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Date: 17 October 2017

Dear Sir/Madam

You are invited to the following meeting:

**Policy and Resources Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 23 October 2017 at 10am**

Apologies for absence should be notified to Louise Adamson at the above number.

Yours faithfully

Executive Manager – Governance and Law

Chair: Cecil Smith  
Vice-Chair: Steven Coutts

## **AGENDA**

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
- (d) Confirm minutes of the meeting held on 29 August 2017 (enclosed).

## Item

1. Chair's Report – Environment and Transport Committee  
Taxi Tariff Review  
*P&R-1023-DV-48*
2. Chair's Report – Development Committee  
Future Support to Association of Shetland Community Councils  
*P&R-1023-DV-51*
3. Review of Maximising Attendance Policy and Procedure  
*HR-14*
4. Temporary Higher Duties Policy  
*HR-17*
5. Participation Requests Policy  
*DV-49*
6. Shetland Islands Health and Social Care Partnership: Joint Strategic  
Commissioning Plan, Refresh 2018-2021  
*CC-48-17*
7. Asset Investment Plan – Business Cases  
*CPS-06-17*

### **The following items contain Exempt Information**

8. Chair's Report – Development Committee  
Lerwick Town Centre CCTV System  
*P&R-1023- DV-52*
9. Chair's Report – Development Committee  
Fibre Optic Asset Management Project – Outline Business Case  
*P&R-1023-DV-46*
10. Chair's Report – Shetland College Board  
EIS FELA Dispute  
*P&R-1023-HR-18*
11. Review of Marine Pilots Market Forces Supplement  
*PH-11-17*
12. Commissioned Services  
*CC-51-17*
13. Commissioned Services Update Report (*Report to follow*)



# Shetland Islands Council

Agenda Item

# 1

<b>Meeting(s):</b>	<b>Policy &amp; Resources Committee</b>	<b>23 October 2017</b>
<b>Report Title:</b>	<b>Chair's Report Environment and Transport Committee – 2 October 2017  Taxi Tariff Review</b>	
<b>Reference Number:</b>	<b>P&amp;R-1023-DV-48</b>	

## **1.0 Decisions / Action required:**

- 1.1 That the Policy and Resources Committee RESOLVE to approve that the Shetland Islands Council Taxi Tariffs remain unchanged.

## **2.0 Report:**

- 2.1 The purpose of this report is to consider a recommendation from the Chair of Environment and Transport Committee in relation to a report requiring a decision of Policy and Resources Committee.
- 2.2 The report concerned the Council's Taxi Tariff Review which was undertaken by the Transport Planning.
- 2.3 Following a low return of responses received the report proposes that there be no change to the Taxi Tariffs until the next review.
- 2.4 The Chair will present any further information to the Committee as to the debate or issues that the Committee considered.

## **3.0 Implications:**

- 3.1 Detailed information concerning the proposals was contained within the report, which includes the strategic and resources implications for the Council.
- 3.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.
- 3.3 There are no additional implications to be considered by the Council.

<b>Previously considered by:</b>	Environment and Transport Committee	2 October 2017
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**Contact Details:**

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For further information please contact:

Mr R Thomson, Chair of Environment and Transport Committee  
10 October 2017

**Appendices:**

None

**Background Documents:**

Report to Environment and Transport Committee – 2 October 2017:

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5435>

END





<b>Meeting(s):</b>	<b>Policy &amp; Resources Committee</b>	<b>23 October 2017</b>
<b>Report Title:</b>	<b>Chair's Report Development Committee – 3 October 2017  Future Support to Association of Shetland Community Councils</b>	
<b>Reference Number:</b>	<b>P&amp;R-1023-DV-51</b>	

## **1.0 Decisions / Action required:**

1.1 That the Policy and Resources Committee RESOLVE to:

- a) Approve that administration support to Association of Shetland Community Councils (ASCC) be provided by Shetland Islands Council's Community Planning and Development Service (CP&D) from October 2017.
- b) Approve that the Council designate the External Funding Officer, CP&D, as the Community Council Liaison Officer (CCLO).

## **2.0 Report:**

- 2.1 The purpose of this report is to consider a recommendation from the Chair of Development Committee in relation to a report requiring a decision of Policy and Resources Committee.
- 2.2 The report provided an overview of current working arrangements in relation to the Council's support to the ASCC, and made recommendations regarding future support. The appendices provided information regarding the consultation with Community Councils, the ASCC and Voluntary Action Shetland (VAS) that has been carried out regarding this matter.
- 2.3 When the Council first introduced a Community Council scheme, the Council established its own arrangements to support Community Councils. Funding for Community Councils was administered by the Council's Finance Service, with advice over governance and legislation, including election duties, provided by the Council's Governance & Law Service. An agreement was put in place, which meant that effectively the CCLO role was shared between VAS, and the Finance and Governance & Law Services. VAS also provided administration support to the ASCC. Since the agreement was first put in place, VAS has received funding from the Council to carry out the duties as detailed above.
- 2.4 During 2013-15, Community Council budgets and responsibility for Community Councils transferred to the CP&D. This was considered the most appropriate location for Community Council activities within the Council as CP&D already managed the Council's community grant schemes and Community Development services.

- 2.5 The Scottish Government asked the Council to provide a named CCLO contact, as it is expected that each local authority designate an officer to the CCLO role. In response, the External Funding Officer (EFO), CP&D was assigned this responsibility, and in addition to acting as a first point of contact and providing advice and support to Community Councils, the EFO participates in both the national and a regional CCLO network.
- 2.6 During 2016/17, CP&D carried out a desktop appraisal of the current CCLO arrangements and conducted a review of the existing administration support to the ASCC. The latter included carrying out consultation with Community Councils to determine their preferred option for future administration support to ASCC.
- 2.7 The consultation results demonstrated that the majority of Community Councils would prefer the Council to provide administration support to ASCC in-house. Taking on the CCLO role in full and providing administration support to ASCC would help further strengthen ties and relationships between the Council and Community Councils.
- 2.8 The proposed changes present an opportunity for the Council to achieve recurring efficiency savings whilst also developing stronger links and relationships with Community Councils by taking the CCLO role and administration support to ASCC in-house
- 2.9 In the absence of the Chair and Vice Chair of Development Committee, the Leader has agreed to present any further information to the Committee as to the debate or issues that the Committee considered.

### **3.0 Implications :**

- 3.1 Detailed information concerning the proposals was contained within the report, which includes the strategic and resources implications for the Council.
- 3.2 Copies of the report can also be accessed via the Council's website at the link shown below, or by contacting Committee Services.
- 3.3 There are no additional implications to be considered by the Council.

