot site.
 - Plan to roll out across other localities.

4. Implications

Strategic

4.1 Delivery on corporate priorities

Shetland's CHP has provided the framework for the delivery of a range of community health and care services across Shetland since 2005. The integrated governance and management arrangements have supported significant service redesign projects that have contributed to good progress and performance against national and local priorities, targets and standards. Projects include joint mental health services, dementia redesign, joint OT services, projects on delayed discharges, extra care housing e.g. at Uyeasound; reablement and Telehealthcare. Further integration is expected to continue to deliver improved outcomes for the most vulnerable members of our community particularly with regard to increasing the use of equipment and new technologies supported through the new Therapies Resource Centre due to open later in the summer and the further development of generic health and care worker roles in the community.

Key priorities for health and social care are expressed as outcomes in the Shetland's Draft Single Outcome Agreement (SOA). These include:

"We have tackled inequalities by ensuring the needs of the most vulnerable and hard to reach groups are identified and met, and that services are targeted at those most in need.";

"People are supported to be active and independent throughout adulthood and in older age"; and

"We live longer healthier lives".

The draft SOA also identifies financial sustainability as a priority through the outcome, *"We have financial sustainability and balance within each partner; and a better balance between a dynamic private sector, a strong third sector and efficient and responsive public services."*

4.2 Community and Stakeholder Issues

Feedback from the community during the Council's consultation exercise "Have Your Say" included recommendations for further integration of health and care services to make savings and improve outcomes.

Feedback from service users and carers whether through work on individual cases or through consultation consistently says that people want to be supported at home or as close to home as possible and that they want to be able to tell their story once, that it doesn't matter which agency provides support as long as the support is available to meet needs.

Members of the Social Services Committee and CHP Committee have been able to comment and advise of their views on the proposals in this report through a series of workshops.

4.3 Policy and Delegated Authority

The Health and Social Care Integration (H&SCI) Project Board reports to the CHP Committee, which is a sub-committee of Shetland NHS Board.

Social Services Committee is a sub-committee of Shetland Islands Council. In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Social Services Committee has delegated authority to take decisions in relation to those functions within its remit.

Reports for decisions relating to the work of the Community Health and Care Partnership require decisions of both the Council and Shetland NHS Board or their proper sub-committees where authority has been delegated.

The proposals in this report are seeking to start a process of change in the remit, membership and protocols for both the Council's Social Services Committee and the CHP Committee. Decisions relating to any changes in the constitutional arrangements are matters reserved to the Council and Shetland NHS Board and therefore this report is presented to the Council and the Board for their decisions.

4.4 Risk Management

Risks relating to community health and care services are set out in the CHCP Risk Register, which is included in the CHCP Agreement. The main risk associated with this report is failure to agree on future plans for the better integration of health and social care services. It would mean that the opportunity to operate as a Shadow Health and Social Care Partnership Board in advance of the changes in legislation planned for 2015 would be delayed or lost and the duplication of effort and delays currently experienced due to dual reporting for CHCP business would continue.

4.5 Equalities, Health and Human Rights

The proposals in this report support the responsibilities of the Council and NHS Shetland with regard to equalities, health and human rights.

4.6 Environmental Issues

None.

Resources

4.7 Financial

There are no financial implications arising directly from this report. Work to date on the Health and Social Care Integration Project has been undertaken within existing resources drawing on short term funding for Reshaping Care to support workshop activities and for backfill to support specific aspects of the project work streams. The financial challenges facing the Council and NHS Shetland are very severe. The better integration of health and social care services is expected to make savings of 10% across areas affected by the project. Further work is needed to identify areas where savings made can be attributed to the integration project given that many savings schemes are already delivering significant cash releasing efficiency savings across the CHCP.

The reduction in time for managers and administration staff from removing duplication with regard to servicing two committees is estimated at 0.5FTE which would achieve a full year saving of approximately £14,000 for the Council as it is the Council that currently

services both the CHP Committee and the Social Services Committee. This could be achieved through the termination of temporary contracts.

4.8 Legal

The proposals in this report are compatible with the Bill published on 28 May on health and social care integration and provide an opportunity for demonstrating a model of best practice for our remote islands location in terms of governance and accountability.

4.9 Human Resources

The Joint Staff Forum will discuss any detailed proposals with regard to any staffing implications including management structures and frontline staff as the work on the single management structure and locality models is developed further.

The HR section of the CHCP Agreement provides the framework for integrated working arrangements and is reviewed on a regular basis.

Given that the work on health and social care integration in the coming months will involve work on governance including protocols for integrated budgets, the project lead for the Council in this regard will be the Director of Corporate Services.

4.10 Assets and Property

There are no implications for assets and property arising directly from this report.

During the summer of 2013, the senior management teams of NHS Shetland and the Council's Community Care Service will co-locate in offices on the first floor of what was Montfield Hospital. Adult social work, criminal justice, community nursing and health promotion will co-locate at Grantfield.

5. Conclusions

5.1 The Scottish Government has announced plans for legislation to support the creation of Health and Social Care Partnerships, which will replace CHPs and CHCPs. The new Health and Social Care Partnerships will support integrated health and social care services reporting through a single accountable officer.

5.2 Shetland's CHCP has a single management structure for much of the business of the CHCP. The CHCP has set up a project to develop this further to improve outcomes, make efficiencies and anticipate the changes pending at a national level.

5.3 A number of stakeholder events have been held and discussions with management groups regarding options for changes to the committee and management arrangements.

5.4 This report presents proposals for a shadow health and social care partnership board. This is seen as a logical step on our journey of integration that will see Shetland well prepared for the legislation that is expected to be introduced in early course.

For further information please contact:
Christine Ferguson, Director of Corporate Services
christine.ferguson@shetland.gov.uk

Date: 4 June 2013

Appendices

Appendix 1

Proposal for a Shadow Health and Social Care Partnership Board for Shetland
Shetland Health and Social Care Partnership Board Full Year Meetings Programme

Background Documents

Community Health and Care Partnership Agreement 2012-2015

<http://www.shetland.gov.uk/socialwork-health/documents/CHCPAgreementSPv2.pdf>

Scheme of Establishment of CHP for Shetland, CHP+

<http://www.shb.scot.nhs.uk/community/chp.asp>

Public Authorities (Joint Working) (Scotland) Bill 2013



Shetland Islands Council

PROPOSAL

A Shadow Health and Social Care Partnership Board for Shetland

1. Remit

The Shadow Health and Social Care Partnership Board ("the Shadow Partnership Board") would have responsibility and delegated authority from Shetland Islands Council ("the Council") and from Shetland NHS Board ("the Board") as appropriate for :-

- a. strategic planning and policy formulation
- b. service plans and budget allocations
- c. performance monitoring and scrutiny

in respect of the services listed below:-

- i. Primary medical services
- ii. Dental services
- iii. Pharmacy
- iv. Community nursing
- v. Optometry
- vi. Podiatry
- vii. Allied health professions – OT, Speech and Language Therapy, Physiotherapy, Orthotics
- viii. Telehealthcare
- ix. Mental health – Community Mental Health, child and adolescent mental health (CAMHS)
- x. Learning disability services
- xi. Community health and care services for adults and older people
- xii. Community based rehabilitation, reablement and palliative care
- xiii. Delayed discharges
- xiv. Community health and care services purchased from the third sector
- xv. Substance misuse services commissioned through the Shetland Alcohol and Drugs Partnership
- xvi. Adult social work services including adult protection
- xvii. Health Improvement delivered through primary and community health services
- xviii. Housing and homelessness
- xix. Criminal Justice
- xx. Anti-poverty
- xxi. Community safety



Note: Sport and leisure services would be covered by one of the Council's other service committees.

2. Membership

Voting members	<ul style="list-style-type: none"> • 7 elected members of the Council including 1 member nominated to serve as chair/vice chair of the Shadow Partnership Board • 7 members of the Board including 1 member nominated to serve as chair/vice chair of the Shadow Partnership Board – this may include executive members of the Board as well as non-executive members • The chair and vice-chair would be one from either of the two statutory agencies with the roles rotating at a frequency to be agreed by the Shadow Partnership Board
Non-voting members	<ul style="list-style-type: none"> • Medical/clinical representative(s) of NHS Shetland • Chief Social Work Officer for the Council • Executive Officer Voluntary Action Shetland • Public Partnership Forum representative • Carer representative from Shetland Carers' Link Group • Staff representative from NHS Area Partnership Forum • Staff representative from SIC Employees Joint Consultative Committee
Right to attend	<ul style="list-style-type: none"> • Chair Shetland NHS Board • Leader SIC • Chief Executive NHS Shetland • Chief Executive SIC
In attendance	<ul style="list-style-type: none"> • Jointly appointed Director of Community Health and Social Care Services (lead officer) • Authors of reports and other professionals to present reports and provide information and advice to the Shadow Partnership Board • Committee Services (governance, agenda, minutes)

3. Quorum

One third of voting members would comprise the quorum. This must include at least two representatives each of the Council and the Board.



4 Procedures

1. Staff side representation and engagement would be based on NHS processes.
2. Preparation of agendas, reports and minutes would be based on SIC procedures for agenda management including pre-meetings with the chair and vice-chair of the Shadow Partnership Board.
3. Conduct of the meetings would be based on NHS practice with full involvement of all attendees in all stages of the discussion and debate.
4. Decisions would be by consensus with a motion formally proposed and seconded by members of the Shadow Partnership Board with voting rights. If there were a counter motion or amendment moved and seconded by members of the Shadow Partnership Board with voting rights and therefore a failure to agree, the matter would be disaggregated into elements that are the responsibility of the respective statutory agencies and separate decisions would be taken for the Council and the Board by the members of their respective committees on the Shadow Partnership Board. Alternatively the Shadow Partnership Board could agree to remit the matter under debate to the two parent bodies i.e. Shetland NHS Board and the Council.

Christine Ferguson, Director of Corporate Services

Date: 4 June 2013

Shetland Health and Social Care Partnership

Full Year Meetings Programme

Meetings would be based on a six week cycle with no summer break.
Committee services would be provided by the Council's Committee Services

DATES	TIMES	MEETINGS	MAIN BUSINESS
End January	9.30 a.m.	Health and Social Care Shadow Board (H&SCSB)	Quarterly Monitoring Reports- third quarter <ul style="list-style-type: none"> Finance Performance H&SC Partnership (H&SCP) Action Plans update Service priorities for the next financial year Winter pressures update Draft NHS Local Delivery Plan
Early March	2 p.m.	Joint Staff Forum (JSF)	H&SCP Agreement <ul style="list-style-type: none"> JSF remit, membership and HR governance for H&SCP H&SCP Development Plans for next financial year
Mid March	9.30 a.m.	H&SCSB	H&SCP Agreement (three year Commissioning Strategy for the H&SCP) including: <ul style="list-style-type: none"> Vision, Mission, Aims and Objectives Committees, governance and accountability Management structures Communications Strategy including Public Engagement and Consultation Framework and protocols Financial Resources, Financial Governance including procurement protocols Development Priorities and Performance Targets and Performance Management Framework Service Plans by care group/function Human Resources governance, training strategy and work plan Information Sharing and the Data Sharing Partnership "With You For You" – Shetland's Single Shared Assessment process Integrated Impact Assessment Toolkit

H&SC Health and Social Care, H&SCP H&SC Partnership, H&SCSB H&SC Shadow Board
JSF Joint Staff Forum,
TBA To be advised;

			<ul style="list-style-type: none"> • H&SCP Risk Register • Final NHS Local Delivery Plan • Draft Single Outcome Agreement
End April	9.30 a.m.	H&SCSB	<p>H&SC Development Plan and Change Programme for the next three years including details of working groups and any sub-committees required</p> <p>Risk Register</p> <p>Quarterly Monitoring Reports- last quarter of previous year</p> <ul style="list-style-type: none"> • Finance • Performance
Early June	2 p.m.	JSF	H&SC Change Programme Consultation Plans
Mid June	9.30 a.m.	H&SCSB	<p>End of year reports :</p> <ul style="list-style-type: none"> • Finance • Performance • Outcomes from previous year's H&SC development priorities <p>Public Partnership Forum (PPF) Annual Report</p> <p>Health Improvement Update and Annual Report</p> <p>Final SOA</p>
End July	9.30 a.m.	H&SCSB	<p>H&SCP Update for the Shetland Partnership</p> <p>Localities Update</p> <p>Adults with Incapacity Act – Annual Review</p> <p>Adult Support and Protection Annual Report</p> <p>Chief Social Work Officer's Annual Report</p> <p>Quarterly Monitoring Reports- first quarter</p> <ul style="list-style-type: none"> • Finance • Performance
Early September	2 p.m.	JSF	H&SC Change Programme Consultation Plans
Mid September	9.30 a.m.	H&SCSB	<p>Business Continuity</p> <p>Emergency Planning</p> <p>Winter Pressures</p> <p>Risk Register</p>
End October	9.30 a.m.	H&SCSB	<p>H&SCP Change Programme update</p> <p>Quarterly Monitoring Reports- second quarter</p> <ul style="list-style-type: none"> • Finance • Performance • Action Plans

Early December	2 p.m.	JSF	H&SC Change Programme Consultation Plans Training and Continuing Professional Development Appraisal/ Employee Reviews
Mid December	9.30 a.m.	H&SCSB	Winter pressures Business Continuity Risk Register Quarterly Monitoring Reports- last quarter of previous year <ul style="list-style-type: none"> • Finance • Performance

**Shetland Islands Council****12 June 2013****Small Trusts Annual Report and Accounts to 31 March 2013: Zetland Educational Trust, Gilbertson Trust and Samuel Mulla Bequest****F-033-F****Report Presented by Executive Manager - Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to present for approval the Annual Report and Accounts to 31 March 2013 for the three small trusts administered by Shetland Islands Council.

2.0 Decision Required

- 2.1 The Council is asked to APPROVE:

- a) the Annual Report and Accounts for the Zetland Educational Trust for 2012/13;
- b) the Annual Report and Accounts for the Gilbertson Trust for 2012/13; and
- c) the Annual Report and Accounts for the Samuel Mulla Bequest for 2012/13.
- d) Delegation to the Section 95 Officer to approve the final accounts for the Gilbertson Trust and the Samuel Mulla Bequest for the period of 2013/14 up to and including the date of transfer of the funds to the recipient bodies (refer paragraphs 3.4 – 3.5).

3.0 Detail

- 3.1 The Office of the Charities Regulator (OSCR) requires the Council to produce Accounts and an Annual Report for all charities which it administers and submit these within 9 months of the financial year-end. The Charities are:

- The Zetland Educational Trust (Appendix 1)

- The Gilbertson Trust (Appendix 2)
 - The Samuel Mulla Bequest (Appendix 3)
- 3.2 The Accounts have been prepared by staff in Finance Services, in accordance with the 2005 Charities Statement of Recommended Practice (SORP) and the Charities Accounts (Scotland) Regulations 2006.
- 3.3 The Accounts will be checked for accuracy by an independent examiner. There is no requirement for a full audit of the accounts.
- 3.4 The Office of the Scottish Charity Regulator (OSCR) has approved the reorganisation scheme for the Gilbertson Trust and the Samuel Mulla Bequest. This will involve transferring the funds to the Shetland Charitable Trust and NHS Shetland respectively, to take over the administration. However, the charities will not be removed from the Scottish Charity Register until:
- The Council has formally notified OSCR that the transfer has taken effect; and
 - Final accounts have been prepared and returned to OSCR.
- 3.5 These actions must be completed within 3 months of the reorganisation. In order to meet this deadline the Council is asked to delegate authority to the Section 95 Officer to approve the final accounts for the final accounting period up to and including the transfer of the funds to the recipient bodies.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – NONE.
- 4.2 Community /Stakeholder Issues – NONE.
- 4.3 Policy And/Or Delegated Authority – The Council is receiving the Annual Report and Accounts of the charities which it administers as Trustee. This matter is not delegated to any Committee.
- 4.4 Risk Management – NONE.
- 4.5 Equalities, Health And Human Rights – NONE.
- 4.6 Environmental – NONE.

Resources

- 4.7 Financial – NONE.
- 4.8 Legal – NONE.
- 4.9 Human Resources – NONE.

4.10 Assets And Property – NONE.

5.0 Conclusions

- 5.1 The Council is required to prepare and submit to OSCR the Annual Report and Accounts in respect of the charities which it administers, within nine months of the end of the financial year.

For further information please contact:

James Gray

Executive Manager -Finance

Email: james.gray2@shetland.gov.uk

Telephone: 01595 744607

List of Appendices

Appendix 1: Zetland Educational Trust Annual Report and Accounts 2012/13

Appendix 2: Gilbertson Trust Annual Report and Accounts 2012/13

Appendix 3: Samuel Mulla Bequest Annual Report and Accounts 2012/13

Background documents:

Scottish Charity Accounts – An updated guide to the 2006 Regulations

[http://www.oscr.org.uk/managing-your-charity/charity-accounting/#Scottish Charity Accounting](http://www.oscr.org.uk/managing-your-charity/charity-accounting/#Scottish_Charity_Accounting)

END

Zetland Educational Trust Schemes 1961 to 1965

Scottish Charity No SC001146

Annual Report & Financial Statements

For the Year Ended 31 March 2013

Trustees' Annual Report For the Year Ended 31 March 2013

The trustees have pleasure in presenting their report together with the financial statements and the independent examiner's report for the year ended 31 March 2013.

Reference & Administration Information

Charity Name - Zetland Educational Trust Schemes 1961 to 1965 known as Zetland Educational Trust and sometimes referred to as ZET.

Charity No – SC001146

Address – Office Headquarters, 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ

Current Trustees
Shetland Islands Council

Structure Governance & Management

Constitution

The Zetland Educational Trust, as currently constituted, was formed in 1961 (and amended in 1965) by the amalgamation of a number of bequests.

Trustees

The trustee is Shetland Islands Council, the local authority for the Shetland Islands area.

Management

The elected members are responsible for any major decisions relating to the Trust.

Authority to award grants has been delegated to the education service. The nominated officer is the Executive Manager – Quality Improvement, which is further to a management restructure exercise that took place from September 2011 (previously the nominated officer was the Head of Schools).

The Executive Manager – Quality Improvement has the power to authorise expenditure within the limits of the income of the Trust. Nominated staff within the Schools Service are then responsible for the day-to-day administration of the funds.

Objectives & Activities

Charitable Purposes

The purpose of the Trust is educational in nature, to enhance the educational benefit of people belonging to Shetland.

The Zetland Educational Trust comprises of a number of endowments as specified in the Zetland Educational Trust schemes 1961 and 1965, which are vested in Shetland Islands Council as the governing body and statutory successors to the County Council for the County of Zetland.

The Zetland Educational Trust will not generally cover activities where alternative sources of funding are available.

The Zetland Educational Trust will only provide a grant of 75% of total project costs unless under exceptional circumstances, the remainder of project costs to be met by fundraising activities or in-kind support. The Trust will not give funds retrospectively.

The Trust aims to support a wide range of beneficiaries with smaller sums (e.g. £200-£2000) of money that will allow projects to happen that wouldn't otherwise be able to happen. The Trust will also consider larger projects where it is thought the overall educational benefits would make a real difference to the enhancement of education in Shetland. The amount of monies available through the ZET will vary year on year depending on interest generated on funds held. Projects that are considered to be innovative and make creative use of resources as well as being new will be viewed favourably. All applications are expected to be of a certain quality and will be judged by the ZET management group on their own merit. The final decision rests with the Executive Manager – Quality Improvement.

The Trust will fund projects that fall under the following headings:

Educational Excursions

The Trust may provide assistance to meet the costs of organised educational excursions for the benefit of pupils attending school centres in Shetland. Suitable excursions may include visits to places of historical interest, museums, art galleries, zoological gardens, workshops, exhibitions, and any other places and also attendance at lectures, concerts, performances and displays. The pupils and young persons should derive some educational benefit from attending the excursion.

Special Equipment

The Trust may fund improving education by providing or assisting to provide special equipment which is in addition to what the local authority may reasonably be expected to supply.

Promotion of Ability and Skill in Swimming

The Trust may spend money for the promotion and encouragement of swimming among pupils in Shetland by organised instruction, meeting travelling and other expenses of teams, paying fees, travelling expenses and personal expenses of instructors and other methods as appear appropriate.

Promotion of Knowledge of Shetland

The Trust may spend money in promoting a knowledge of Shetland, its character, its skills and its arts among persons being educated in Shetland by, for example, assisting to establish and maintain a museum at a suitable centre in Shetland, assisting to meet the costs of making films designed to develop the knowledge of Shetland and any other methods as appear appropriate.

Educational Experiments and Research

The Trust may spend money providing assistance to bodies and persons approved by them to undertake educational experiments and research, including archaeological research which, in the opinion of the Trust, will be for the educational benefit of persons in Shetland.

Application Process

Applications are invited on an annual basis from individuals, schools and other educational organisations operating in Shetland.

Monitoring Process

A project evaluation form is completed by those receiving an award, giving a summary of how the money was spent and how the award benefited the school/group/etc. Any funding not utilised as specified is repaid.

Achievements & Performance

During the year ten bursaries were disbursed to university students to support their studies. These are issued in the name of the original donors E. & M. Gair and Arthur Anderson. There are currently six and five recipients respectively with payments in the year totalling £2,200.

The Trust also provides grants for projects of a general educational nature, in line with the objectives set out above. In the ended 31 March 2013 this totalled £14,015 (2012: £9,572).

A breakdown of the total expenditure on grants and donations of £16,215 (2012: £11,572) is shown at Note 4.

Financial Review

The Trust holds assets at 31 March 2013 of £656,362 (2012: £651,651).

In the year, the Trust earned £20,978 (2012: £14,500) from bank investments, made payments of £16,215 (2012: £11,572) on grants and donations. After expenses of £52 (2012: £52), the Trust was left with a surplus/(deficit) in the year of £4,711 (£2012: (£2,124) as £5,000 was transferred to a long term investment).

The only source of funding of the Trust is bank interest. In response to the low UK base rate, most of the Trust's cash is placed into fixed term investments. A 2-year fixed term account was set up in March 2012, this provides a guaranteed interest rate on the anniversary and at maturity. Thus ensuring that bursaries and grants are awarded within a known income.

Bursaries of £200 are awarded annually for university students, two in the name of E. & M. Gair and one in the name of Arthur Anderson. These continue to be awarded as the students progress through their degrees.

Any remaining interest will reflect the number and value of grants available to be paid during the year.

Reserves Policy

Revenue income not spent in the year, other than £600, is transferred to the capital of the Trust and is not available for distribution.

There is no charge made by the Council for work involved in the administration of the Trust.

Declaration

Approved by the trustees on 12 June 2013 and signed on their behalf by:

_____ Dated : _____

James Gray MA (Hons) CPFA
Executive Manager - Finance

Statement of Receipts and Payments - For the Year Ended 31 March 2013

	Note	Unrestricted funds to nearest £	Total 2013 to nearest £	Total 2012 to nearest £
Receipts				
Income from bank investments		20,978	20,978	14,500
Total receipts		20,978	20,978	14,500
Payments				
Investment management costs	(5)	2	2	2
Independent Examiner's Fee		50	50	50
Grants and donations	(4)	16,215	16,215	11,572
Transfer to Investment			-	5,000
Total payments		16,267	16,267	16,624
Net receipts / (payments)		4,711	4,711	(2,124)
Surplus / (deficit) for year		4,711	4,711	(2,124)

Statement of balances - As at 31 March 2013

	Unrestricted funds to nearest £	Total 2013 to nearest £	Total 2012 to nearest £
Cash Funds			
Cash and bank balances at start of year	21,651	21,651	23,775
Surplus / (deficit) shown on receipts and payments account	4,711	4,711	(2,124)
Cash and bank balances at end of year	26,362	26,362	21,651

	Market valuation to nearest £	Last year to nearest £
Investments		
Bank of Scotland - Fixed Term Deposit	630,000	630,000
Total	630,000	630,000

Trust balances at 31 March 2012

	£	£
Cheque Account	26,362	21,651
Fixed Term Deposit	630,000	630,000
Total	656,362	651,651

The Notes on page 7 form an integral part of these accounts

Approved by the trustees on 12 June 2013 and signed on their behalf by:

_____ Dated : _____
James Gray MA (Hons) CPFA
Executive Manager - Finance

Notes to the Accounts – For the Year Ended 31 March 2013

1 Basis of Accounting

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2 Nature and purpose of funds

The furtherance of the ZET objectives is achieved by unrestricted funds within the limits of the funds available annually. These funds are maintained in a fixed interest account and, to enable payment of annual awards, a balance is held in a cheque account. This account forms part of the Shetland Islands Council's banking contract and is interest bearing.

3 Related Parties Transactions

During 2012/13 all the grant awards, excluding those related to swimming, went to projects directly run by the trustee, Shetland Islands Council, or were paid directly to accounts controlled by trustee staff. Typically these have been created for particular educational excursions or for activities outwith formal learning.

4 Bursaries & Grants made

Type of activity or project supported

	Total 2013		Total 2012	
	Number	£	Number	£
Arthur Anderson Bursaries	5	1,000	4	800
E & M Gair Bursaries	6	1,200	6	1,200
Educational Excursion	15	7,377	8	4,090
Special Equipment	8	4,981	5	2,085
Swimming	2	927	0	0
Knowledge of Shetland	8	2,002	5	3,122
Experiments and Research	2	390	1	275
<u>Previous Grants Repaid</u>				
Educational Excursion	1	(400)		
Swimming	1	(1,262)		
		<u>16,215</u>		<u>11,572</u>

Combined grants were paid to 7 bodies in 12/13 (4 bodies in 11/12). These have been split evenly within the categories where the awards were approved and are included in the number of grants in each category.

5 Costs

The Independent Examiner's fee and Bank charges are the only costs, which the Trust incurs.

6 Trustee remuneration

No remuneration was paid during the period to any charity trustee or person connected to a trustee.

7 Trustee expenses

No expenses were paid to any charity trustee during the period.

Gilbertson Trust

Scottish Charity No SC001895

Annual Report & Financial Statements

For the Year Ended 31 March 2013

Structure Governance & Trustees' Annual Report For the Year Ended 31 March 2013

The trustees have pleasure in presenting their report together with the financial statements and the independent examiner's report for the year ended 31 March 2013.

Reference & Administration Information

Charity Name - Gilbertson Trust

Charity No – SC001895

Address – Office Headquarters, 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ

Current Trustees

Shetland Islands Council

Structure Governance & Management

Constitution

The Gilbertson Trust was formed in 1905 by a donation from Robert Paterson Gilbertson to the Provost, Magistrates and Councillors of the Burgh of Lerwick. As the successor body to the Provost, Magistrates and Councillors of the Burgh of Lerwick, Shetland Islands Council is now the trustee of the Trust.

Trustees

The trustee is the Shetland Islands Council, the local authority for the Shetland Islands area.

Management

The elected members are responsible for any major decisions relating to the Trust. The officers of the Council manage the Trust.

Objectives

Charitable purposes

The purpose of the Trust is to give aid and assistance to poor and deserving persons in the Burgh of Lerwick and the County of Shetland, the area for which the Shetland Islands Council is the local authority.

Achievements & Performance

Due to the Council decision of 21 March 2012 to make application to the Scottish Charities Regulator under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005 to donate the trust funds to the Shetland Charitable Trust, the Trust is no longer active.

Financial review

The trust maintains a Treasurers Account and for most of the year has had a Fixed Term Deposit with the Bank of Scotland and has an investment held with the Alliance Trust Plc.

The Treasurers Account ceased to attract any interest after June 2011, this investment was reviewed and on various occasions a sizeable balance held in fixed term deposits. The Alliance Trust Plc pays quarterly dividends these are paid into the Gilbertson Trust's bank account.

Reserves Policy

The Deed of Trust places a requirement on the Council to maintain, and where possible augment, the Capital of the Fund. The capital value of the trust should be maintained at £41,313 and is not available for distribution.

There is no charge made by the Council for work involved in the administration of the Trust.

Plans for the Future

In accordance with the decision of the Council on 21 March 2012, an application to the Office of the Scottish Charities Regulator (OSCR) under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005 has been lodged. This application has received agreement from OSCR that funds held in the Gilbertson Trust be donated to Shetland Charitable Trust and thus on Committee approval bring an end to the Gilbertson Trust. The report 'Re-organisation of the Gilbertson Trust – Update, Report No: GL-14-13-F seeks Committee approval to transfer over the assets.

Declaration

Approved by the trustees on 12 June 2013 and signed on their behalf by:

_____ Dated: _____

James Gray MA (Hons) CPFA
Executive Manager - Finance

Statement of Receipts and Payments - For the Year Ended 31 March 2013

	Unrestricted funds to nearest £	Total 2013 to nearest £	Total 2012 to nearest £
Receipts			
Income from investments	1,577	1,577	955
Total receipts	1,577	1,577	955
Payments			
Grants and donations	-	-	100
Independent Examiner's fee	15	15	15
Total payments	15	15	115
Net receipts / (payments)	1,562	1,562	840
Surplus / (deficit) for year	1,562	1,562	840

Statement of balances - As at 31 March 2013

	Unrestricted funds to nearest £	Total 2013 to nearest £	Total 2012 to nearest £
Cash Funds			
Cash and bank balances at start of year	267	267	32,227
Investment transferred to(from) cheque account	32,800	32,800	(32,800)
Surplus / (deficit) shown on receipts and payments account	1,562	1,562	840
Cash and bank balances at end of year	34,629	34,629	267

	Market valuation to nearest £	Last year to nearest £
Investments		
Bank of Scotland - Fixed Term Deposit	-	32,800
Alliance Trust Plc - Ordinary Stock	47,311	40,513
Total	47,311	40,513

Trust balances at 31 March 2013

	£	£
Cheque Account	34,629	267
Fixed Term Deposit	-	32,800
Ordinary Stock	47,311	40,513
Total	81,940	73,580

Approved by the trustees on 12 June 2013 and signed on their behalf by:

_____ Dated : _____
James Gray MA (Hons) CPFA
Executive Manager - Finance

Notes to the Accounts – For the Year Ended 31 March 2013

1 Basis of Accounting

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2 Nature and purpose of funds

The Gilbertson Trust is no longer active; with application to OSCR to bring an end to the Gilbertson Trust no payments were made and therefore furtherance of objectives could not be achieved.

3 Trustee remuneration

No remuneration was paid during the period to any charity trustee or person connected to a trustee.

4 Trustee expenses

No expenses were paid to any charity trustee during the period.

5 Transactions

There were no transactions with charity trustees and connected persons during the period.

Samuel Mulla Bequest
Scottish Charity No SC012874
Annual Report & Financial Statements
For the Year Ended 31 March 2013

Trustees' Annual Report For the Year Ended 31 March 2013

The trustees have pleasure in presenting their report together with the financial statements and the independent examiner's report for the year ended 31 March 2013.

Reference & Administration Information

Charity Name – Samuel Mullay Bequest

Charity No – SC012874

Address – Office Headquarters, 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ

Current Trustees

Shetland Islands Council

Structure Governance & Management

Constitution

Samuel Mullay in his will, dated 13 September 1905, bequeathed £1,000 to the Provost and Magistrates of the town of Lerwick, Shetland. The interest from this Bequest was to be used for 'paying and maintaining a properly trained and qualified nurse, to reside in Lerwick to attend respectable natives of said town in their own homes, in time of illness where their circumstances do not admit of their procuring such attention for themselves'.

As the successor body to the Provost, Magistrates and Councillors of the Burgh of Lerwick, the Shetland Islands Council is now the trustee of the Trust.

Trustees

The trustee for the Trust is the Shetland Islands Council, the local authority for the Shetland Islands area.

Management

The elected members are responsible for any major decisions relating to the trust. The officers of the Council manage the trust.

Objectives

Charitable purposes

The interest from the Bequest was to be applied to provide nursing facilities in Lerwick.

Achievements & Performance

Due to its low annual income, the Bequest has not made any payments since the early 1990s and is currently not active.

Financial review

The trust maintains a Treasurers Account with the Bank of Scotland and has Government Stock.

The 2.5% Consolidated Stock pays quarterly dividends, which are paid into the Samuel Mulla Bequest's bank account. The bank account has ceased to attract any interest since June 2011; alternative investment opportunities are not viable due to the low level of funds held.

Reserves Policy

The Deed of Trust places a requirement on the Council to maintain, and where possible augment, the Capital of the Fund. The capital value of the trust should be maintained at £1,352 and is not available for distribution.

There is no charge made by the Council for work involved in the administration of the Trust.

Plans for the Future

In accordance with the decision of the Council on 21 March 2012, an application to the Office of the Scottish Charities Regulator (OSCR) under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005 has been lodged. This application has received agreement from OSCR that funds held in the Mulla Bequest be donated to the Shetland Health Boards Endowments Funds and thus on Committee approval bring an end to the Mulla Bequest. The report 'Re-organisation of the Samuel Mulla – Update, Report No: GL-23-D1 seeks Committee approval to transfer over the fund assets.

Declaration

Approved by the trustees on 12 June 2013 and signed on their behalf by:

_____ Dated : _____

James Gray MA (Hons) CPFA
Executive Manager - Finance

Statement of Receipts and Payments - For the Year Ended 31 March 2013

	Unrestricted funds to nearest £	Total 2013 to nearest £	Total 2012 to nearest £
Receipts			
Income from investments	20	20	20
Total receipts	<u>20</u>	<u>20</u>	<u>20</u>
Payments			
Grants and donations	-	-	-
Independent Examiner's Fee	10	10	10
Total payments	<u>10</u>	<u>10</u>	<u>10</u>
Net receipts / (payments)	10	10	10
Surplus / (deficit) for year	10	10	10

The Notes on page 5 form an integral part of these accounts

Statement of balances - As at 31 March 2013

	Unrestricted funds to nearest £	Total 2013 to nearest £	2012 to nearest £
Cash Funds			
Cash and bank balances at start of year	2,091	2,091	2,081
Surplus / (deficit) shown on receipts and payments account	10	10	10
Cash and bank balances at end of year	2,101	2,101	2,091

	Market valuation to nearest £	Last year to nearest £
Investments		
Government Stocks - 2.5% Consolidated Stock	500	501
Total	500	501

Trust balances at 31 March 2013

	£	£
Cheque Account	2,101	2,091
Consolidated Stock	500	501
Total	2,601	2,592

The Notes on page 5 form an integral part of these accounts

Approved by the trustees on 12 June 2013 and signed on their behalf by:

_____ Dated : _____
James Gray MA (Hons) CPFA
Executive Manager - Finance

Notes to the Accounts – For the Year Ended 31 March 2013

1 Basis of Accounting

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2 Nature and purpose of funds

The Samuel Mulla bequest is no longer active because of its low annual income and therefore the furtherance of its objectives cannot be achieved.

3 Trustee remuneration

No remuneration was paid during the period to any charity trustee or person connected to a trustee.

4 Trustee expenses

No expenses were paid to any charity trustee during the period.

5 Transactions

There were no transactions with charity trustees and connected persons during the period.



Shetland Islands Council

12 June 2013

Reorganisation of the Gilbertson Trust – Update

Report Number GL-14-13-F

Executive Manager- Governance and Law

**Governance and Law
Corporate Services Department**

1.0 Summary

- 1.1 The purpose of this report is to seek instructions regarding the transfer of funds held in the Gilbertson Trust (of which the Council are Trustees) to Shetland Charitable Trust and to seek instructions in relation to bringing an end to the Gilbertson Trust.