<b>Previously considered by:</b>	Development Committee	3 October 2017
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For further information please contact:

Mr A Cooper, Chair of Development Committee  
 Mr C Smith, Leader  
 11 October 2017

Appendices:  
 None

Background documents:  
 Report to Development Committee – 3 October 2017  
<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5441>

END



<b>Meeting(s):</b>	Employees Joint Consultative Committee	19 September 2017
	Local Negotiating Committee for Teachers	26 September 2017
	College Lecturers Joint Consultative Committee	4 October 2017
	Policy and Resources Committee	23 October 2017
<b>Report Title:</b>	Review of Maximising Attendance Policy and Procedure	
<b>Reference Number:</b>	HR-14-17-F	
<b>Author / Job Title:</b>	Executive Manager – Human Resources	

### 1.0 Decisions / Action required:

- 1.1 That the LNCT, EJCC and College Lecturers JCC consider and support the revised Maximising Attendance Policy and Procedure.
- 1.2 That Policy and Resources Committee RESOLVE to approve the revised Policy and Procedure (Appendix 1), for all staff.

### 2.0 High Level Summary:

- 2.1 The current Maximising Attendance Policy and Procedure has been in place since 1 April 2013. The revised policy and procedures builds on the existing policy and procedure in that it sets out clear expectations of employees, managers and Corporate Services whilst providing a structured, escalating framework for managing sickness absence.
- 2.2 Human Resources have carried out an in-depth and comprehensive review of the policy and procedures. This has been informed by a number of sources. Human Resources have met individually with managers across each of the directorates, they have met with representatives from each of the recognised trade unions and a staff survey was carried out. The review has taken account of these views and experiences. Human Resources has also researched and taken account of best practice, including that of high performing Scottish local authorities.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 This policy and procedure supports the Council's '20 by 20' aims within the Corporate Plan by ensuring that staff have the highest possible standards of leadership and management by making sure staff feel that their performance is valued by the organisation. It also supports the development of new ways of working.
- 3.2 The policy and procedure supports the implementation of the Council's Workforce

Strategy which states that we can overcome barriers to employment and support employees to achieve their full potential. It contributes to the future health and wellbeing of employees; enabling the Council to improve its ranking in the Statutory Performance Indicator for sickness absence and; ensures employees have a positive attitude towards their health, safety and well-being and are able to carry out their work safely and effectively.

- 3.3 The Council's Value statement of "taking personal responsibility - having a positive attitude and taking our responsibilities as employees of the Council seriously; working in an open and honest way; reflecting on our performance and looking for opportunities to improve and develop" underpins this revised policy and procedure.

#### **4.0 Key Issues:**

- 4.1 The Maximising Attendance Policy and Procedure has been updated and improved to encourage a positive and supportive culture to manage sickness absence. The policy and procedure strives to ensure that managers and employees work together to minimise or prevent sickness absence occurring.
- 4.2 The introduction of pro-rata triggers for part-time staff will ensure the opportunity to support part-time staff, in early course, is not missed.
- 4.3 The requirement to take staff through the separate disciplinary procedures who have met the short-term absence triggers, where the absences are not attributable to an underlying health condition, has been removed. This has been replaced by the Attendance Improvement Procedures which brings the whole process of managing attendance under the Maximising Attendance Policy and Procedure.
- 4.4 The new procedure makes it clear how absences related to pregnancy and maternity should be managed, which ensures these staff are being supported and the Council continues to be compliant with the Equality Act 2010.
- 4.5 The procedure introduces arrangements whereby staff who are unwell during a suspension will be required to keep in touch with their manager in relation to the health to ensure that the Council is providing the required support. Sick leave during suspension will now be paid under the relevant sick pay provisions.
- 4.6 The procedure introduces new arrangements which aims to control the spread of contagious diseases/viruses. Executive Managers have authority to decide that the time spent away from work for the quarantine purposes will not count toward the Maximising Attendance triggers.
- 4.7 It is proposed that the new policy and procedure is implemented on 1 January 2018. A training plan is being developed for delivery ahead of the policy and procedures being implemented. Consideration has also been given to the communication plan required so that all employees and managers engage with the new positive culture for maximising attendance.
- 4.8 The current policy will continue to be in place until 31 December 2017. Any staff on monitoring periods or who have live disciplinary warnings at 1 January 2018 will continue to apply until they are invited to the equivalent meeting or hearing under the new policy.

4.9	There are improvements being made in the information systems and appendices to the procedure which will assist in managing attendance more efficiently. The appendices to the procedure are not attached with this report.
<b>5.0 Exempt and/or confidential information:</b>	
None	
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Having high levels of attendance where staff feel supported at work has a positive impact on the delivery of Council services to the Shetland Community.
<b>6.2 Human Resources and Organisational Development:</b>	<p>The revised Maximising Attendance Policy and Procedure encourages a culture where employees are supported and valued in the workplace. Employees will be encouraged to work with their managers to identify steps which will help prevent or reduce sickness absence, as far as possible, which will in turn contribute to the achievement of the Council's objectives.</p> <p>HR policies and procedures ensures that there is a consistent and clear approach taken in managing our workforce.</p> <p>Clear communication with all managers and employees will be key to successful implementation.</p>
<b>6.3 Equality, Diversity and Human Rights:</b>	The policy and procedures will assist in ensuring that the Council treats its employees fairly and consistently. The requirements of the Equality Act 2010 in relation to a disabled person and absences in relation to pregnancy and maternity reasons, will be met through the use of these procedures.
<b>6.4 Legal:</b>	The revised policy and procedure complies with the provisions of the Data Protection Act 1998, the Equality Act 2010 and the Health and Safety at Work Act 1974.
<b>6.5 Finance:</b>	<p>There are savings that result from improving staff attendance and associated reductions in cover costs where these are incurred.</p> <p>In terms of staff who are signed off sick whilst on suspension, this will be processed as sick leave. This is a change from the current arrangements where staff currently receive full pay during suspension regardless of whether or not they are signed off sick by the GP.</p> <p>The phased return to work provision is reducing from a maximum of 8 weeks down to 6 weeks. This will generate a slight saving, is more manageable for services and is in line with other local authorities.</p>

<b>6.6 Assets and Property:</b>	None	
<b>6.7 ICT and new technologies:</b>	None	
<b>6.8 Environmental:</b>	None	
<b>6.9 Risk Management:</b>	<p>The Health, Safety and Welfare policy requires that “Shetland Islands Council takes all reasonably practicable steps to protect the health, safety and welfare at work of all its employees”</p> <p>By approving this Policy and Procedure, the Council will ensure that control measures are in place to consistently and effectively manage staff sickness absence, making reasonable adjustments where required and thus reducing the risk of claims against the Council.</p>	
<b>6.10 Policy and Delegated Authority:</b>	<p>All matters which relate to staffing are referred to the Employee’s Joint Consultative Committee, College Lecturer’s Joint Consultative Committee and the Local Negotiating Committee for Teachers, prior to a final decision by Policy and Resources Committee.</p> <p>The Policy and Resources Committee has delegated authority for the development and operation of the Council as an organisation and all matters relating to organisational development and staffing.</p>	
<b>6.11 Previously considered by:</b>	Informal consultation with Trade Union Reps	July – August 2017

**Contact Details:**

Diane Thomson, HR Adviser, [diane.thomson@shetland.gov.uk](mailto:diane.thomson@shetland.gov.uk), 25 August 2017

**Appendices:**

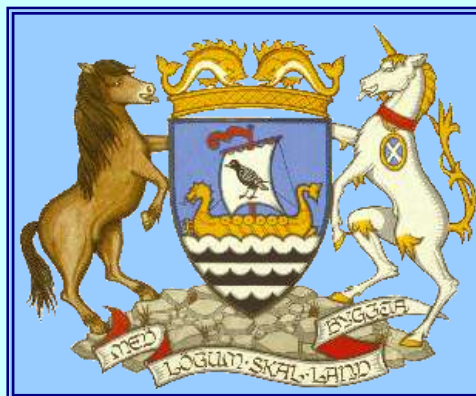
Maximising Attendance Policy and Procedures

**Background Documents:**

None

# **SHETLAND ISLANDS COUNCIL**

## **MAXIMISING ATTENDANCE POLICY AND PROCEDURES**



Effective From: 1 January 2018  
Applies to: All employees

Document Information			
Document Name/Description		Maximising Attendance Policy and Procedure	
Version Number e.g. V1.1		V2.1	
Author		Diane Thomson, Human Resources Adviser, Human Resources	
Lead Officer/Manager		Denise Bell, Executive Manager – Human Resources	
Final Approval Date		23 October 2017	
Approved by – <i>Council/Committee/Group/Manager</i>		Policy and Resources Committee	
Review Frequency		Full review – 3 yearly	
Date of next planned review start		Formal review – 1 January 2021	
Summary of changes to document			
Date	Version updated	New version number	Brief description of changes
1/9/17	V1	V2.1	This is an update of the Maximising Attendance Policy and Procedure which has been effective from 1 April 2013
10/10/17	V2.1	V2.2	Comments from LNCT (26/9/17) and CLJCC (4/10/17) incorporated.



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Appendix 3:	Wellbeing Support Meeting Form and Guidance
Appendix 4:	Occupational Health Referral Form and Guidance
Appendix 5:	Phased Return to Work Guidance
Appendix 6:	Reasonable Adjustments Recording Form
Appendix 7:	Case Review Form
Appendix 8:	Guidelines for Managing Contagious Diseases/Virus' in the workplace

# Shetland Islands Council

## MAXIMISING ATTENDANCE POLICY

### 1. STATEMENT OF POLICY

- 1.1 Shetland Islands Council recognises the value of its employees and is committed to ensuring that employees are supported to deliver and continuously improve the varied services the Council provides.
- 1.2 The Council considers the health and wellbeing of its employees to be of paramount importance and is committed to providing a high-quality working environment for all employees.
- 1.3 The Council recognises that employees can become sick and as a consequence, may require time off from work to recover. A proactive approach, from managers at an early stage can often contribute to an improvement in attendance in the long term and enhance positive working relationships. Properly addressing sickness absence benefits employees by allowing an opportunity for support and assistance to be provided, as well as helping to identify work related and non-work related issues. It is intended that this policy be used positively and constructively to support and enable employees to remain at work or return to work as quick as possible.
- 1.4 Open and regular communication between managers and employees is encouraged and promoted when an employee is absent due to illness.
- 1.5 The Council is committed to building a culture where its employees feel safe to disclose any disability or long-term health condition, feeling confident that they will be supported.
- 1.6 All employees will be treated in a fair and consistent manner and are encouraged to seek help when they have problems which are resulting or may result in non-attendance at work.
- 1.7 The Council is committed to the analysis, control and management of attendance for three main purposes: to help prevent and reduce absences, to provide assistance to employees with health problems at an early stage and to respond effectively to actual and potential problems with service delivery. High levels of attendance have positive effects for the whole council with better performance through increased levels of morale and job satisfaction.
- 1.8 The accompanying procedures to this policy ensure that managers take prompt and timely action in relation to absence in accordance with the triggers set.

## 2. INTRODUCTION

### 2.1 Scope of the Policy

The Maximising Attendance Policy and supporting Procedures apply to all Shetland Islands Council employees. It does not apply to relief, supply or agency workers where a contract of employment with the Council does not exist.

### 2.2 Aim

The aim of the policy and the procedures is to deliver quality cost effective services by managing and minimising sickness absence through promoting a positive and preventative approach.

### 2.3 Legislation

The main pieces of legislation that impact on this policy and procedures are:

- The **Health and Safety at Work Act 1974** states that employers have to ensure the health, safety and welfare of their employees as far as is reasonably practicable. Employees also have a duty to protect their own and others health and safety. The Management of Health and Safety at Work Regulations state employers must conduct a risk assessment. This means that employers have a legal duty to ensure that their employees are not put at risk as a result of the actions of other employees, and if they are aware of any problems have a responsibility to address them.
- Under the **Data Protection Act 1998** the Council is responsible for the accuracy and security of the records it keeps on employees. Information on absence and absence statistics are routinely collected and processed as part of this policy and managers must ensure that at all stages, employees handling this information are aware of the need to maintain confidentiality and security at all times.
- The **Equality Act 2010** describes different types of discrimination on the grounds of a protected characteristic, one of which is disability. The definition of a disabled person is someone with a “physical or mental impairment which has a substantial and long term adverse effect on their ability to carry out normal day to day activities” The act contains a requirement to make reasonable adjustments where a provision, criterion or practice or physical feature puts a disabled person at a substantial disadvantage compared with a non-disabled person in relation to a particular situation/service/function.

The Equality Act 2010 makes it unlawful to discriminate against an employee because they are pregnant or have a pregnancy-related illness. This covers the protected period which finishes when maternity leave ends or when the employee returns to work. Absences that are

related to pregnancy will not be counted toward the triggers for the relevant stage 3 hearing.

### **3. ROLES AND RESPONSIBILITIES**

The Council acknowledges that maximising attendance at work requires everyone to play their part.

#### **3.1 All Employees must:**

- 3.1.1 Look after their general health and wellbeing and seek medical or other support where necessary in order to maximise their attendance at work.
- 3.1.2 Understand that taking time off work under this policy, without having a genuine health related reason, is unacceptable.
- 3.1.3 Understand that they have a contractual duty to attend work, that any absence has a financial and operational impact on the provision of service and therefore must be managed by the Council.
- 3.1.4 Contact their line manager (or other designated contact) on the first day of absence. If the absence continues, the employees should agree regular contact with their line manager.
- 3.1.5 Provide their line manager (or other designated contact) with sickness certification as soon as is reasonably practicable.
- 3.1.6 Remain contactable during periods of absence.
- 3.1.7 During periods of absence, take every reasonable measure to rehabilitate themselves in as short a time as possible.
- 3.1.8 Bring any factors that may impact on their attendance to the attention of their line manager at the earliest opportunity.
- 3.1.9 Be open and honest with their line manager about the reason for absence.
- 3.1.10 Report any potential health risks of incidents in accordance with the Council's reporting procedures.
- 3.1.11 Make every effort to attend formal attendance meetings and understand that decisions may be taken in their absence if they do not attend.
- 3.1.12 Attend all Occupational Health appointments and if this is not possible, then telephone Human Resources to reschedule in good time ahead of the appointment.