2.1 Decision Required

- 2.1 The Council is asked to RESOLVE to make a decision whether or not to approve the proposal to donate the trust funds held in the Gilbertson Trust to the Shetland Charitable Trust and to bring an end to the Gilbertson Trust.

3.0 Detail

- 3.1 The Gilbertson Trust was formed in 1895 under a Trust Deed set up by Robert Paterson Gilbertson. The Purpose of the Trust is to benefit the poor and deserving natives of Lerwick and the poor and deserving natives of Shetland.
- 3.2 The purposes of the Gilbertson Trust of assisting residents of Shetland in General and Lerwick in particular are not being met because of the restrictions of the use of capital and the relatively small sums then remaining for charitable purposes. Such a sum does not justify setting up complex procedures to manage it. The purposes could be better met by contributing the funds to the Shetland Charitable Trust which has large sums at it's disposal for the benefit of the people of Shetland.

- 3.3 A report to Council (Report reference GL-25-12-F) seeking approval to make an application to the Office of the Scottish Charities Regulator under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005 for their approval to donate the funds of and to bring an to the Gilbertson Trust was approved on 21st March 2012, (minute ref 30/12). The said report contains more detail on the operation of the Trust.
- 3.4 Following the Council's approval of the said report, an application was made to the Office of the Scottish Charity Regulator for their approval of the proposal under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005. This has subsequently been granted. The letter approving the application is appended hereto as Appendix 1.
- 3.5 As the said report sought only authority to make the application to the Office of the Scottish Charities Regulator, authority is now sought from the Council to effect the transfer of funds held in the Gilbertson Trust to the Shetland Charitable Trust and to bring an end to the Gilbertson Trust.

4.0 Implications

STRATEGIC

- 4.1 Delivery on Corporate Priorities – this proposal will have a small contribution to the Council's aim of organising itself better.
- 4.2 Community / Stakeholder Issues – no consultation with the community has taken place. However as part of the process under Section 39 of the said Act, the Office of the Scottish Charities Regulator has published the proposals on their website which has given members of the public the opportunity to comment.
- 4.3 Policy And/Or Delegated Authority – None
- 4.4 Risk Management – the reporting requirements for charities are changing and are becoming more onerous. The risk of not being able to comply in future may impact negatively on the Council's reputation.
- 4.5 Equalities, Health and Human Rights – None
- 4.6 Environmental - None

RESOURCES

- 4.7 Financial – The Council currently provides accounting and administrative services to these Trusts free of charge. The proposal would remove the associated workload, which will free up already limited resources.
- 4.8 Legal – This proposal will require a limited amount of legal work to complete the matter. There has already been a considerable amount of legal work applied to achieve the proposal and the matter is now near its conclusion.
- 4.9 Human Resources – None

4.10 Assets and Property – None

5.0 **Conclusions**

- 5.1 On 21st March 2012, (minute ref 30/12), the Council approved a proposal to apply to the Office of the Scottish Charities Regulator for their approval to transfer the funds of the Gilbertson Trust to the Shetland Charitable Trust and to bring an end to the Gilbertson Trust.
- 5.2 Following this approval, such an application has been made to and has been approved by the Office of the Scottish Charities Regulator.
- 5.3 In order to complete the proposals, the Council is now asked to approve the transfer of the funds of the Gilbertson Trust to the Shetland Charitable Trust and to bring an end to the Gilbertson Trust.

For further information please contact:
Keir Marshall, Solicitor
01595 744542; keir.marshall@shetland.gov.uk
31 May 2013

List of Appendices

Appendix 1 – Letter from the Office of the Scottish Charities Regulator approving the application

Appendix 2 – Approved final accounts of the Gilbertson Trust 2011-2012

Background documents:

Report - Reorganisation of the Gilbertson Trust and Mulla Bequest (Report reference GL-25-12-F)

Minute 30/12

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=13174>

END

Mr Keir Marshall
Governance and Law
Corporate Services Department
Shetland Islands Council
8 North Ness Business Park
Lerwick
Shetland
ZE1 0LZ

Your ref: KWM L/9 and L/1 0
Our ref: RS/C&N/12-4065

15 March 2013

Dear Mr Marshall,

**Approval of charity reorganisation scheme for Gilbertson Trust
(SC001895)**

Further to your application for approval of a charity reorganisation scheme relating to the charity named above, I can confirm that the Office of the Scottish Charity Regulator (OSCR) has approved the proposed scheme. We have made this decision under section 39 (1) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act).

In addition, please note that this charity will not be removed from the Scottish Charity Register until:

- 1. You have formally notified OSCR that the proposed action has taken effect**
- 2. Final accounts for the above body have been prepared and have also been returned to OSCR.**

When you notify us that the transfer has taken place, please also indicate (in writing) that you now wish the charity to be removed from the Scottish Charity Register.

Consequences

OSCR has approved your proposal as outlined in your application. Should you wish to make any alteration to this proposal, a new application for approval to reorganise the charity must be made.

RECEIVED

18 MAR 2013

KM 101464



INVESTOR IN PEOPLE

Notification

Please note that OSCR's approval does not in itself make the change; it provides the charity with the necessary power to make the change. After making the changes described in the scheme, the charity must notify us.

Next steps

1. We would strongly recommend that the charity must give effect to the charity reorganisation scheme **as soon as possible**. This is important since the scheme outlines conditions which are satisfied and outcomes which are envisaged currently, and this may change.
2. You must notify OSCR **within three months** of the date on which the charity reorganisation took effect.
3. When notifying us that the change has taken effect, you must also submit documentation showing that the change has been made in accordance with the decision-making processes laid down in the charity's constitution (or those agreed to for the purpose of reorganising the charity), for example **a signed minute** of the AGM or the meeting at which the proposed change was formally agreed by the charity trustees
4. You must provide Evidence from Shetland Charitable Trust that the funds will be held in a restricted fund for similar charitable purposes.
5. The transfer of assets must be **exactly as detailed in your proposal** contained in your application dated 20 December 2012.

A 'Notification of Changes Made' form is available to facilitate this notification process. You can download it from the OSCR website, at:

<http://www.oscr.org.uk/managing-your-charity/making-changes-to-your-charity/>

I look forward to hearing from you once the charity trustees have put the proposed reorganisation into effect. If you require any further help, please contact me.

Yours sincerely



Neil Edwards
Charities Services Case Officer
Tel 01382 346897
Neil.edwards@oscr.org.uk

Gilbertson Trust

Scottish Charity No SC001895

Annual Report & Financial Statements

For the Year Ended 31 March 2012

Structure Governance & Trustees' Annual Report For the Year Ended 31 March 2012

The trustees have pleasure in presenting their report together with the financial statements and the independent examiner's report for the year ended 31 March 2012.

Reference & Administration Information

Charity Name - Gilbertson Trust

Charity No – SC001895

Address – Office Headquarters, 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ

Current Trustees
Shetland Islands Council

Structure Governance & Management

Constitution

The Gilbertson Trust was formed in 1905 by a donation from Robert Paterson Gilbertson to the Provost, Magistrates and Councillors of the Burgh of Lerwick. As the successor body to the Provost, Magistrates and Councillors of the Burgh of Lerwick, Shetland Islands Council is now the trustee of the Trust.

Trustees

The trustee is the Shetland Islands Council, the local authority for the Shetland Islands area.

Management

The elected members are responsible for any major decisions relating to the Trust. The officers of the Council manage the Trust.

Objectives

Charitable purposes

The purpose of the Trust is to give aid and assistance to poor and deserving persons in the Burgh of Lerwick and the County of Shetland, the area for which the Shetland Islands Council is the local authority.

Achievements & Performance

The Trust gives grants of £20 per annum to deserving elderly persons and there were five payments made during the year.

Financial review

The trust maintains a Treasurers Account and a Fixed Term Deposit with the Bank of Scotland and has an investment held with the Alliance Trust Plc.

The Treasurers Account ceased to attract any interest after June 2011, this investment was reviewed and a sizeable balance transferred to a six months fixed term deposit. The Alliance Trust Plc pays quarterly dividends these are paid into the Gilbertson Trust's bank account.

Reserves Policy

The Deed of Trust places a requirement on the Council to maintain, and where possible augment, the Capital of the Fund. The capital value of the trust should be maintained at £41,313 and is not available for distribution.

There is no charge made by the Council for work involved in the administration of the Trust.

Plans for the Future

In accordance with the decision of the Council on 21 March 2012, work is underway with a view to making an application to the Scottish Charities Regulator under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005 to donate the trust funds held in the Gilbertson Trust to Shetland Charitable Trust and bring an end to the Gilbertson Trust.

Declaration

Approved by the trustees on 5 December 2012 and signed on their behalf by:

 Dated: 5 / 12 / 12
James Gray MA (Hons) CPFA
Executive Manager - Finance

Statement of Receipts and Payments - For the Year Ended 31 March 2012

	Unrestricted funds to nearest £	Total 2012 to nearest £	Total 2011 to nearest £
Receipts			
Income from investments	955	955	941
Total receipts	955	955	941
Payments			
Grants and donations	100	100	100
Independent Examiner's fee	15	15	-
Total payments	115	115	100
Net receipts / (payments)	840	840	841
Surplus / (deficit) for year	840	840	841

Statement of balances - As at 31 March 2012

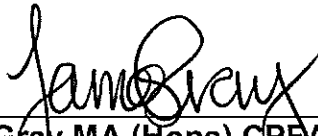
	Unrestricted funds to nearest £	Total 2012 to nearest £	Total 2011 to nearest £
Cash Funds			
Cash and bank balances at start of year	32,227	32,227	31,386
Transfer to Investment	(32,800)	(32,800)	
Surplus / (deficit) shown on receipts and payments account	840	840	841
Cash and bank balances at end of year	267	267	32,227

	Market valuation to nearest £	Last year to nearest £
Investments		
Bank of Scotland - Fixed Term Deposit	32,800	-
Alliance Trust Plc - Ordinary Stock	40,513	40,062
Total	73,313	40,062

Trust balances at 31 March 2012

	£	£
Cheque Account	267	32,227
Fixed Term Deposit	32,800	-
Ordinary Stock	40,513	40,062
Total	73,580	72,289

Approved by the trustees on 5 December 2012 and signed on their behalf by:


 Dated : 5/12/12
James Gray MA (Hons) CPFA
Executive Manager - Finance

Notes to the Accounts – For the Year Ended 31 March 2012

1 Basis of Accounting

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2 Nature and purpose of funds

The furtherance of the Gilbertson Trust objectives is only to a degree achieved. The income received is no longer at a level to make any formal grant system viable. The Trust makes payment of grant to clients that were historically approved.

3 Trustee remuneration

No remuneration was paid during the period to any charity trustee or person connected to a trustee.

4 Trustee expenses

No expenses were paid to any charity trustee during the period.

5 Transactions

There were no transactions with charity trustees and connected persons during the period.



Shetland Islands Council

12 June 2013

Reorganisation of the Mullay Bequest – Update

Report Number: GL-23-13-F

Executive Manager- Governance and Law

**Governance and Law
Corporate Services Department**

1.0 Summary

- 1.1 The purpose of this report is to seek instructions regarding the transfer of funds held in the Mullay Bequest (of which the Council are Trustees) to the Shetland Health Board Endowment Fund and to seek instructions in relation to bringing an end to the Mullay Bequest.

2.1 Decision Required

- 2.1 The Council is asked to RESOLVE to make a decision whether or not to approve the proposal to donate the trust funds held in the Mullay Bequest to the Shetland Health Board Endowment Fund and to bring an end to the Mullay Bequest.

3.0 Detail

- 3.1 The Mullay Bequest was created under the will of Samuel Mullay in 1905. The purpose of his bequest was for paying for a properly trained and qualified nurse to attend respectable natives of Lerwick in their own homes when they cannot afford those services.
- 3.2 The Mullay bequest is subject to a condition that the capital is maintained at £1,352. The current balance of the Mullay bequest as at 31st March 2013 was £2,601. The income for the year 2012/2013 was £20
- 3.3 The purposes of the Mullay Bequest of paying for a properly trained and qualified nurse to attend respectable natives of Lerwick in their own homes are not being met because of the restrictions of the use of capital and the small sums then remaining for charitable purposes, (the

approved accounts for year ending 31st March 2012 are appended hereto as Appendix 1). Such a sum does not justify setting up complex procedures to manage it. The purposes could be better met by contributing the funds to the Shetland Health Board Endowment Fund which has large sums at its disposal for the benefit of the people of Shetland.

- 3.4 A report to Council seeking approval to make an application to the Office of the Scottish Charities Regulator under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005, (for their approval to donate the funds of and to bring an end to the Mullay Bequest) was approved on 21st March 2012, (minute ref 30/12). The said report contains more detail on the operation of the Trust.
- 3.5 Following the Council's approval of the said report, an application was made to the Office of the Scottish Charity Regulator for their approval of the proposal under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005. The application has now been approved by the Office of the Scottish Charity Regulator.
- 3.6 The said report sought authority to make the application to the Office of the Scottish Charities Regulator. Authority is now sought from the Council to effect the transfer of funds held in the Mullay Bequest to the Shetland Health Board Endowment Fund and to bring an end to the Mullay Bequest.

4.0 Implications

STRATEGIC

- 4.1 Delivery on Corporate Priorities – this proposal will have a small contribution to the Council's aim of organising itself better.
- 4.2 Community / Stakeholder Issues – no consultation with the community has taken place. However as part of the process under Section 39 of the said Act, the Office of the Scottish Charities Regulator has published the proposals on their website which has given members of the public the opportunity to comment.
- 4.3 Policy And/Or Delegated Authority – The transfer of these funds and bringing an end to the Mullay bequest is a matter not delegated to a Committee. Therefore a decision of the Council is required
- 4.4 Risk Management – the reporting requirements for charities are changing and are becoming more onerous. The risk of not being able to comply in future may impact negatively on the Council's reputation.
- 4.5 Equalities, Health and Human Rights – None
- 4.6 Environmental - None

RESOURCES

- 4.7 Financial – The Council currently provides accounting and administrative services to these Trusts free of charge. The proposal would remove the associated workload which will free up already limited resources.
- 4.8 Legal – This proposal will require a limited amount of legal work to complete the matter. There has already been a considerable amount of legal work applied to achieve the proposal and the matter is now near its conclusion.
- 4.9 Human Resources – None
- 4.10 Assets and Property – None

5.0 Conclusions

- 5.1 On 21st March 2012, (minute ref 30/12), the Council approved a proposal to apply to the Office of the Scottish Charities Regulator, (for their approval to transfer the funds of the Mullay Bequest to the Shetland Health Board Endowment Fund and to bring an end to the Mullay Bequest).
- 5.2 In order to complete the proposals, the Council is now asked to approve the transfer of the funds of the Mullay Bequest to the Shetland Health Board Endowment Fund and to bring an end to the Mullay Bequest.

For further information please contact:
Keir Marshall, Solicitor
01595 744542; keir.marshall@shetland.gov.uk
31 May 2013

List of Appendices

Appendix 1 - Letter from the Office of the Scottish Charities Regulator approving the application

Appendix 2 – Approved final accounts of the Mullay Bequest 2011-2012

Background documents:

Report - Reorganisation of the Mullay Bequest and Mullay Bequest (Report reference GL-25-12-F)

Minute 30/12

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=13174>

END

Mr Keir Marshall
Samuel Mullay Bequest
Corporate Services Department
Office Headquarters
8 North Ness Business Park
Lerwick, Shetland
ZE1 0LZ

Your ref: KWM LI9 and LI1 0
Our ref: RS/C&N/13-0842

24 May 2013

Dear Mr Marshall,

**Approval of charity reorganisation scheme for Samuel Mullay Bequest
(SC012874)**

Further to your application for approval of a charity reorganisation scheme relating to the charity named above, I can confirm that the Office of the Scottish Charity Regulator (OSCR) has approved the proposed scheme. We have made this decision under section 39 (1) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act).

In addition, please note that this charity will not be removed from the Scottish Charity Register until:

- 1. You have formally notified OSCR that the proposed action has taken effect**
- 2. Final accounts for the above body have been prepared and have also been returned to OSCR.**

When you notify us that the transfer has taken place, please also indicate (in writing) that you now wish the charity to be removed from the Scottish Charity Register.

Consequences

OSCR has approved your proposal as outlined in your application. Should you wish to make any alteration to this proposal, a new application for approval to reorganise the charity must be made.

Notification

RECEIVED

28 MAY 2013

KWM 102112



INVESTOR IN PEOPLE

Please note that OSCR's approval does not in itself make the change; it provides the charity with the necessary power to make the change. After making the changes described in the scheme, the charity must notify us.

Next steps

1. We would strongly recommend that the charity must give effect to the charity reorganisation scheme **as soon as possible**. This is important since the scheme outlines conditions which are satisfied and outcomes which are envisaged currently, and this may change.
2. You must notify OSCR **within three months** of the date on which the charity reorganisation took effect.
3. When notifying us that the change has taken effect, you must also submit documentation showing that the change has been made in accordance with the decision-making processes laid down in the charity's constitution (or those agreed to for the purpose of reorganising the charity), for example a **signed minute** of the AGM or the meeting at which the proposed change was formally agreed by the charity trustees
4. **You must provide a receipt** (or similar) from the body to which the assets are transferred confirming that the assets will be held in a restricted fund for similar purposes.
5. The transfer of assets must be **exactly as detailed in your proposal** contained in your application dated 20 December 2012.

A 'Notification of Changes Made' form is available to facilitate this notification process. You can download it from the OSCR website, at:

<http://www.oscr.org.uk/managing-your-charity/making-changes-to-your-charity/>

I look forward to hearing from you once the charity trustees have put the proposed reorganisation into effect. If you require any further help, please contact me.

Yours sincerely



Neil Edwards
Charities Services Case Officer
Tel 01382 346897
Neil.edwards@oscr.org.uk

Samuel Mulla Bequest
Scottish Charity No SC012874
Annual Report & Financial Statements
For the Year Ended 31 March 2012

Trustees' Annual Report For the Year Ended 31 March 2012

The trustees have pleasure in presenting their report together with the financial statements and the independent examiner's report for the year ended 31 March 2012.

Reference & Administration Information

Charity Name – Samuel Mullay Bequest

Charity No – SC012874

Address – Office Headquarters, 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ

Current Trustees

Shetland Islands Council

Structure Governance & Management

Constitution

Samuel Mullay in his will, dated 13 September 1905, bequeathed £1,000 to the Provost and Magistrates of the town of Lerwick, Shetland. The interest from this Bequest was to be used to 'paying and maintaining a properly trained and qualified nurse, to reside in Lerwick to attend respectable natives of said town in their own homes, in time of illness where their circumstances do not admit of their procuring such attention for themselves'.

As the successor body to the Provost, Magistrates and Councillors of the Burgh of Lerwick, the Shetland Islands Council is now the trustee of the Trust.

Trustees

The trustee for the Trust is the Shetland Islands Council, the local authority for the Shetland Islands area.

Management

The elected members are responsible for any major decisions relating to the trust. The officers of the Council manage the trust.

Objectives

Charitable purposes

The interest from the Bequest was to be applied to provide nursing facilities in Lerwick.

Achievements & Performance

Due to its low annual income, the Bequest has not made any payments since the early 1990s and is currently not active.

Financial review

The trust maintains a Treasurers Account with the Bank of Scotland and has Government Stock.

The 2.5% Consolidated Stock pays quarterly dividends, which are paid into the Samuel Mulla Bequest's bank account. The bank account has ceased to attract any interest since June 2011; alternative investment opportunities are not viable due to the low level of funds held.

Reserves Policy

The Deed of Trust places a requirement on the Council to maintain, and where possible augment, the Capital of the Fund. The capital value of the trust should be maintained at £1,352 and is not available for distribution.

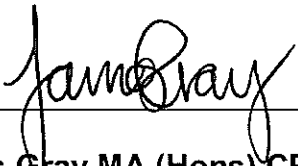
There is no charge made by the Council for work involved in the administration of the Trust.

Plans for the Future

In accordance with the decision of the Council on 21 March 2012, work is underway with a view to making an application to the Scottish Charities Regulator under Section 39 of the Charities and Trustee Investment (Scotland) Act 2005 to donate the trust funds held in the Mulla Bequest to the Shetland Health Boards Endowments Funds and bring an end to the Mulla Bequest.

Declaration

Approved by the trustees on 5 December 2012 and signed on their behalf by:


_____ Dated : 5/12/12
James Gray MA (Hons) CPFA
Executive Manager - Finance

Statement of Receipts and Payments - For the Year Ended 31 March 2012

	Unrestricted funds to nearest £	Total 2012 to nearest £	Total 2011 to nearest £
Receipts			
Income from investments	20	20	22
Total receipts	<u>20</u>	<u>20</u>	<u>22</u>
Payments			
Grants and donations	-	-	-
Independent Examiner's Fee	10	10	-
Total payments	<u>10</u>	<u>10</u>	<u>-</u>
Net receipts / (payments)	10	10	22
Surplus / (deficit) for year	10	10	22

The Notes on page 5 form an integral part of these accounts

Statement of balances - As at 31 March 2012

	Unrestricted funds to nearest £	Total 2012 to nearest £	2011 to nearest £
Cash Funds			
Cash and bank balances at start of year	2,081	2,081	2,059
Surplus / (deficit) shown on receipts and payments account	10	10	22
Cash and bank balances at end of year	2,091	2,091	2,081

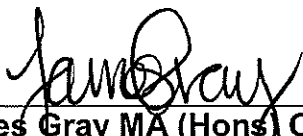
	Market valuation to nearest £	Last year to nearest £
Investments		
Government Stocks - 2.5% Consolidated Stock	501	421
Total	501	421

Trust balances at 31 March 2012

	£	£
Cheque Account	2,091	2,081
Consolidated Stock	501	421
Total	2,592	2,502

The Notes on page 5 form an integral part of these accounts

Approved by the trustees on 5 December and signed on their behalf by:


 Dated : 5/12/12
James Gray MA (Hons) CPFA
Executive Manager - Finance

Notes to the Accounts – For the Year Ended 31 March 2012

1 Basis of Accounting

These accounts have been prepared on the Receipts & Payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2 Nature and purpose of funds

The Samuel Mulla bequest is no longer active because of its low annual income and therefore the furtherance of its objectives cannot be achieved.

3 Trustee remuneration

No remuneration was paid during the period to any charity trustee or person connected to a trustee.

4 Trustee expenses

No expenses were paid to any charity trustee during the period.

5 Transactions

There were no transactions with charity trustees and connected persons during the period.

**Shetland Islands Council****12 June 2013****Nominations to Shetland Charitable Trust**

GL-17-13-F

Executive Manager – Governance and Law**Corporate Services Department****1.0 Summary**

- 1.1 The purpose of this report is to enable the Council to nominate two persons to the Shetland Charitable Trust (SCT), following the resignation of Mr P Campbell and Mr G Smith, Councillor Trustees from the SCT.

2.0 Decision Required

- 2.1 The Council is asked to RESOLVE to nominate two Councillors to the Shetland Charitable Trust.

3.0 Detail

- 3.1 The Trust has agreed a person specification and role description to assist in the appointment of Trustees, and these are attached as Appendices 1 and 2.
- 3.2 The Trust imposes no further requirements in terms of criteria to be applied, and it is therefore a decision for the Council as to how the nominations are to be determined.
- 3.3 Current Councillor Trustees are Mr M Bell, Mr R Henderson, Ms A Manson and Mr D Ratter.

4.0 ImplicationsStrategic

- 4.1 Delivery On Corporate Priorities – The recommendation in this report is not linked directly to any of the Corporate Priorities, but will support the Council's Improvement Plan in terms of Governance, Accountability and partnership working.
- 4.2 Community /Stakeholder Issues – None.

- 4.3 Policy And/Or Delegated Authority – Appointments to Shetland Charitable Trust have not been delegated to any Committee, and therefore remains a matter reserved to the Council.

In the event of the number of candidates exceeding the number of appointments required, the Councillors to be nominated will be determined by a vote or votes in each of which Members will be entitled to vote for as many candidates as there are vacancies, but they not cast more than one vote for any candidates. The vote will normally be taken by a show of hands, or the Council may resolve to take the vote by secret ballot (Standing Order 10.5).

- 4.4 Risk Management – No strategic risks.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

- 4.7 Financial - There are no financial implications arising from this Report. Any expenses reasonably incurred by Councillor Trustees will be reimbursed by the Trust.
- 4.8 Legal – None.
- 4.9 Human Resources – None.
- 4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 This report seeks the nomination of two Councillors to the Shetland Charitable Trust.

For further information please contact:
Anne Cogle, Team Leader - Administration
01595 744554

anne.cogle@shetland.gov.uk

4 June 2012

List of Appendices

Appendix 1 – Person Specification
Appendix 2 – Trustee Role Description

Background documents:

Deed of Trust – Shetland Charitable Trust

END

Person Specification

	Essential	Desirable
Experience and Understanding:		
A demonstrable commitment to the Aims and Values of the Trust	✓	
Proven ability to work as part of a team that makes collective, strategic decisions for the public benefit of the people of Shetland	✓	
Experience or understanding of management and governance issues and an understanding of the principles of public service	✓	
Experience of working in partnership with different stakeholders (for example, other funders, public, voluntary or private sector agencies)	✓	
Sound, independent judgement	✓	
Ability to commit to the expectation of attendance at around 8 meetings per year	✓	
An understanding and acceptance of the legal duties, responsibilities and liabilities of Trusteeship.	✓	
A good knowledge of and / or experience of the work of the voluntary and community sector and / or the health, education and environment sectors and the issues facing them		✓
Experience or understanding of allocating funding, for example, through grant making or investing funds		✓
As a member of a public body, a commitment and understanding of the Trust's approach to governance which mirrors the Seven Principles of Standards in Public Life called the 'Nolan Principles'.		✓



Trustee Role Description

Aims

The Shetland Charitable Trust aims to:

- a) Provide public benefit to and improve the quality of life for the people of Shetland, especially in the areas of :
 - Social care and welfare
 - Arts, culture, sport and recreation and
 - The environment, natural history and heritage
- b) ensure that the most vulnerable in the community receive the highest possible standard of service and care;
- c) protect and enhance Shetland's environment, heritage, culture and traditions
- d) support facilities and services and jobs located in rural areas, where these are beyond what would normally be expected to be provided as core public services;
- e) support pilot and developmental projects where they seek to meet a clearly identified service gap within the community

Trustee Role Purpose:

To act in the best interests of the Trust and operate in a manner consistent with the charitable purposes of the Trust. To act with the appropriate standard of care and diligence and ensure that the Trust complies with the provisions of the The Charities and Trustee Investment (Scotland) Act 2005 and other relevant legislation and regulatory requirements.

Key Role:

The fundamental principle which underpins the operation of the Trust is that Trustees have responsibility for the strategic framework of the Trust, as set out through various strategies, plans and policies, and that they ensure staff implement the strategies, policies and plans effectively.

Responsibilities include: To:

- set the strategic aims, objectives and direction of the charity and monitor performance
- set policy and monitor implementation
- contribute to the planning process – financial, corporate and service delivery

- ensure that the necessary financial and human resources are in place to meet the Trust's objectives
- safeguard the financial solvency of the Trust
- enable risk to be assessed and managed
- ensure compliance with the Law
- be a responsible employer
- promote the Trust's role in the community
- ensure Trustees work effectively together as a Trust
- maintain awareness of the external environment and the impact that might have on the Trust
- draw lessons from monitoring performance and act on them appropriately
- provide leadership, uphold values, and be committed to the business of the Trust

Alongside these roles and responsibilities each Trustee shall:

- act honestly and in good faith and in the best interests of the Trust and the beneficiaries thereof.
- attend regularly the meetings of the Trust and any Committee of which the Trustee is a member.
- act in accordance with the Trust Deed.
- protect the Trust's assets and be accountable for the solvency and continuing effectiveness of the charity and the preservation of its endowments.
- exercise overall control over the Trust's financial affairs and ensure the completion of the relevant statutory reports, returns and accounts.
- not receive any financial or non-financial benefit that is not expressly authorised by the Trust Deed.
- perform their duties with the relevant standard of care required by the Charities and Trustee Investment (Scotland) Act 2005 namely that of a person who is managing the affairs of another person which includes taking professional advice as and when required.

**Shetland Islands Council****12 June 2013****Community Development Fund 2013/14**

Report Number: DV024-F

Report Presented by Director – Development Services**Development Services Department
Community Planning &
Development Service****1.0 Summary**

- 1.1 This report is to seek approval of guidelines for the new Community Development Fund, which have been developed following consultation with Community Councils and Community Development Organisations.

2.0 Decision Required

- 2.1 That Shetland Islands Council RESOLVES:
- 2.1.1 To approve the draft Community Development Fund grant application guidelines; and
 - 2.1.2 To approve the maximum grant per organisation; and
 - 2.1.3 To approve the draft Community Development Fund grant application assessment criteria; and
 - 2.1.4 To award delegated authority to the Executive Manager – Community Planning & Development, or her nominee, to approve grant payments within the scheme guidelines, subject to available budget.

3.0 Detail

- 3.1 On 20 February 2013, Shetland Islands Council agreed to ring fence a 30% reduction in funding to Community Councils and establish a scheme whereby Community Councils and Community Development Organisations can apply for grant funding towards projects, subject to a separate report being presented to the Council on the criteria to be applied to such a scheme [Min Ref 09/13].
- 3.2 Guidelines for a Community Development Fund grant aid scheme were drawn up and presented to Council on 24 April 2013. At that meeting the Council resolved to:
- consult urgently and actively with Community Councils on the draft Community Development Fund grant applications guidelines;
 - report to the Council on 12 June 2013 on the outcome of the consultations and on the next steps and timetable in the new scheme development [Min Ref 27/13].
- 3.3 Consultation has since been carried out with the Association of Shetland Community Councils / Shetland Islands Council Joint Liaison Group (JLG); all Community Councils have been asked for their feedback; a workshop was held, which was open to all Community Councils and Community Development Organisations on 18 May; and a further meeting of the Joint Liaison Group took place on 21 May.
- 3.4 The written responses received from Community Councils and Community Development Organisations are attached at Appendix 1.
- 3.5 The Joint Liaison Group requested that the following specific points in relation to the Community Development Fund be considered:
- a. No grant should be paid until a further report to Council in August – the six month point at which the original decision can be amended or overturned
 - b. That the maximum grant payable should be £4,000 instead of £3,000, with Community Councils being eligible to apply for up to £3,000 as a distribution fund and up to £1,000 for a project fund
 - c. The maximum grant cap should be lifted for the final bidding round in January (included on page 4 of the guidelines)
- 3.6 The policy has since been finalised as at Appendix 2. The scheme assessment criteria are detailed at Appendix 3. Priority will be given to Community Councils and in order to ensure a fair distribution of the fund throughout Shetland, first applications from each area. In addition each application will be assessed on the following criteria:
- Evidence of the need for the project
 - Wider community benefits
 - Fit with scheme aims
 - Contribution to Shetland's Single Outcome Agreement
 - Evidence of Community Involvement

- 3.7 If approved today, the scheme will be open for applications immediately with the first bidding round closing on 31 July 2013. All applications will be assessed, prioritised and decided jointly after each bidding round.
- 3.8 With reference to para 3.5b above, it is recommended within the guidelines that the maximum grant an organisation can apply for should be £3,000. This is based on the following possible permutations of grant applications:

	Maximum £3,000	Maximum £4,000
Community Council Distribution Fund	£36,000	£54,000
Project fund – open to community councils and community development organisations	£32,000	£14,000

- 3.9 A list of Community Development Organisations per area is attached at Appendix 4 for information.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The new grant scheme will support communities to develop and deliver projects that meet community needs and make a lasting difference in the community. The scheme criteria will be aligned with the priorities in the Single Outcome Agreement and Council's Corporate Plan.
- 4.2 Community /Stakeholder Issues – Feedback has been sought from Community Councils and Community Development Organisations on the scheme criteria.
- 4.3 Policy And/Or Delegated Authority – The establishment of new policy is a matter reserved to Shetland Islands Council.

Delegated authority to the Executive Manager – Community Planning & Development is sought to approve grant payments under the scheme, in line with available budget.

- 4.4 Risk Management – None.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

- 4.7 Financial – The total budget for the Community Development Fund is £68k in 2013/14 as agreed by the Council in February 2013 (Min Ref: 08/13).

4.8 Legal – None.

4.9 Human Resources – Once finalised and approved, the scheme can be administered by the Council's Grants Co-ordinator and the Grants Assistant, by reprioritising workloads, at no additional cost to Shetland Islands Council.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 Draft scheme guidelines have been developed for the new Community Development Fund, which will be funded by the 30% reduction in funding to Community Councils.

5.2 Organisations eligible to apply to the scheme have been invited to take part in written consultation, and to attend a consultation workshop.

For further information please contact:

Neil Grant, Director – Development Services
Phone: 01595 744968
E-mail: nrj.grant@shetland.gov.uk

Date: 31 May 2013

List of Appendices

Appendix 1 – Consultation Responses

Appendix 2 – Community Development Fund 2013/14 Grant Application Guidelines

Appendix 3 – Community Development Fund 2013/14 Assessment Criteria

Appendix 4 – Community Development Organisations per Community Council area

Background documents:

None

END

Tingwall, Whiteness & Weisdale Community Council

The CC members discussed the draft guidelines at their meeting earlier tonight. They thought if any community had a worthwhile project consideration should be able to be given to the scheme offering larger grants of, say, £10,000 but that the same CC would not be able to claim again for the next few years if there were other requests for the funding.

Unst Community Council

Unst Community Council has received the guidelines for the dispersal of this fund (variously amended) and has reacted with outrage to the entire proposal.

The system for the dispersal of funds to Community Councils has been dismantled **after the start of the financial year** and this new fund created to be disbursed not only among the existing 18 Community Councils but also a further 15 Development Companies.

From a system which was simple, involved a minimum of clerical time and with all decisions taken at a local level we will now be confronted by an administrative morass. Officials in Lerwick (where else?) will have the final say on the allocation of the grants. Our Clerks are already having reductions in their remuneration and will now have an increased workload. Unnecessary additional work will be created in the Community Development Dept. A coach and horses has once again been driven through any pretence of de-centralisation.

Shetland has never been better served by its Community Councils. In the advert in last week's Shetland Times only three vacancies existed for the 18 Community Councils. At the April Bi-Annual Meeting of the ASCC all 18 were present. This represents a large commitment of time and effort by many people who now feel that they are not being trusted to disperse a modest allocation of funds within their local community.

In terms of efficiency and the autonomy of rural communities the original scheme for the dispersal of funds was the best on offer. We will be urging elected members at the earliest opportunity to return to this arrangement for the allocation of our funds. The proposals as tabled at present have been hastily thought out, are cumbersome and totally unworkable. They have the potential to result in a bureaucratic quagmire of epic proportions.

Fetlar Development Company

While as a Development Company we welcome the opportunity to access additional funds, we must also respect the fact that both the Fetlar Community Council and ourselves are all working towards generally common aims. Whilst I'm sure when this fund was suggested elected members had the very best of intentions, they were perhaps not fully aware of the implications of their decision.

The withdrawal of funding from the Community Councils to establish this fund has left smaller community councils such as Fetlar with virtually no distributable funds and larger ones with very limited resources. In my opinion it would be much better

just to redistribute the money to the Community Councils and avoid an unnecessary layer of time and paperwork. The changes already proposed by ASCC seem to be pointing things in this direction.

The redistribution of the money to the Community Council would offer the best solution for our Community as a whole.