#### **3.2 Managers must:**

- 3.2.1 Encourage a culture where employees feel comfortable to discuss any issues in relation to their health and then work with the employee to prevent/minimise sickness absence.
- 3.2.2 Ensure that all adjustments are explored to enable employees to continue in their current role should they acquire a disability or their existing disability or health condition worsens.
- 3.2.3 Ensure that employees are aware of the ethos behind the policy.
- 3.2.4 Be fair and consistent in the implementation and application of the policy and procedures. Managers should recognise that not doing so has an impact on the employees they manage and also employees across the Council.
- 3.2.5 Ensure that they understand the Council's policy and procedures in Maximising Attendance and attend training provided. If managers are

- unsure about the application of the policy and procedure they should seek advice from Human Resources.
- 3.2.6 Ensure that all employees know when and to whom they should report sickness absence and what certification is required.
  - 3.2.7 Ensure each absence is recorded through the Council's absence reporting mechanism.
  - 3.2.8 If an employee identifies an absence as work related, ensure that a Personal Incident Notification form is completed, and seek advice from Health and Safety in regard to investigating in line with the agreed procedures for accident reporting, investigation and recording.
  - 3.2.9 Where an employee is absent and that absence is not authorised through other Council policies, or properly notified through the sickness absences notification procedures, deal with it through the disciplinary procedures.
  - 3.2.10 Maintain regular contact with absent employees.
  - 3.2.11 Conduct Return to Work discussions after every sickness absence. Conduct Wellbeing Support Meetings and relevant stage 3 meetings when required.
  - 3.2.12 Ensure that employees understand the escalation process of the Maximising Attendance Policy.
  - 3.2.13 Take all practical steps and implications into account when considering what options could improve the employee's attendance and/or facilitate a successful return to work.
  - 3.2.14 Refer employees to Occupational Health in accordance with this policy and procedure.
  - 3.2.15 Understand and have knowledge of support programmes available to employees.
  - 3.2.16 Treat information regarding an employee's health in a sensitive and confidential manner and ensure that their staff who process sickness documentation are aware of the need to adhere to the data protection principles.

### **3.3 Corporate Services will:**

- 3.3.1 Work with managers and trade union representatives to instil a culture where managers and employees work positively together to prevent or minimise sickness absence.
- 3.3.2 Ensure that Human Resources' professional assistance is available to support managers in relation to the consistent application of the Maximising Attendance policy and its accompanying procedures and associated policies and procedures. It is expected that Human Resources presence at formal meetings will normally be at stage three onwards.
- 3.3.3 Continue to support health promotions which encourage employees to adopt a balanced lifestyle and identify and address personal health problems;
- 3.3.4 Continue to develop policies which support and encourage safe working, employee well-being and a work/life balance;
- 3.3.5 Ensure that there are appropriate systems in place to process sick pay in line with national terms and conditions and local arrangements;
- 3.3.6 Ensure that competent health and safety advice is available to support compliance with Health and Safety regulations
- 3.3.7 Ensure training is available to all managers in order that they can:

- Develop a culture which positively and constructively prevents/minimises sickness absence.
  - Identify and competently apply all stages of the Maximising Attendance policy and its accompanying procedures,
  - Enhance their interpersonal skills to have the confidence to deal with employees consistently and fairly while taking into account the specific circumstances of each case,
  - Identify patterns/frequencies of absent employees as early as possible,
- 3.3.8 Monitor and review the application and implementation of the Maximising Attendance Policy and Procedure.
- 3.3.9 Ensure that arrangements are in place for the provision of occupational health advice
- 3.3.10 Provide statistical analysis of attendance figures, including costs where available to Elected Members, Corporate Management team and Scottish Government
- 3.3.11 Provide performance measures to Directors to ensure the policy is being carried out within their area.
- 3.3.12 Analyse national trends and developments in maximising attendance and keep managers and employees up to date on the national situation;
- 3.3.13 Analyse statistical information between comparable work groups and investigate variances to identify underlying reasons;
- 3.3.14 Ensure managers are provided with regular information on attendance statistics which are both Council-wide as well as within their own area of responsibility.

### **3.4 Directors will:**

- 3.4.1 Drive a culture of supporting employees who have health issues and ensure the Council does what it reasonably can and works with the employee to prevent or minimise sickness absence.
- 3.4.2 Ensure there is consistent application of the Maximising Attendance Policy and its accompanying procedures.
- 3.4.3 Ensure that management processes are in place in their departments to monitor compliance with the Maximising Attendance Policy and the accompanying procedures.
- 3.4.4 Set departmental targets that assist the Council to meet its target in relation to attendance statutory performance indicators.

# MAXIMISING ATTENDANCE PROCEDURES

## 1. INTRODUCTION

- 1.1 Shetland Islands Council is committed to creating a culture where employees and managers work together in a positive way to prevent or reduce sickness absence occurring, as far as possible.
- 1.2 Positive and immediate management of attendance issues indicates to employees that this issue is important to the Council. A relaxed attitude to absence notification, recording and monitoring and/or lack of effective management can send an incorrect message to employees; they feel unsupported, it impacts on colleagues and has a detrimental impact on service delivery.
- 1.3 The Maximising Attendance procedures should be read together with the Maximising Attendance policy. These procedures set out the framework for managing absence, ensuring that managers take prompt and timely action in relation to absence in accordance with the triggers set.
- 1.4 These procedures along with the supporting guidance notes, and forms equip managers to manage absence in an appropriate manner, treating employees in a positive, fair and consistent manner.
- 1.5 Flow charts setting out the steps and management escalation are set out in Appendix 1.

## **2. DEFINITIONS AND DESCRIPTIONS**

### **2.1 Short-Term Absences**

This involves patterns of absence due to illnesses that may or may not be connected. Short term absences last less than 28 days'. This type of absence might indicate other problems that may need to be explored and resolved.

The reason for short-term absences may be an underlying medical condition or no underlying medical condition. For the purposes of this procedure the two categories are managed separately.

The focus on managing short-term absences is to limit, prevent or manage them occurring in the future.

### **2.2 Patterns**

Managers should be aware that there are various types of patterns of absence which can emerge when sickness absence is being regularly reviewed, such as before or after weekends, annual leave, public holidays or personal related problems e.g. caring for dependents. Managers should not assume that this indicates that an absence is not genuine, but should be prepared to discuss this with the employee to try to establish whether a genuine health problem exists and find ways to alleviating the problem.

### **2.3 Long-Term Absence**

Any period of absence from work because of ill health lasting more than 28 calendar days' (four weeks') is deemed to be long term sickness absence.

The focus of managing a long-term absence is supporting the employee back to work as soon as possible. In cases where this is not possible, the absence will be managed under the ill health capability or ill health retirement procedure.

### **2.4 Self-Certification**

Employees who are absent for 7 calendar days' or less are required to complete a self-certificate form. This is available from all workplaces.

### **2.5 Work-Related Absence**

Where an employee has indicated that the absence is work-related, the manager must ensure a Personal Incident Form (PIN form) is completed. Advice must be sought from the Health and Safety section so that the necessary investigation takes place and sick pay, if applicable, is processed in accordance with the national terms and conditions for that staff group. See section 15 for more details on this issue.



## 2.6 Medical Statement/Fit Note

Employees who are absent for more than 7 calendar days' must submit a fit note/medical statement from their GP. The medical statement from the GP will advise if the employee:

**2.6.1** May be fit for work taking account of the following advice – this means that the doctor's assessment is that the condition of the named employee does not necessarily stop them from returning to work. The doctor will tick one or more of the options below and give comments:

- a phased return to work;
- amended duties;
- altered hours;
- workplace adaptations,

Where the doctor has ticked the "May be Fit" option then the manager must discuss this with the employee. If it is not possible for the support suggested to be provided in the workplace, the Fit Note should be used as if the doctor has advised "Not fit for Work".

**2.6.2** Not fit for work – this means that the doctor's assessment is that the named employee has a health condition that prevents them from working for the stated period of time.

The employee may return to work during the period where the doctor has signed them 'not fit for work' if they feel that they are well enough to return to work. This is however subject to a satisfactory risk assessment and after obtaining further medical opinion where appropriate. Ultimately, it will be the manager's decision on whether to allow the employee to return to work during this period. It is recommended that the manager discuss the situation Human Resources and/or the Insurance Section.

## 2.7 Adjustments

Where an employee has a disability as defined by the Equality Act 2010, which disadvantages them at work, the Council will make adjustments which are reasonable in order to overcome the disadvantage. Adjustments may involve:

- a change to the way things are done in the workplace
- making physical changes to the work premises
- the provision of extra aids or support

Section 8 provides more details on adjustments.

## 2.8 Return to Work Discussion ("RTWD")

**2.8.1** On each occasion an employee returns to work following a period of sickness absence, irrespective of the duration, the employee's line

manager/supervisor will arrange to meet or telephone the employee as soon as possible (within a week of returning from the absence). This discussion must be recorded, the proforma set out in Appendix 2 can be used. Any alternative recording system must contain similar details as a minimum.

- 2.8.2 Return to Work Discussions are an effective way of controlling and minimising absences as it provides an opportunity to identify possible underlying causes, or patterns of absence and confirm the employee is fit to work. It demonstrates to employees that their manager is concerned for the employee's wellbeing and that they were missed from the workplace.
- 2.8.3 A RTWD is not about challenging the reason for the sickness or disputing that genuine sickness exists. It may be used to provide any information to the employee and listen to them which may assist them to improve the attendance. The RTWD will highlight the importance of high attendance and advising the employee that there is a limit to how much non-productive time the Council can sustain. The RTWD should be informal, held in private and always conducted sympathetically.
- 2.8.4 At this discussion the manager must ensure that self-certificates/medical statements have been provided and where the absence was work related, that a PIN form has been completed and Safety section informed. Each return to work discussion form will record whether a trigger has been met which requires a Wellbeing Support Meeting to be scheduled.
- 2.8.5 In cases where notification requirements has not been met the return to work forms will identify and prompt any required action under the Disciplinary Procedure.

Guidance on conducting Return to Work Discussions is included at Appendix 2.

## **2.9 Wellbeing Support Meetings**

Wellbeing Support Meetings are held to discuss an employee's attendance level in more detail. This procedure prompts managers and employees to meet at particular stages of long-term absences and short term absences. Sections 5 and 6 provide more details of these timeframes.

A Wellbeing Support Meeting should allow for:

- A discussion regarding the reasons for the absences, any links between the absences and any patterns of absences.
- The opportunity to identify any issues affecting the employee and their ability to attend work
- All relevant supports/adjustments to be considered, discussed and offered to the employee (see Section 8) so that a successful return to work or improved attendance can be facilitated.

- Identification of the next steps e.g. referral to Occupational Health, counselling service, ill health capability.
- Identification of the improvements required within the fixed 12 month review period

Wellbeing Support Meetings should be accurately recorded on the standard recording form with a completed copy sent to the employee for their records. Recording forms and guidance is set out in Appendix 3.

There are two stages of the Wellbeing Support Meetings (“stage 1” and “stage 2”). The stage 2 meeting will take place where the targets set at the Stage 1 meeting have not been met.

It is strongly recommended that Wellbeing Support Meetings take place face to face. However, where this is not possible they can take place over the phone for example, where the staff are dispersed or work schedules mean there will be delays for the manager and employee meeting.

Employees must be given a copy of the completed Wellbeing Support meeting form.

## **2.10 Attendance Improvement Hearing**

An employee will be invited to an Attendance Improvement Hearing where the triggers at short-term stage 2 have been met and the sickness absence is not attributable to an underlying medical condition.

The manager can issue the employee with an Attendance Improvement Notice which is time limited and will come with a new attendance target. A possible outcome of a third Attendance Improvement Hearing is termination of the employment contract.

See section 5.7 for more information.

## **2.11 Case Review**

A case review is a meeting where a more senior manager than the manager who held the earlier Wellbeing Support Meetings, will meet with an HR Adviser/Officer, to look at all the information available in relation to the attendance of an employee. The purpose of the meeting is to identify whether there is more information required, e.g. occupational health advice may be required or need to be up-dated and to clarify next action/s which will then be communicated to the employee.

## **2.12 Occupational Health**

The Council has a contract for Occupational Health Services which ensures that occupational health advice can be provided to Council managers. The Council reserves the right to require employees to attend a medical examination with Occupational Health. Employees should only be referred

to Occupational Health where the report will assist with the management of the absence, for example to:

- determine the employee's fitness for continued employment;
- prevent the significant risk to the health and safety of the employee or other employees; or
- where an employee cites an underlying medical condition, or
- advice is required about adjustments that could assist with improved attendance.

Unrelated absences should not require a referral to occupational health.

See Appendix 4 for more details.

### **2.13 Redeployment**

Redeployment means moving an employee from one contracted post into another. Redeployment usually takes place in conjunction with the issue of notice for termination of the contracted post. Redeployment will be explored in line with the advice provided by Occupational Health regarding restrictions to duties.

The Council's Redeployment policy can be utilised where this is identified as a suitable option at any stage of the process.

Redeployment will be appropriate in cases where;

- The job is impacting on the employee's health or it is contributing to the sickness absence and the employee would achieve a higher and a sustainable level of attendance in a another post; or
- Adjustments recommended for an employee cannot reasonably be accommodated in one job but they could reasonably be accommodated in another job; or
- Another contracted post is more suitable for the employee

Redeployment on health grounds must be considered before ill health retirement is processed.