North Yell Development Group

Thank you for the details of the consultation on the proposed grant scheme. So far, it looks like no one from our group will be able to make it to the workshop. I will therefore give a written response.

Generally, we would welcome access to any additional grant funding. The objectives of the grant scheme should allow us to carry out worthwhile projects in our area. The proposal to pay out grants 'up front' is particularly welcome, as this avoids cash flow problems.

A grant application can be a very time consuming process for volunteers. If the grant is refused, this time is wasted. This is very frustrating for volunteers, so a simple un-bureaucratic application process would be welcome, bearing in mind that this is a small grant.

North Yell Development Council is VAT registered, so could maximise the benefit from the grant.

Northmavine Community Council

Members agreed that the draft guidance was not very clear – could any community group apply? Can community council funds be used to match fund the development fund money? Members also felt strongly that the money had not been 'ring fenced' but rather, it was a more competitive fund that was more difficult to access. Another layer of bureaucracy had been added. Previously CCs had been given a budget and could spend it on projects which they felt fitted the brief, but now the decision making would be made by SIC officers. In summary they felt the scheme saved nothing, was a more complicated process, would cost more to administer and had an extensive criteria that was not very well explained.

Nesting and Lunnasting Community Council

Members are concerned that creating another fund will increase administration costs, which is not an effective use of finances.

There are concerns that funding will not be distributed evenly.

Funds should be distributed back to Community Councils, who have knowledge of groups, both new and existing, with financial needs in their areas.

Community Development Fund 2013/14 – DRAFT Grant Application Guidelines

This grant aid scheme is designed to support Community Councils and Community Development Organisations to further the aims and objectives of their organisation, within the geographical area of Shetland for which they are constituted, and which are in line with the Single Outcome Agreement and Council's Corporate Plan.

This grant scheme supports Community Councils and Community Development Organisations to deliver services, activities and initiatives in relation to the priority areas of children and young people; families at risk; older people; transport; safer & stronger communities; reducing offending; health inequalities & physical activity; employment and economic recovery & growth.

We hope this scheme makes a real difference to the quality of life for people living in Shetland and would encourage organisations to be both imaginative and innovative in designing bids which will impact positively on as many members of their respective communities as possible.

What our grants are for –

This grant scheme aims to support projects and activities that: -

- Encourage participation in community life, in particular those focusing on children, young people, older people and those most disadvantaged
- Assist in the process of sustaining and regenerating fragile rural areas
- Ensure organisations are open to those who want to take part and that they actively encourage more people into their organisation
- Promote individual and community achievement

We expect all funded applications to demonstrate that: -

- It meets a community need
- It represents value for money
- It is well planned
- There are long term benefits
- It makes a difference to the community
- The project expenditure can be accounted for

Who can apply?

You can apply for a Community Development Fund Grant if: -

- You are a Community Council; **OR**
- You are a Community Development Organisation constituted with an open constitution; and
- You are based in Shetland
- You have a constitution or set of rules which clearly defines your organisation's aims, objectives and procedures

- You have a bank or building society account in the name of your organisation which requires at least 2 signatures on each cheque or withdrawal
- You can enclose your most recent annual accounts which have been certified as true by a person independent of your organisation
- you spend the grant within a year

Constitutions

A constitution should include:

- An organisation's name, aims and objectives
- Details of how it achieves those objectives
- Details of how its committee is elected or appointed
- Details of how people can join the organisation
- Details of what will happen to the assets of the organisation if it closes
- The date when the constitution was adopted and signed on behalf of the organisation

How do we apply / making an application

It is a requirement of this scheme that all applications for grant assistance are submitted prior to your project commencing.

Bidding Round 1

Completed applications must be received by no later than 31 July 2013 – subject to the availability of finance

Bidding Round 2

Completed applications must be received by no later than 30 September 2013 – subject to the availability of finance

Bidding Round 3

Completed applications must be received by no later than 31 January 2014 – subject to the availability of finance

All applications received will be acknowledged within 5 working days identifying any further information required to complete the application. All applications requiring further information must be completed within a maximum period of two months from the date of receipt of the original application. The Council reserves the right to defer incomplete grant applications to the next bidding round.

Applications are available on the Council's website at http://www.shetland.gov.uk/grants/about_grant_aid.asp and can be submitted electronically.

Alternatively an application pack can be requested or collected from your local Community Work Office or the Grants Unit – see contact details on page 8. You should also contact staff at the earliest opportunity to discuss your organisation's project eligibility and to get assistance with completing the application form.

What can we apply for?

We will consider providing 'seed corn' funding to, or 'pump priming' projects in the area covered by your organisation, which are related to the following priority areas: - children and young people; families at risk; older people; transport; safer & stronger communities; reducing offending; health inequalities & physical activity; employment and economic recovery & growth

Examples we will consider funding: -

- Community Councils applying for a fund to be distributed to groups/projects that meet local needs and priorities
- Develop local services
- Regeneration projects
- Facility upgrades
- Environmental improvements

Examples we will not fund: -

- Loan or endowment payments
- Projects with no long-term sustainability
- Second hand vehicles and second hand equipment (unless valued or certified by an independent / qualified assessor)
- Projects / activities that have already taken place
- Business or commercial ventures
- Fundraising expenses
- Meals and subsistence costs
- General entertainment costs
- Schools projects or costs for competing in Schools competitions

How much can we apply for?

Community Councils and eligible Community Development Organisations can apply for between £500 and £3,000.

Community Councils

Community Councils can apply for between £500 to £2,000 for a fund to be distributed to meet local area needs and priorities and that fit within the overall scheme objectives.

In addition to the above, Community Councils can apply for a further £500 to £1,000 to assist with the cost of delivering a specific project(s).

Community Development Organisations

Eligible Community Development Organisations can apply for between £500 to £3,000 to assist with the costs of delivering local projects and/or services. Community Development Organisations are required to demonstrate they have the support of their local community council(s) as part of their funding application.

General

There is no restriction on the number of applications you can make within the year, but you will be restricted to a maximum of £3,000 per applicant per Council financial year. Applicants are also limited to one grant per project, and each project will only be eligible for a single grant.

The maximum grant of £3,000 per applicant will be lifted in bidding round 3 if there is budget remaining and no other qualifying applications are received.

Please note that we will not award more than the amount you request in your application. If you are unsure about how much funding you can apply for, please contact the Grants Unit in advance of submitting your grant application for guidance and assistance.

Application Process

Once you have completed your grant application in full, attached all the necessary documents and worked through the checklist, please send the completed application form and enclosures to the Grants Unit for processing and consideration.

- On receipt of your application we will check if it is complete and ensure all the necessary information has been enclosed.
- We will acknowledge receipt of your application within 5 working days or return your application if not complete, and will let you know what else you need to do.
- Your completed application will be assessed and prioritised alongside all other Community Development Fund applications received at each bidding round.
- You will be informed of the decision in writing in no more than 6 weeks of receiving the completed application.
- Successful applications will be issued with a grant offer letter and acceptance docquet.
- Once your organisation has accepted the terms and conditions of the grant and returned the acceptance letter the grant will be paid in full directly into your organisations' bank account.
- You must comply with grant conditions and use the grant only for the purpose set out in your application form.
- You must complete a Project Evaluation form and a certification of expenditure form together with details of all relevant expenditure within 12 months of the date of the grant offer letter.

If your grant application is unsuccessful

We will tell you the main reasons why in a letter within 6 weeks of receiving the completed application. You may also find it useful to contact the Grants Unit as appropriate for advice and further assistance.

Following receipt of the explanation your organisation may wish you to revise your Community Development Fund grant application form and resubmit it or appeal the original decision.

If you want to appeal the decision to refuse your application, then a letter of appeal should be submitted to the Grants Unit within three months of the date that you were notified of this decision.

Data Protection Act 1998 / Freedom of Information (Scotland) Act 2002

The Shetland Islands Council is registered as a Data controller in terms of the Data Protection Act 1998. The information provided by you will be stored by the council on a central electronic database and will be used in a number of ways by different departments of the Council when processing any funding applications made by your organisation. The information will not be transferred outwith the council without your explicit consent. Please contact us if you have any queries about how your information will be used.

The Freedom of Information (Scotland) Act 2002 gives members of the public the right to request any information that we hold. The council regularly releases information about grant awards and information regarding your application may be made available to the public. Any personal information provided will be processed in accordance with the Data Protection Act 1998.

Protection of Vulnerable Groups requirements

From 1st April 2011, if your organisation is applying for grant assistance from this scheme, your group/ organisation will need to decide whether you have anyone (staff or volunteers) involved in 'Regulated Work' with children (and/or protected adults)*. If your organisation has individuals involved in Regulated Work then those individuals will need to apply to become a member of the PVG Scheme, and your group must also have policies and procedures in place that adequately cover adult and child protection and welfare issues.

You will need to decide whether or not your group has individuals involved in 'Regulated Work' with children and young people under the age of 18, and/or 'Regulated Work' with protected adults (from the age of 16, generally, in receipt of specified services)*

If either of these conditions applies to your group, then you will need to ensure that you have in place **all** of the following: an Adult and Child Protection Policy and an Adult and Child Protection Procedures; for organisations working with children and young people a Code of Conduct for staff and volunteers; an Equal Opportunities Policy. Templates for these documents are available from the Community Planning & Development Service or at www.shetland.gov.uk/grants/PVG_Templates.asp and must be approved and signed by committee members of your group. Your organisation must undertake a PVG Scheme Membership check when appointing staff, volunteers or helpers who are doing 'Regulated Work' to make sure they are not barred from working with children/protected adults and as part of checking their suitability for the particular post.

*There are various stages to go through to decide whether someone is doing 'Regulated Work.' The Child Protection Shetland website www.childprotectionshetland.com/ includes links to sources of help, in particular a self-assessment tool produced by Disclosure Scotland which will help you work through the various stages: www.disclosurescotland.co.uk/pvg_training/self-assessment/

In case of doubt, you may wish to seek further advice from either the Central Registered Body for Scotland (CRBS), on 01786 849777, or Disclosure Scotland on 0870 609 6006. Contact details for

local support on this subject and more information are available on the Child Protection Shetland website: www.childprotectionshetland.com/

Help and information about training courses is also available from your local Community Work Office or from Voluntary Action Shetland, who undertake free checks for volunteers.

Other considerations

- The total value of the Community Development Fund is £68,000
- No applications can be considered for expenditure already incurred, except with the prior agreement of the Executive Manager – Community Planning & Development.
- All grant offers are subject to the Shetland Islands Council's approved grant conditions and availability of finance.
- All grants must be paid out during the financial year 2013/14
- The fund is cash limited. Once the fund is fully subscribed there shall be no further funding made available in the current year.
- Applications shall be assessed strictly on merit.
- Advice and assistance is available on other sources of funding from the Grants Unit or your local Community Work Office.
- In the event that your actual project expenditure is underspent your organisation may be required to repay part of the grant assistance back to Shetland Islands Council. If this happens you will be contacted in writing and asked to repay the identified underspend.
- Any grant assistance not spent within one year will be repaid to Shetland Islands Council unless the Executive Manager – Community Planning & Development has agreed otherwise.
- Groups with savings, reserves, cash or investments greater than £10,000 may not be considered for grant assistance if they are unable to confirm that these funds are restricted or designated funds for a specific purpose.
- All Council grant awards must be acknowledged on all publicity and marketing material.
- Your organisations contact details must be included in the Council's online Community Directory and you will be responsible for making any changes to your organisation's details as necessary. If you have not joined the community Directory please contact the Grants Unit for information, or look up the website at <http://www.communitydirectory.shetland.gov.uk/>

Service pledges

In order to improve service delivery of the department's various grant aid schemes we have the following service pledges:

- The Grants Unit will provide accurate information about their grant aid schemes and application procedures.
- All grant application forms requested will be sent out within 2 working days.
- All grant application forms received will be acknowledged within 5 working days.
- All organisations receive a decision on completed grant application forms within 6 weeks
- All organisations that have had a grant application rejected will receive a written explanation of why it was unsuccessful.

- All organisations that have had a rejected grant application advised in writing have the right to appeal against the decision.

Please note this timescale only applies to grant Schemes that are delegated to officers within the Council's Community Planning and Development Service

Contact details

Staff at the following offices are available to give advice and guidance on your project and with the completion of grant applications. You should contact staff at the earliest opportunity and prior to completing a grant application.

Lerwick, Bressay & Gulberwick Office

Community Planning & Development
8 North Ness Business Park
Lerwick
ZE1 0LZ
Tel. (01595) 743880

North Isles Office

c/o Yell Leisure Centre
Mid Yell
Shetland
ZE2 9BN
Tel. (01595) 745715

North Mainland & Whalsay Office

4 Havragord
Brae
Shetland
ZE2 9SZ
Tel. (01595) 743969

South Mainland, Fair Isle & Skerries

c/o Sandwick Junior High School
Sandwick
Shetland
ZE2 9HH
Tel. (01595) 745364

West & Central Mainland Office

Scalloway Public Hall
Scalloway
Shetland
ZE1 0UJ
Tel. (01595) 745301

Grants Unit

Community Planning & Development
8 North Ness Business Park
Lerwick
ZE1 0LZ
Tel. (01595) 743827 / 743828

Or email grants.unit@shetland.gov.uk

Assessment criteria for Community Development Fund

Criteria	Indicator	Points Available	Justification	Score awarded
Need for project?	Little/no need	0	The applicant does not describe what need(s) exist or potentially exist and no reason is provided for seeking funding. Or, the applicant does not link its project back to the CDF scheme aims.	
	Evidence of need	10	The application will address a specific need, which has been identified and communicated by the applicant.	
	Strong need	20	In addition to the above, the application will demonstrate strong evidence of need will include a description and / or evidence of the research and consultation that has taken place with existing or potential beneficiaries to establish need.	
No. of Beneficiaries?	Individuals	0	The applicant has not clearly indicated who will benefit from the project, or the project is open only to a small number of beneficiaries.	
	Specific group(s)	10	The applicant has indicated that the project will be open to all potential beneficiaries	
	Wider community benefits	20	The applicant has indicated that as well as the project being open to all potential beneficiaries as above, they have identified that there is a particular group of potential beneficiaries who do not traditionally participate in the group's activities AND they have described plans to target and involve them.	
Meets scheme aims?	Meets no aims	0	The applicant cannot describe (and it cannot be identified from other information) how the project will help to deliver any of the scheme aims.	
	Weak fit with one or more aims	10	The applicant has indicated that the project will meet one or more of the scheme aims, but it is not clear how the project activities will support this.	
	Good fit with one or more aims	20	The applicant has indicated that the project will meet one or more of the scheme aims <u>and</u> it is likely that the project activities will support this.	
	Strong fit with one or more aims	30	The applicant has clearly described how the project will meet one or more of the scheme aims <u>and</u> how the	

			project activities will have a direct impact on the outcomes.	
Criteria	Indicator	Points Available	Justification	Score awarded
Contributes to Shetland's Single Outcome Agreement? (Performance Framework outcomes)	Contributes to < 3 SOA outcomes	10	The applicant has indicated that the project will meet less than 3 Shetland SOA outcomes	
	Contributes to 3 – 5 SOA outcomes	20	The applicant has indicated that the project will meet at least 3 but no more than 5 Shetland SOA outcomes	
	Contributes to > 5 SOA outcomes	30	The applicant has indicated that the project will meet more than 5 Shetland SOA outcomes	
Applicant status?	Community Council	20	Community Council applicants are prioritised for funding	
	Community Development Organisations	10	Community Development Organisations have lower priority	
Community involvement?	No involvement	0	No evidence of community involvement or consultation has taken place prior to the application being submitted	
	Some involvement	10	Some evidence of community involvement or consultation has taken place prior to the application being submitted	
	Strong involvement	20	A significant level of community involvement or consultation has taken place prior to the application being submitted	
Number of applications submitted per Community Council area per bidding round?	First application per area	30	The first application received from the Community Council area*	
	Second application per area	20	Second application received from the same Community Council area based on date order	
	Third application or more per area	10	Third application or more from the same Community Council area based on date order will receive least points	
TOTAL SCORE		Maximum – 170 Minimum – 30		

* It should be noted if more than one application is received from an area in the same bidding round, the Community Council application will be deemed as first application. All other applications will be awarded points in relation to date received by the Council.

Community Councils	Community Development Organisations	Possible maximum grant allocation per area*
Bressay		£3,000
Burra and Trondra		£3,000
Delting		£3,000
Dunrossness	Fair Isle Community Association; Bigton Community Enterprise	£9,000
Fetlar	Fetlar Developments Ltd	£6,000
Gulberwick, Quarff and Cunningsburgh		£3,000
Lerwick	Living Lerwick	£6,000
Nesting and Lunnasting		£3,000
Northmaven	Northmavine Community Development Company	£6,000
Sandness and Walls	Sandness Community Development Group; Walls Development Group; Foula Heritage	£12,000
Sandsting and Aithsting	Eid Community Development Association	£6,000
Sandwick	Sandwick Social Economic & Development Company	£6,000
Scalloway		£3,000
Skerries	Skerries Development Group	£6,000
Tingwall, Whiteness and Weisdale		£3,000
Unst	Unst Partnership	£6,000
Whalsay		£3,000
Yell	Mid Yell Development Company; Burravoe and District Development Company; North Yell Development Council	£12,000

*It is not possible for each area to receive this amount of grant funding, as the total budget available for this grant aid scheme is £68,000, therefore this information is purely indicative of what each community council area could receive depending on the timing of applications, and applications meeting the scheme guidelines.

**Shetland Islands Council****12 June 2013****Inter Island Ferry Review – Issues Associated with Option to Base the Vessel “Filla” in the Skerries – follow up report**

Report Number : ISD-10-13-F

Director of Infrastructure Services**Infrastructure Services Department****1.0 Summary**

- 1.1 On 04 February 2012, the Council considered the Inter Island Ferry Service Review report (Min. Ref. 01/13) and resolved to implement the package of measures detailed in the report. One of these measures was the proposal to base the Skerries ferry “Filla” in Skerries instead of Symbister, Whalsay.
- 1.2 On 24 April 2013, the Council considered a report (Min. Ref.28/13) detailing the issues associated with implementing this decision. The meeting deferred a decision until this meeting.
- 1.3 The purpose of this report is to advise Members of the work undertaken since the Council meeting of 24 April 2013. No additional information has been identified which would materially change the outcome of the technical risk assessment or amend the insurance situation and, as such, the report recommends an alternate service change that will achieve a similar level of savings, to ensure that the overall savings identified in the Inter Island Ferries Review are delivered.

2.0 Decision Required

- 2.1 It is recommended that Council approve that the Skerries ferry continues to be berthed overnight in Symbister, Whalsay with a reduced timetable and crew compliment as detailed in paragraph 3.7.

3.0 Detail

- 3.1 The Inter Island Ferry Service Review Report considered by Council on 04 February 2012 highlighted the potential risks associated with the proposal to berth the vessel “Filla” in the Skerries. Concerns were expressed about this at both the Employees Joint Consultative Committee and the Council. At the Council meeting, the Director of Infrastructure Services acknowledged that this option was the higher risk option and may be difficult to deliver, however, at that time on

balance it was felt that it gave a better level of service to the community.

- 3.2 As a result of the concerns expressed at both the Council and Employees Joint Consultative Committee meetings and the concerns which continue to be expressed during the formal staff consultation period, an independent risk assessment was commissioned from Spencer Marine Consulting Ltd through Caledonian Maritime Assets Ltd. This is a company wholly owned by the Scottish Government which owns the ferries, ports and harbours and infrastructure necessary for ferry services serving the islands off the West coast of Scotland and in the Clyde Estuary. They were tasked with assessing the risk associated with berthing the vessel overnight in the Skerries (Appendix 1).
- 3.3 Members considered this risk assessment and resolved that a decision be deferred to allow the community time to consider it and put forward additional information which they felt should be considered by the risk assessors. The Skerries Community Council responded with comments on the risk assessment. These comments, listed 1-8 in Appendix 2, together with additional weather data obtained by the Council have been considered by CMAL and their response is also given in Appendix 2
- 3.4 The updated risk assessment concludes that:

“This report is specific to the vessel ‘Filla’, its’ presentation to and orientation with the current pier, the bay and infrastructure at Out Skerries. Every reasonable consideration was given to find a secure way to moor this vessel and then leave unattended. Because of the necessary improvements already made to the pier to accommodate the larger vessel ‘Filla’ and its’ limited length, sufficient direct leads to bollards to support the vessel throughout would be difficult and subject to chafing. Also a substantial part of the vessel would not lie alongside and thus be unsupported. Under the mildest of conditions one could consider possibly mooring the vessel bow in towards the ramp but to ensure no contact with the ramp this would expose some considerable length of the stern out into the bay. As such it would not be considered seamanlike or safe to moor in such a manner.

A major risk occurs when there is a combination of S’ly winds over a S’ly swell. The likelihood of excessive movement when unmanned with unattended moorings is inevitable. Due to the disproportionate size of the ‘Filla’ to the pier, this increases the risk and potential for damage to occur to the vessel, pier or ramp. The outcome is potentially to render the vessel unseaworthy or the ramp unusable. At worst there is the possibility of the vessel breaking free and grounding or a breach of the hull resulting in pollution.

Particularly at or close to High Water (HW) it is clear that minimal swell would raise the vessel sufficiently to override the heightened fenders. Without significant expenditure to improve the current infrastructure to match the size of the ‘Filla’ and or efforts to reduce the swell culture it would be difficult to design an appropriate mooring system that would

sit comfortably within a Safe Management System (SICMS) and satisfy an external audit.

With the given historic weather data at least 40 days per annum were identified that the bay would be subject to unsuitable conditions. Again due to the disparity in size between the 'Filla' and pier and the minimal movement required for the likelihood of damage to occur, this most probably is a very conservative estimate. Under such conditions it is my view No Master would or should sit alongside the current pier and would put to sea to seek shelter elsewhere.

As a mariner of some 40 years' experience now, sailing both professionally and for leisure around the UK and Scottish waters the bay can offer protection to smaller craft able to if necessary move to swinging moorings. However I would strongly advise that as the pier stands it would be unwise to consider placing the 'Filla' here and expect it to safely remain here unattended 365 days a year."

3.5 As the outcome of the risk assessment has remained the same, the vessel would still not be covered by the Council's insurance were the option to base the vessel overnight in the Skerries pursued. This is considered to be an unacceptable risk and cannot be recommended by officers.

3.6 In order for Ferry Services to deliver the savings needed to meet the requirements of the Medium Term Financial Plan, it is necessary to consider alternative options to deliver a similar level of saving to that which would have been achieved if the option of basing the vessel in the Skerries had been deliverable. These were considered in detail in the report to Council on 24 April 2013 and the option recommended in that report was to continue to base the ferry in Symbister but with a reduced timetable and crew compliment as detailed below.

3.6.1 The proposal to base the vessel in the Skerries assumed a total crew compliment of 6 crew. If this level of crewing was maintained but the vessel continued to be berthed in Symbister and the timetable reduced, then a similar level of savings can be achieved.

3.6.2 The currently agreed proposal is to remove the Lerwick sailing on a Tuesday and replace it with two sailings to Vidlin. If the timetable were to be amended to either remove the Tuesday sailing to Lerwick and not replace this sailing with additional runs or to provide a reduced 6 day a week service then this would achieve the necessary savings. This would reduce the level of service from that currently provided, however it would protect the critical sailings identified in the community consultations and continue to deliver the most necessary sailings for Skerries as detailed in 4.1 below. A number of indicative timetable options are given in Appendix 3, however, as with the other routes, the final timetable will be developed in consultation with the Community Council, subject to the constraints of the resources available.

3.6.3 This option is considered to be the best option available to mitigate the risks and deliver the savings required to achieve the budget reductions required by the Council's agreed Medium Term Financial Plan.

4.0 Public Consultation

- 4.1 During the community and public consultation for the Ferry Review, the representation highlighted that the most important sailings for Skerries are:
- Monday morning from Skerries for those working on the mainland.
 - Monday morning to Skerries for teachers, workers, etc.
 - Tuesday or Thursday to Lerwick for fish exports.
 - Friday afternoon to Skerries for weekend traffic, workers and pupils.
 - One day per week when tradesmen, Council departments and suppliers can get to Skerries to work for a couple of hours and return to mainland in the same day.
 - Sunday afternoon from Skerries for pupils and those working on the mainland.
- 4.2 The timetable options suggested in Appendix 3 provide all of these connections. The final detailed timings will be discussed with the Community Council, as with other routes.
- 4.3 All of the components of the option detailed in 3.7 (utilising positioning runs, removing Lerwick sailings, reducing total sailings, operating with reduced crew) formed part of the consultation undertaken as part of the Ferry Service Review. This is documented in detail in the Inter Island Ferry Service Review report presented to Council on 04 February 2013.
- 4.4 Communication has continued by e-mail with the Skerries Community Council and their formal response is detailed in Appendix 4.

5.0 Implications

Strategic

- 5.1 Delivery On Corporate Priorities – The recommendations in this report will contribute to the following outcomes from the Council Action Plan.

Outcome 3 “We have financial sustainability and balance across all sectors”; and

Outcome 13 “Our internal and external transport systems are efficient, sustainable, flexible and affordable, meet our individual and business needs and enable us to access amenities and services.”

- 5.2 Community/Stakeholder Issues - Consultation and engagement with individuals, stakeholders, staff and communities has taken place as part of the Inter Island Ferry Service Review. In addition, Skerries Community Council has been informed of the need to reconsider the

option agreed on 04 February 2013, in light of the risks identified in this report. A meeting was held with representatives of the community on the 22 April 2013 and communication has been maintained since the meeting. The Community Council's formal response is given in Appendix 4.

NHS Shetland has raised an issue for NHS patients needing to travel off Skerries for outpatient appointments and hospital admissions, where their journey would require extra overnight accommodation around an appointment on the days that the ferries don't run. Specifically, they hold a multi-professional diabetic clinic on a Tuesday and clearly have a concern about the potential impact of the changes to ferries that will impact on this. They will look at what they can do to rearrange their service to accommodate the transport available, as they do for patients travelling from other islands where there is not a daily service. However, they have less flexibility for visiting consultant services and for access to services in Aberdeen, though the numbers are small, there will be some knock-on effect for access to services and, if they cannot change the service configuration around this, some additional cost to the Health Board for additional accommodation for patients.

Ferry Services have suggested 4 timetable options which will retain a Tuesday ferry service with Skerries as detailed in Appendix 3.

5.3 Policy And/Or Delegated Authority - Shetland Islands Council
Constitution Part B Standing Orders for Meetings state that:

- "15.1 Subject to 15.2, no motion which seeks to alter or revoke a decision of the Council or has that effect will be considered within a period of 6 months of the original decision.
- 15.2 It will be competent to review a decision before the end of the 6 month period, provided:
 - 15.2.2 It is inherent in the terms of a report submitted to the Council by an officer and the Head of Legal and Administration advises that a material change of circumstances has occurred.
- 15.3 A material change of circumstances is firstly where there has been a new development which has a bearing on the original decision or that some important piece of information has become available since the original decision was made. Secondly, this change is material if the change had taken place before the Council took its decision, or had the Council known all the facts relevant to the decision, the change of circumstances would have influenced its judgement and the Council might reasonably have taken a different decision."

The contents of this report represent a material change of circumstances in that the independent risk assessment and outcome from formal staff consultation as detailed in section 3 of this report is information that has become available since the decision was made.

- 5.4 Risk Management – This report highlights the risks associated with the proposal to base the Skerries ferry “Filla” in the Skerries as agreed by Council on 04 February 2013. Appendix 1 contains an independent risk assessment of this proposal and identifies very significant uninsurable risks associated with this proposal. This report seeks to amend the decision and to maintain the vessel based in Symbister and reduce the timetable to ensure that the risks are mitigated.

The proposal to base the “Filla” in the Skerries was part of an overall package of measures to reduce the operating cost of the overall ferry services budget, there is a risk that as this element has been determined as undeliverable that the Ferry Services Review will not deliver the agreed savings unless the alternative proposal put forward in this report is agreed.

Implementing the proposal to require existing staff to reside in Skerries for a period of time whilst on shift introduces a risk to the Council of claims of constructive dismissal from the employees affected which risks damaging the Council’s reputation as a good employer, as well as incurring a financial cost to the Council in the claim is successful.

- 5.5 Equalities, Health And Human Rights – There are no deferential additional Equalities, Health and Human Rights Issues arising from the proposals within this report.

- 5.6 Environmental – None.

Resources

- 5.7 Financial – The savings originally identified for basing the “Filla” in the Skerries, which were included in the Inter Island Ferry Service Review report considered by Council on 04 February 2013, were £271,795.

The alternate proposals recommended in this report will deliver £274,819 as detailed in the table below and as such will ensure that the overall savings from the Inter Island Ferry Service Review are maintained.

Whalsay based vessel 42 Crew hrs & 12 services per week/year		
Whalsay Based 8 man operation		447,501
Whalsay Based 6 man operation		283,010
		164,491
Fuel Saving	92,809	
Reduced Running	1,996	
Hays & LPA	5,149	
Other Expenses	10,374	
Divert expenses	Nil	
		£274,819

- 5.8 Legal – The Transport Act 1985 is the principal legislation which sets out the statutory responsibilities concerning provision of public passenger transport services, particularly section 63(2) –

63 Functions of local Councils with respect to passenger transport in areas other than passenger transport areas.

(2) It shall be the duty of a Council in Scotland, in relation to any part of their area which is not a passenger transport area:

- (a) to secure the provision of such public passenger transport services as the Council consider it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose; and
- (b) to formulate from time to time general policies as to the descriptions of services they propose to secure under paragraph (a) above.

- 5.9 Human Resources – The options and proposals within this report have been discussed during the formal consultation process for the implementation of the Inter Island Ferry Service Review with Trades Unions and affected Ferry staff. The proposals within this report will avert the need for an additional 6 voluntary redundancies, which would have incurred severance costs to the Council of between £266k and £395k.

- 5.10 Assets And Property – The proposals within this report will control the potential risks to Council piers and vessels which would be incurred should the vessel be based in the Skerries.

6.0 Conclusion

- 6.1 This report summarises the issues encountered in trying to implement the Council decision of 04 February 2013 to base the ferry in Skerries and concludes that this option is undeliverable. It considers alternative options to achieve the required level of savings and recommends that to achieve a similar level of savings it is necessary to continue to base the ferry and crew in Symbister, with a reduced timetable and crew establishment.
- 6.2 Further consideration has been given to the various issues and to the Community's needs during the period of deferment of this decision. No additional information has been identified which would materially affect the recommendations presented to Council on 24 April 2013 and this report recommends that the Skerries ferry continues to be berthed overnight in Symbister, as a result of the risks identified in this report.

For further information please contact:
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01595-744888 ken.duerden@shetland.gov.uk
6 June 2013

List of Appendices

Appendix 1 – CMAL report on berthing “Filla” overnight in Out Skerries

Appendix 2 - Skerries Community Council Response to CMAL Risk Assessment

Appendix 3 – Provisional Timetable Options for Skerries service based in Symbister

Appendix 4 – Skerries Community Council Formal Response to Revised Option.

Background Documents:

[Inter Island Ferry Review – Issues Associated with Option to Base the Vessel “Filla”
in the Skerries - Council Report 24 April 2013](http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3821)

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3821>

[Inter Island Ferry Services Review - Council Report and Appendices 04 February
2013](http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3998)

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3998>

END

Appendix 2

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Skerries Community Council Formal Response To The Independent Risk Assessment		
	COMMUNITY COUNCIL COMMENT	OFFICER RESPONSE
1.	Vessels have berthed unmanned at the pier since it was built with no damage happening, we could give you a list of boats that have done so over the past 20 odd years if you need us to.	CMAL have responded and stated “ This report is specific to the vessel ‘Filla’, its’ presentation to and orientation with the current pier, the bay and infrastructure at Out Skerries. Every reasonable consideration was given to find a secure way to moor this vessel and then leave unattended. Because of the necessary improvements already made to the pier to accommodate the larger vessel ‘Filla’ and its’ limited length, sufficient direct leads to bollards to support the vessel throughout would be difficult and subject to chafing. Also a substantial part of the vessel would not lie alongside and thus be unsupported. Under the mildest of conditions one could consider possibly mooring the vessel bow in towards the ramp but to ensure no contact with the ramp this would expose some considerable length of the stern out into the bay. As such it would not be considered seamanlike or safe to moor in such a manner.”
2.	We have asked before about "anecdotal evidence" of the Filla coming into the bay and not being able to berth at the ramp, we got a long winded answer but it didn't answer the question that was asked.	The anecdotal evidence mentioned in CMAL’s risk assessment was from discussions with the ferry crew and management. It refers to the ferry making the passage to Skerries but not being able to berth safely.
3.	Was any consideration given to the impact that this "report" would have on the local fishing fleet that uses the pier all the time with their insurance companies.	The Shetland Islands Council made no reference to the fishing fleet in its discussion on berthing the ferry in Skerries. No this risk assessment was specific to the vessel “Filla”
4.	At no point in the report does it say that the Filla could berth safely at the pier should the weather conditions allow, there is	CMAL have responded and stated “With the given historic weather data at least 40 days per annum were identified that

Appendix 2

	nothing positive in the report at all.	the bay would be subject to unsuitable conditions. Again due to the disparity in size between the 'Filla' and pier and the minimal movement required for the likelihood of damage to occur, this most probably is very conservative".
5.	No underwater survey was done.	Advice was obtained from the Shetland Islands Council Capital Project Unit's Civil Engineer about the condition and strength of the pier. It was considered that the cost of and time required for an underwater survey would not change the view that the ferry cannot be based there safely unmanned overnight.
6.	The people who did the report where not here for any length of time and never saw the voe with the sea conditions they are concerned about.	CMAL have responded and stated "As a mariner of some 40 years' experience now, sailing both professionally and for leisure around the UK and Scottish waters the bay can offer protection to smaller craft able to if necessary move to swinging moorings. However I would strongly advise that as the pier stands it would be unwise to consider placing the 'Filla' here and expect it to safely remain here unattended 365 days a year."
7.	We would like the council to do an independent risk assessment and get anecdotal evidence from local fishermen.	CMAL were commissioned by the Council to undertake an independent risk assessment as a result of concerns expressed at the Council meeting of the 4 February by Trades Unions during the formal consultation process. The risk assessment in appendix 1 is an independent risk assessment.
	Concern was expressed at the meeting with the community on the 22 April 2013 that the risk assessment was based on a single year's weather data.	The Council obtained 10 years historic weather data and provided this information to the risk assessor and CMAL have responded "With the given historic weather data at least 40 days per annum were identified that the bay would be subject

Appendix 2

		<p>to unsuitable conditions. Again due to the disparity in size between the 'Filla' and pier and the minimal movement required for the likelihood of damage to occur, this most probably is a very conservative estimate. Under such conditions it is my view No Master would or should sit alongside the current pier and would put to sea to seek shelter elsewhere."</p>
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Appendix 3 Illustrative Timetable – Skerries service – Symbister based – 42 hour week for crew.

SUMMARY OF OPTIONS TO PROVIDE TUESDAY SAILINGS

Option 1 – 1 return sailing Symbister / Skerries on Tuesday.

- Tuesday 1 return sailing Laxo via Symbister to Skerries.
- Sunday service reduced by 1 return sailing Skerries / Vidlin.
- Sunday service has:
 - 1 sailing Laxo to Skerries via Symbister
 - 2 sailings Skerries / Vidlin
 - 1 sailing Vidlin / Skerries.