### **2.14 Ill Health Retirement**

When an employee is granted ill health retirement it means that their pension benefits are enhanced and payable before their normal retirement age.

Where all reasonable adjustments and supports have been implemented and the redeployment process has been completed but there is no return to work or the return has been unsuccessful, then ill health retirement may be an option to be explored with the employee.

This is appropriate where:

- The employee is considered permanently unfit due to their medical condition
- Every other option for return to work has been considered and

- The employee is a member of the Local Government Pension Scheme or the Scottish Teachers' Pension Scheme.

Section 7 provides more details

## **2.15 Ill Health Capability Procedures**

Under these procedures where the attendance level becomes unacceptable both long term and short term absence due to an underlying medical condition, the employee's case will be dealt with through the Ill Health Capability process

A potential consequence of an ill health capability hearing is termination of contract on the grounds of ill health capability. The Shetland Islands Council Constitution, Scheme of Administration and Delegation, gives Executive Managers, Directors and the Chief Executive the power to dismiss. Therefore, if this is a possible outcome at the formal stage hearing, the appropriate level of manager must be involved.

Section 7 provides more details of this process.

## **2.16 Representation**

Employees are entitled to be accompanied at a Wellbeing Support Meeting (stage 1 or 2) and at stage 3 of the formal procedure by a trade union representative or work colleague.

There is no right to be accompanied or represented by a Solicitor or other legal representative at any stage of this procedure

Where an employee wishes to be accompanied by a family member or friend for emotional support, instead of a work colleague or trade union representative, particularly relating to instances of long term or serious ill health, then this will be agreeable. However this representative will not be permitted to participate in the meeting/hearing.

Although the choice of which representative accompanies them normally rests with the employee, where the choice of individual could present a conflict of interest, or would result in an unreasonable delay to the process, the employee may be advised to seek an alternative individual to accompany them.

## **2.17 Phased Return to Work**

A phased return to work is a return to work but on a reduction of hours. Employees will increase their hours every week (up to a maximum of 6 weeks') on a structured basis until they are back to their normal contracted hours.

Appendix 5 provides guidance on Phased Return to Work.

### **3. NOTIFICATION OF ABSENCE**

- 3.1 Where an employee reports as absent from work they must personally notify their line manager or nominated contact within the timescale set in their work area. It is recognised that there may be exceptional circumstances which prevent an employee contacting their manager personally and in such cases, a relative or friend may contact the manager on the employee's behalf, but with the responsibility for the contact remaining with the employee. The nominated line manager is expected to speak to an absent employee personally, so an employee should be contactable when absent. Notifications must be verbal, either by phone or face to face. Emails, texts or other types of communications may be used to notify a manager of an absence, where this has been identified and agreed as a reasonable adjustment. These types of communication may also be used in services where this makes the practical arrangements of organising cover more efficient. However, the employee and manager (or nominated contact) must also have verbal or face-to-face communication to discuss the absence in more detail once that working day has begun.
- 3.2 The employee is required to report the reason for absence on the first, fourth and seventh day of the absence. Thereafter maintaining regular contact will be agreed between the line manager and the employee. In cases where it is known that the employee will be absent for a full week, for instance because they are going for a scheduled operation, the manager can agree to waive the requirement that the employee notifies the authority on the 4<sup>th</sup> and 7<sup>th</sup> day, and instead have alternative arrangements for keeping in touch regularly.
- 3.3 The failure by an employee to meet Council notification and certification requirements without good reason may result in sick pay being withheld and the disciplinary procedures being followed. This will also apply if it is found that the sickness absence is not genuine or the employee unreasonably refuses to engage with this policy and procedure.
- 3.4 When an employee reports an absence, the line manager is responsible for ensuring that it is accurately and timeously recorded, using agreed Council forms.
- 3.5 If an employee is ill and is not able to complete a full day at work, the absence should be recorded as follows;
- Less than half of their shift worked; this day will be recorded as a half day of sickness absence.
  - More than half of the shift worked – this day will not be recorded as sickness absence but any hours not worked will be owed to the service; for example, by working the hours at a later date, by using annual leave (where applicable) or by processing a manual deduction in salary. s.3.10 of the SNCT conditions of service will apply to teaching staff.

### **4. MAINTAINING CONTACT**

- 4.1 When an employee is absent the manager should agree with the employee the best way to maintain regular contact. This is a shared responsibility between manager and employee. The employee has a responsibility to maintain contact with their line manager, and where possible this should be done by the employee themselves rather than a representative and likewise the manager must make sure that contact is maintained.
- 4.2 Managers must keep the employee up to date with new policies, procedures, team briefs etc. They must also ensure that the employee remains feeling part of the team and they are aware of any changes.
- 4.3 Managers must keep in contact to gain an understanding of when the employee expects to be back at work and any support the Council can provide to assist their recovery. The amount of contact will depend on the reason for absence

## 5. PROCEDURE FOR DEALING WITH SHORT TERM ABSENCES

- 5.1 The aim of these procedures is to provide defined stages within a structured framework to allow an employee's sickness absence record to be the subject of review and to address and resolve issues with the overall objective of improving attendance to an acceptable level. Employees will be supported and will be made aware of the likely outcome if the required improvement is not achieved.

### 5.2 Part-Time Workers

The threshold of 9 days' absence or 3 occasions of absence in a 6 or 12 month period that requires a full time employees to attend a stage 1 and stage 2 Wellbeing Support meeting with their manager will be pro-rated for part time workers. This will mean that the following triggers will apply to part time workers.

No. of working days per week (full or part days)	No. of cumulative working days of absence	No. of occasions of absence
1	2	2
2	4	3
3	6	3
4	8	3

For example, an employee who works two days' per week will trigger a Wellbeing Support Meeting – Stage 1, if they have 4 cumulative working days' absence or 3 occasions of absence in a rolling 6 month period.

These pro-rata triggers will ensure that the opportunity to support part time staff in early course at a Wellbeing Support meeting is not missed.

Should an employee's contractual status change during a maximising attendance monitoring period, for example they go from full time to part time, then the existing trigger set (for full time staff) will apply until the employee is invited to another meeting in line with this procedure, and a new trigger (for part time staff) is set.

Where the employee's part-time working pattern is variable, the number of working days per week will be averaged to the nearest whole number.

### 5.3 Procedure

- 5.3.1 The process of managing short-term absence begins with the Return to Work Discussion, which must take place after every absence (see Appendix 2). The line manager will check at each RTWD whether a trigger has been met to progress to the next stage as set out in tables below, and a Wellbeing Support meeting is required.



- 5.3.2 A Wellbeing Support Meeting can happen directly after a return to work interview has taken place. However, the employee should be informed of their right to have 1 week's notice of this meeting, should they wish. This will be particularly relevant if the employee chooses to bring representation to the meeting.
- 5.3.4 Whilst the triggers below should be applicable in most circumstances the list is not exhaustive and should be seen as the minimum standards to be applied.
- 5.3.5 Managers should be aware that they are entitled to raise concerns about attendance with employees at any stage. This is relevant, but not limited to, cases where patterns of absence are emerging which is not triggering the Wellbeing Support Meetings. The manager may invite the employee to a stage 1 or 2 Wellbeing Support Meeting, regardless of whether the triggers have been met. Advice from Human Resources is available.