Option 2 – Monday service on Tuesday - Symbister / Skerries / Vidlin / Symbister.

- Tuesday 1 sailing Laxo via Symbister to Skerries and 1 sailing Skerries to Vidlin.
- Sunday service reduced by 1 sailing Laxo to Skerries via Symbister and 3 single sailings between Skerries & Vidlin.
- Sunday service has:
 - 1 sailing Skerries / Vidlin
 - 1 sailing Vidlin / Skerries.

Option 3 – 2 returns on Tuesday - Symbister / Skerries / Vidlin / Skerries / Symbister.

- Tuesday 1 return sailing Laxo via Symbister to Skerries and 1 return sailing Skerries to Vidlin.
- Sunday service reduced by 1 sailing Laxo to Skerries via Symbister and 3 single sailings between Skerries & Vidlin.
- Sunday service has:
 - 1 sailing Skerries / Vidlin
 - 1 sailing Vidlin / Skerries.

Option 4 – 2 returns on Tuesday - Symbister / Skerries / Vidlin / Skerries / Symbister with lay over in Vidlin.

- Tuesday 1 return sailing Laxo via Symbister to Skerries and 1 return sailing Skerries to Vidlin. Ship lies at Vidlin to allow traffic to get to Lerwick and back.
- Saturday service reduced by 1 return sailing Skerries / Vidlin.
- Saturday service has:
 - 1 sailing Laxo to Skerries via Symbister
 - 2 sailings Skerries / Vidlin
 - 1 sailing Vidlin / Skerries.
- Sunday service reduced by 1 sailing Laxo to Skerries via Symbister and 3 single sailings between Skerries & Vidlin.
- Sunday service has:
 - 1 sailing Skerries / Vidlin
 - 1 sailing Vidlin / Skerries.

POSSIBLE SYMBISTER BASED TIMETABLE – Tuesday variation Option 1

Timetable if based at Symbister and crew hours remain at present 42 hours per week

Skerries <i>Whalsay Based Vessel</i>																	
Port	Depart Symbister	Arrive Skerries	Depart Skerries	Arrive Vid/Lk	Depart Vidlin	Arrive Ske	Depart Skerries	Arrive Vidlin	Depart Vidlin	Arrive Ske	Depart Sk/Lk	Arrive Vidlin	Depart Vidlin	Arrive Skerries	Depart Skerries	Arrive Symbister	Return Sailings
Monday	08:00*	09:15	09:25	10:50	11:00											11:45	1
Tuesday	08:00*	09:15	09:25													10:40***	1
Wed																	
Thursday	06:30	07:45	08:30	11:00	<i>Discharge, maintenance and load in Lerwick</i>						14:00			16:30	17:15	18:30**	1
Friday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:05	19:30	19:40	20:55**	4
Saturday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:00			18:40	3
Sunday	11:30^					12:45	13:00	14:25	14:55	16:20	16:30	17:55	18:00			18:40	2
All sailings operate on a bookings only basis (except Thursday Lerwick runs)																	12

08:00* - Connects from 07:10 Whalsay sailing from Laxo to Symbister.

11:30^ - Connects from 10:30 Whalsay sailing from Laxo to Symbister.

10:40*** - Connects with 11:15 Symbister to Laxo sailing arriving 11:45.

18:30** & 20:55** - Connects with 21:15 Symbister to Laxo sailing arriving 21:45.

POSSIBLE SYMBISTER BASED TIMETABLE – Tuesday variation Option 2

Timetable if based at Symbister and crew hours remain at present 42 hours per week

Skerries <i>Whalsay Based Vessel</i>																	
Port	Depart Symbister	Arrive Skerries	Depart Skerries	Arrive Vid/Lk	Depart Vidlin	Arrive Ske	Depart Skerries	Arrive Vidlin	Depart Vidlin	Arrive Ske	Depart Sk/Lk	Arrive Vidlin	Depart Vidlin	Arrive Skerries	Depart Skerries	Arrive Symbister	Return Sailings
Monday	08:00*	09:15	09:25	10:50	11:00											11:45	1
Tuesday	08:00*	09:15	09:25	10:50	11:00											11:45	1
Wed																	
Thursday	06:30	07:45	08:30	11:00	<i>Discharge, maintenance and load in Lerwick</i>						14:00			16:30	17:15	18:30**	1
Friday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:05	19:30	19:40	20:55**	4
Saturday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:00			18:40	3
Sunday	14:05							14:50	14:55	16:20	16:30	17:55	18:00			18:40	1
All sailings operate on a bookings only basis (except Thursday Lerwick runs)																	11

08:00* - Connects from 07:10 Whalsay sailing from Laxo to Symbister.

18:30** & 20:55** - Connects with 21:15 Symbister to Laxo sailing arriving 21:45.

POSSIBLE SYMBISTER BASED TIMETABLE – Tuesday variation Option 3

Timetable if based at Symbister and crew hours remain at present 42 hours per week

Skerries <i>Whalsay Based Vessel</i>																	
Port	Depart Symbister	Arrive Skerries	Depart Skerries	Arrive Vid/Lk	Depart Vidlin	Arrive Ske	Depart Skerries	Arrive Vidlin	Depart Vidlin	Arrive Ske	Depart Sk/Lk	Arrive Vidlin	Depart Vidlin	Arrive Skerries	Depart Skerries	Arrive Symbister	Return Sailings
Monday	08:00*	09:15	09:25	10:50	11:00											11:45	1
Tuesday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35									14:05***	2
Wed																	
Thursday	06:30	07:45	08:30	11:00	Discharge, maintenance and load in Lerwick						14:00			16:30	17:15	18:30**	1
Friday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:05	19:30	19:40	20:55**	4
Saturday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:00			18:40	3
Sunday	14:05							14:50	14:55	16:20	16:30	17:55	18:00			18:40	1
All sailings operate on a bookings only basis (except Thursday Lerwick runs)																	12

08:00* - Connects from 07:10 Whalsay sailing from Laxo to Symbister.

14:05*** - Connects with 14:45 Symbister to Laxo sailing arriving 15:15.

18:30** & 20:55** - Connects with 21:15 Symbister to Laxo sailing arriving 21:45.

POSSIBLE SYMBISTER BASED TIMETABLE – Tuesday variation Option 4

Timetable if based at Symbister and crew hours remain at present 42 hours per week

Skerries <i>Whalsay Based Vessel</i>																	
Port	Depart Symbister	Arrive Skerries	Depart Skerries	Arrive Vid/Lk	Depart Vidlin	Arrive Ske	Depart Skerries	Arrive Vidlin	Depart Vidlin	Arrive Ske	Depart Sk/Lk	Arrive Vidlin	Depart Vidlin	Arrive Skerries	Depart Skerries	Arrive Symbister	Return Sailings
Monday	08:00*	09:15	09:25	10:50	11:00											11:45	1
Tuesday	08:00*	09:15	09:25	10:50					14:30	15:55	16:00					17:15***	2
Wed																	
Thursday	06:30	07:45	08:30	11:00	Discharge, maintenance and load in Lerwick						14:00			16:30	17:15	18:30**	1
Friday	08:00*	09:15	09:25	10:50	11:00	12:25	12:35	14:05	14:55	16:20	16:30	17:55	18:05	19:30	19:40	20:55**	4
Saturday	11:30^					12:45	13:00	14:25	14:55	16:20	16:30	17:55	18:00			18:40	2
Sunday	14:05							14:50	14:55	16:20	16:30	17:55	18:00			18:40	1
All sailings operate on a bookings only basis (except Thursday Lerwick runs)																	11

08:00* - Connects from 07:10 Whalsay sailing from Laxo to Symbister.

11:30^ - Connects from 10:30 Whalsay sailing from Laxo to Symbister.

17:15*** - Connects with 17:45 Symbister to Laxo sailing arriving 18:15.

18:30** & 20:55** - Connects with 21:15 Symbister to Laxo sailing arriving 21:45.

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Skerries Community Council Formal Response To Revised Proposals For The Skerries Ferry Service As A Result Of The Inter Island Ferries Review		
	COMMUNITY COUNCIL COMMENT	OFFICER RESPONSE
1.	Medical appointments can't always take place on a Thur or Fri, consultants are not normally up in Shetland on a Fri.	<p>NHS Shetland has raised an issue for NHS patients needing to travel off Skerries for out-patient appointments and hospital admissions, where their journey would require extra overnight accommodation around an appointment on the days that the ferries don't run. Specifically they hold a multi-professional diabetic clinic on a Tuesday and clearly have a concern about the potential impact of the changes to ferries that will impact on this. They will look at what they can do to rearrange their service to accommodate the transport available, as they do for patients travelling from other islands where there is not a daily service. However, they have less flexibility for visiting consultant services and for access to services in Aberdeen, so, though the numbers are small, there will be some knock on effect for access to services and, if we cannot change the service configuration around this, some additional cost to the Health board for additional accommodation for patients.</p> <p>Ferry Services have suggested 4 timetable options which will retain a Tuesday ferry service with Skerries as detailed in appendix 3</p>
2.	It is unreasonable to cut our service by half, no isle should be expected to give up this much, you can't make the savings on our route so you should go back to all the other communities and make a bit more of a saving on their routes to allow us to survive.	<p>There are currently 13 sailings into Skerries and 12 from Skerries each week over 6 days.</p> <p>The Skerries based option would have given the same frequency in summer and one less sailing each way in winter. The Symbister based vessel options in appendix 3 would give between 11 and 13 sailings into Skerries and between 12 and</p>

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		<p>13 from Skerries each week although it is accepted that some would be via Symbister over 5 or 6 days.</p> <p>The Skerries service cost Shetland Islands Council £1.53 million to operate in 2011/12. The proposed service changes will save £275k (17.9%). There are a further £123k in savings by reducing crew which will not affect the frequency or capacity of the service. Even taking both together reduces the cost by 26%.</p> <p>Savings on other routes have already been identified and are being implemented, additional savings would require reductions in the length of the sailing day by ceasing some sailings on Bressay, Bluemull, Whalsay, and Yell sounds which is likely to be opposed by these communities.</p>
3.	We need to be able to get people out from here on Monday and school teachers etc into Skerries, we can't have folk unable to get to their work until Thursday for example if the ferry can't run on Monday and the next timetabled run is Thursday.	<p>Throughout the Ferry Review, it has been stressed that all timetables options presented have been illustrative and can be amended to better meet the needs of the communities within available resource.</p> <p>All of the options given to Skerries include a Monday service. The 4 variations in appendix 3 suggested ways to provide a Tuesday service.</p>
4.	We need to be able to get mail out and in more than 3 times a week.	All of the timetable options provide a service between Skerries and the Shetland mainland on at least 5 days per week.
5.	The nurse needs to be able to get bloods out a few times a week.	It is not clear why this would be an issue. Ferry Services are not aware of any special arrangements to ship blood samples at present. As stated in 4 above, all of the timetable options give services on at least 5 days a week with possibility of a 6 day service.
6.	The hall needs to be able to hold events that visitors can get in	<p>The objectives of the Inter Island Ferry Review were:</p> <ul style="list-style-type: none"> • As a priority provide transport links to maximise

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	and out to keep being viable.	<p>economic activity throughout Shetland and provide links that maintain employment opportunities in Shetland;</p> <ul style="list-style-type: none"> • Provide transport links to promote social mobility and inclusion in a way which does not widen the equality gap; • Provide transport links that use a risk based approach to managing safety within legislative requirements; • Provide transport links that maximise the ability to adapt to future influences external to the ferry service; • Provide transport links that minimise carbon emissions. <p>It is considered that the revised option is consistent with these objectives and timetable variations can be accommodated within the available resource to reflect the community's priorities.</p>
7.	We are trying to build up tourism to help the isles economy, this weekend has seen the History Group holding a 3 day event in the hall and also there has been 4 or 5 Geocache's placed on the isle so in total we have 6 to be found.	See answer to 6. above.
8.	People in Skerries should be able to have a social life on the mainland if they wish and not just be there long enough to have an appointment and get back again.	See answer to 6. above.
9.	We need to be able to transport tonnes of salmon and feeding every week and empty salmon bins back in every week to keep the business going.	This is recognised and is why it was agreed to retain one sailing a week directly to Lerwick rather than withdraw both.
10.	Have you asked the Health board how this would impact on them and how much it would add to their patient travel costs, they pay	The NHS has been consulted throughout the Ferry Service Review and has made formal and informal submissions to the consultation process.

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	£35 per night towards accommodation?	<p>NHS Shetland has raised an issue for NHS patients needing to travel off Skerries for out-patient appointments and hospital admissions, where their journey would require extra overnight accommodation around an appointment on the days that the ferries don't run. Specifically they hold a multi-professional diabetic clinic on a Tuesday and clearly have a concern about the potential impact of the changes to ferries that will impact on this. They will look at what they can do to rearrange their service to accommodate the transport available, as they do for patients travelling from other islands where there is not a daily service. However, they have less flexibility for visiting consultant services and for access to services in Aberdeen, so, though the numbers are small, there will be some knock on effect for access to services and, if we cannot change the service configuration around this, some additional cost to the Health board for additional accommodation for patients.</p> <p>Ferry Services have suggested 4 timetable options which will retain a Tuesday ferry service with Skerries as detailed in appendix 3.</p>
11.	We have more people and more industry than some of the isles, we know their runs are shorter but they have a lot every day.	The Inter Island ferry review has sought to minimise the impacts on all our island communities, however, it is not possible to reduce the level of service to an affordable level without affecting these communities.
12.	Skerries has put a lot of money into the Shetland economy.	The priority objective of the Inter Island Ferry Review was to provide transport links to maximise economic activity throughout Shetland and provide links that maintain employment opportunities in Shetland, for this reason the review concluded that retaining the Thursday sailing to Lerwick was necessary as this was a priority for the Salmon industry which is the principle economic output of the Skerries.

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13.	We need to keep the weekend ferry runs in case we do not win the fight to keep the Secondary room open.	If the Skerries Secondary School is to close, the pupils will presumably travel from the hostel in Lerwick on a Friday evening and return on a Sunday late afternoon or Monday morning. All of the timetable options provide these sailings.
14.	The local shops need to be able to get goods in twice a week and Grays and the dairy do not have spare vans to put goods up to Vidlin.	The need to supply the shops is recognised and is why it was agreed to retain one sailing a week directly to Lerwick rather than withdraw both.
15.	As one Councillor said before Christmas about North link “this is our road to the mainland”.	The importance of Inter Island Ferries is recognised by the Council; however, all services need to make savings in order for the Council to reach a sustainable budget position.
16.	There should be an economic study done to see how this is going to affect the isle.	It is recognised that the principle economic output of the Skerries is the Salmon industry and the key service for this was identified as the Thursday sailing to Lerwick to allow fish to get to market, this service is retained.
17.	You are depriving us of health care, fresh goods and the right to have a social life.	The level of service change is detailed in 2 above, and this will maintain access to services for the community although it is recognised that this will be at a reduced level. Timetables can be altered to better meet the community’s priorities within the resource available, however it is recognised that all communities will be affected by public sector spending reductions.
18.	When going out to meetings they normally start at 10am and NONE of the timetables you have come up with can do that. In fact the timetables you have put up for us to look at are not for the benefit of the isle but rather we are the last link in the puzzle.	As stated in 3 above, timetables can be altered to better meet the community’s priorities within the resource available.

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19.	We still need to hear how the use of banked runs is going.	“Banked runs” was discussed during the community consultation process as a concept which may assist the communities. It was, however, stated that it will be difficult to operate unless the ferry is based in Skerries. The revised proposals do not allow for banked runs as this could not be accommodated within the resources available.
	These are reasons why we need the 6 day a week service	Appendix 3 details options available for providing a 6 day a week service.

**Shetland Islands Council****12 June 2013****Review of Tertiary Education**

Report No. DSD-11-13-F

Report Presented by: Director Development Services**Development Services****1.0 Summary**

- 1.1 The purpose of this report is to present to Council the Review of Research, Training and Tertiary Education in Shetland which has recently been completed, and seek agreement from the Council to a single governance model external to the Council in line with the recommendations of the report. (attached appendix 1)

2.0 Decision Required

- 2.1 That Shetland Islands Council RESOLVES to approve the proposed governance model for Tertiary Education in Shetland detailed in paragraphs 3.11, 3.12 and 3.13 of this report and instruct the Director of Development Services to form a Project Board with representatives of the organisations and produce a detailed business model and implementation plan, for consideration by the Council.

3.0 DetailBackground

- 3.1 The Council at its meeting on 5 December 2012 resolved to approve the recommendation by the Shetland College Board to commission a review of FE and HE education in Shetland (Min Ref: 104/12).
- 3.2 The scope of the review was discussed with the board of the NAFC Marine Centre as stakeholders in the review on 31 January 2013. The Marine Centre board requested that the scope be extended to cover research and knowledge transfer activities, but otherwise endorsed the scope.

- 3.3 Anderson Solutions were contracted to undertake the review in March 2013, and provide a report. The scope of work was to conduct an options appraisal of the governance options for the main providers of Tertiary Education in Shetland, being Shetland College, NAFC Marine Centre, Train Shetland and Adult Learning, and provide recommendations. The review included over 40 consultations with board members, stakeholders, senior managers and staff and union representatives.
- 3.4 The Draft report was received on 27 May and was circulated to the Shetland College Board and NAFC Marine Centre board for comment.
- 3.5 The NAFC Marine Centre Board met on 30 May to consider the Draft report, and the Board endorsed the recommendations of the report, NAFC Marine Centre letter attached in Appendix 2.
- 3.6 Shetland College met on 3 June and endorsed the recommendations of the report but requested that the recommendation to keep Adult Learning within SIC be explored further.

Options Appraisal

- 3.7 A list of options for possible governance model were developed from an original list of options provided to the consultant:

Options for NAFC Marine Centre and Shetland College

1. Maintain both institutions as they are.
2. Maintain NAFC Marine Centre as it is and Shetland College becomes an independent College.
3. Create an umbrella organisation which provides joint governance and shared services and that has two separate delivery organisations.
4. Create one independent college with its own governance.
5. Create one independent college with its own governance but Marine Science and Technology section of NAFC would become a separate organisation.
6. Develop one college within Shetland Islands Council.

Options for Train Shetland

- TS1. Retain Train Shetland as it is within SIC
- TS2. Train Shetland activity is integrated into the Option selected for Shetland College
- TS3. Train Shetland activity stays within SIC but becomes integrated in new central Training function within Human Resources.
- TS4. A combination of Options 2 and 3 with current Train Shetland activities divided up between the Shetland College Option and the new Training function in SIC.

Options for SIC Adult Learning

- AL1. Retain Adult Learning as it is within SIC
- AL2. Transfer activities of Adult Learning to selected Option for Shetland College.

3.8 The following criteria were used to appraise the options:

- Coherent strategic direction and a strong voice;
- Stakeholder buy-in;
- Additional value for Shetland;
- Ability to pursue opportunities; and
- A quality experience for learners and industry.

3.9 The options for NAFC Marine Centre and Shetland College were discussed at a joint meeting on 15 May 2013 with the board members of both organisations.

3.10 A detailed analysis of options is contained within the attached report.

Proposal

3.11 The Shetland College and NAFC Marine Centre are joined into one new independent organisation.

3.12 The majority of Train Shetland activities including vocational training and short courses are transferred to the new college organisation. Training activities solely targeted at SIC are retained in the SIC.

3.13 Further work is required to assess whether Adult learning remains within SIC, or becomes part of the new organisation. This will be considered as part of the review of Community Planning & Development which is due to commence in June and report in October.

Implementation and next steps

3.14 Should the Council agree to the proposals in this report, a project plan would be constructed detailing the implementation steps including the development of a business plan.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

The review of Tertiary Education in Shetland links to the corporate priority of maximising the opportunities for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning.

4.2 Community /Stakeholder Issues

Stakeholders were involved in the consultations which formed part of the review.

4.3 Policy And/Or Delegated Authority

As there are several services referred to within the recommendations of this report the report is being presented to the full Council.

4.4 Risk Management

The extent to which success can be achieved will be determined by the effective implementation of the option and the timescales within which the change is achieved.

4.5 Equalities, Health And Human Rights

None.

4.6 Environmental

None.

Resources

4.7 Financial

A detailed project implementation budget will require to be drawn up. However the financial implications relating to this report will be delivered with the Directorate budgets and application to Change Programme

4.8 Legal

Legal resources will be required and will be detailed within the project plan.

4.9 Human Resources

HR resources will be required and will be detailed within the project plan.

4.10 Assets And Property

Asset and Property advice will be required and will be detailed within the project plan.

5.0 Conclusions

- 5.1 The creation of a sustainable model for tertiary education, training and research is a priority for the Council and the wider Shetland community. The governance model recommendations in this report if approved are the first step in a large and significant process to achieve a sustainable model which fits with Regional and National frameworks for delivery of FE, HE and Research and integrated with schools service and economic priorities.

For further information please contact:

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5 June 2013

List of Appendices

Appendix 1 - Review of Research, Training and Tertiary Education in Shetland', Anderson Solutions.'

Appendix 2 – Letter from NAFC Marine Centre Board 3 June 2013

Review of Tertiary Education, Training and Research in Shetland

Final Report

May 2013

Shetland Islands Council

Review of Tertiary Education, Training and Research in Shetland

May 2013

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1 Introduction

- 1.1 Anderson Solutions (Consulting) Ltd was commissioned by the Executive Director of Development Services, Shetland Islands Council (SIC) to undertake a Review of Shetland College, Train Shetland and Adult Learning, all of which are part of SIC, and NAFC Marine Centre (NAFC) which is the trading name of Shetland Fisheries Training Centre Trust, a private charitable trust. Although the Review was commissioned by SIC, it was done so with the support of the Board of Shetland Fisheries Training Centre Trust (SFTCT). The services delivered by NAFC and the sections of SIC subject to the Review include: Further Education (FE), Higher Education (HE), Modern Apprenticeships (MAs), Short Courses and Research.

Purpose of the Review

- 1.2 The purpose of the Review was to identify the strongest model for the future governance of and overall structure for the delivery of the services provided by the three sections of SIC listed above and by NAFC Marine Centre.
- 1.3 The Review has been undertaken at a time when significant change is occurring in the operating environment for these services. The two most immediate and significant changes are:
- the implementation by SIC of an ongoing programme of budget reductions across all areas of activity with the aim of significantly reducing the financial commitments of SIC; and
 - the FE sector throughout Scotland is undergoing a substantial and rapid reform programme that is being driven by the Scottish Government.
- 1.4 The Review was required to consider how the model of governance and delivery of tertiary education, training and research in Shetland can be strengthened to enable it to secure a successful and sustainable future in what is currently a fast changing environment.
- 1.5 The Review had a specific remit to focus on governance and the overall structure of the delivery model. The Review does not attempt to answer all of the questions that exist around change. If change is pursued it is without doubt that further analysis and engagement with stakeholders will be required before the exact process of change and the detailed design and activities of a new model can be fully understood and agreed.

Methodology

- 1.6 The Review has taken the form of a strategic options appraisal to identify the strongest model for the future governance of and overall structure for the delivery of tertiary education, training and research in Shetland.
- 1.7 The Review commenced in April 2013 and the report was submitted at the end of May 2013. The methodology used for the Review was developed to meet this timescale. The research activities undertaken for the Review included:
- consulting with each Board Member of Shetland College and NAFC Marine Centre;
 - consulting with the senior management of the services under Review;
 - consulting with staff and union representatives for three of the services under Review;

-
- consulting with senior officers from relevant departments in SIC;
 - consulting with key stakeholders external to Shetland including University of the Highlands and Islands, Scottish Funding Council, Scottish Government College Reform Team and Highlands and Islands Enterprise;
 - a review of background information and analysis of existing data on the services; and
 - a joint seminar with Board Members of Shetland College and NAFC to discuss emerging findings and conclusions.
- 1.8 A list of all of those consulted is contained in Appendix A and a list of Board Members who attended the seminar is also included.
- 1.9 The Review process has received extensive support from the Executive Director of Development Services, the Acting Principal of Shetland College and the Director of NAFC Marine Centre. We take this opportunity to thank them for their assistance.

Report Structure

- 1.10 The report is structured as follows:
- Chapter 2 provides a description of the four services subject to the Review informed by the consultation programme and data provided. The chapter concludes with a summary of the key issues identified in relation to governance and structure;
 - Chapter 3 provides information on the changing environment for these services;
 - Chapter 4 presents conclusions on the delivery model and the environment within which it is operating;
 - Chapter 5 outlines the options proposed for the future governance and structure of these services and provides background to the appraisal approach adopted for the analysis;
 - Chapter 6 presents the analysis of options for NAFC Marine Centre and Shetland College and provides a conclusion on the strongest option for future governance and structure;
 - Chapter 7 presents the analysis of options for Adult Learning and Train Shetland and provides a conclusion on the strongest option for each; and
 - Chapter 8 presents the conclusions of the Review and provides guidance which may support next steps if a change proposal as outlined in the appraisal is approved.

2 Current Model of Delivery

- 2.1 Adult Learning, Train Shetland and Shetland College are all part of SIC. NAFC Marine Centre, although substantially supported by SIC, is a private charitable Trust. Between the four services they provide a combination of education, training and research services in Shetland. The purpose of the services is to provide value and benefit to Shetland.
- 2.2 Chapter 2 presents an overview of the four services covered by the Review and contains:
- a summary of background information which is relevant to understanding the current model of delivery;
 - a description of Adult Learning, Shetland College, Train Shetland and NAFC Marine Centre. Information on purpose, governance, structure, facilities and activity is presented; and
 - an analysis of key issues which exist across the current model.

Background

- 2.3 The following presents a summary of background information which is of relevance to the Review:
- Several consultees commented that this was one review of many with a similar focus that have been undertaken over the years and that little has previously changed.
 - A shared principal post was attempted between NAFC Marine Centre and Shetland College from Spring 2011 to Autumn 2012 but the arrangement came to an end and in January 2013 an Acting Principal was appointed to Shetland College.
 - Train Shetland was brought under the line management of Shetland College as a result of a previous review. However Train Shetland's budget and activities are not integrated into Shetland College.
 - The creation and development of NAFC Marine Centre has largely been driven by SIC. As a result the Centre has undertaken policy and development activities on behalf of SIC for which it has received funding.
 - Adult Learning, Shetland College and Train Shetland have been moved around within the structure of SIC over a period of years. All are now currently located in the Development Services Directorate.
 - The Further and Higher Education (Scotland) Act 1992 removed Colleges from local authorities and created incorporated colleges, i.e. independent organisations with charitable status. The rationale for this was that independence would support the college sector to better focus on and respond to the needs of the economy. When Colleges were incorporated across Scotland, Shetland College and Orkney College remained within their respective local authorities where they still remain.

Adult Learning

Purpose

- 2.4 The purpose of Shetland's Adult Learning provision is to empower people, individually and collectively, to make positive changes in their lives and in their communities through learning. Adult Learning is a primary mechanism through which the SIC's Community Learning and Development (CLD) priorities are achieved.

Governance

- 2.5 Adult Learning is located within SIC's Community Planning and Development Services and is part of SIC Development Services. The service contributes to key strategic outcomes in Shetland's Community Plan and also contributes to Shetland meeting the national outcomes in Community Learning and Development (CLD) strategic guidance.
- 2.6 The Executive Manager of Community Planning and Development reports to the Director of Development Services.

Organisational Structure

- 2.7 Community Planning and Development's services include Adult Learning, and Community Work, two of the three strands of Community Learning and Development activity.
- 2.8 The Adult Learning team at SIC comprises 4.7 full-time equivalent staff which includes:
- 1 team leader
 - 3.7 FTE Adult Learning Development Officers
- 2.9 There are approximately 50 sessional staff. This complement has reduced in recent years.

Facilities

- 2.10 Adult Learning is located in the corporate headquarters of SIC. Service facilities include office space and two learning rooms which are used for the delivery of educational services.

Funding and Cost of Operation

- 2.11 Data from SIC Finance shows that the net cost to SIC of Adult Learning was £341,995 in 2011/12 and £224,837 in 2012/13. The service does attract some income from SFC for activities but this is a relatively small amount compared to the cost of operating the service. Adult Learning also earns some income from course fees, largely evening classes. In 2013/14 income at Adult Learning is expected to represent 15% of total operating costs, which is expected to leave a net cost to SIC of just over £211,000.

Activity

- 2.12 The target groups for Adult Learning share some similarities with those of the Community Learning section in Shetland College but on the whole are quite different to those of NAFC Marine Centre, Train Shetland and Shetland College and include:
- people with low initial skills/qualifications;

- people recovering from substance misuse;
- vulnerable individuals;
- disadvantaged/vulnerable families;
- geographically isolated people;
- people who speak English as an additional language;
- offenders/ex-offenders and people at risk of offending;
- adults with poor health or disability; and
- unemployed people.

2.13 There are three principal strands to the Adult Learning activity:

- *English for Speakers of Other Languages (ESOL)* - this provision addresses issues of exclusion for non-speaking English immigrants and enhances their employability and participation within the local community.
- *Literacy and Essential Skills* - this addresses employability, IT and Financial skills (personal Finance). It is delivered through a mix of one-to-one and group based activity. Digital stories are used as a means of communicating key messages and feedback suggests that these have been very effective.
- *Evening Class programme* - this is designed to build the capacity of local people to share their skills with members of the local community.

2.14 The difference between the activity of Adult Learning and that of the Community Learning section of Shetland College is that Adult Learning provides earlier stage intervention and non-certificated courses whereas the College provides certificated courses to individuals who are ready to engage in a College environment.

Local priorities

2.15 Adult Learning has benefitted from the two Local Learning Partnerships that CLD has established in the Northern Isles and South Shetland. These partnerships use the results of local consultations to inform local planning and hence define the most appropriate provision.

2.16 In 2012, strategic guidance from the Scottish Government presented the link in policy terms between CLD and:

- young people and families;
- social policy;
- learning communities; and
- empowered communities.

2.17 In terms of SIC's core responsibilities, Adult Learning contributes to and complements statutory obligations.

2.18 It is understood that the Scottish Government is issuing a statutory instrument later in 2013 that will allow CLD activities to be audited. We provide more detail on this in Chapter 3 but would note here that it will place greater emphasis on the SIC's delivery of Adult Learning activities.

The link between Adult Learning and Community Learning

- 2.19 Adult Learning is delivered by SIC while Community Learning activity is delivered by Shetland College. There are a number of differences in the approach of these two Council sections:
- *Adult Learning* is delivered flexibly and in locations where there is a specific demand at a given point in time. It is tailored both to individuals and identifiable groups. It is generally not accredited and the aim is to address the core needs and challenges of those who are engaged.
 - *Community Learning* is delivered through Shetland College's Community Learning Centres. There are six Centres located throughout the islands. These provide a venue at which local communities (and individuals) can participate in Shetland College's outreach courses. The provision delivered by Shetland College has a high degree of accreditation as all courses are assessed to SCQF standards (in recognition of Community Learning's contribution to learners' progression to Further Education).

Measure of Success

- 2.20 In March 2012, HMIE assessed the impact of the CLD work in Shetland with adult learners as being "very good".
- 2.21 Research indicates that participants on the Adult Learning programmes derive health and well-being benefits - 37.5% report an improvement in health and well-being.
- 2.22 Table 2-1 presents data collected by the CLD team.

Table 2-1: Adult Learning Activity and Outcomes in 2011/12

Measure of Activity and Outcomes	Number
Learners taking part in community based evening classes	832
Learners improved essential skills (literacy, computing, employability)	190
Learners improved English for speakers of other languages	161
Learners gaining accreditation	48
Learners progressing to further training or learning	92

Source: Community Learning and Development, SIC

Key Issues

- 2.23 Of the four services reviewed, Adult Learning appears to be closest to the SIC's core provision of social and community support services. A key difference between its purpose and that of the other three areas under review relates to the target group and the stage at which intervention takes place. With Adult Learning, the target group is identified by the relatively complex personal needs of the learner. There is likely to be a relatively high level of cross-over between other forms of SIC-delivered social support and that delivered by Adult Learning. Whereas it is understood that the Community Learning section of Shetland College will take individuals who are ready to engage more fully in accredited education and support them to develop within a college environment. These individuals may have had earlier support from Adult Learning to reach this stage in their personal development.
- 2.24 Shetland College, NAFC Marine Centre and Train Shetland are primarily providing training focused on economically driven opportunities. While there may be some overlap between Adult Learning and the Community Learning section of Shetland College, the

nature of the services offered by the other three services subject to this Review is quite different and comparatively homogenous.

Shetland College

- 2.25 The history of Shetland College reflects those of traditional FE colleges throughout Scotland until Incorporation in 1992. When colleges in the rest of Scotland were becoming independent Incorporated colleges, Shetland College and Orkney College remained within their respective local authorities.
- 2.26 Following the creation of UHI, Shetland College was able to broaden its portfolio and now offers courses up to degree and post-graduate level in certain subject areas. Using the technology available through UHI it is possible for learners in Shetland to access courses provided elsewhere in UHI and for courses provided in Shetland to be accessed by learners located elsewhere.

Purpose

- 2.27 Shetland College's Strategic Plan (2011-2016) sets out five strategic priorities under which 20 strategic objectives have been identified, the most up-to-date version of these objectives can be viewed in the 2012/13 Operating Plan however the 2013/14 Plan is close to final approval. The five priorities are:
- Ensure the college has a flexible and appropriate curriculum which meets individual and employer needs and helps to sustain Shetland's economy and social and cultural development;
 - Ensure effective governance, leadership and management and ensure financial sustainability;
 - Enhance the approaches to learner engagement and the student voice;
 - Ensure all learners reach their potential through commitment to quality standards and continued investment in staff development to ensure a quality experience for all learners; and
 - Provide a sustainable, safe and quality environment for our staff, students and all stakeholders.
- 2.28 As an Academic Partner of the University of the Highlands and Islands (UHI), Shetland College must also work to achieve the six UHI strategic priorities. And as part of SIC has to work towards the outcomes identified in the Single Outcome Agreement and support the Corporate Plan.

Governance

- 2.29 Shetland College is a service within the Development Services department of SIC. However, there are a number of key differences in its governance in comparison to other activities of SIC:
- Shetland College has its own Board which is made up of 6 Councillors; and
 - although the College budget and personnel issues are ultimately the responsibility of the Executive Director of Development Services, Shetland College does not report to the Development Services Committee of SIC, the reports of the College Board go direct to the full Council.

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- 2.30 This means that in structural terms the Board has taken the place of a Committee within the overall SIC governance structure however in operational terms Shetland College is part of the Development Services Directorate. This arrangement appears to contribute to a lack of clarity around the governance of the College.
- 2.31 Consultees directly involved in Shetland College frequently expressed concern around governance. These concerns included:
- limited strategic guidance and engagement from the Board;
 - a lack of stability around the management of Shetland College.
 - limited confidence in the governance process which surrounds the College Board and a belief that the Board is not acting as effectively as it could be;
 - a lack of delegated authority to the Board to make and implement decisions at a local and regional (UHI) level;
 - the slow pace at which decisions that are made at Board level have been implemented; and
 - the slow pace at which issues affecting the operation and reputation of the College have been addressed.
- 2.32 Overall, the consultations highlighted a lack of clarity around the extent of control and responsibility held by the Board of Shetland College and the consultations identified a sense of helplessness and frustration amongst Board Members.
- 2.33 Furthermore, it is understood that because Shetland College is a part of SIC that it is not possible for the Board to be more diverse, only Councillors can sit on the Board. Elsewhere a College Board is likely to be more diverse, for example, it is a requirement of Incorporated Colleges that a College Board includes individuals who represent staff and learners and College Boards will usually also have individuals from private industry. Councillors have been barred from being a Chair of an incorporated college.
- 2.34 Shetland College is also an Academic Partner in University of Highlands and Islands. The Chair of the Shetland College Board sits on the University Court and the recently created Regional Board for FE. The Acting Principal of Shetland College also attends meetings targeted at Principals and is actively engaged in a number of UHI initiatives. Prior to regionalisation the role of UHI in relation to governance centered around shared policies and procedures and academic standards and quality regulations. Each of the UHI partners also sign up to a shared Outcome Agreement for which the Board will be held accountable.

Organisational Structure

- 2.35 The management team at Shetland College is very small with only two members, the Acting Principal and the Operations Manager. Senior Lecturers exist in seven departments of Shetland College and the academic staff are line managed by the Acting Principal. Support staff are line managed by the Operations Manager. Support staff provide Administration, Library, Technical and Facilities services to the College. The Acting Principal also line manages the two Managers employed by Train Shetland.
- 2.36 In 2013/14 staffing numbers at Shetland College are:
- 60 teaching staff, reported to be equivalent to 35.08 FTEs; and

- 28 support staff, reported to be equivalent to 27.94 FTEs (SVQ assessors account for 6.67 FTEs).

2.37 Total staff numbers were supplied by Shetland College and FTE data was provided by central SIC services. There appears to be some inconsistency.

Facilities

- 2.38 Shetland College is located in the Gremista Industrial Estate on the outskirts of Lerwick. The building was specifically constructed for the College however it is in a relatively isolated location. Access is difficult as public transport to the site is infrequent, there are few pavements as you near the college and no additional infrastructure such as cycle ways. It is a considerable distance from the centre of Lerwick and therefore not within a reasonable walking distance for many arriving in or resident in the main town of Lerwick. There is also very little else in the way of services within the Industrial Estate for learners or staff. There is a construction project underway to extend the main building and it is hoped that this will provide some improvement in the environment for learners and staff.
- 2.39 The main Shetland College building is leased from Shetland Leasing and Property Limited (SLAP), an operating arm of the Shetland Charitable Trust.
- 2.40 Shetland College also currently rents smaller office buildings in Lerwick for some of its services however once construction of the new extension is complete it is hoped that all Lerwick based activities will be located at the main building. Shetland College also has six learning centres throughout Shetland which are located in various types of buildings. The operation of the learning centres has benefitted from external funding, most recently from LEADER, however there is doubt over whether the costs of operating these Centres can be met by Shetland College in the future.
- 2.41 The main Shetland College building also provides accommodation to the UHI video conferencing service, which provides video conferencing services to the rest of UHI. The service is located in Shetland College and is staffed by employees of UHI.

Income and Cost of Operation

- 2.42 Obtaining clarity on the income and costs associated with Shetland College has not been straightforward. Financial analysis is complicated because Shetland College income and activity is linked to an academic year and SIC financial management is linked to the financial year of SIC.

Activity Based Income

- 2.43 The following information in relation to the academic year 2011/12 has been received from Shetland College:
- In 2011/12 Shetland College received over £2.8 million of income directly related to departmental activity or activity undertaken at Train Shetland and NAFC Marine Centre;
 - 63% of the £2.8 million income (£1.78m) was provided by Scottish Funding Council (SFC) to support the delivery of FE and HE activity. 84% of the SFC funding was linked to FE activity;
 - The remaining 37% of income was generated largely from course fees, the majority of which was provided by Student Awards Agency for Scotland (SAAS), and training grants, the majority of which is a Service Level Agreement with SIC to deliver care related learning. However other sources of income include commercial income

generated by the Textile Facilitation Unit and LEADER funding in support of the community learning centres. The LEADER funding was a short-term grant.

SIC Investment

- 2.44 Shetland Islands Council owns and operates Shetland College and support for the activities of the College is provided in a number of ways. Financial investment by SIC includes:
- funding to meet property related costs, principally the lease of the building from SLAP but also maintenance and rates. In 2011/12 this amounted to £445,028. In 2012/13 this support reduced to £395,728 and in 2013/14 it will be reduced further to £295,728. However, the cost of property to Shetland College in this time has not substantially changed; and
 - investment in services which the College delivers for the greater good of Shetland. Funding has previously been provided to the Textile Facilitation Unit to support services to industry. Although this no longer occurs as a result of SIC budget reductions
- 2.45 The financial investment by SIC in 2012/13 represented approximately 12% of the total operating costs of Shetland College, excluding payments made for the procurement of education and training for SIC staff.
- 2.46 In addition to financial investment, ownership by SIC also enables access to central SIC services including Finance, Legal and HR. These services are paid for by Shetland College through a recharge process and Shetland College pays for these services out of its earned income.
- 2.47 SIC is also an important customer of Shetland College and payments made by SIC to Shetland College are included in the earned income sum detailed above. SIC also uses Shetland College to deliver the Skills for Work programme for which Shetland College does not receive an additional payment. It is understood that NAFC Marine Centre does receive payment for Skills for Work.

Cost of Operation

- 2.48 The cost of operating Shetland College in 2011/12, excluding property costs, was £2.9 million of which approximately 83% was staffing costs. The total cost of operation, including property costs, was £3.4 million.
- 2.49 In the years where costs exceed income Shetland College has been able to meet the deficit by using its own reserves.

Activity

- 2.50 Shetland College provides the following educational and research services:
- Further Education which incorporates certificated NC and ECDL courses;
 - Higher Education including HNC, HND, Degree and post-graduate provision;
 - Vocational Qualifications including the provision of assessors for Modern Apprenticeships and work based VQs (assessors are included in the number of support staff rather than teaching staff);
 - Research; and

- Vocational Pathways Skills for Work, provision to school pupils during secondary school years three and four.

- 2.51 Shetland College is also engaged in the networked delivery of a range of HE courses. Networked delivery is a module/course delivery format which operates fairly extensively across UHI, using video-conferencing (VC) equipment and virtual learning environment (VLE). The format enables lecturers across UHI partner colleges to deliver different modules of a course to groups of students who can be located anywhere across the UHI network, and on occasion, beyond the UHI network. Networked delivery can and does bring a range of HE courses into Shetland which would not otherwise be available, and it also enables some networked modules to be delivered from Shetland to larger student groups across the UHI partnership. Networked delivery of modules/courses comprises a variety of blends and formats including video-conferencing lectures and seminars, on-line learning via the VLE and the use of its discussion boards, and email exchange, and students are assigned a personal academic tutor (PAT) in their enrolling academic partner college.
- 2.52 A curriculum review process was undertaken in 2012. This was reported to be a valued exercise to staff as it provided them with an opportunity to contribute to development ideas for Shetland College. The different sections within Shetland College are:
- **Creative Industries** The Creative Industries section has 4.78 FTE staff members (including 2 part-time technicians) and the College sub-contracts delivery of Music courses to Shetland Arts through a Service Level Agreement. The section delivers non-certificated short courses, Skills for Work, NC and Degree courses covering SCQF Levels 5 to 10. The section also offers commercial services via access to the Textile Facilitation Unit and Technicians. The Curriculum Review document identifies opportunities to develop more HE provision, engage with networked delivery of modules and increase the delivery of evening classes which generate a surplus. The section has addressed small course numbers through joint delivery across year groups in some areas. Financial support for specific activities by SIC Economic Development indicates the importance of this Section's activity to the local economy.
 - **Heritage** The Heritage section has 1 FTE member of staff and has previously been involved in short course provision and FE but the focus of the section is largely on HE activity including degree and post-graduate courses up to SCQF 12. The section is heavily engaged in networked delivery across UHI. The staff member provides a support role to the rest of the College in relation to networked delivery. The section has also published research documents, spoken at conferences and undertaken community engagement initiatives.
 - **Centre for Nordic Studies** Shetland College is a delivery partner in the Centre for Nordic Studies which employs 2 staff members in Shetland. The Centre's headquarters are in Orkney College but Shetland delivers courses and the Centre leases a space within NAFC Marine Centre for local delivery.
 - **Construction** The Construction section has 3 FTE staff members and delivers Skills for Work, SVQ, PDA and HNC courses. The staff are also qualified as assessors and verifiers for VQ provision. In addition to the core staff, the section sub-contracts skilled individuals from industry to deliver the Skills for Work provision. The Curriculum Review document highlights the section's close links with industry and focus on quality vocational provision. The section has identified specific opportunities to generate increased income from an existing non-certificated course, through the development of a networked learning HND course and through cross-selling to increase local learner numbers.

- **Business, Management and Hospitality (BMH)** The BMH section has 6.4 FTE staff members and delivers non-certificated, SVQ, HNC, HND, PDA and Degree courses offering SCQF Level 4 to 11. The department also provides assessor and verifier training for SVQ provision and the Hospitality section provides commercial services to private industry. The Curriculum Review document prepared by this section identified a number of additional SVQ, PDA, HNC and HND courses that could be delivered.
- **Health and Care** The section has 13.32 FTE staff members and delivers Skills for Work, non-certificated, NC, SVQ, HNC, PDA and Degree courses offering SCQF Level 4 to 11. The section has a service level agreement with SIC to deliver education and SVQ assessment services to SIC staff in the care sector. The Curriculum Review document highlights opportunities for the section in relation to Curriculum for Excellence, evening and weekend courses and networked FE and HE learning opportunities. The document also highlights the section's close working relationship with its customers and an understanding of the registration and skills challenges which exist in the Care sector.
- **Computing** The Computing section has 4 FTE staff members and delivers non-certificated, NC, HNC, HND, PDA and Degree courses offering SCQF Level 4 to 9. The department already has experience of networked learning and the Curriculum Review exercise identified multiple clearly defined opportunities including the development of networked learning to deliver modules to identified courses within Partners, specific Curriculum for Excellence opportunities and income generating opportunities through short courses for local industry.
- **Community Learning** The Community Learning Section has 7.9 FTE staff members and offers a mix of FE courses, delivered by lecturers within the section at SCQF Levels 3-6, and support services which enable learners to access education locally or regionally. The section operates six learning centres throughout Shetland, including one in Lerwick. The centres are used for direct delivery of courses and access to UHI networked courses. A substantial focus of the section is to support individuals to access learning in their local community and to achieve positive progression, of particular focus are hard to reach individuals. ESOL and short course delivery is undertaken by both the Community Learning section and Adult Learning in Development Services, SIC. To reduce duplication activity has recently been divided by certificated and non-certificated courses with Shetland College delivering the certificated courses. The Curriculum Review demonstrates the importance of the section's activity to local and national priorities and also refers to the section's engagement in the development of FE networked learning.

2.53 All of the staff employed within these departments are technical or teaching staff. Administrative staff are line managed by the Operations Manager.

2.54 Table 2-2 presents information on learner numbers at Shetland College in 2011/12. In total 1,815 learners were engaged with Shetland College and this represented 430 full-time equivalent (FTE) learners. On a section by section basis the activities of the Community Learning section attracted the largest number of learners. On a FTE basis the Care section engaged with the highest number of FTE learners.

Table 2-2: Shetland College Learner Activity 2011-12

	Learner Nos.	% of Total Learner Nos.	Learner FTEs	% of Total Learner FTEs
Creative Industries	115	6%	41.1	10%
Business and Management	147	8%	42.1	10%
Care	397	22%	161.1	37%
Community Learning	596	33%	21.1	5%
Computing	79	4%	54.3	13%
Construction	76	4%	28.6	7%
Cultural Studies (Heritage + Centre for Nordic Studies)	36	2%	13.4	3%
Hospitality	47	3%	24.0	6%
Special Programmes	23	1%	1.7	0%
Vocational Pathways	131	7%	25.3	6%
ECDL	83	5%	10.5	2%
ESOL	85	5%	7.3	2%
Total	1,815	100%	430.24	100%

Source: Shetland College, SIC

- 2.55 Consultees recognised that Shetland College provides courses which are technically not viable and which have been subsidised by previously available investment or surpluses from other activities. A minimum limit of 10 enrolments has previously been set by Shetland College but this has not always been adhered to given the impact it would have on the portfolio of courses available in Shetland. However, with planned changes to funding it is increasingly likely that more challenging decisions will have to be taken.
- 2.56 Courses will have to demonstrate viability by either achieving a minimum enrolment figure locally, attracting additional funding or by attracting enrolments from outside of Shetland through the use of networked learning in both FE and HE courses. The alternative may be no provision of a particular course to local learners, learners enrolling on alternative courses or Shetland based learners enrolling in networked courses delivered by another Academic Partner but accessing them via Shetland College. In terms of the viability of Shetland College the most attractive development is to increase enrolments in Shetland College either through higher local demand or learners from elsewhere using networked learning to access courses delivered by Shetland College.

Measure of Success

- 2.57 The college sector is heavily scrutinised. Inspections and audits are regularly completed to ensure that quality standards are being maintained. These inspections and audits are undertaken by a range of agencies:
- Education Scotland (formerly HMle) inspects FE provision;
 - Scottish Funding Council administers and monitors the use of weighted SUMS, the method of allocating FE funding in Scotland;
 - Scottish Quality Authority (SQA) are External Verifiers for FE and HE SVQ provision;
 - Quality Assurance Agency (QAA) for HE provision;

- when appropriate reports are required on the use of ESF and ERDF funding; and
 - UHI monitors the implementation of policies, procedures and quality standards.
- 2.58 The most readily available measure of learner success is the Performance Indicators used for FE activity. Table 2-3 presents the data from 2011/12 which shows a rate of 81% for successful completion of FE activity across the College (Table 2-3).
- 2.59 HE performance indicators are not compiled by Shetland College and doing so is complicated as about 30% of UHI HE is delivered by networked learning and therefore courses are delivered across a number of Academic Partners.

Table 2-3: FE Performance Indicators 2011/12

	Enrolments	Successful Completion	Full and Partial Success Combined	Withdrawals
Art & Design	17	82%	88%	12%
Business, Management & Admin	24	58%	100%	0%
Care	150	87%	91%	9%
Computing & ICT	16	69%	81%	19%
Construction	48	100%	100%	0%
Education & Training	27	52%	70%	30%
Hairdressing, Beauty & Complimentary Therapy	6	67%	100%	0%
Hospitality & Tourism	23	91%	96%	4%
Performing Arts	7	100%	100%	0%
Science	14	57%	93%	7%
Social Subjects	3	0%	67%	33%
Special Programmes	5	60%	100%	0%
All FE Provision	340	81%	91%	9%

Source: Scottish Funding Council and Shetland College, SIC

Key Issues

- 2.60 The Review has found a range of issues affecting the strength of Shetland College. The most significant of these are discussed below under the headings:
- Dependency on SIC as a funder, commissioner and customer;
 - Governance;
 - Reputation and Perceptions; and
 - Business Development.

Dependency on SIC

- 2.61 Although Shetland College is a part of SIC it receives only a limited proportion of its funding from SIC. The only ongoing core funding provided by SIC is money provided to cover property costs. The sum paid by SIC to cover property costs, a substantial

proportion of which is paid to SLAP, equated to 12% of total operating costs of Shetland College in 2012/13.

- 2.62 Although core funding may not be considered significant compared to the total budget of this SIC service, SIC is integral to the financial performance of Shetland College as it is a substantial customer of the services provided by the College, and at this time in particular the Care section. The Economic Development Unit has also commissioned specific services from the College. Without SIC as a customer and on occasion a commissioner of services Shetland College would be faced with a challenging financial position.

Governance

- 2.63 In addition to a role in the funding and purchase of services from Shetland College, the SIC is responsible for the governance of the College. Consultees identified weaknesses which have been discussed above and whether perceived or real the current governance structure within SIC appears to be hampering better governance of the College. The feedback received suggests a mood of helplessness within the College which is enhanced by confusion over the extent of control held by the Board and the slow pace at which decisions are implemented.

Reputation and Perceptions

- 2.64 The consultations demonstrated a limited respect for Shetland College and what it provides for Shetland. Furthermore consultees often commented that Shetland College was not considered by many to be a strong destination for school leavers. Feedback from consultees demonstrates that in a small community negative experience in one particular area of activity can affect the whole reputation of an organisation. A weak reputation and a lack of prominence in the local community will exacerbate the challenges faced by Shetland College and its workforce.

Business Development

- 2.65 There is a need to address governance issues in Shetland College however this will not resolve all of the challenges faced by the College. The Curriculum Review undertaken in 2012 highlighted a number of issues for implementation and consideration which echo findings of the Review. The following list provides a summary of development needs and opportunities for Shetland College. The list is based on the consultations undertaken for this Review and the findings of the Curriculum Review:
- develop networked learning in FE to address the challenge of low demand and where possible to improve financial performance through Shetland based delivery;
 - focus on the development of specialist fields of study in both FE and HE based on the strengths of Shetland to create courses that can be delivered across the UHI region;
 - develop more HE activity to improve financial performance. Shetland College is highly dependent on FE funding, which is under pressure at this time due to regionalisation. Issues surrounding regionalisation are discussed further in the next chapter. Development of more HE activity is likely to be critical to the creation of a sustainable model in Shetland;
 - reduce the dependency of Shetland College on SIC demand for Care services as the College is vulnerable to any change in demand from SIC;

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- more coherent coordination of work based SVQ provision between Train Shetland, Shetland College and NAFC Marine Centre to enable efficient use of resources and to avoid duplication;
 - recognise the importance of delivering potentially loss-making introductory courses and services like Skills for Work to encourage individuals to progress into more advanced education and training activities;
 - better match the right resources to the right services to ensure cost effective delivery;
 - avoid duplication of services in SIC Adult Learning and Shetland College Community Learning and develop a more supportive partnership approach between the two;
 - increase engagement with industry and schools to identify and pursue opportunities for development and income generation; and
 - improve marketing and promotional activities to address negative perceptions and increase market share.
- 2.66 The Curriculum Review also called for teaching hours to better reflect the national norm. The current agreement in Shetland means that lecturers provide fewer teaching hours than the average in Scotland.
- 2.67 However, it is not clear how these development needs can be addressed. There is an extremely small management team (2) and no dedicated business development function in the College. Furthermore funding is being cut. Therefore the capacity of Shetland College to pursue the opportunities available to it and address development needs is questionable.

Train Shetland

- 2.68 Train Shetland is part of SIC and consists of two distinct sections operating from separate facilities in Lerwick. The two sections are defined by the different type of activity that they deliver:
- Short course provision; and
 - Vocational Training which consists of facilitation and support services for Modern Apprenticeships.
- 2.69 The synergy which exists in the combination of the two services is linked to the market-led approach which is taken by both services and the fact that the customer base of both is similar. This means that at a management and operational level knowledge can be shared and solutions found to challenges presented by customers.

Purpose

- 2.70 Both sections of Train Shetland are led by public sector and private sector demand. No activity takes place if there is not immediate demand for the activity. All activity at Train Shetland is dependent on industry signing up either to employ Modern Apprentices or to enrol employees on short courses. Train Shetland's customers represent a combination of public, private and third sector organisations.

Short Courses

- 2.71 SIC Corporate Plan specifies Train Shetland is 'the principal training provider for Council services, delivering quality training opportunities, which are responsive to the needs of the service.'
- 2.72 The activity of Train Shetland Short Courses in SIC is less clear than the statement above suggests. Alternative mechanisms for the delivery of training within SIC have developed and the short course activity of Train Shetland has become increasingly responsive to the needs of private and third sector employers.

Vocational Training

- 2.73 The purpose of Train Shetland Vocational Training is to promote and commission the delivery of Modern Apprenticeships in Shetland in order to support the development of a more skilled workforce in the islands. Train Shetland is a SQA centre and the service facilitates delivery of Modern Apprenticeships and without it SMEs and organisations in the public and third sectors would find it significantly more difficult to recruit Apprentices.
- 2.74 A Modern Apprentice is recruited into a Apprenticeship post by an employer. Acceptance of the post commits the individual to a nationally specified programme of training and development specific to the type of employment obtained, referred to as an Apprenticeship Framework. An apprenticeship will include completion of a SVQ and may also include specific short courses. The SVQ will commonly include a mix of classroom based activity at a college and on-the-job training and development which is monitored and assessed by qualified assessors as part of the Apprenticeship. Not all Apprenticeships have a class based element and some can be completed wholly in the workplace. The duration of most Modern Apprenticeships is four years.

Governance

- 2.75 Similar to Shetland College the location of Train Shetland within the SIC structure has shifted over time. Currently the governance arrangements for Shetland include:
- Train Shetland is line managed by the Acting Principal of Shetland College but the strategic management of Train Shetland is not within the remit of the Shetland College Board;
 - Train Shetland's finances are recorded separately from Shetland College and the budget is part of Development Services; and
 - Train Shetland reports to the Education and Families Committee although it is understood that there is limited interaction between the Committee and Train Shetland.
- 2.76 When Train Shetland was relocated to be line managed by the Principal of Shetland College it was represented on the senior management team of the College and did engage with the Board but this is no longer the case. Train Shetland's location within the structure of Shetland College has not led to substantial additional engagement between the College and Train Shetland.
- 2.77 The governance arrangements for Train Shetland appear particularly complex. Furthermore, limited engagement with any of the structures that have a role in the governance of Train Shetland appears to leave the two section Managers responsible for service development and identifying and pursuing opportunities, which they appear to have done successfully. However, in terms of leadership, strategic direction and

decision-making the structure appears weak and the consultations revealed frustrations with the current model.

Organisational Structure

- 2.78 As previously stated the organisation is split into two sections. The two managers within the service have distinct roles in managing the two sections and there is no overall manager. One of the managers has recently left their post and recruitment is understood to be on hold pending this Review.

Facilities

- 2.79 Train Shetland has an independent and highly informative website which supports employers, learners and the families of apprentices to access information on the services and opportunities available.
- 2.80 The short course section of Train Shetland is located in buildings adjacent to the Shetland College site, the majority of which is made up of classroom spaces. The Modern Apprenticeship function of Train Shetland has offices in Lovers Loan in SIC premises.

Income and Cost of Operation

- 2.81 The cost of operating Train Shetland appears high relative to its scale and the other services under Review. However, the reason for this is the inclusion in Train Shetland's budget of all employment costs associated with each Modern Apprentice recruited by SIC. This has been reviewed and a decision taken to allocate Modern Apprenticeship employment costs to the departments which recruit them. Excluding this entry from the Train Shetland budget reveals that the budget required to operate Train Shetland in 2012/13 was £81,518 (Table 2-4).

Short Courses

- 2.82 Train Shetland Short Courses charges fees to SIC customers for the delivery of training, rather than through the more familiar SIC system of recharges. Train Shetland is challenged to cover its own operating costs through its income. The principle that is worked to in Short Courses is that a course will only proceed if it achieves breakeven point. The costs which are included in the assessment of fees are central overhead costs and the delivery cost which may include external trainer costs.
- 2.83 Train Shetland Short Courses is supposed to have been principal training provider for SIC. However, the consultations demonstrated that engagement with Train Shetland varies by department with some departments of SIC choosing alternative routes to meet their training needs. Train Shetland states that it sets course fees at around market rate but some consultees commented that there was a perception that Train Shetland is more expensive than alternatives. Without further investigation it is not possible to confirm whether higher than average fees is a reality, however, the fact that such a perception exists is of concern.
- 2.84 The information presented in Table 2-4 demonstrates that Train Shetland Short Courses was relatively close to break-even in 2012/13 with a net cost to SIC of less than £10,000, excluding payments made for the procurement of training. The cost to SIC is expected to be less in 2013/14.

Vocational Training

- 2.85 The income earned by the Vocational Training section is funding received from Skills Development Scotland for the delivery of Modern Apprenticeships. However, Modern Apprenticeships are only fully funded for those aged 16-19, Modern Apprentices aged 20 years or over only receive 50% funding. In this situation either the individual, employer or SIC would have to pay the shortfall. Table 2-4 presents income and expenditure data for the Vocational Training section and shows that in 2012/13 there was a net cost to SIC of £72,000.

Table 2-4: Income and Expenditure by Section of Train Shetland*

	2011/12 Actual	2012/13 Actual	2013/14 Budget
Vocational Training			
Income	£272,834	£318,635	£280,500
Expenditure	£390,187	£390,463	£427,772
Net Cost to SIC	£117,353	£71,828	£147,272
Short Courses			
Income	£303,775	£286,774.8	£295,250
Expenditure	£332,225	£296,465	£300,905
Net Cost to SIC	£28,450	£9,690	£5,655
Train Shetland Total			
Income	£ 576,609	£605,410	£575,750
Expenditure	£722,412	£686,928	£728,677
Net Cost to SIC	£145,803	£81,518	£152,927

**Excluding expenditure associated with employment costs of Modern Apprenticeships.*

Source: SIC Finance

- 2.86 Train Shetland has also identified opportunities to generate additional income through supporting Modern Apprentices who are registered elsewhere but who are working in Shetland. This occurs in industries or with employers who manage their apprenticeships nationally. Train Shetland is keen to sell its services to support the monitoring and where appropriate assessment of the activities of these apprentices in Shetland. Examples of this form of arrangement are already in place and this provides benefit to both Train Shetland and the national organisation.

Activity

- 2.87 Activity is divided between the two sections of Train Shetland.

Short Courses

- 2.88 Train Shetland Short Courses provides:

- statutory, generic and tailored workforce training courses to the public, private and third sectors through the use of internal or external trainers;
- advice on training needs analysis;
- exam invigilation services.

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- 2.89 Train Shetland Short Courses has contractual arrangements to deliver services on behalf of Shetland Construction Training Group and Business Gateway and the facilities of Train Shetland Short Courses are also available to hire.
- 2.90 In 2011/12 59% of delegates were from SIC with the rest attending from the private or third sector. Consultees suggested that the proportion of delegates who were from SIC had declined further in 2012/13. Train Shetland is clearly providing a service that is meeting a market demand.
- 2.91 In 2011/12 2,680 learners completed short courses with Train Shetland (Table 2-5)

Vocational Training

- 2.92 The Vocational Training section commissions Shetland College, NAFC Marine Centre and other colleges on the UK mainland to deliver the class based activities of a SVQ. There has been one instance where networked learning has been used to deliver the class based activities of a particular Apprenticeship.
- 2.93 The other significant role of the section is in the monitoring, assessment and verification of work-based SVQ delivery which involves visiting the Apprentices regularly in their place of work. Train Shetland employs one assessor but additional assessors are recruited locally or from outside of Shetland to support the assessment of the SVQ. Not all Apprenticeships require class based activities and may be wholly based in the employer. Regardless of whether the entire SVQ or only part of the SVQ is delivered in the workplace, Train Shetland facilitates the assessment and monitoring of the SVQ in the workplace.
- 2.94 Train Shetland does not facilitate all Modern Apprenticeship activity in Shetland as some industry associations and companies manage their apprenticeships nationally. In addition, NAFC Marine Centre contracts directly with Skills Development Scotland to deliver Modern Apprenticeships in Aquaculture. However, Train Shetland commissions NAFC Marine Centre to deliver the class based activity of the Engineering Apprenticeships delivered in Shetland.
- 2.95 In 2012/13 there were 39 new Modern Apprentices. This is similar to the number which started in 2011 (37) but below the previous three years start rates of 54, 64 and 53. The fall in demand for Apprentices has been linked to economic uncertainty following the recession and a substantial overhaul of a number of Modern Apprenticeship frameworks which has temporarily reduced availability. Despite limited availability demand from young people remains high, in 2011 158 individuals applied for Apprenticeships in Shetland but supply is dependent on Employers creating an Apprenticeship post. Table 2-5 shows that in 2011/12 115 Modern Apprentices were engaged in an Apprenticeship. This number comprises individuals at all stages of their Apprenticeship i.e. apprentices in year one, two, three or four of their Apprenticeship.
- 2.96 Table 2-5 demonstrates the substantial difference in the nature of the two services offered by Train Shetland. The Short Course section supports a high number of learners with a short, intensive learning experience (2,680 learners equivalent to 30 FTE learners) and the Vocational section supports fewer learners but much more intensively and over a four year period (115 learners equivalent to 115 FTE learners).

Table 2-5: Train Shetland Learner Activity 2011-12

	Learner Nos.	% of Total Learner Nos.	Learner FTEs	% of Total Learner FTEs
Short Courses*	2,680	96%	29.93	21%
Modern Apprenticeships (some delivered by Shetland College and NAFC Marine Centre)	115	4%	115	79%

* Data supplied by Shetland College. Train Shetland Curriculum Review suggests total learner numbers to February 2012 were 2,857.

Measure of Success

- 2.97 There were 55 qualified apprentices which represented an achievement rate of 87% in 2011/12. Similar to all activities under Review that receive external funding, substantial monitoring and quality control systems are in place to ensure Skills Development Scotland funding is being administered appropriately and that delivery is meeting appropriate quality standards. SQA will also monitor provision of services at Train Shetland.
- 2.98 The satisfaction rate provided in feedback to Train Shetland short courses and as reported in their Curriculum Review document showed 94% satisfaction.
- 2.99 The extent of engagement evident between industry and Train Shetland is another indicator of high levels of satisfaction with the services offered by Train Shetland.
- 2.100 In addition to the direct benefits of Train Shetland's activity, the service also has knock-on benefits in the wider economy. For example an assessor who visits Shetland to support construction Modern Apprenticeships has been commissioned by the private sector to deliver VQs paid for by the companies. This can be accessed at a lower cost than such skills development would have alternatively been available to the company as the assessor is already visiting Shetland to provide SDS supported activity. This is one example where the activity of Train Shetland can generate additional economic value for Shetland over and above that generated by its core activity.

Key Issues

- 2.101 Four issues have been identified in relation to the current governance and structure of Train Shetland which have particular relevance to the Review:
- Governance;
 - Dependency on SIC;
 - Value of Train Shetland; and
 - Duplication

Governance

- 2.102 The governance of Train Shetland is the most complex of the four services reviewed. In addition, Train Shetland is challenged to operate in a unique way within the local authority. Train Shetland is expected to perform as an independent entity and it is perceived and spoken about by many within SIC as an independent and somewhat remote entity. Yet when it comes to governance it is bound by SIC ownership and a rather complex governance arrangement involving Shetland College Management, Development Services Directorate and the Education and Families Committee.

Dependency on SIC

- 2.103 As part of SIC and partially funded by SIC the service is clearly dependent on SIC. However SIC is also an important 'customer' of Train Shetland. If SIC ceased to procure services from Train Shetland it would have a substantial impact on the viability of such a service. Without SIC as a customer there is a risk that the service, or a similar service, could not be viable and therefore the wider benefits of the service would be lost to Shetland. The development of a new SIC training function which is discussed in Chapter 3 appears to heighten the threat to Train Shetland.

Value of Train Shetland

- 2.104 The consultations revealed there is a relatively weak understanding of how Train Shetland operates outside of Train Shetland. However the services Train Shetland provides is clearly meeting the needs of industry and increasing delegate numbers attending short courses from outside of SIC is testament to their success. The organisation demonstrates a detailed knowledge of workforce development needs throughout the Shetland economy which is believed to be linked to their willingness to work with customers and to find solutions to challenges they are presented with. The approach that Train Shetland has to industry engagement and the knowledge that they have of industry needs could be providing additional value if there was a mechanism by which information could be shared and action implemented across the delivery model of tertiary education, training and research in Shetland.
- 2.105 The value that Train Shetland offers to the Shetland economy is both direct through its training services and indirect through the additional benefits supported by its training and development activity. Without demand from SIC it is possible that many of the courses that can be offered to the private and third sectors would not be viable and that the economic value of Train Shetland would be reduced by more than simply the decline associated with the loss of SIC activity.

Duplication

- 2.106 The services covered by the Review do offer the same type of services, albeit in different subject areas. The MST section of NAFC Marine Centre contracts directly with Skills Development Scotland to provide Aquaculture Modern Apprenticeships. NAFC Marine Centre has also stated that it intends to apply to contract directly with SDS to provide Engineering Modern Apprenticeships. Train Shetland currently sub-contracts NAFC Marine Centre to deliver the classroom based activity of the Engineering MA. If NAFC Marine Centre is successful in contracting directly with SDS this would remove a substantial proportion of Train Shetland's Modern Apprenticeship activity and income. Train Shetland currently undertakes administration, work-based monitoring and assessment of the MA. This is an example of where an external funding agency is having to take strategic decisions on behalf of Shetland and an example of where the management and bureaucracy associated with Modern Apprenticeships is being duplicated in two organisations supported by SIC.
- 2.107 Train Shetland's short course activity is successful but there is considered to be duplication. All four services covered by the Review offer short courses, three of which will commonly offers services to the same employers or to the same local population. Although there is considered to be very little duplication in the subject matter of the courses offered the complex structure of provision can only lead to confusion in the market place and the likelihood that resources are being inefficiently used in the administration and coordination of short course activity.

NAFC Marine Centre

- 2.108 NAFC Marine Centre is the trading name of the Shetland Fisheries Training Centre Trust which is a private charitable trust. The creation and development of NAFC Marine Centre has been driven by SIC. The extent of SIC involvement in the Centre is reflected in the requirement for the Trust to have four Councillors as Trustees and the Centre continues to receive significant support from the Council.
- 2.109 In addition to NAFC Marine Centre, there are organisations linked to the Centre which have also been substantially supported by SIC but are not formally part of the Trust and therefore are not subject to this Review. However, they are intrinsically linked with the activity of NAFC and include:
- Shetland Shellfish Management Organisation (SSMO) which receives scientific support at no cost to SSMO from NAFC Marine Centre;
 - Shetland Seafood Quality Control (SSQC) which provides lab-based testing services to the fishing and aquaculture industries (and was previously part of NAFC); and
 - Shetland Fishermans Training Association which receives funding from Seafish Industry Authority to deliver training to fishermen which it sub-contracts NAFC Marine Centre to deliver.

Purpose

- 2.110 The NAFC College was established in 1992 specifically to address the needs of Shetland's maritime industry and this aim remains unchanged.
- 2.111 The objects for which the Trust was established are "To promote the development of Shetland fishing industry, including fish catching, fish processing, fish farming, marine engineering, navigation, seamanship, research and all related and ancillary activities providing formal and informal education and training in all or any such aspects of the Shetland fishing industry and in particular to maintain a Shetland Fisheries Training Centre".