## 5.4 Stage 1

The instances of absences detailed below applies to **full time staff**, see **section 5.2 part time staff details**.

<b>Stage 1</b>  Line Manager	Wellbeing Support Meeting	Triggered by: 3* or more periods of sickness absence, and/or 9* cumulative working days' lost to sickness absence, and/or Where there are concerns about attendance but these triggers have not been met  In a rolling six month period.  *see section 5.2 for pro-rata triggers for part time staff
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When dealing with short-term absences at a Wellbeing Support Meeting the manager will follow the following principles:

- Review the attendance record and the reasons for the absence in a sensitive, fair and consistent manner

Managers should use the meeting as an opportunity to discuss the nature of the employee's absence and try to identify if there are any patterns. This may highlight an underlying medical condition or personal problems, in which case it may be appropriate to seek occupational health advice or refer the employee to the council's Staff Welfare Officer for counselling support.

- Encourage the employee to discuss any issues relevant to the absence.

Managers should provide a supportive setting so that the employee feels comfortable to talk about any issues related to their absence. The employee should be reassured about the confidential nature of the discussion and that information is only shared with necessary parties in agreement with the employee.

- Explain to the employee why the absence level is concerning

Managers should make it clear that they are concerned for the employee's wellbeing. The manager should sensitively note the impact on service delivery and the team.

- Identify any actions or support which can be put in place to prevent or minimise any future absences.

Where it is clear that there is an underlying medical condition, then consideration will be given to adjustments (see Section 8) taking account of occupational health advice and service constraints.

Where it is clear that there is no underlying health condition and the employee does not have a disability but there are actions or support which; could help the employee to improve their attendance then consideration will be given to putting these in place within the constraints of the service.

- Ensure the employee is aware of the escalation stages of the policy.

If the employee has an underlying health condition and the Council is unable to sustain the level of absence, consideration will be given to termination of contract on the grounds of ill health capability.

If there is no improvement in the attendance record and no underlying medical condition, the employee must be made aware of the need for the attendance to improve. In instances where the employee's attendance record reaches a level which exceeds the triggers set below and there is no reason to assume the employee's attendance will improve, the employee should be informed that the attendance improvement notification procedures will be used.

The manager will explain to the employee that if at the end of the fixed monitoring period it is apparent that the employee has improved their

attendance, they will no longer be in the procedure and they are monitored similarly to all other employees.

A standard pro-forma for this meeting is set out at Appendix 3.

## 5.5 **Stage 2**

Where the triggers set at stage 1 are met there is escalation to Stage 2 Wellbeing Support Meeting.

The instances of absences detailed below applies to **full time** staff, see **section 5.2 for details for part time staff**.

<b>Stage 2</b>  Line Manager	Wellbeing Support Meeting	Triggered by: 3* or more periods of sickness absence, and/or 9* cumulative working days' lost to sickness absence, and/or Where there are concerns about attendance but these triggers have not been met In the fixed monitoring period of 12 months from the date of the Wellbeing Support Meeting  *see section 5.2 for pro-rata triggers for part time staff
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The employee should be made aware that once a trigger is met then the stage 2 meeting will be arranged. The manager will explain to the employee that they are in a fixed monitoring period for the next 12 months, from the date of the stage 1 Wellbeing Support Meeting. The manager will not wait until the end of the 12 months monitoring period, i.e. if an employee attends an Attendance Review Meeting on 14 June 2016, and is absent in July, August and October then an Attendance Improvement Meeting will be scheduled in October 2016 and will not wait until 13 June 2017.

The stage 2 meeting will follow the same format as the stage 1 meeting.

If during the 12-month monitoring period from the date of the Stage 2 Meeting the employee meets the triggers set out below a more senior manager must be informed so that a case review can take place and an appropriate hearing arranged.

## 5.6 Case Review/Stage 3

The triggers for a case review/Stage 3 meeting is the same **for full-time and part-time staff alike.**

<b>Formal Stage 3</b>  Team Leader or Executive Manager.  (Executive Manager chairs hearing likely to end in termination of contract).	Case Review, then  Attendance Improvement Hearing; or  Ill Health Capability Hearing	Triggered By: 2 or more periods of sickness absence and/or 5 cumulative working days' lost to sickness absence Where there are concerns about attendance but these triggers have not been met In the 12 month monitoring period from the date of the Attendance Improvement Meeting
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A more senior manager than the manager who has dealt with the earlier formal stages will arrange a Maximising Attendance Case Review where, in consultation with an HR Adviser/Officer, s/he will gather all available information about the case, and identify whether further information is required. For example, occupational health advice may be required, where it appears that there may be an underlying medical reason that contributes to the absence record.

At a case review it should be apparent, based on the information provided to the manager from the employee and any medical professionals, whether the employee has an underlying health condition which links the absences or whether there is no underlying health condition.

### 5.6.1 Sickness Attributable to an Underlying Health Condition

In understanding whether an employee has an underlying health condition, the manager will take account of information provided by the employee, the employee's GP and any updated occupational health information.

Where occupational health advice notes there is an underlying health condition, the employee will be managed through the Ill Health Capability process.

When determining whether an Ill Health Capability Hearing is required the manager may decide to extend the monitoring period. Consideration will be given to extended monitoring periods in situations where the employee has had frequent short-term absences due to a specific health condition and they are waiting for an operation or for treatment or medication to take

effect. This may be also be relevant where at the Ill health capability hearing further adjustments are suggested.

Employees with underlying health conditions do not have an automatic right for the monitoring period to be extended.

Where an extended monitoring period is put in place, it will be specific to individual employees and will depend on their health condition, timeframes for improvement and the ability of the service to sustain the level of absences. The service should make a decision on the level of absence it can sustain. A formal, realistic individual target can be set. If this target is not met then the case will be progressed through the Ill health capability procedure. There will be no further targets set after this point. The manager must meet with the employee to discuss the situation and explain their decision.

The decision to extend a monitoring period will be recorded by the manager who will note what the new triggers and the review period. This will be formally communicated to the employee. Where attendance has not improved in the review period, an Ill Health Capability Hearing should be arranged/re-convened.

Section 7 of this procedure describes the Ill Health Capability process.

#### **5.6.2 Sickness Not attributable to an underlying medical condition**

In many cases of short-term absences an employee may be absent with different reasons given for each spell of absence. Where the level of short-term absences, which is not related to an underlying medical condition, reaches the triggers set out in the policy, and/or there are concerning patterns of absence then this should be managed under the Attendance Improvement process.

In these circumstances where there is no medical relationship between the absences there is no need to seek occupational health advice.