Governance

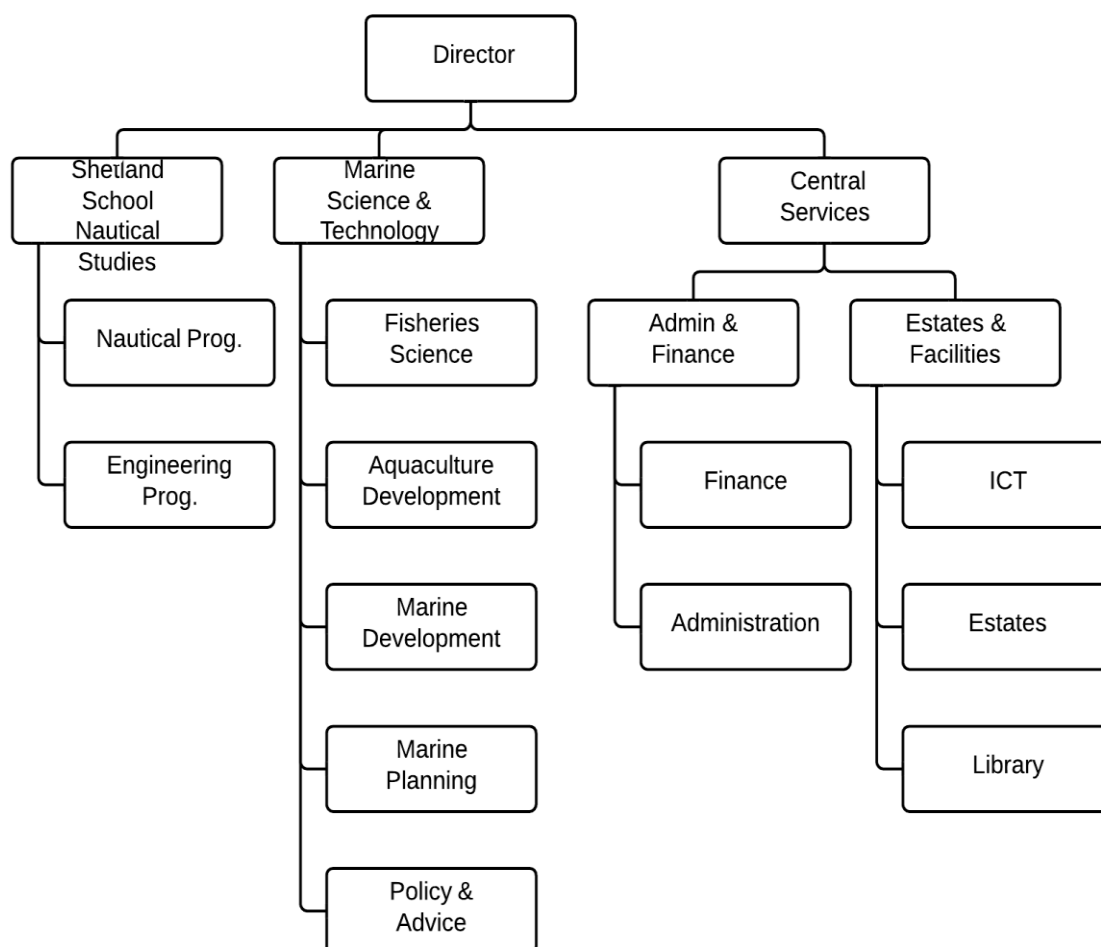
- 2.112 There is a Board of Trustees that meets quarterly. Board membership comprises a mix of private sector (3), elected members (4) and independent (2) personnel. The Chairman is independent. The Board of Trustees does not have any subcommittees.
- 2.113 There was a relatively strong and consistent view expressed by private sector Trustees that the NAFC had a strong image in the marketplace and was well regarded by commercial organisations. This is something Trustees are keen to retain in any future structure
- 2.114 The independent status of NAFC provides positive attributes for its governance. Having an independent board of Trustees, that comprises a mix of industry representatives/independents and elected members, provides a rounded set of perspectives that help it to define its strategic direction and contribution more clearly. It is clear from our consultations that Trustees view the board mix as a strength.
- 2.115 The industry representation on the Board helps to maintain the focus of NAFC on the needs of Shetland's fisheries and aquaculture sectors. It also provides a channel through which the sectors can provide feedback to the board on its needs so that NAFC can design training offerings of value. The industry representation on the Board appears to work well.

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- 2.116 There are pros and cons to the engagement of elected members on the board. From a positive perspective, elected members provide both a Community and a Council perspective. From a negative perspective, the engagement of elected members as Trustees can place them in a conflict-of-interest when a decision must be made involving both Trust and SIC funding. This was raised by several of the elected members who were consulted and deemed to be a significant and growing issue. The recent funding constraints have exacerbated this issue.
- 2.117 The Board has traditionally met quarterly although more frequently in recent times. There is a view expressed by both staff and consultees that there could be greater connectedness between the Trustees and NAFC teams.
- 2.118 The consultations identified that the Board delegated a considerable level of autonomy to the NAFC director. Notable was his nomination to the UHI Regional Board (representing the chairs of UHI Partners). This reflected a wider preference by the Board to limit its attention to issues of a local nature. The consultations with Trustees identified an awareness of regionalisation however the impact that FE reform might have on NAFC Marine Centre was less well understood. FE reform is happening at a rapid pace and it is extremely likely that both Shetland College and NAFC Marine Centre would have had undertake a fundamental review of their combined operations within 18 months had the current Review not been commissioned. This is a consequence of the effect of Regionalisation which is changing fundamentally the delivery of FE and HE training in Scotland. If education is to be delivered using SFC funding, it is essential for the delivery body to be fully engaged in the regional agenda. This points to the value of active and engaged participation on all representative panels of UHI.
- 2.119 The consultations with Trustees highlighted frustrations in implementing policy through the two principal delivery teams, although each team was considered to be producing excellent outputs. SSNS and MST operate in a relatively independent manner and there is very limited cooperation between the two. However, the Board does not appear to have engaged actively in order to address what is observed to be an inefficiency although it is appreciated that Board members are awaiting the outcome of this Review before deciding on significant alteration to operations.
- 2.120 The Board wishes to retain the current research activity delivered by MST as it focuses on supporting Shetland's local marine industry. However this provision is heavily reliant upon SIC funding. In the light of SIC's reduced financial support to NAFC, it will be a priority for the Board to identify how these services might continue to be provided in future when the Council's funding diminishes further. The potential for industry sponsorship is an obvious route to investigate.

Organisational Structure

- 2.121 There are five senior personnel:
- The Director
 - Estates and Facilities
 - Finance and Administration
 - Shetland School of Nautical Studies (SSNS) – currently employing 6 but with two outstanding vacancies
 - Marine Science & Technology (MST) – currently employing 24
- 2.122 This is presented diagrammatically in Figure 2-1 below.

Figure 2-1: Organisation Structure of NAFC Marine Centre



Facilities

- 2.123 The NAFC campus is located in Scalloway and was purpose built for NAFC Marine Centre. The main and original building houses SSNS, central services and the majority of classroom space. Space is leased to the Centre for Nordic Studies and SSQC.

MST

- 2.124 The principal facilities relating to MST include:
- A modern office building (John Goodlad) comprising offices, classrooms, laboratory space and a library;
 - A hatchery; and
 - Two boats.

SSNS

- 2.125 The principal facilities relating to SSNS include:

- Engineering workshops; and
- Full Mission Bridge Simulator.

Other Facilities

- 2.126 In addition to general lecture space available in the main college building, the following facilities can be accessed by both SSNS and MST
- Lecture theatre with Video Conference Facilities; and
 - A self catering accommodation block (Port Arthur House) for use by students and visitors and which can accommodate 21 visitors.

Facilities Constraints

- 2.127 There is a significant space constraint limiting the size of course cohorts (i.e. the number of students who can be enrolled on a specific module). Given that most Cadet students are from outside Shetland, the availability of accommodation is a key issue. Accommodation for students is a key constraint on attracting or increasing numbers at NAFC. The current economic buoyancy is exacerbating this constraint in Shetland as oil workers in particular are creating a price premium.
- 2.128 In addition to accommodation constraints, there is also a constraint on available teaching space (i.e. a limit on class size). Architecturally, the NAFC was designed to train small groups of fishermen. Consequently, the building comprises a large number of small rooms. The NAFC has made structural alterations to combine rooms but there is an insufficient number of large rooms available to handle bigger groups - 15 is considered to be the maximum class size that can be taught at any one time. This can be expected to limit income generation potential.

Funding and Cost of Operation

Income

- 2.129 The total income for NAFC projected for 2013/14 is £2,917,902 (comprising £1,379,369 from SIC and £1,538,533 from other sources).

Table 2-6: Anticipated Income at NAFC in 2013/14

Funding Council Grant	£484,138
Tuition fees & educational contracts	£472,769
Research grants and contracts	£216,413
Other Income	
- Residences	£97,775
- Consultancy	£97,250
- Management & Services Fees	£22,000
- Other Income	£142,088
Investment Income	£6,100
Shetland Islands Council/SDT	£1,379,369
Total	£2,917,902

Source: NAFC Marine Centre

2.130 The funding provided to the NAFC Marine Centre by SIC is made up of three parts. The first is a grant from Economic Development alongside which conditions are attached as to how the money is used. The second part is a distribution of Shetland Development Trust surplus which because of tax relief available to NAFC Marine Centre is worth significantly more to NAFC than the sum distributed. However, no conditions can be attached to this payment. In 2013/14 therefore the £1.379 million investment (Table 2-6) in NAFC will consist of:

- £218,810 from the Economic Development Unit budget; and
- a distribution of £580,280 by Shetland Development Trust, which in effect is worth £1,160,560 to NAFC Marine Centre due to tax relief.

2.131 There is a third funding stream that is not included in NAFC income and expenditure. SIC meets the operating lease, maintenance and insurance charges for NAFC Marine Centre which in 2013/14 are expected to total £466,412. This payment is made to SLAP and is in addition to the £1.379 million detailed above.

2.132 In terms of other funding sources and based upon 2011/12 income data provided by NAFC, additional funds are derived through consultancy, the delivery of FE and HE courses (Scottish Funding Council) and Modern Apprenticeships (Skills Development Scotland), short course and CPD and other grant income. These income streams amount to £1.22 million and can be summarised below:

- HE Courses (SFC) - £84,238
- FE Courses (SFC) - £139,596
- Tuition fees and educational contracts (SDS and other) - £355,812
- Knowledge Transfer Grants (SFC) – £70,699
- Other SFC Grants (SFC) - £24,027
- Residences - £87,720
- Consultancy £121,460.

- 2.133 There is a relatively complicated funding route to NAFC for its FE, HE and Modern Apprenticeship activities. For FE and HE, as NAFC is not a recognised further or higher education institution, it cannot be funded directly by SFC. Instead, SIC/Shetland College receives the SUMs and it contracts with NAFC to deliver the relevant courses. From an NAFC perspective, there is a lack of clarity around the level of funding it receives for its FE/HE training activity compared to the SUMs contributions made by SFC for the training places it delivers. This situation will change following Regionalisation as the changes will mean that UHI rather than SIC will be the fundable body.
- 2.134 There is a similar lack of clarity (from NAFC's perspective) around the way it is funded for Modern Apprenticeships. This funding flows from SDS through Train Shetland to NAFC.
- 2.135 There appears to be a need to both to simplify the funding flows and to make the provision and delivery of training places more transparent. Such a change would also increase the accountability of the delivery body (in terms of its achievement of training outputs and outcomes).

Costs

- 2.136 The total costs projected for 2013/14 are £2,917,902 which provides for a break-even operation (on the basis of the SIC contribution of £1.3 million). Staff costs comprise the substantive cost element (£2.17 million with circa £1.1 million relating to MST). A breakdown of the costs is shown in the table below.

Table 2-7: Cost Structure Anticipated by NAFC Marine Centre in 2013/14

Staff Costs	£2,170,909
Boats	£14,650
Books and journals	£10,100
Equipment and materials	£132,070
Marketing	£37,470
Other	£79,474
Premises expenses	£342,036
Professional and financial	£103,467
Travel	£25,326
Interest and other finance costs	£2,400
Total	£2,917,902

Source: NAFC Marine Centre

Activity

SSNS

- 2.137 The SSNS currently has a staff complement of 8 but with two vacancies. It offers a range of courses at all levels and to all relevant national and international standards division supporting a mix of FE, HE and CPD training courses. It is structured around two departments:
- Nautical Studies; and
 - Engineering.

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- 2.138 The School aims to respond in a flexible and timely manner to requests for training from individuals and employers.
- 2.139 The *Nautical Studies Department* courses and training targets the provision of qualifications to fulfil the legal requirements of the merchant navy, fishing and aquaculture industries. General seamanship, boat handling skills and sea survival training are also provided. The Merchant Navy Officer Cadet Programme was established in 2004. Its reputation has grown considerably over the past decade and it makes substantial use of the Full Mission Bridge Simulator on site.
- 2.140 The *Engineering Department* runs courses and training for the maritime sector. Shifts in legislative requirements mean the industry is in a constant state of change. The Centre provides courses for both engineering certificates required by fishing vessel engineers and courses for the Merchant Navy.
- 2.141 The qualification structure is progressive and all aspiring officers must first attain an Officer of the Watch (OOW) Certificate of Competency. A key route to attain this certificate is to follow a Cadet programme based on SQA Higher National Certificate (HNC). These programmes must be approved by the Maritime and Coastguard Agency and the Merchant Navy Training Board.
- 2.142 The NAFC has found it particularly difficult to attract appropriately qualified staff to the college to teach on the Cadetship Programme.
- 2.143 In the case of the Cadet Programme, we understand that employers have sought to increase Cadet training opportunities to around 150 per annum. This is in part in recognition of the success rate achieved by students at NAFC – NAFC indicated that its pass rates were between 70-80% while those elsewhere can be as low as 38%. The smaller class sizes at NAFC may be a key factor.
- 2.144 In addition to the range of courses noted above, the NAFC also offers a range of short courses in both maritime studies and engineering.
- 2.145 Looking to the future, SSNS considers that there is a potential opportunity to offer a general maritime degree similar to those offered by The University of Cardiff and Liverpool's John Moores University. To do this and to support an increasing number of students, it will be necessary to ensure that there is sufficient space for both teaching facilities and student accommodation available.
- 2.146 In Engineering, it was also felt that there could be a potential opportunity to share resources with other colleges. We understand that both North Highland College and Orkney College have expressed an interest in running the Cadet Programme.

MST

- 2.147 The MST Division has a staff complement of 24 and operates from the John Goodlad Building which was constructed with the support of Millennium Commission Funding. MST is seen by its manager as being a separate business from the NAFC's other activities. MST is viewed as being predominantly focused on research and company support - the research being particularly applied. MST delivers Modern Apprenticeships in Aquaculture which are funded by Skills Development Scotland. The Modern Apprenticeships are viewed as being an element of NAFC's business support activities. Within two years, MST considers that Modern Apprenticeship could be delivered online thereby reducing the requirement for students to attend in person at the Centre. Other income is derived from:
- Vessel charters;

- Consultancy;
- EU Northern Peripheries Programme; and
- Biotechnology and Biological Sciences Research Council (BBSRC).

2.148 Examples of MST's research activity include:

- development and testing of a marine spatial plan;
- the collection of fisheries and biological data in conjunction with the Scottish Industry/Science Partnership;
- industry research into a wide range of fisheries;
- the introduction of the RSPCA approved fish welfare course; and
- supporting the Shetland Shellfish Management Organisation (SSMO), in particular the award of MSC accreditation for the king scallop, velvet crab and brown crab.

2.149 Over the past three years, there has been a significant increase in the level of non-teaching funds attracted to NAFC. In a recent report for SIC¹, the Research Grants and Contracts income for 2013/14 was projected to be £216,413 (after depreciation). Our consultations with the MST Manager indicated that potential income for this year would be much higher. Regardless of what income figure is used, there remains a very significant shortfall in funding if costs are to be recovered and especially if an operating profit is to be generated. It is clear from our consultation feedback that NAFC has a high profile in the market-place, but this profile has been developed and continues to be maintained on the back of an operating deficit. Unless alternative sponsors can be found, the scale of this deficit is such that there is likely to be a substantial reduction in research activity as a consequence of the on-going reductions in SIC funding. This will be a critical issue for the Board to address.

Learner Activity

2.150 Table 2-8 presents information on the number of learners and full-time equivalent (FTE) learners that attended NAFC Marine Centre in 2011/12. In total there were 748 learners which equated to 146 FTE learners. Fifteen percent of FTE learners were engaged with the MST department and the majority were engaged with SSNS.

¹ Funding Request for Shetland Fisheries Training Centre Trust (NAFC Marine Centre) Report Number: DV004-F, March 2013

Table 2-8: NAFC Marine Centre Learner Activity 2011-12

	Learner Nos.	% of Total Learner Nos.	Learner FTEs	% of Total Learner FTEs
Engineering (SSNS)	106	14%	43.97	30%
MST	189	25%	21.75	15%
Nautical & Fisheries (SSNS)	444	59%	80.4	55%
Other	9	1%	0.23	0%
Total	748	100%	146.35	100%

Source: NAFC Marine Centre

- 2.151 There are two points to note regarding the teaching approach of NAFC and Shetland College. First, there is little or no overlap in the course offerings – each institution specialises in certain areas. Second, the colleges use different term structures - NAFC has students attending 50 weeks per year. The former is an asset to any restructuring of provision across the two colleges while the latter must be taken into account if looking at joint provision or rationalisation.

Measure of Success

- 2.152 Consultees (including UHI) acknowledge the success of NAFC in attracting commercial research funding. UHI expects NAFC to remain within the UHI structure - its research-based activity is an important component for the UHI partnership. UHI has worked hard to acquire degree awarding status and its future thrust is on developing its research profile. NAFC (through MST) has a base of research activity on which UHI can build.
- 2.153 Trustees, both private sector and elected members, considered that NAFC has a strong and positive reputation for quality provision within the marketplace. This has been established through the high-profile the Cadet Programme of SSNS, the Marine analysis work undertaken by MST and the Modern Apprenticeships in Aquaculture.
- 2.154 It was notable during the consultations with Trustees that they saw an option open to the Centre in terms of its future strategic relationships in the research area. Specifically, they considered that it might be beneficial for NAFC to link directly with the Marine Research Institute at Aberdeen, the University of Aberdeen and Stirling University
- 2.155 Based on the feedback from the private sector and independent Trustees, UHI and HIE, it would appear that NAFC has a strong image in the market-place. It is viewed as providing training and services that are appropriate to the needs of a relatively narrowly defined niche - the marine sector, covering local, national and international customers.

Key Issues

- 2.156 The main issues identified in relation to NAFC Marine Centre that are relevant to this Review are discussed under the following headings:
- Dependence on SIC; and
 - Engagement with UHI.

Dependence on SIC

- 2.157 SIC has been the primary force in the development of NAFC Marine Centre. Key areas of policy activity have been undertaken by NAFC for SIC and the Centre has been

substantively funded by SIC since its creation. In 2013/14 SIC funding will represent 47% of the income of the Centre (excluding SIC payment to SLAP for premises). The role of SIC in the development of NAFC Marine Centre is reflected in the fact that four councillors are Trustees and as mentioned previously this can result in a conflict of interest, particularly when challenging decisions have to be made by SIC.

- 2.158 A high degree of dependency on funding from SIC is less of an issue when there is limited competition for, and pressure on, SIC funding. However, currently there are substantial pressures on SIC finances and budget cuts are being implemented across SIC service provision and in its support for external organisations. This leaves the NAFC Marine Centre vulnerable and funding cuts of £350,000 per annum for three years have already been agreed by SIC. The outlook for the Centre is uncertain and although there has been success in attracting funding for specific research projects, and some improvements in the level of national funding received, the cuts in SIC funding are expected to have an effect on the activities of the Centre. There is also a risk that, as funding cuts continue, the sums paid by SIC/SDT to and on behalf of the Centre are subject to further review.

Engagement with UHI

- 2.159 There is a desire by the board to return NAFC to its original focus, that is the needs of local fishing and maritime businesses. Members of the board question the Trust's engagement in UHI, especially in regard to NAFC's research activity which it was felt could be aligned instead to a select group of non-UHI institutions.
- 2.160 These issues are returned to in more depth in the Options Appraisal (Chapter 6). However, we would note here that it is difficult to see a financially viable option for NAFC other than:
- UHI funding its tertiary education (FE and HE) activities; and
 - its MST/Research activity being aligned primarily with UHI's other research functions.
- 2.161 Engagement of NAFC's Research activity with that of UHI does not preclude it from forming relationships with other academic institutions. Indeed, it is likely that this would be positively encouraged and UHI could effectively provide NAFC with a platform for more substantive medium-term growth in this area.
- 2.162 The Review team feels that the activities that currently comprise NAFC could form a leading maritime skills and research activity that could contribute not only to Shetland (and its maritime economy) but also more widely to the maritime and fishing economies of Scotland.
- 2.163 However, at a Trustee level there is a lack of understanding of and engagement in Regionalisation. This will be a notable weakness if not addressed.

Key Issues across the Delivery Model

- 2.164 The four services covered by the Review share common characteristics, in particular a focus on skills development. Some of the services also deliver the same type of provision albeit subject matter does vary. However, there are also substantive differences across the four services including nature of ownership, governance and funding.
- 2.165 This section of the Chapter expands on the issues discussed for each service and presents an analysis of key issues considered to exist across the delivery model for tertiary education, training and research activities in Shetland. Whilst the extent that

these issues may exist within the different elements of the four services may vary they nevertheless are considered to be characteristics of the model as a whole.

2.166 The issues all have an influence on the governance of the services and for the effectiveness of the model as a whole. By governance we mean provision of strategic direction, leadership and the effective allocation of resources.

2.167 The issues identified are:

- SIC Financial Support;
- Strategic Decision-Making;
- Complexity, Transparency and Duplication;
- Accountability;
- Meeting the Needs of Shetland;
- Competition for Resources; and
- Reputation.

SIC Financial Support

2.168 In 2011/12 SIC provided £3.25 million in core funding and as a commissioner of services for the benefit of Shetland. This figure does not include income the four services may earn from SIC for the delivery of training and education services. In 2012/13 the total figure invested reduced by 10% to £2.9 million.

2.169 The figure invested by SIC includes a Shetland Development Trust (SDT) disbursement to NAFC Marine Centre which is worth twice the actual sum transferred from SDT and therefore this is not directly comparable to other forms of investment. Excluding SDT investment in 2012/13 the total sum invested by SIC in all four services would be just under £2 million (Table 2-9). In relation to the SDT investment, it is understood that the value figure, rather than the sum actually disbursed, is reported by SIC Finance and Development Services because it represents what the investment would be worth to an alternative charitable recipient.

2.170 The Economic Development Unit of SIC invests sums in NAFC Marine Centre in order to support the delivery of specific services for the benefit of Shetland. This sum is also detailed in Table 2-9. In addition, the budget for Train Shetland includes a sum to cover the employment costs of all Modern Apprentices employed in SIC. This is a budgetary exercise and does not reflect Train Shetland activity so is excluded from the calculation. However for clarity both figures are shown in Table 2-9.

2.171 Including the value of the SDT investment, of the £2.9 million invested in 2012/13 76% was invested in NAFC Marine Centre, 13% in Shetland College, 8% in Adult Learning and 3% in Train Shetland. Reporting back on these investments is fragmented and there is no strategic approach to support for the services.

Table 2-9: SIC Investment in the Four Services 2011/12 and 2012/13

Source of Funding	2011/12 Actual	2011/12 % of Total	2012/13 Actual	2012/13 % of Total	2012/13 % Change
Adult Learning					
Annual Budget, Devt Services	£341,995		£224,837		
Total Adult Learning	£341,995	11%	£224,837	8%	-34%
NAFC Marine Centre					
<i>SDT Actual Investment*</i>			£500,000		
SDT Value of Investment*			£1,000,000		
EDU, Development Services	£1,780,953		£729,369		
Capital Programmes	£533,432		£502,359		
Total NAFC Marine Centre	£2,314,385	71%	£2,231,728	76%	-4%
Shetland College					
Capital Programmes	£445,028		£395,728		
Total Shetland College	£445,028	14%	£395,728	13%	-11%
Train Shetland					
<i>Annual Budget, Devt Services</i>	<i>£512,586</i>		<i>£457,018</i>		
Budget excl. MA emp costs	£145,803		£81,518		
Total Train Shetland	£145,803	4%	£81,518	3%	-44%
Total SIC Investment**	£3,247,211	100%	£2,933,811	100%	-10%

** The disbursement from SDT is worth significantly more to the recipient than the actual sum invested by SDT due to tax relief. However, the higher figure is most commonly used by SIC when investment is discussed as this is the investment value of the sum to NAFC or to an alternative charitable organisation.*

*** Excludes the figures in italics i.e. SDT actual disbursement and the Train Shetland budget that includes the finance for SIC MAs. This better reflects the true value of the SIC/SDT investment in the delivery of the services.*

Source: SIC Finance

- 2.172 SIC has one, two or three different types of financial relationship with each of the four services. In all four cases SIC provides some form of core funding. However, SIC will also provide funding, largely to NAFC Marine Centre although occasionally also to Shetland College, to enable specific services to be offered in Shetland for the benefits of the community/economy. Finally, the third and most important financial relationship for Train Shetland and Shetland College is that SIC will also procure services specifically for the benefit of SIC.
- 2.173 With the exception of the annual budget provided to Train Shetland and Adult Learning, the sources of funding and mechanisms used to provide finance to the services vary. The variety of mechanisms used for funding makes understanding the extent of SIC support to the services complex. It is reasonable to assume that this complexity will make effective management information and strategic decision-making within SIC more difficult.

Strategic Decision-Making

Decision-Making in the Best Interests of Shetland

- 2.174 There is no framework for strategic decision-making for Shetland in relation to tertiary education, training and research. This means that the individual elements of the current model are left to make decisions with no reference to the other services. The combination of no strategic framework and a fragmented delivery model means that the discussion and implementation of change within skills and research related activity in Shetland will be challenging.
- 2.175 With no strategic framework there will be numerous challenges to effective governance. One area which is already apparent is the competition between services for resources and there is no system by which activity can be prioritised locally. Recent problems in the allocation of SUMS funding between Shetland College and NAFC Marine Centre and NAFC Marine Centre seeking to contract directly with SDS to deliver Modern Apprenticeships instead of Train Shetland is putting pressure on external funding agencies and to some extent is leaving it in the hands of external agencies to decide the fate of delivery organisations in Shetland. As the competition for resources intensifies, which appears inevitable, this need for ad-hoc decision-making by funding agencies is likely to increase. This is unlikely to reflect well on Shetland and its ability to ensure funds are being applied effectively and in the best interests of the community.
- 2.176 Another area where a lack of a strategic framework creates difficulty is that there is no Shetland wide reporting on activity in tertiary education, training and research. This will undoubtedly contribute to a lack of understanding locally. This Review is thought to be the first time that the activity of all four services will be considered together. The challenge in securing comparable data, even in relation to SIC finance, demonstrates the range of different approaches and systems adopted to deliver interlinked activities, often to the same customer base.

Decision-Making in the Individual Delivery Organisations

- 2.177 The consultations have highlighted complexity within, and frustrations with, the current governance of three of the organisations subject to the Review: Train Shetland, NAFC Marine Centre and Shetland College. There is a high level of dependency on annual SIC decision-making in relation to funding and a sense of helplessness in relation to having the power or capacity to instigate positive change. The consultations also identified concerns about the remote nature of decision-making and/or the hands-off approach of Boards. The consequence of these and other factors means that the governance of the services appears to be largely responsive to external factors rather than pro-active.

Complexity, Transparency and Duplication

- 2.178 There is a distinct lack of clarity within the different services and across the current model which is already a highly complex governance model. The Review team has found it challenging to achieve clarity particularly around the finances of, and the different roles fulfilled by, the organisations subject to this Review. This is clearly not only a challenge for the team, each consultee based in Shetland was asked on a scale of 1 to 10 how well they understand the activities of the four organisations subject to the Review. The answers demonstrated that no one has a good understanding of the current model of delivery of tertiary education, training and research in Shetland. When those actively operating within the current model don't have a good level of understanding of these inter-related activities within Shetland it will be undoubtedly difficult for anyone outside of the model to effectively engage and therefore presumably support the model.

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- 2.179 The combination of a lack of clarity and a high degree of structural and financial complexity means that understanding the services is challenging. The analysis for this Review has found that this lack of clarity appears to have negative impacts including, but not limited to:
- restricting the ability of the Boards and/or senior management to undertake appropriate analysis and instigate development;
 - a lack of clarity around the range of services available across the model which ultimately makes it difficult for the market to fully understand and engage with these services;
 - limiting the goodwill and therefore the support of key stakeholders towards services that are clearly delivering value. This includes the extent of goodwill and support present between the four services and from key funding partners and customers. This can mean funding and income opportunities are missed, the value of partnership working is missed and the risk of duplication is high; and
 - finally a lack of clarity and visibility on what the services actually do for Shetland means that the reputations of the organisations are too often built on speculation and perception rather than fact.
- 2.180 Clarity is not enhanced by the services offering the same or closely linked services. Although the subject matter of the services is rarely, if ever, thought to be duplicated the same type of services whether it be short courses, Modern Apprenticeships, FE and HE are delivered by at least two of the services. With the range of agencies involved in the monitoring and inspection of service delivery this will lead to duplication of effort in both obtaining finance and complying with the necessary reporting, auditing and quality systems, all of which are time consuming activities at a managerial and operational level.

Accountability

- 2.181 The previous sections have mentioned challenges in understanding the financing of the current model in Shetland. Without financial clarity it is challenging for individual elements to be held truly accountable. Accountability is further hindered by complex governance arrangements and different reporting mechanisms. The most robust accountability appears to exist between external funding agencies and the different delivery organisations in relation to specific activities. Without strong local transparency and accountability of the services as a whole it is difficult for stakeholders to understand the value that is being delivered by these organisations. The consequence of weak local accountability is that questions around how effectively the finance invested in the services is being turned into value for Shetland will remain at the forefront of discussions about the services.
- 2.182 It would be in the best interests of Shetland if these inter-related services could be more locally accountable on an individual basis and coherently accountable as a group. This would form an important foundation upon which Shetland could make more strategic-decisions.

Meeting the Needs of Shetland

- 2.183 No research was undertaken with customers or learners in Shetland. However, the consultations and analysis undertaken do indicate that at an operational level there is a great deal of learner success, pockets of high quality industry engagement and enthusiasm for development. Furthermore the subject areas in which education, training

and research activities are delivered appear to be highly relevant to the Shetland economy.

- 2.184 All local consultees identified opportunities for the expansion of tertiary education, training and research services in Shetland. However, there is also evidence presented by consultees that there is limited flexibility and capacity within the services to pursue opportunities and support ongoing service development. None of the organisations are large enough to sustain a business development function which could be tasked with the identification and pursuit of new education, training or research opportunities. Development in the current model is dependent on the enthusiasm of individuals within the model pursuing opportunities relevant to their own activity. This often requires substantial effort and perseverance to overcome barriers created by the complexity and lack of strategic vision in the current model of delivery in Shetland. Consultees expressed fears that significant opportunities for Shetland are going to be missed due to a lack of coordinated and focused effort and there was a recognition that quality and extent of industry engagement varies significantly throughout the model.

Competition for Resources

- 2.185 Examples of competition already highlighted in relation to SFC funding and Skills Development Scotland Funding highlight how different parts of the current model are increasingly likely to be competing with each other to gain resources, in particular finance, locally and nationally. Without meaningful strategic decision-making at a local level key funding, and as a consequence activity, decisions will increasingly be in the hands of external organisations and resources within the services will be used to compete with each other for funding.

Reputation and Size of Market

- 2.186 A lack of understanding of the different elements of the delivery model in Shetland does not just create problems in relation to strategic-decision making and effective engagement with funding partners. A lack of understanding also supports the growth of opinion which is not based on fact. The perceptions which exist around the individual elements within the model appear to frequently be negative and there are issues around the degree to which these services are valued for what they achieve.
- 2.187 The perceptions expressed during the Review, often referencing anecdotal comments and experiences, do not appear to be fully borne out when activity, performance and satisfaction within the organisations is examined. While weaknesses have been identified in some areas, negative perceptions appear to affect the majority of the model. This can be damaging in any environment but in a small market such as Shetland a weak reputation and negative perceptions can have a significant impact on the number of learners or employers who will consider accessing services of the different organisations.

Summary

- 2.188 Good governance, effective delivery and positive development in tertiary education, training and research services in Shetland is hindered by:
- a high degree of dependency on SIC as either a funder, commissioner or customer;
 - remote/hands-off decision-making structures;
 - reactive rather than pro-active decision-making;

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- complex financial and governance arrangements within SIC;
 - a lack of a strategic framework and reporting mechanism for the services as a whole at a Shetland level;
 - a fragmented structure within which there is very limited partnership working;
 - a lack of critical mass within the services and therefore limited capacity to pursue opportunities;
 - a lack of transparency;
 - confusion and duplication; and
 - an overall sense of helplessness in relation to decision-making and development, presumably contributed to by the other issues listed.

2.189 A reduction in the level of funding provided by SIC is expected to exacerbate the challenges created by these factors

3 Changing Context

3.1 The challenges facing the current delivery model for tertiary education, training and research do not only relate to the structure and governance of the current model. The context within which Train Shetland, Shetland College and NAFC Marine Centre services operate is fundamentally changing. The four most significant factors are summarised below and then discussed in more detail in the remainder of this Chapter.

- **SIC Funding Reductions:** Decisions have already been made to reduce SIC core funding to the services from £3 million per annum to a maximum of £1.8 million per annum within three years. Budget reductions across the SIC may also lead to a reduction in the services it commissions from education, training and research services
- **Regionalisation:** National policy and funding arrangements are changing fast and the regionalisation of the FE sector is the most significant of these at this time. New funding and delivery models for FE in the Highlands and Islands will be in place for the 2013/14 academic year and a new Bill for post-16 Education is due to pass into law in June 2013. The impact of which will largely be experienced by Shetland College and NAFC Marine Centre.
- **Scrutiny:** Throughout the UK there is a higher degree of scrutiny of public sector investments and an increasing emphasis on demonstrating the value, rather than the activity, that is being generated from each public £ invested. This is reflected in a developing culture of prioritisation and greater scrutiny within Shetland and an increasing focus on outcomes, rather than activity, within post-16 Education.
- **Opportunities for Development:** The UHI network offers Shetland access to technology and expertise that would be unlikely to be available to Shetland without UHI. Technological advances in education methods offer substantial opportunities to small local colleges. Furthermore economic strengths and current levels of economic activity in Shetland are creating new opportunities and the Senior Phase of the Curriculum for Excellence is seeking greater integration between tertiary and secondary education.

3.2 SIC funding reductions and greater scrutiny also affect Adult Learning, although the sources of scrutiny are less diverse than for the other services. However, there are other changes to the context within which SIC Adult Learning operates and these are considered to be less fundamental and quite different to the opportunities and challenges facing the other three services. The changing context for Adult Learning is discussed at the end of the Chapter.

SIC Funding Reductions and Policy Changes

3.3 Decisions have already been made to reduce SIC core funding to the services. NAFC Marine Centre faces a reduction of £350,000 per annum for three years beginning in 2013/14. The three SIC services are all understood to be facing budget reductions, some of which have already occurred. Table 2-9 demonstrated that between 2011/12 and 2012/13 there was a 10% reduction in funding to the services under Review. No alternative source of core funding is available and therefore the implication is that activity will reduce unless substantial efficiencies can be found.

3.4 In 2013/14 a further funding reduction of 15% has been implemented. The majority of the impact will occur at NAFC Marine Centre although overall it will still receive 74% of the total funds available. Between the period 2011/12 (Table 2-9) and 2013/14 (Table 3-

1) Adult Learning has experienced the most significant proportionate funding cut, losing 38% of its SIC investment followed by Shetland College which has lost 34% of its funding. NAFC Marine Centre has lost 20% and Train Shetland has gained 5%.

3.5 With pressure continuing on SIC finances further reductions in support are possible.

Table 3-1: SIC Investment in the Four Services, 2012/13 and 2013/14

Source of Funding	2012/13 Actual	% of Total	2013/14 Budget	% of Total	% Change
Adult Learning					
Annual Budget, Devt Services	£224,837		£211,369		
Total Adult Learning	£224,837	8%	£211,369	8%	-6%
NAFC Marine Centre					
<i>SDT Actual Investment*</i>	<i>£500,000</i>		<i>£580,280</i>		
SDT Value of Investment*	£1,000,000		£1,160,560		
EDU, Development Services	£729,369		£218,810		
Capital Programmes	£502,359		£466,412		
Total NAFC Marine Centre	£2,231,728	76%	£1,845,782	74%	-17%
Shetland College					
Capital Programmes	£395,728		£295,728		
Total Shetland College	£395,728	13%	£295,728	12%	-25%
Train Shetland					
<i>Annual Budget, Devt Services</i>	<i>£457,018</i>		<i>£443,042</i>		
Budget excl. MA emp costs	£81,518		£152,927		
Total Train Shetland	£81,518	3%	£152,927	6%	88%
Total SIC Investment**	£2,933,811	100%	£2,505,806	100%	-15%

The disbursement from SDT is worth significantly more to the recipient than the actual sum invested by SDT due to tax relief. However, the higher figure is most commonly used by SIC when investment is discussed as this is the investment value of the sum to NAFC or to an alternative charitable organisation.

*** Excludes the figures in italics i.e. SDT actual disbursement and the Train Shetland budget that includes the finance for SIC MAs. This better reflects the true value of the SIC/SDT investment in the delivery of the services.*

Source: SIC Finance

3.6 In addition to changes to its funding allocations, SIC is also instigating change in how it manages the procurement and delivery of training to its staff. A new annual training plan will be developed with different priority given to different types of training and development. Train Shetland has previously been given the role of principal training provider within SIC, although as discussed this has not been entirely successful due to departments developing their own solutions. There is a process underway to create a central training budget with a team of staff allocated to manage and arrange training provision for the whole of SIC.

3.7 The role and remit of the new team is not yet clear and a Review of SIC training provision and procurement is to be undertaken. However there does appear to be a risk that services offered by Train Shetland are duplicated in the new service and there is likely to be a question about the additional value of Train Shetland within the structure of SIC. At present Train Shetland is able to offer spaces on courses, which are often supported by SIC demand, to industry. Train Shetland's capacity to do this has

generated wider economic benefits in Shetland and provided access to training that might not otherwise have been available to the Shetland workforce. A more internally focused service may not choose to, or be able to, provide this service to the wider economy

- 3.8 SIC is also developing online training resources linked to its corporate policies and procedures that may alter the nature of training courses sought and it may be that total spend by SIC is lower in the future.
- 3.9 Improvements in efficiency in the procurement of training are clearly desirable for SIC, particularly in a period where budgets are being cut. However the development of the new SIC training service and its approach to procurement will ideally be managed so as to minimise the negative impact on the wider Shetland community. There is a risk that the creation of a SIC function only remitted to deliver SIC training will remove industry access to these opportunities which could result in a reduction in workforce development in the rest of Shetland. Ideally a mechanism will be found to ensure that SIC courses that are of interest to the wider economy, i.e. any course not specifically targeted at SIC activity, will continue to be available to other organisations in Shetland perhaps through a continuation in some form of the customer-supplier relationship between SIC and Train Shetland.

Regionalisation

- 3.10 The programme of regionalisation underway in the FE sector in Scotland is being implemented at a rapid pace. The impact of regionalisation is that the landscape of FE services in Scotland has fundamentally changed. Large, and it can be expected, powerful, FE colleges are being created throughout Scotland and these colleges will be competing hard for funding and students. For example all three colleges in Edinburgh have merged to create a single college. Colleges in the Highlands and Islands have not been encouraged to merge in the same way. It is understood from consultees that this may be because the UHI partnership model already existed for HE activity and as it already incorporated all the FE colleges in the region it was considered an appropriate vehicle for regionalisation of FE. Therefore the UHI model has been developed to incorporate a Regional Board which will have governance responsibilities for the delivery of FE throughout the region. Both the Chair of Shetland College and the Chair of NAFC Marine Centre have a seat on the Regional Board although currently only the Chair of Shetland College attends. The Trustees have delegated attendance at the Regional Board to the Director of NAFC Marine Centre.
- 3.11 Integral to regionalisation is a greater focus on tailoring provision to identified needs in the economy. At a Scottish level there is strong focus on the needs of young people who are not engaged in employment, education or training. The Highlands and Islands region will be required to provide evidence of the FE needs within the Region and how public sector resources are being invested to meet those needs. Currently there is a fear that increasingly FE policy and therefore funding will be directed towards youth unemployment issues in urban areas. The Highlands and Islands Region will be therefore challenged to work together to justify an appropriate allocation of resources as it will be competing for resources with very large and potentially powerful colleges in the central belt and the rest of Scotland.
- 3.12 The FE Regional Board within the UHI structure can be expected to hold a substantial amount of power over FE activity in the Region. The Regional Board will be responsible for the allocation of FE funding and as a result is expected to take a strategic role in relation to the effective allocation of resources to best meet the needs of the region. The Board can be expected to identify the delivery model(s) which most effectively and efficiently turns funding into activity and outcomes. Investment and activity in FE will be

governed by an annual Regional Outcome Agreement that all partners will have to agree and sign up to, the first of which has already been approved.

- 3.13 Linked to the ambition to operate efficiently at a regional level, the FE colleges are already investigating shared services. The development of shared services will mean that all Partners will use network wide provision, rather than provision developed in each Partner, to supply core common operational services. The first shared service to be investigated is IT services and this project is already underway. The Region will be challenged by the Scottish Government and SFC to improve efficiency and avoid unnecessary duplication in all of its activities, as this is the primary rationale of regionalisation. Therefore, in addition to shared services, it appears inevitable that the rationalisation of course delivery across the UHI network, combined with the development of more networked learning in FE, will be a priority for the Regional Board.
- 3.14 The Regional Board within UHI will be actively seeking to eliminate inefficiency and duplication and one risk is that Partners who do not actively engage in the regional change process, either because they choose not to or are unable to, may experience a disproportionate amount of negative impact, or at best little positive impact.
- 3.15 Regionalisation will mean that increasingly Shetland will have to justify the public investment it attracts to the islands from within the region and that the Highlands and Islands region will have to justify the investment it receives within the national context. The increasing levels of competition for resources between services within Shetland, the fragmented delivery model and lack of strategic direction in Shetland means that Shetland does not have the capacity to respond well to these significant changes in the FE sector. It seems unlikely that in its current form the sector in Shetland will be sufficiently able to influence decision-making and the implementation of change in the best interest of Shetland and the wider Highlands and Islands region. If Shetland does not engage effectively in the newly regionalised model of FE delivery in Scotland it appears likely that sustainable local delivery will be under a degree of threat unless alternative local funding can be found.

Scrutiny

- 3.16 Throughout the UK there is a higher degree of scrutiny of public sector investments than has previously been the case. There is also an increasing emphasis on demonstrating the value, rather than the activity, that is being generated from each public £ invested. This is reflected in a developing culture of prioritisation and greater scrutiny within Shetland and an increasing focus on outcomes, rather than activity, within post-16 Education. Regionalisation and the changes which it is bringing to the FE sector are also indicative of a wider focus on the impact of public spending on learners and the wider economy.
- 3.17 The model of delivery for education, training and research services in Shetland is complex and hinders understanding of what the investment is achieving, even amongst those directly involved. In a period where challenging decisions are having to be made and priorities identified for SIC investment, unnecessary complexity and a lack of clarity over activity and value are characteristics that could reduce buy-in and ultimately investment in these services beyond the level that might otherwise be justified.
- 3.18 As a result of regionalisation it is expected that there will be closer scrutiny of the performance of Shetland College and NAFC Marine Centre by the FE Regional Board and the Regional Board can be expected to hold the Board of Shetland College accountable for delivery as agreed via the Regional Outcome Agreement.

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- 3.19 Previously funding has been linked to activity however as a measure of success this is no longer considered to be sufficient. The development of regional outcome agreements for FE delivery is evidence of the shift away from activity based funding to outcome based funding and this will present a new set of challenges for the FE sector.
- 3.20 The services covered by the Review will be subject to greater scrutiny locally and regionally. Complexity, duplication and the lack of clarity around both need and value at a Shetland level is likely to threaten the extent of ongoing investment in these services by local, regional and national funding partners.

Opportunities for Development

- 3.21 Although the changing context discussed above may be considered to be challenging in a largely negative way there are also opportunities, although these may also be challenging to pursue. The most significant of these opportunities are:
- The UHI network offers Shetland access to technology, resources and expertise that would be unlikely to be available to Shetland without UHI and there are new opportunities which will arise out of the regionalisation of FE and pursuit of RDAP status.
 - The local market for services delivered by education, training and research services is strong due to high levels of local economic activity and an associated demand for workforce development.
 - The Senior Phase of the Curriculum for Excellence is in the early stages of seeking and achieving greater integration between secondary and tertiary education.

UHI Opportunities

- 3.22 The creation of a sustainable model for tertiary education, training and research in Shetland is enhanced by the relationship that both Shetland College and NAFC Marine Centre have with UHI. The technology which has been installed throughout the UHI network enables, for example, high quality video conferencing, networked learning and access to regional library material. The University is an extremely young University and unique in nature in that it is based on the model of Academic and Specialist Partners with a relatively small central organisation. The model is constantly pursuing development. A great deal of the focus of UHI has previously been on achieving University status and degree awarding powers and now a substantial focus is on the regionalisation agenda in FE and pursuit of Research Degree Awarding Powers (RDAP). With a relatively small central headquarters this extensive and ongoing remodelling of UHI has perhaps been at the expense of greater focus on making the partnership element of the model work. Therefore the model is still not perfect and there are areas where concerns exist. Comments received during this Review highlight issues such as a lack of trust within the model, a belief that often it can feel like more take (by UHI) than give, and the development of an unreasonably heavy administration burden on small colleges. However UHI is still an extremely young University and presumably development and strengthening of the model will continue for a prolonged period.
- 3.23 Consultations within UHI made it clear that Shetland, specifically the NAFC Marine Centre, is a key component of its research capacity. During the consultations the UHI has made it clear the value that it places on the research activities undertaken in Shetland and has expressed frustration that the working relationship between the rest of UHI and Shetland based research activities is not stronger than it currently is. However, frustrations have also been expressed in Shetland about the way in which UHI has sought to engage with local research activities. There appears to be an opportunity to

have local research services supported better at a regional level but better engagement is necessary before this can become a possibility.

- 3.24 For a small peripheral college the main opportunity offered by UHI is the technology which enables services constrained by a small local market, as is the case in Shetland, to export their skills and expertise to a wider market through networked learning. With the majority of the funding allocated to the Partner within UHI that is actually delivering the education it will become important for small colleges to develop services that can be sold to learners elsewhere in UHI. For research activities the association with UHI also enables research activities to access funding that would not otherwise be available and the UHI clearly stated during the consultations that being part of UHI does not exclude individual partners building research relationships outside of UHI.

Local Opportunities

- 3.25 A significant number of consultees based in Shetland identified numerous opportunities for the expansion of activities, particularly education and training activities. These opportunities included:

- growing need for higher level engineering qualifications to work in the oil and gas industry;
- development of the cadet programme which is of national interest;
- development of education, training and research services to support the predicted growth in renewable energy generation in and around Shetland;
- exporting the skills and expertise developed in Shetland to new markets;
- educational tourism opportunities linked to both Shetland's culture and industry; and
- the promotion of existing courses and skills to a wider market, including fisheries and aquaculture related activity.

Senior Phase of Curriculum for Excellence

- 3.26 The implementation of the Senior Phase of Curriculum for Excellence offers new opportunities for non-school based delivery of subjects that will respond to individual and economic needs. The Scottish Government has made it clear that the Senior Phase (approximately for those aged 15-18 years) will only be successful if local authorities, schools and colleges work together on planning and delivery. The expectation is that colleges will increasingly have a role in the delivery of subjects to young people from Secondary 3 and upwards. In Shetland this will require an effective working relationship, respect and trust between the strategic authority which in Shetland will be SIC, the different non-school elements of the post-16 education model as covered by the Review and the Schools Service.

Context for SIC Adult Learning

- 3.27 The SIC Adult Learning service will face challenges created by reductions in SIC funding as indicated in Table 3-1. The service can also be expected to face a higher level of scrutiny locally, similar to other SIC services. However, market opportunities and regionalisation are not issues of relevance to Adult Learning and a greater degree of external scrutiny is also less relevant to Adult Learning. However, there are changes to the context of Adult Learning.

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- 3.28 The Scottish Government issued the ‘Strategic Guidance for Community Planning Partnerships: Community Learning and Development’ in June 2012. This Guidance makes clear that the Scottish Government wishes to see Community Learning and Development (CLD) delivered as a core part of public services across Scotland - “The implementation of this guidance provides the impetus for CLD to be delivered as a consistent, central element of public services in Scotland and will be based on a continuing dialogue with key stakeholders”. The Scottish Government initiated a consultation process on the proposal to introduce a Scottish Statutory Instrument (SSI) for CLD early in 2013 - the draft SSI was entitled The Requirements for Community Learning and Development (Scotland) Regulations, 2013.
- 3.29 The SSI is intended to strengthen the legislative basis for community learning and development. In particular it is intended to support the achievement of the following policy goals:
- Communities across Scotland – but particularly those who are disadvantaged – have access to the CLD support they need;
 - Communities across Scotland are enabled to express their needs for CLD provision; and
 - Community Planning Partnerships (CPPs), local authorities and providers of public services more generally respond appropriately to the expectations set by the CLD Strategic Guidance.
- 3.30 SIC currently has a responsibility for delivering CLD (of which Adult Learning is a key element) as part of its support of Community Planning Partnerships. The SSI is likely to place a greater responsibility on SIC to deliver CLD as there will be a requirement on the SIC to take a lead role in identifying and responding to need and there is likely to be a range of different options open to SIC to address this need. The SIC’s role in supporting CLD is therefore quite different to that of its support for the provision of Tertiary Education, Training and Research, where it might be expected to act primarily as an investor and customer.

4 Summary Conclusions

- 4.1 Three SIC services and the NAFC Marine Centre have been investigated in relation to the Review. The services provide a mix of education, research and training services. However at a service level, and in particular when users are considered, there appears to be greater synergy between the SIC services of Train Shetland and Shetland College and NAFC Marine Centre.
- 4.2 SIC Adult Learning is not engaged in the delivery of tertiary education, research or training (for industry). There are also no challenges identified in relation to the governance of Adult Learning and the context within which it operates is quite different. The target market for Adult Learning is also different and the future shape of the service may be partially determined by the development of new national policy in relation to Community Learning and Development.
- 4.3 The one anomaly that remains which is relevant to all four services is short course provision targeted at individuals often for leisure or personal development purposes as opposed to short courses for workforce development. These courses, largely due to their target market, are often delivered through evening or weekend classes. Although there is not considered to be significant duplication, currently provision across Shetland appears fragmented and it is recommended that further consideration is given to the development of an effective and viable model for delivery of this form of short courses in Shetland. This may incorporate provision by all four services, and services provided by others, but greater coordination would be beneficial.
- 4.4 The analysis contained in Chapters 2 and 3 presented the strengths within the services and the challenges which exist within the current delivery model structure and as a result of a changing environment. Although a number of substantive challenges have been identified, the ingredients to pursue successful and sustainable tertiary education, training and research services are present in these services and the wider community. However, because the analysis has found that Adult Learning is substantively different to the other three services many of these conclusions do not relate to Adult Learning. The strengths identified that will support successful provision of tertiary education, training and research services in Shetland include:
- a skilled workforce within the services who are delivering and supporting services which meet local needs and add value to the local economy;
 - areas of expertise exist which are linked to industry and culture in Shetland and have the potential to be sold to new markets;
 - pockets of meaningful and effective engagement with industry;
 - a supportive local authority as funder, commissioner and customer;
 - strong levels of economic activity in Shetland and high levels of industry demand which is providing opportunities for the development of new provision;
 - skills and experience in the delivery of networked learning and access to a larger market through UHI and as a result of regionalisation; and
 - a local culture evident in the concept of Shetland PLC which means that both public services and private industry offer support to initiatives that are working effectively for the good of the Shetland community.

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- 4.5 However, the consultations have also revealed substantial challenges. At an individual service level the greatest challenges are considered to be:
- for Train Shetland there is a risk of further confusion and duplication as a result of the development of a central training team in HR in SIC;
 - for NAFC Marine Centre there is a significant threat to the ongoing viability of the Centre in its current form as a result of SIC funding reductions; and
 - for Shetland College the greatest challenge is expected to be around regionalisation and in particular the need to ensure the College is substantially involved in the delivery of courses across the network.
- 4.6 However, there are also challenges which are common across the structure. These challenges include:
- a fragmented governance and delivery structure means that little strategic direction exists for the delivery of tertiary education, training and research services and increasingly the different services in Shetland are competing with each other for resources in Shetland and externally;
 - governance issues mean that it is difficult for the sector to engage in the best interests of Shetland at a regional level at what is a critical time for the FE sector;
 - a lack of transparency on the activity and value of the different services means that local understanding and support for the services is less than it might otherwise be. Therefore the ongoing transfer of resources to the services, either through funding or the commissioning of services, is likely to be under constant scrutiny and threat;
 - a mixed reputation and a lack of knowledge of what the model can deliver limits the size of the market available to the services locally;
 - there is a lack of a business development culture and in particular a mechanism by which opportunities can be pursued in a strategic and meaningful way; and
 - there is a sense of helplessness within the model which appears to be caused by governance issues and a high degree of dependency on SIC. The negativity associated with this makes it very challenging for the sector to maximise its potential value to Shetland.
- 4.7 Although initially many stakeholders considered that the Review was being driven by reductions in SIC funding, the Review process has identified other factors which mean that even if funding remained the same the current model of delivery is no longer working in the best interests of Shetland. The new challenges that the services face strongly suggest that fundamental change is required and that the earlier this can be achieved the better.

5 Approach to the Appraisal and the Options

- 5.1 The Review has been tasked to identify a sustainable delivery model for tertiary education, training and research services in Shetland. The findings presented in the earlier chapters have identified a number of strengths but also weaknesses. Furthermore the environment within which the services operate is undergoing substantial change and the most vulnerable activities are considered to be those of NAFC Marine Centre, Shetland College and Train Shetland. The Review has found that the weaknesses which exist within the delivery model in Shetland are hindering the sector's ability to operate effectively and to respond to significant opportunities and threats in a fast changing environment.
- 5.2 The appraisal is focused on the overall governance and structure of delivery in Shetland. Therefore the criteria against which options are being appraised are by their nature strategic. The appraisal has made the following assumptions with regards to delivery in Shetland:
- Shetland wants a pro-active model which is delivering tertiary education, training and research services for the benefit of Shetland's community and economy;
 - There is a need to deliver quality tertiary education, training and research provision which supports a strong reputation and the effective engagement of key stakeholders;
 - Ongoing development of the services being offered by Shetland is desirable and that new opportunities are realised for the benefit of Shetland; and
 - that delivery in Shetland represents effective and efficient use of resources and that the delivery model is sustainable.

Appraisal Criteria

- 5.3 The options appraisal approach adopted for the Review tests each option against strategic needs that must be addressed in order to achieve a more successful and sustainable model for tertiary education, training and research. The strategic needs that each option will be tested against have been derived from the analysis of the current model and changing context. The appraisal which follows in Chapter 6 is therefore focused on the extent to which each option can offer:
- Coherent strategic direction and a strong voice;
 - Stakeholder buy-in;
 - Additional value for Shetland;
 - Ability to pursue opportunities; and
 - A quality experience for learners and industry.

Options

- 5.4 The list of options has been developed from an initial list of options provided by the client. The list has been developed on the basis of views expressed to the Team on potential options during consultations and client meetings.
- 5.5 As demonstrated in previous chapters the current model is complex and the Review encompasses four different types of services in both focus and scale. Defining a single

list of options which respects each of the different services is complex and therefore the list of options has been divided into three separate but interlinked lists. There is a set of options for NAFC Marine Centre and Shetland College and there is a set of options each for Train Shetland and Adult Learning.

- 5.6 The Options for NAFC Marine Centre and Shetland College were discussed at a joint meeting on 15 May 2013 with the Board Members and Trustees of both organisations.
- 5.7 The options under consideration in the Review are summarised below.

Options for NAFC Marine Centre and Shetland College

1. Maintain both institutions as they are.
2. Maintain NAFC Marine Centre as it is and Shetland College becomes an independent College.
3. Create an umbrella organisation which provides joint governance and shared services and that has two separate delivery organisations.
4. Create one independent college with its own governance.
5. Create one independent college with its own governance but MST section of NAFC becomes a separate organisation.
6. Develop one college within Shetland Islands Council.

Options for Train Shetland

- TS1. Retain Train Shetland as it is within SIC.
- TS2. Train Shetland activity is integrated into the Option selected for Shetland College.
- TS3. Train Shetland activity stays within SIC but becomes integrated in new central Training function within Human Resources.
- TS4. A combination of Options 2 and 3 with current Train Shetland activities divided up between the Shetland College Option and the new Training function in SIC.

Options for SIC Adult Learning

- AL1. Retain Adult Learning as it is within SIC.
- AL2. Transfer activities of Adult Learning to selected option for Shetland College.
- 5.8 Chapter 6 provides an appraisal of the options for NAFC Marine Centre and Shetland College. The decision that is eventually made on the future of NAFC Marine Centre and Shetland College will have implications on the options available for Train Shetland and Adult Learning. Therefore the appraisal of the options for Train Shetland and Adult Learning presented in Chapter 7 assumes that the strongest model identified in Chapter 6 will be the model selected for NAFC Marine Centre and Shetland College.

6 Appraisal of Options: NAFC Marine Centre and Shetland College

- 6.1 The six options under consideration for NAFC Marine Centre and Shetland College are listed in the previous chapter. The purpose of Chapter 6 is to present the analysis of the strengths and weaknesses of each option under the appraisal criteria set out in the previous chapter. An assessment of each option under the appraisal criteria headings is provided below.

Option 1: Maintain both Institutions as they are

- 6.2 This option assumes NAFC Marine Centre and Shetland College continue in their current form.
- 6.3 The following assumptions have been made in the appraisal of this option:
- the funding cuts already agreed by SIC will be implemented;
 - excluding what may happen as a result of the Review, no significant change is anticipated in either organisation and therefore the strengths and weaknesses of the organisations will remain similar to the assessment in Chapter 2.
- 6.4 Under this option, which assumes very little change takes place, the appraisal criteria are not relevant as there will be no change and the problems that have led to these appraisal criteria being selected will continue. However, comment is provided under Achievability and Risk.

Achievability and Risk

- 6.5 It is an achievable option to take a decision to change nothing in relation to the model. However, the analysis of the current delivery model and the context within which it will be operating in the near future suggests that doing nothing would carry a high degree of risk. The risks are:
- Shetland cannot achieve a coherent and joined up approach in relation to tertiary education and as a result finds it increasingly difficult to attract funding. This is considered to be a moderate to high risk.
 - NAFC Marine Centre will find it difficult to generate income to replace the investment which is being withdrawn by SIC over a three year period and has to fundamentally reduce the scale and alter the nature of its activities. This is considered to be a high risk.
 - The lack of transparency and lack of outcome focused reporting throughout the current model may lead to further reductions in SIC investment both as a funder, commissioner and as a customer. This is considered to be a high risk.
 - The lack of strength in the current model will increase the likelihood that Shetland learners and businesses will be less and less able to access local delivery of these services and increasingly will have to seek provision externally, whether remotely via networked learning or in person. This is considered to be a moderate to high risk.

Feedback on Option 1

- 6.6 There was recognition throughout the consultation programme and during the Seminar with Board Members that doing nothing was not an option. However, concerns were raised at the Seminar that the current model is perhaps not as 'broken' as is presented. The Review recognises that at an operational level both NAFC Marine Centre and Shetland College demonstrate successful activities and provide substantial value to Shetland. However the rationale for change centres around the need to address weaknesses in governance and the fragmented structure of the model. The weaknesses and potential threats presented in earlier chapters will place the organisations in increasingly challenging positions as the context within which they must operate changes at an unprecedented pace.
- 6.7 The impact of the changes in the operating environment is expected to be significant and largely negative for Shetland if no substantive change occurs. Furthermore the viability of the organisations will be increasingly at risk. Until the operational impacts of these changes in the context for the services operating environment are being experienced at an operational level it is reasonable to expect that those reluctant to change will question why change is being promoted.
- 6.8 However the purpose of this Review is to present a strategic analysis of the internal and external factors which will affect the sustainability of the model in the medium to long-term and the current model is currently, for the range of reasons explored earlier, unable to respond to the challenges or to fully take advantage of the opportunities.

Conclusion on Option1

- 6.9 Doing nothing is not considered to be an option as it is expected to create unnecessary negative impacts on both the organisations and Shetland as a whole in the near future.

Option 2: Shetland College becomes an Independent College

- 6.10 Option 2 proposes the removal of Shetland College from SIC and Shetland College will become an independent college within UHI.
- 6.11 The appraisal of this option has assumed that:
- NAFC Marine Centre will continue in its current form although it will still be required to address the funding reductions agreed by SIC.

Coherent Strategic Direction and a Strong Voice

- 6.12 The current challenges in achieving clear strategic direction and a strong voice for the services in Shetland would not be addressed through Option 2. Both NAFC Marine Centre and Shetland College would have two separate voices locally and within UHI and therefore it is unlikely that there will be any improvement in the strategic direction for education, training and research activities in Shetland. The continuation of two distinct entities would not create a strong coherent voice for Shetland either locally, regionally or nationally. Furthermore Shetland College would no longer have the relative comfort of SIC ownership which might make competing for resources with NAFC Marine Centre and other colleges in the region more intensive and without substantive business development may place Shetland College under greater threat.
- 6.13 The only benefit at a strategic level is that Shetland College would be free to make decisions in a more efficient manner without the constraints of SIC ownership. Shetland College should then be able to respond more flexibly to need. In addition, at an

operational level Shetland College would be free to better integrate and benefit from shared services within the region.

Stakeholder Buy-in

- 6.14 An independent Shetland College should be more capable of providing clarity and transparency around its activities and financial position which would be welcomed. However, the research for the Review suggests that few stakeholders would welcome this Option. There are fears that Shetland College on its own would not have sufficient critical mass to achieve sustainable operation. Furthermore, SIC can be expected to have concerns over a loss of control of their investment both as a funder and as a customer of Shetland College, particularly if the benefits of this Option are not expected to be substantial. There is considered to be little that would better engage stakeholders in Option 2 and there is a risk that it may lose some support.

Additional Value for Shetland

- 6.15 It is expected that an independent Shetland College would be more responsive to local needs and that this would have a beneficial impact in Shetland. For example, a strength of NAFC Marine Centre is believed to be its independence. However, a substantial proportion of the complexity within the current model would remain including duplication and a lack of clarity overall, as would competition between the services for resources which can be expected to intensify over time. Therefore questions over effectiveness within the overall delivery model would remain.
- 6.16 A lack of strategic decision-making for Shetland as a whole and increasingly intense competition within Shetland for resources means that the model proposed under Option 2 would find it similarly difficult to the current model to compete on behalf of Shetland at a regional and national level for resources. The impact of this is that the additional value to Shetland from Option 2 is likely to be negligible.

Ability to Pursue Opportunities

- 6.17 An independent Shetland College could be more capable of responding to local needs as it would not be tied in to SIC decision-making structures and governance. However, to achieve this benefit will require greater industry engagement and the development of a more entrepreneurial culture which it would have to develop internally. Without any increase in its capacity as an organisation it is difficult to see how this could be achieved and therefore opportunities may continue to be difficult to pursue
- 6.18 Opportunities at a regional level may be more accessible as Shetland College would be responsible for its own decisions which can be expected to improve engagement at a regional level. However, again the pursuit of these opportunities would require additional support either locally or regionally and the extent to which the College can engage in the whole economy is limited due to the marine focus of NAFC Marine Centre.

Quality of Experience for Learners and Industry

- 6.19 An independent Shetland College can be expected to be held more accountable by its customers indeed its viability can be expected to be wholly dependent on successfully meeting the needs of learners and industry. However, the model as a whole in Shetland would still remain complex and a lack of understanding of the different services offered and the roles of the different elements of the model would continue to limit the extent to which the market can understand and achieve benefits from the services.

Achievability and Risk

- 6.20 Option 2 follows the rationale for Incorporating FE colleges in the 1990s so that they are separate from the local authority. Therefore Option 2 is achievable, albeit by a different route as was taken with Incorporation. However, there are concerns over whether Shetland College would be of sufficient scale to be a successful independent college within UHI. Without a full financial analysis it is not possible to reach a conclusion on this but it is considered to be moderate to high risk.
- 6.21 Furthermore if Shetland College is not sufficiently strengthened by the change there is a risk that the value of the relationship with SIC may diminish with little alternative source of income available. There is a risk that SIC increasingly identifies alternative ways to spend its investment and alternative ways to meet its learning needs. SIC investment as both a customer, commissioner and funder is critical to the operation of Shetland College.

Feedback on Option 2

- 6.22 External stakeholders are not expected to see Option 2 as a significant improvement on the current model and the Seminar with Board Members of NAFC Marine Centre and Shetland College showed no support for Option 2. With few benefits identified there is little rationale for the disruption and investment that would be required to implement Option 2.

Conclusion on Option 2

- 6.23 Option 2 does not offer sufficient benefit over and above the current model to warrant investment in the change. Furthermore there are significant concerns as to whether Option 2 would create an organisation with sufficient critical mass to be viable.

Option 3: One Single Governance Option and Two Delivery Organisations

- 6.24 Option 3 emerged out of consultations held during the Review. The essence of the Option is the creation of an umbrella organisation to undertake the governance role in Shetland, in effect a local version of the Regional Board. NAFC Marine Centre and Shetland College would then sit under this umbrella organisation and continue to broadly deliver services as they currently do. The umbrella organisation could be expected to be governed by SFTCT and SIC representatives.
- 6.25 In attempting to define this option in more detail it has become apparent that the implementation of this option would be challenging and appears to lead to an even more complex model than currently exists.
- 6.26 For an umbrella organisation to have meaningful control of governance the SFTCT and SIC would have to hand over control of their organisations. However, SFTCT and SIC would still be liable for the activities of NAFC Marine Centre and Shetland College respectively. This is likely to make this model unachievable as retaining liability but relinquishing control is unlikely to be attractive to either SIC or SFTCT. The alternative is for SFTCT and SIC to retain control over the NAFC and Shetland College but agree to have their activities guided in an advisory way by the umbrella organisation. However, this would diminish the control and authority available to the umbrella organisation and as a consequence diminish the potential benefits of a more coherent delivery structure.
- 6.27 The only other way which has been identified that could make this Option work might be through the creation of a charitable group made up of the three organisations. This would require the removal of Shetland College from SIC.

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- 6.28 All three of the approaches discussed above are flawed. Adopting the concept of Option 3 and finding a way to implement it is expected to be unduly complex and over time there is a risk that the effectiveness of the model may diminish to be little better than the current model.

Coherent Strategic Direction and a Strong Voice

- 6.29 Option 3 has the potential to provide a strategic direction and a strong voice via the umbrella organisation. However, existing issues around trust, respect and local conflict over funding would remain unresolved. Ultimately dysfunction could spread throughout the structure.

Stakeholder Buy-in

- 6.30 It is not possible to identify any local, regional or national stakeholders who could be expected to support the creation of such a complex structure.

Additional Value for Shetland

- 6.31 This is likely to be a costly model to implement and it is not clear that it would have the capacity to create additional value for Shetland's learners or economy.

Ability to Pursue Opportunities

- 6.32 Without the ability to pool resources and share knowledge more effectively there is little about Option 3 that suggests that either the services or Shetland as a whole would be better placed to take advantage of new opportunities.

Quality of Experience for Learners and Industry

- 6.33 There is little to suggest that this new but still relatively fragmented model would offer quality improvements to learners or industry.

Achievability and Risk

- 6.34 This model is perhaps theoretically achievable but it would be an extremely complex way to find a solution to the challenges. Furthermore there is substantial uncertainty as to whether it would create benefits over and above those generated by the current model.
- 6.35 Embarking on the implementation of Option 3 would be a high risk approach to change.

Feedback on Option 3

- 6.36 External stakeholders are not expected to see Option 3 as a significant improvement on the current model and the seminar with Board Members of NAFC Marine Centre and Shetland College showed no support for Option 3.

Conclusion on Option 3

- 6.37 Due to the challenges in designing a rational proposal under this Option and the uncertainty around the extent to which long-term benefit would be achieved Option 3 is not considered to offer a practical solution to the challenges that face the current model.

Option 4: Combine NAFC and Shetland College and Create an Independent College

- 6.38 Option 4 proposes the creation of one organisation encompassing the activities of Shetland College and NAFC Marine Centre. The legal structure of the entity would require further investigation but the options may include:
- a company limited by guarantee with charitable status (as selected in the relatively recent creation of West Highland College);
 - an Incorporated College; and
 - utilisation of SFTCT as a host structure for the new organisation with change required to the Trust deeds.
- 6.39 All three options would create an organisation with charitable status.

Assumptions

- 6.40 To enable the option to be appraised the following assumptions have been made:
- the funding cuts already agreed by SIC will be implemented; and
 - the new organisation will be entirely separate from SIC.

Coherent Strategic Direction and a Strong Voice

- 6.41 A single organisation instead of two organisations will substantially improve the opportunity for the new organisation to create and follow a coherent strategic direction for the good of both the organisation and Shetland as a whole.
- 6.42 Shetland is a marine based economy and therefore the existence of a college focused on marine related activities is a rational strategic objective. However, as the remit of the NAFC Marine Centre has developed from its initial fisheries focus and expanded over time to a wider marine focus, recently incorporating ambitions in relation to marine renewables, it has become less rational to create a boundary between a marine college and a Shetland college. A single organisation would be better able to form a coherent strategic view of the Shetland economy and deliver, and where necessary develop new, educational, training and research services that both meet the needs of Shetland and support the operation of a sustainable and successful college.
- 6.43 The creation of a single college is the best mechanism to create a substantially stronger voice locally, regionally and nationally as it could speak on behalf of Shetland as a whole. Resources that are currently focused on competing for resources within Shetland could be better directed to competing for finance at a regional and national level. Furthermore, Shetland would regain power, which currently lies with external organisations, as to how the available resources can best be utilised across the range of activities offered in Shetland. Shetland would also be able to be more effectively represented at and engage with the Regional Board and other key structures in UHI.
- 6.44 A single independent entity could also sit on the Community Partnership in Shetland (NAFC Marine Centre currently does but Shetland College does not). This would enable it to respond both strategically and practically to skills challenges faced by Shetland and importantly enable it to engage at a Shetland wide level when key strategic decisions relevant to its activities are being discussed.

Stakeholder Buy-in

- 6.45 This option would be welcomed by all external stakeholders consulted for the Review. However, transparency and accountability will be key to stakeholder buy-in. This should be significantly more achievable in a single independent organisation. The model proposed under Option 4 should be challenged to provide evidence of the needs that it is addressing, how efficiently it is turning funding into activity and the value and outcomes that are being achieved as a result of its activity.
- 6.46 It is likely to be critical that SIC remains a strong partner as at least a commissioner and customer of services and potentially also as a provider of core funds. Therefore it would be important to ensure that Option 4 is designed in order to retain a positive working relationship with SIC. However, this may not mean control of the Board of the new organisation as previous experience has shown this can impact upon accountability and strategic decision-making. Effective accountability and control over SIC investment in this model could be possible through alternative mechanisms that reflect a contractual relationship.

Additional Value for Shetland

- 6.47 A single college operating in Shetland will be able to eliminate duplication where it exists and more efficiently allocate resources to activity. By creating a larger critical mass economies of scale will be easier to achieve and this means that more resource can be allocated to the achievement of outputs. An independent organisation will also be better able to engage in the development of shared services across UHI of which efficiency is a key goal. A single Shetland organisation will also be better able to ensure that as shared services are introduced that employment opportunities in Shetland are not unduly restricted and that where possible the coordination of shared services could be located in Shetland, as is currently the case for the Video Conferencing service of UHI. A more efficient organisation will be better able to turn investment into valuable outputs for Shetland.
- 6.48 Further value could be obtained by combining knowledge and experience across the different elements of Shetland College and NAFC Marine Centre in order to support effective development activities. For example NAFC Marine Centre has greater experience of delivering research and policy related projects and Shetland College has greater experience in the development of networked learning courses.
- 6.49 Creating a stronger single entity will also mean that it can be more visible locally and externally. A single college should also be able to better communicate and promote a clear message about its purpose and activities. This should result in greater clarity around the services available in Shetland. This in turn will make it easier for potential learners and customers to know, or at least discuss with the college, if there is local provision that meets their needs.
- 6.50 Currently the fragmentation of service delivery in Shetland and the implementation of SIC funding reductions mean that services are under threat. Through improved management, coordination and transparency it should be possible to better prioritise activity and improve efficiency so that those services of greatest value to Shetland can continue. Therefore the potential additional value of Option 4 is also in reducing the negative impacts that may occur through decision-making which, unable to be guided by a clear strategy, and combined with inefficiency may mean the unnecessary loss of valuable activity to both Shetland and the region. However, achieving potential efficiencies and appropriately prioritising activity and allocating resources in the best interests of Shetland will be dependent on strong governance and objective appraisal in the new organisation.

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- 6.51 Development of greater strategic direction, a more powerful voice fighting for resources, improved efficiency and greater clarity should all in time result in substantially fewer negative impacts as might otherwise be experienced. There is also the potential to achieve additional value for Shetland through a more independent and effective model. Option 4 is considered to offer substantial value in comparison to the alternative options for the future of these services in Shetland.

Ability to Pursue Opportunities

- 6.52 A more coherent and larger critical mass will be created and therefore it is expected that it would be better able to sustain a business development function which could monitor and support the pursuit of opportunities for the benefit of the organisation and Shetland. This would enable development across the range of activities that the college would be engaged in and potentially the development of new areas of activity. This is a substantial gap in the current model.

Quality of Experience for Learners and Industry

- 6.53 A more simple and transparent delivery structure in Shetland provides the best opportunity to improve understanding of the services available and enable greater promotion of the services to potential learners and customers.
- 6.54 A larger critical mass of activity would be better able to provide enhanced learner support systems and business engagement systems. This will enhance the quality of experience for learners and industry.
- 6.55 Furthermore, as was envisaged with incorporation and now with regionalisation, an independent single entity operating on behalf of Shetland would be better able to respond to need and negotiate access to the necessary resources in order to support local learners and industry.

Achievability and Risk

- 6.56 Option 4 requires the agreement of both SFTCT and SIC to make it happen. The precise mechanism and process to achieve change would have to be designed once an agreement in principle is reached. However, recent merger activity throughout Scotland suggests that combining NAFC Marine Centre and Shetland College should be highly achievable although not without challenges.
- 6.57 The risks associated with Option 4 are considered to be:
- A reduction in current activity levels. This risk exists whether Option 4 is implemented or not due to planned funding reductions. Arguably the creation of a stronger and more coherent single service will enable a lesser reduction in activity as might otherwise be faced.
 - Fears relating to the loss of current activity due to funding reductions may mean that important strategic decisions are extensively delayed. This is considered to be a moderate to high risk. Mitigating actions would have to be taken to ensure that all parties have trust in the process being followed and work to expedite its implementation to minimise the negative impacts of prolonged uncertainty.
 - There is a risk that the substantial remodelling of the services becomes a significant expense over the implementation period and no one is prepared to support this cost. This is considered to be a moderate risk. Merger activity in the FE sector in the rest of Scotland has attracted funding from national organisations and this may be available

to Shetland. Furthermore SIC may regard this as substantial strategic project for the benefit of Shetland and at least as a spend to save project which could support SIC investment in change.

Feedback on Option 4

- 6.58 A substantial majority of the feedback received during the Review process has supported the combining of services within Shetland to create a more coherent structure. However there are concerns. Individuals linked to NAFC Marine Centre are concerned that valuable activities undertaken at NAFC Marine Centre could be lost. However, there is considered to be a greater risk that doing nothing will mean these services are more likely to be lost. The seminar with Board Members of both NAFC Marine Centre and Shetland College identified Option 4 as the strongest option with no support given for any other option. However some who recognised that change was necessary, and that Option 4 was the best route to achieve change, clearly stated that they would have preferred it if the status quo i.e. Option 1 could be retained.

Conclusion on Option 4

- 6.59 During the appraisal process it became clear that Option 4 offers significant benefits over the existing model or the alternative models proposed during this process. There will inevitably be challenges and a cost to implementing this option. However, in order to address the challenges identified in the Review and create a strong and sustainable provider of tertiary education, training and research in Shetland it is difficult to identify a reasonable alternative to Option 4 or at a strategic level identify a negative impact associated with the shape of Option 4.
- 6.60 Furthermore the benefits to Shetland are expected to significantly outweigh any negative impacts encountered in the implementation of Option 4. Particularly as doing nothing can be expected to intensify the risks and threats to the sector in Shetland and generate much greater negative impacts.
- 6.61 However, it must be emphasised that the overall level of funding cuts agreed by SIC can be expected to be implemented regardless of the option selected and therefore it is anticipated that the activity of the new organisation model will not simply be the sum of recent activity at both organisations. Whilst the new model will be challenged to do more with less nevertheless the extent of funding cuts agreed, particularly to NAFC Marine Centre, means that prioritisation of activities is inevitable. However, over time the creation of a substantially stronger provider in Shetland should strengthen the range of activities pursued and even in the short-term Option 4 can be expected to offer more activity than any other option could as the funding cuts begin to bite.

Option 5: Combine as in Option 4 but exclude MST section of NAFC

- 6.62 Option 5 emerged from the consultations undertaken for the Review. Option 5 is similar to Option 4 in that it seeks to create a stronger critical mass but by not including the MST section of NAFC Marine Centre, the newly formed independent college would be smaller and less diverse than in Option 4. Option 5 also proposes that MST would not be part of UHI.

Assumptions

- The activities of MST would continue within either SFTCT or a newly formed organisation.

- SFTCT would be required to return the money invested by the Millenium Commission which is understood to be approximately £1 million.
- The activities of Shetland School of Nautical Studies and Shetland College would transfer to a new college.

Coherent Strategic Direction and a Strong Voice

- 6.63 Many of the positives associated with Option 4 would be partially achievable through Option 5. However, the loss of services which support the aquaculture industry and the loss of research services in relation to the marine environment would diminish the value of the college that would be created. The college would not be able to operate on behalf of the skills needs and research needs of Shetland as a whole and therefore two organisations would remain operating within the local environment.

Stakeholder Buy-in

- 6.64 A newly formed independent college would be welcomed by all external stakeholders. However the separation of MST activity would be a substantial disappointment, particularly to UHI.

Additional Value for Shetland

- 6.65 Similar to the other appraisal criteria many of the benefits of Option 4 could be expected to be partially achieved through Option 5. And similarly the loss of aquaculture and research services from the college would be a concern. With marine related activities clearly based in two separate organisations it is possible that in addition to competing for resources, that the two organisations would directly compete in the services that they provide with the college likely to over time seek to develop services which meet the needs of such an important area of activity for the Shetland economy.

Ability to Pursue Opportunities

- 6.66 The new college would have a greater critical mass than any of the current organisations and therefore should be better able to support a business development function. However, the college would still be smaller and contain less diverse skills and experience than it would under Option 4.
- 6.67 It is reasonable to expect MST or what would remain of SFTCT to be considerably weaker as it is now. Without an ability to access funding through its relationship with UHI and presumably facing declining support from SIC compared to what it currently receives it would be in a more challenging position to attract external funding and maintain effective cashflow. It would become increasingly dependent on project based funding which can be extremely cyclical and have a negative impact on the cashflow of small research organisations.

Quality of Experience for Learners and Industry

- 6.68 There would be an enhanced opportunity for learners at an enlarged College. The extent to which industry would be content with the solution would depend on the continuing availability of important services provided by MST.

Achievability and Risk

- 6.69 The project team has extensive experience of reviewing arms length research arms of academic institutions within the UK. Experience suggests that these specialist institutes:
- rely heavily on public sector support;
 - currently, have to compete aggressively to attract sufficient income from what is a decreasing "pot"; and
 - inevitably can lose their specialist focus due to having to take on contracts that provide them with sufficient revenue to survive but which are in disciplines other than those of their core specialism – they can easily lose their uniqueness.
- 6.70 Furthermore, the Research activity delivered through MST has associated employment costs circa £1.1 million but generate income of around £260,000. For these reasons, it is doubtful that MST could maintain a sufficient level of independently sourced income to maintain profitably its current focus on marine issues.
- 6.71 Viability of MST in whatever structure it adopts is therefore of significant concern in this Option. It is believed that survival would have to depend on significant public sector investment outside of project funding or significant investment by the private industry which is supported by MST. The risk is that insufficient resources are available and therefore the organisation along with all of its activities, could ultimately cease to exist. This analysis recognizes that reduced funding may also mean some activities are at risk under Option 4 but it is not expected that MST activity as a whole would be at such high risk as it would be under Option 5.
- 6.72 If MST continued as an independent entity, it would need to identify a suitable location. It is not certain that the Trust could continue to afford to host it. Viable models without substantial public sector investment are very rare in the UK. There is significant uncertainty that the Trust would be able to continue as a viable entity if its operations comprised solely those of what is currently delivered through MST.
- 6.73 There is also a risk that this Option simply complicates and delays development of the sector. If the MST element of Option 5 is not viable it may be that over time some of the policy related activity is absorbed back into SIC and that aquaculture education and training activities are taken on by the new college.
- 6.74 It is also challenging to see how this new model would integrate with all the associated activities of NAFC Marine Centre including SSQC and SSMO.

Feedback on Option 5

- 6.75 A very small number of consultees promoted this Option and at the seminar with the Boards of NAFC Marine Centre and Shetland College there was no support for this option.

Conclusion on Option 5

- 6.76 The Review process has not revealed any strategic rationale which supports Option 5. Furthermore the risk of losing the activity and skills of MST through the creation of an unviable model is considered to be high. With little support for this option and the risk of losing the value of MST activity over time Option 5 is not considered to offer an attractive route forward.

Option 6: Combine as in Option Four but Create within Shetland Islands Council

- 6.77 Option 6 proposes in principle the creation of the same entity proposed under Option 4 however instead of it operating as an independent organisation it would become part of SIC.

Coherent Strategic Direction and a Strong Voice

- 6.78 Similar to Option 4 it should be possible for much clearer strategic direction to be developed. However for this to be achieved governance would have to develop from the model currently used for Shetland College.
- 6.79 Effective engagement at a regional level would require representation on the Regional Board by an individual with the delegated authority to make decisions, perhaps the Convener. However, this would be in an environment where all other members of the Regional Board would be Chairs of their respective colleges and much more engaged in the day-to-day activities of a college within UHI. This could place Shetland at a disadvantage.

Stakeholder Buy-in

- 6.80 Very few, if any, stakeholders can be expected to welcome the implementation of Option 6.

Additional Value for Shetland

- 6.81 It is possible that Option 6, through the creation of a simplified structure and hopefully greater clarity, could achieve many of the benefits of Option 4. However, the public sector in Scotland does not have a history of highly effective engagement with industry. This was demonstrated by the decision to incorporate colleges in 1992. Colleges are being encouraged to be more innovative and market focused with a greater focus on industry need. There is a substantial risk that service provision within SIC would fail to meet many of the ambitions behind both incorporation and regionalisation and as a result opportunities to add value in the interests of Shetland could be missed.

Ability to Pursue Opportunities

- 6.82 Time and again it has been proven difficult to effectively instill an entrepreneurial culture within the public sector. Challenges include the hierarchical governance system where decision-making can be slow and often defined by a risk averse culture. These conditions do not tend to support the pursuit of new opportunities.
- 6.83 Development can also be constrained by the terms and conditions of the local authority. A recent example in relation to Orkney College demonstrated challenges in creating posts not normally associated with local authority activity. Recruitment by a local authority may also deter applicants for some posts, particularly posts which by their nature require an individual with a high degree of entrepreneurial and innovative characteristics.
- 6.84 However, in relation to the opportunities around the Senior Phase of the Curriculum for Excellence in theory a SIC run college might be better able to integrate with the schools service.

Quality of Experience for Learners and Industry

- 6.85 Theoretically there is no reason why Option 6 should not be able to achieve the same benefits to learners and industry as Option 4. However, experience and a more pragmatic analysis suggest that effective engagement with industry and flexible provision to meet customer needs may be challenging. An independent college, as proposed in Option 4, required to be entrepreneurial to ensure viable and sustainable operation will be more market led and responsive to customer needs.

Achievability and Risk

- 6.86 This option was included at a late stage in the appraisal process and whilst it would enable a coherent approach to provision, challenges would remain around effective representation at a regional and national level and ability to respond to market needs. There is also a risk that reputation would not be positively affected by this option.

Feedback on Option 6

- 6.87 There was no support for this option at the Seminar with Board Members of NAFC Marine Centre and Shetland College.

Conclusion on Option 6

- 6.88 There are some merits to Option 6 which means it outperforms some of the alternatives. However in comparison to Option 4 it is not considered to be an attractive option and for many would be considered to be a substantial backward step.

Conclusion

- 6.89 The strategic analysis has been undertaken in order to find a solution which effectively addresses weaknesses inherent in the current governance model for NAFC Marine Centre and Shetland College; and which meets the challenges of the environment within which these organisations will have to operate going forward.
- 6.90 The option appraisal has found that Option 4, which proposes the creation of a new independent organisation incorporating the activities of NAFC Marine Centre and Shetland College, significantly outperforms the alternatives.
- 6.91 However, the extent to which success can be achieved will be determined by the effective implementation of the option and the timescale within which change is achieved. Many of the opportunities currently available to Shetland will be lost as time progresses and there is a risk that key strengths within the current services could be lost if uncertainty remains for a prolonged period.

7 Appraisal of Options: Train Shetland and Adult Learning

- 7.1 The purpose of the appraisal in relation to Train Shetland and Adult Learning is to determine whether the governance and structure of the services should change as a result of:
- the analysis of the services presented in Chapter 2;
 - the extent to which the changing context presented in Chapter 3 is expected to affect Train Shetland and Adult Learning; and
 - the conclusion reached in relation to NAFC Marine Centre and Shetland College.
- 7.2 The same appraisal criteria have not therefore been applied to the options for Train Shetland as were applied in Chapter 6. Instead an overview of the options and conclusions are presented.

Options for Train Shetland

- TS1. Retain Train Shetland as it is within SIC.
- TS2. Train Shetland activity is integrated into the Option selected for Shetland College.
- TS3. Train Shetland activity stays within SIC but becomes integrated in new central Training function within Human Resources.
- TS4. A combination of Options 2 and 3 with certain activities retained in SIC in the new central training function and other activities integrated into the selected option for Shetland College.
- TS5. Train Shetland becomes an independent organisation.

Options for SIC Adult Learning

- AL1. Retain Adult Learning as it is within SIC.
- AL2. Transfer activities of Adult Learning to selected option for Shetland College.

Train Shetland

- 7.3 Each option for Train Shetland is considered in turn and a strongest option identified. The potential benefits of the strongest option and the implications of change are then explored.

TS1: Retain Shetland as it is within SIC

- 7.4 Train Shetland has been tasked to operate as the principal training provider to SIC but this is not in effect what has happened. Individual departments have created their own training mechanisms and the diversity of approaches and difficulties in equitable access to training resources have led to the development of a central training function and budget within HR.

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- 7.5 With the development of a central training function in SIC it would not appear sensible to continue to host a separate training service i.e. Train Shetland, or at least not the short courses element of Train Shetland, within SIC.

TS2: Train Shetland is integrated into the Option selected for Shetland College

- 7.6 Train Shetland shares many characteristics with NAFC Marine Centre and Shetland College. In particular, Train Shetland engages directly with learners and industry and delivers educational and training services on behalf of external funders. Furthermore it is common for colleges to contain a business development function which would offer services similar to Train Shetland. However, Train Shetland currently has the freedom to commission services from other providers and given the restricted nature of the offer available in Shetland it would be important that this freedom is retained to best meet the needs of industry in Shetland.

TS3: Train Shetland activity stays within SIC but becomes integrated in new central Training function within Human Resources.

- 7.7 If Train Shetland was solely focused on the provision of services to SIC this would offer the most logical option. However, the Train Shetland service has developed a substantial external customer base for both Modern Apprentices and short courses. Integrating the service into a SIC focused training function is likely to mean that the wider economic benefits of Train Shetland are lost to the detriment of Shetland.

TS4: A combination of Options 2 and 3. Some activities relocated to central training function of SIC and some activities transferred to the selected option for Shetland College.

- 7.8 It has not been possible during this strategic appraisal to do detailed analysis of what services might stay and what might be transferred. However, a sensible split is likely to be to transfer all activities that are of interest to both SIC and the wider economy to the option selected for Shetland College, and retain any activities solely targeted at SIC in the Council's new training service. It is expected that under this option the majority of Train Shetland services would transfer to the new college but agreement would need to be reached on how or if SIC would engage with the new college in relation to short courses and apprenticeship delivery..

TS5: Train Shetland becomes an independent organisation

- 7.9 The consultations have suggested that it is unlikely that Train Shetland would have sufficient critical mass to be viable as an independent organisation. With an option for Train Shetland to become integrated with other education and training services (Options TS2 and TS4) option TS5 does not appear to offer a rational alternative.

Analysis of the Strongest Option for Train Shetland

- 7.10 There is significant opportunity for Train Shetland to be integrated within the new college (TS2) proposed in Chapter 6. Expected benefits include:
- sharing knowledge and understanding of the workforce development needs of organisations from throughout the Shetland economy;
 - ability to inform and influence provision within the college so as to better meet the needs of the economy;

- opportunities for the more efficient use of resources. Areas of potential duplication at the moment include:
 - the management of assessors and monitoring of work based vocational qualifications; and
 - administration and reporting requirements required by funding agencies;
- greater clarity in the provision of education and training services to industry;
- the opportunity to engage with industry and cross sell services which may otherwise be sought from elsewhere. Anecdotal evidence suggests often that local purchasers of education and training haven't previously realised what is available on-island;
- the greater critical mass gained by incorporating Train Shetland into the new college would broaden the portfolio of activity of the new college and enhance its links with industry all of which will enhance the establishment of a strong and sustainable college; and
- removed from SIC control and bureaucracy the new organisation should be better able to pursue opportunities and operate in a more entrepreneurial fashion.

7.11 However, successful transfer of Train Shetland is likely to be dependent on an agreement that would enable training demand and therefore training activity generated by SIC to support training provision in the wider economy. This would ideally be formally agreed so as there is clarity on the role of each service, i.e. the internal SIC training team and the service developed from Train Shetland, in responding to SIC demand for training and education.

Feedback on Train Shetland

7.12 Feedback from consultees suggest that there is a natural synergy between Train Shetland and college activity which strongly supports greater integration.

Conclusion on Train Shetland

7.13 The majority of activity currently undertaken by Train Shetland would best be transferred to the new college which incorporates NAFC Marine Centre and Shetland College activity. Train Shetland is a highly industry led service and could offer substantial benefit to the new organisation proposed in Chapter 6 including knowledge exchange and working more effectively across a range of services to better meet the needs of local industry.

7.14 The ideal scenario would support a highly positive working relationship between the new SIC training function and the new college. If SIC supports through its procurement activities the provision of specific training services by the new college this can be expected to support additional value to Shetland through the provision of training that may not otherwise be available locally. Furthermore the SIC is developing an Annual Training Plan which will support effective business planning within the new college, if a contractual, perhaps annual, agreement can be reached to deliver courses on behalf of SIC.

Adult Learning

- 7.15 The options presented for Adult Learning were the most straightforward of the four services, either retain it fully within SIC or transfer it to the new college. The analysis of these two options is presented as a single section below.

Analysis of the Options for Adult Learning

- 7.16 The analysis of the Adult Learning service undertaken for the Review suggests that it is a distinctive service within the four services subject to the Review. The distinctiveness of Adult Learning in the context of this Review is primarily linked to its target market and how it is governed and funded. Characteristics of particular relevance are:
- it is an integral part of the governance structure and delivery of Community Learning and Development services and governance and structure appear to be working effectively;
 - the target market is exclusively individuals, who may be referred to the service from other SIC services, and the service does not offer services to industry or in relation to workforce development;
 - the service is designed to support individuals who are not ready to engage with more formal learning in a college environment, although the services provided may act as a pathway to further engagement in learning;
 - the income of Adult Learning is almost entirely provided through the annual budget setting exercise for the Department and there is very little external funding attracted for the service or income generated; and
 - the consultations did not identify opportunities for the Adult Learning service to develop services or generate income outside of SIC therefore the service would continue to be almost wholly dependent on SIC funding.
- 7.17 The characteristics identified above and the consultations held during the Review process have not identified a rationale to propose change in relation to Adult Learning. Furthermore there is a new statutory instrument proposed by the Scottish Government which has the potential to further strengthen the rationale for the service to continue to be delivered by SIC.
- 7.18 However, there is a need to promote and continue to ensure a clear and effective distinction between Adult Learning and the Community Learning section of Shetland College. We understand that there is another Review being undertaken which will cover the activities of Adult Learning, it may be that this results in a need to reconsider how its services are delivered, but currently and in the context of this Review there is not considered to be a reason to change the service.

Feedback

- 7.19 There was limited knowledge amongst many local consultees around the activities of Adult Learning. There was also confusion over the role of Adult Learning and the Community Learning section of Shetland College. While in the past there does appear to have been duplication a recent agreement has split activity between the two with Adult Learning delivering non-accredited courses and Community Learning delivering accredited courses. No detailed investigation of course delivery has been undertaken during the course of this Review but this recent agreement appears to have addressed the concerns which exist.

Conclusion on Adult Learning

- 7.20 There is little obvious rationale for moving Adult Learning out of SIC. The costs of the service are almost entirely met by SIC and there are limited income generation opportunities. Furthermore it is substantively focused on social objectives which fit well with the role of a local authority and policy development by the Scottish Government looks set to reaffirm this. The development of an independent college has more economic objectives driving its development.

8 Conclusion and Next Steps

- 8.1 The Review process has, at a strategic level, analysed the SIC services of Adult Learning, Shetland College and Train Shetland and the NAFC Marine Centre and the environment within which they operate. The purpose of the Review was to identify the strongest model of future governance and overall structure for the delivery of tertiary education, training and research services in Shetland.

Conclusions

- 8.2 The Review has found that:

- there are significant strengths within the services and substantial value is being generated by the services for Shetland. However, recognition of the value generated is limited;
- the extent of SIC investment in certain elements of the current model is relatively limited due to the receipt of external funding and as a result of services generating their own income;
- the model of delivery for these services is unduly fragmented which creates substantial challenges and limits the success of the services in what is a small market place;
- complexity and weaknesses within the governance of the services exacerbate the challenges created by the fragmented model and create barriers to development;
- the context within which these organisations operate is changing fast and the capacity of the services to respond to both challenges and opportunities is poor; and
- the funding cuts planned by SIC will increase the fragility of service provision unnecessarily due to the fragmented and relatively weak nature of the services.

- 8.3 The Review has also identified that even if SIC funding reductions were not a concern, that change would still be recommended. The combination of weaknesses identified in the analysis of both the current and changing context is expected to continue to weaken the services over time.

- 8.4 The appraisal of Options has concluded that combining NAFC Marine Centre, Shetland College and Train Shetland into a new independent college will be substantially more beneficial than alternative options, including the status quo. This conclusion is based on a strategic assessment of need, risk and opportunity within tertiary education, training and research activity in Shetland. There is currently not considered to be a rationale for incorporating SIC Adult Learning into the model as the service is distinctive from the others in relation to its target market, governance and funding arrangements.

- 8.5 The creation of a single organisation with responsibility for tertiary education, training and research services in Shetland will bring a range of benefits including:

- Ability to effectively engage with local, regional and national partners in relation to strategic planning, funding and activities. This option offers the best opportunity to achieve a strong voice for the services at all of these levels.
- Freedom to create an effective governance framework which best suits the needs of the services including the ability to engage representatives of industry, staff, students and other relevant expertise at a strategic level.

- More efficient use of resources through the elimination of duplication and engagement with efficiency initiatives at a regional level. This should result in more positive outcomes for Shetland from each £ invested.
- The opportunity to achieve greater clarity and transparency in the use of resources. This should also result in greater accountability in the use of SIC funding, perhaps through a contractual relationship.
- Effective prioritisation of activity and effective allocation of resources, within the constraints of funding conditions. The new organisation will have freedom to respond more flexibly to local needs. Importantly this single organisation can also more easily be held accountable for the activity and outcomes which are delivered in Shetland to support progress towards strategic goals.
- Combining the current services will enable skills and experience critical to the development of a small successful college to be shared across all areas of activity. The portfolio of activity that will exist within the new organisation will offer a broad range of opportunities for development.
- A more substantial critical mass will be better able to offer improved support services for students and importantly could better sustain business development capacity to focus on the pursuit of new opportunities.
- Finally and importantly, removing the fragmentation and complexity that is evident in the current model of delivery and creating a single and more robust organisation will mean that the sector in Shetland is better able to respond to the challenges that exist.

8.6 Consultees for the Review do believe in a sustainable small college that provides quality education, training and research services that support personal and economic development in Shetland. The Review has found that the services subject to the Review already have a valuable mix of strengths that can support this to happen, but effective governance, efficient structures and sustainable funding have to provide the necessary foundations for success.

8.7 Securing the benefits outlined above will be dependent on the way in which implementation is managed and also the skills and the expertise of those involved. Some of the benefits may take time to materialise and success cannot be guaranteed. IT should also be noted that pursuing this option does not guarantee the continuation of all existing services as funding cuts will still be implemented. However, the Review has not identified an alternative option that offers the opportunity to generate these same benefits or that can better reduce the threat created by funding reductions. Therefore, combining the services of Shetland College, Train Shetland and NAFC Marine Centre offers by far the best solution to current challenges and to securing the best future for the services for the benefit of Shetland.

8.8 The inevitable complexity of implementation will take time and effective management. However unnecessary delay should be avoided as there is a risk that opportunities which currently exist that could support a strong and sustainable independent college in Shetland, for example as a result of regionalisation, investment in the Shetland economy and the development of the Senior Phase of the Curriculum for Excellence, will become increasingly difficult to pursue as alternatives are found to meet these needs.

Next Steps

8.9 It was not within the remit of the Review to undertake a detailed analysis of the services delivered or produce a financial analysis and implementation plan for the strongest

option. These activities, along with many more, will follow if a decision to pursue Option 4 is taken.

8.10 If a new independent college combining NAFC Marine Centre, Shetland College and Train Shetland is supported by decision-makers in Shetland, the following list presents an outline of a potential process that could support transition from the current position. The project team for the Review has experience in the project management of a merger of colleges in Scotland and the list combines our experience of merger in the FE sector with the knowledge of the context in Shetland gained during the Review process. Potential tasks in managing transition include:

- Identification of and appointment of a project management resource.
- An initial facilitated workshop with all Board members and selected senior officers. The purpose of this workshop will be to ensure a collective view and understanding of what is required to achieve the desired outcome, and to understand the broad timeframes involved. The output will be a broad project plan identifying the key steps required, the timeframes involved, the key risks and who is responsible for achieving each element. The outputs of this workshop will underpin the rest of the merger project. It may be that the project Board for this project will be the Joint Boards from Shetland College and NAFC Marine Centre or may consist of representatives from the Boards and key SIC officials.
- Engagement with key external stakeholders, especially the SFC and Scottish Government, and with UHI.
- Appointment of legal and/ or financial expertise to undertake due diligence, this is also likely to include an assessment of the best legal form for the new organisation.
- Identification of workstreams to take forward individual elements of the project; these may include curriculum, student engagement, communications, governance, quality and planning, corporate services, estates etc.
- Development of a consultation plan to consult with students, staff and stakeholders on the plan for the creation of the new organisation.
- Development of the proposal and business case – this will set out the rationale for the consolidation from a business and educational perspective.
- Ongoing management of workstream activity against the overall project plan.
- Identification of an appropriate structure for the new institution.
- Development of staff transfer plan.
- Appointment of Key Personnel, particularly the Principal/Chief Executive of the new Institution.
- Appointment / matching of staff to positions in the new organisation.
- Ongoing communications with staff.

8.11 If a decision to pursue change as proposed in the Review is taken, effective communication with staff will be important at an early stage and throughout the process so as to avoid unnecessary uncertainty and to support effective implementation.

Appendix A: Consultees and Attendees at the Seminar

Name	Role	Organisation
Morvern Cameron	Head of Academic Relationships	Highlands and Islands Enterprise
Rachel Hunter	Area Manager	Highlands and Islands Enterprise
David Gray	Director	NAFC Marine Centre
David Hopwood	Facilities and Estates Manager	NAFC Marine Centre
Fiona Tulloch	Admin and Finance Manager	NAFC Marine Centre
Jan Rigden	Head of Shetland School of Nautical Studies	NAFC Marine Centre
Martin Robinson	Head of Marine Science and Technology	NAFC Marine Centre
Michael Nisbet	Staff Representative	NAFC Marine Centre
Jude Henderson	Outcome Agreement Manager	Scottish Funding Council
Roger Mullin	College Reform Programme	Scottish Government
Irene Peterson	Acting Principal	Shetland College, Shetland Islands Council
Sue Smith	Operations Manager	Shetland College, Shetland Islands Council
Brain Nugent and Simon Clark (joint discussion)	EIS Representatives	Shetland College, Shetland Islands Council
Annette Titheradge	UNISON Representative	Shetland College and Train Shetland, Shetland Islands Council
Allan Wishart	Board Member	Shetland College, Shetland Islands Council
Drew Ratter	Board Member (Chair)	Shetland College, Shetland Islands Council
Gary Cleaver	Board Member	Shetland College, Shetland Islands Council
George Smith	Board Member	Shetland College, Shetland Islands Council
Peter Campbell	Board Member (Vice-Chair)	Shetland College, Shetland Islands Council
Theo Smith	Trustee	Shetland College and Shetland Fisheries Training Centre Trust
Allister Rendall	Trustee	Shetland Fisheries Training Centre Trust
Billy Fox	Trustee	Shetland Fisheries Training Centre Trust
Brian Isbister	Trustee	Shetland Fisheries Training Centre Trust
David Sandison	Trustee (Vice-Chair)	Shetland Fisheries Training Centre Trust

Gordon Johnson	Trustee	Shetland Fisheries Training Centre Trust
Mark Burgess	Trustee	Shetland Fisheries Training Centre Trust
Steven Coutts	Trustee	Shetland Fisheries Training Centre Trust
Ertie Nicolson	Trustee (Chair)	Shetland Fisheries Training Centre Trust (Chair)
Denise Bell	Executive Manager – Human Resources	Shetland Islands Council
Douglas Irvine	Executive Manager – Economic Development,	Shetland Islands Council
Keir Marshall	Governance and Law	Shetland Islands Council
Nancy Heubeck	Adult Learning Team Leader	Shetland Islands Council
Sheila Keith	Project Manager– Economic Development	Shetland Islands Council
Shona Thomson	Executive Manager – Schools	Shetland Islands Council
Vaila Simpson	Executive Manager – Community Planning and Development	Shetland Islands Council
Fiona Stirling	Manager – Short Courses	Train Shetland
Margaret Simpson	Manager – Modern Apprenticeships	Train Shetland
Dr Crichton Lang	Vice Principal	University of Highlands & Islands
Geoff Howarth	Vice Principal	University of Highlands & Islands
James Fraser	Principal	University of Highlands & Islands
Michael Foxley	Chair of Regional Board	University of Highlands & Islands

Seminar Attendance, 15 May 2013

Name	Board Member/Trustee of
Allan Wishart	Shetland College
Gary Cleaver	Shetland College
George Smith	Shetland College
Peter Campbell	Shetland College (Vice-Chair)
Theo Smith	Shetland College and Shetland Fisheries Training Centre Trust
Allister Rendall	Shetland Fisheries Training Centre Trust
Billy Fox	Shetland Fisheries Training Centre Trust
Brian Isbister	Shetland Fisheries Training Centre Trust
Gordon Johnson	Shetland Fisheries Training Centre Trust
Mark Burgess	Shetland Fisheries Training Centre Trust
Steven Coutts	Shetland Fisheries Training Centre Trust
Ertie Nicolson	Shetland Fisheries Training Centre Trust (Chair)

Unable to attend the Seminar: Drew Ratter, Chair of Shetland College and David Sandison, Vice-Chair of SFTCT

3 June 2013

The Board of Trustees of the NAFC Marine Centre met on 30 May 2013 to consider the draft report on the Review of Research, Training and Tertiary Education in Shetland.

Board members were pleased to note that the report highlights the fact that Shetland is a marine-based economy and that the value of this sector from fisheries and other marine-related activity continues to sustain Shetland through what are difficult times both at national and international levels. It is clearly the case that the marine sector will continue to underpin the Shetland economy into the future and the NAFC Marine Centre can play a vital role in ensuring that this happens.

It was recognised by the Board that Shetland Islands Council faces significant funding challenges and the budget position for NAFC reflects that in terms of reduced grant income. In examining the options which are presented in the report the Board of Trustees want firstly to fulfil their obligations to the Trust and also to work towards a solution that is in the interests of Shetland as a whole. The option of combining NAFC with Shetland College to create an independent college offers this opportunity and the Board of Trustees is recommending that this should be further explored in partnership with the Council.

The NAFC Marine Centre has a number of strengths which are referred to in the report:

- The independent nature of the organisation;
- The charitable status of the centre which assists in attracting funding; and
- A strong industry focus.

The concern expressed at the Board meeting was that the focus and work with the marine industries should not be diluted if the NAFC is to be part of a combined model. There was consensus that the strengths which NAFC has, can be built on and enhance the work of an amalgamated college if this is the ultimate outcome agreed by both the Council and the NAFC Board.

The Board of Trustees also considered other aspects of the report, in particular the role of Train Shetland. It was agreed that a cohesive approach where training is integrated into a combined college model should be further explored. The consensus was that a single independent college with training incorporated could provide the best opportunity to succeed and offer a broad range of services to industry and the wider community.

Board members collectively agreed that the scale of the work involved in progressing to a combined model should not be underestimated. As a first step in the process the NAFC Board are recommending that a strategy group be formed between the Council and NAFC to progress a combined approach to research, training and tertiary education in Shetland. The membership of the proposed strategy group can be widened to include further representation as required.

There is a strongly held view among Board members that this sector of research, training and tertiary education has a bright future in Shetland. This was amplified by the Board of Trustees who wished to emphasise the importance of building on current strengths and developing them further in an integrated model.

W E Shannon
Interim Manager