Managers should be aware that, even where they may be aware of an underlying medical condition, a series of absences unrelated to that condition, should be managed in accordance with this process.

### **5.7 Stage 3 - Attendance Improvement Procedure**

- 5.7.1 A stage 3 formal Attendance Improvement Hearing will be required when the triggers set at stage 2 of the short-term absence procedures are met.
- 5.7.2 The manager will invite the employee in writing to the hearing giving them 7 calendar days' notice. The employee will be advised of their right to be accompanied by a trade union representative or work colleague.
- 5.7.3 The manager will examine all the information in relation to the absence, that is notes, forms, any letters and any medical reports, in relation to all

the informal and formal stages of this procedure. The employee will have the opportunity to explain their views on the case being presented to management.

- 5.7.4 The manager will reach a decision taking account of all the evidence available and any information provided by the employee. Where it is identified that there is no underlying medical condition linking the absences and the manager is concerned about the level of the absences then the manager may issue a formal Attendance Improvement Notice. The Attendance Improvement Notice issued will be live for a specified period and new absence triggers will be set.
- 5.7.5 Should it be evident during an Attendance Improvement Hearing that an underlying health condition does exist, then the case will be dealt with under the ill health capability procedure.
- 5.7.6 Where an employee hits an absence trigger during the period of an Attendance Improvement Notice, a case review will be convened to look at the information available. Following case review the employee may be invited to a second Attendance Improvement Hearing.
- 5.7.7 At a second Attendance Improvement Hearing, which will follow the same format as the first meeting, the manager may decide to issue the employee with a Final Attendance Improvement Notice. Where this is the case, the manager will set new absence triggers.
- 5.7.8 The table below outlines the period and attendance targets which should be set at these stages of the process.

Hearing	Notice Issued	Period	Attendance Target
First Attendance Improvement Hearing	Attendance Improvement Notice	9 months	2 occasions or 5 cumulative days
Second Attendance Improvement Hearing	Final Attendance Improvement Notice	12 months	2 occasions or 5 cumulative days
Third Attendance Improvement Hearing	Termination of Contract		

- 5.7.9 Where an employee hits the absence triggers during a Final Attendance Improvement period then they will be invited to a third Attendance Improvement Hearing. The manager may, at this stage, issue notice of termination of contract.
- 5.7.10 The fair reason for termination of the employment contract in cases where there has been frequent intermittent sickness absence may not be related to the employee's incapability on health grounds. The reason being contemplated relates more to an attendance level that the Council is unable to sustain, and/or the effect this has on their performance and the delivery of the service. In employment law terms, the dismissal is for 'some other substantial reason'.
- 5.7.11 The employee will have the right of appeal against any Attendance Improvement Notice issued. Employees should refer to the appeals process set out in the Council's Disciplinary Procedure.
- 5.7.12 An employee issued with notice of termination of employment will have the right to appeal to the Staffing Appeals committee or Education Appeals Sub-Committee.

## **6. PROCEDURE FOR DEALING WITH LONG-TERM SICKNESS ABSENCE**

- 6.1 Under the Maximising Attendance procedure a long-term absence is one of 28 days/4 weeks continuous sickness absence. It is understood by the Council that to encourage a good outcome it is important that there are early and continuing discussions with employees who are absent. The aim of this part of the procedures is that managers keep in contact with absent employees throughout their absence, continue to offer and discuss support mechanisms and advise employees of the possible consequences of their continued absence. It is important that the manager and employee maintain regular contact. The steps outlined in this process are the minimum which should take place.
- 6.2 Each contact must be handled sensitively and due consideration must be given to the nature of the employee's illness. It is important that employees are given appropriate time to recover from undergoing treatment and/or their illness. However, there may be adjustments that can be considered, for example a phased return to work, reduced hours, temporarily transferred to other duties, re-deployment and formal and informal meetings should take place to allow these to be considered.

<b>Initial Stage</b>	Initial Long Term Attendance Review	4 weeks continuous absence
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- 6.3 When it becomes apparent that an absence is becoming a long-term absence (28 days/4 weeks continuous duration) then the manager should contact the employee and arrange to have an initial long term absence

review. This is an informal meeting, and should take place as soon as possible after the employee's absence reaches this trigger point.

6.4 The initial long-term attendance review meeting can take place at a council building, at the employee's own home, an alternative mutually acceptable venue, or over the telephone depending on the employee's illness.

6.5 At the initial long-term absence review meeting the manager will seek to gain a better understanding of the reason for the employee's absence, when they expect to return to work and any support the Council can offer to aid the employee's recovery. The manager will:

- Enquire about the health and wellbeing of the employee and ensure the employee does not feel they have been forgotten or are unimportant or being ignored.
- Keep the employee up-to-date with changes in the workplace
- Give the employee the opportunity to discuss any difficulties or concerns
- Establish (where possible) the likely duration of the sickness absence
- Establish whether there are any reasonable measures, adjustments or changes to be considered which would make it easier for the employee to return to work e.g. PRTW, temporary change in duties or hours, working from home, redeployment etc
- Establish if a referral to Occupational Health and/or the Staff Welfare Officer is required.
- Discuss the next stages of the Maximising Attendance procedure and consequences of continuing absence

A standard pro-forma for the meeting is set out in Appendix 3.

#### 6.6 **Stage 1**

<b>Stage 1</b>	Wellbeing Support Meeting	8 – 12 weeks' continuous absence
Line Manager		

An employee on long-term sick leave should be invited to a stage 1 Wellbeing Support Meeting, between 8-12 weeks' continuous absence. If an occupational health report has been sought it should be available at the meeting, along with the medical certificate, particularly if the GP has noted any adjustments that can be considered.

While the meeting will reflect the nature of the absence and the prognosis of the employee's condition, the following will be considered:

- Previous discussions with the employee
- The occupational health report and the medical statement and any options suggested
- The employee's current and future capability



- All options such as reasonable adjustments, change in hours, altered duties, phased return to work, working from home
- Redeployment on health grounds
- Ill Health retirement if applicable

A review period should be set, taking account of the nature of the illness, treatment plan etc. and should be no longer than 12 weeks’.

## 6.7 **Stage 2**

<b>Stage 2</b>	Wellbeing Support Meeting	No later than 24 weeks continuous absence
Line Manager		

Where an employee remains absent at the conclusion of the review period at stage 1, then a stage 2 Wellbeing Support meeting should be arranged. Where appropriate an updated occupational health appointment should be arranged so that advice is available at the stage 2 meeting.

The second Attendance Review Meeting should:

- Enquire about the health and wellbeing of the employee
- Ensure that reasonable adjustments are explored
- Consider whether redeployment on health grounds is appropriate
- If applicable, consider whether criteria for ill health retirement is met;
- Ensure the employee is made aware that in cases of significant long-term absence, absence cannot be sustained indefinitely and if there is no prospect of a return to work in the foreseeable future, or ill health retirement, a stage 3 Ill Health capability hearing will be arranged to consider dismissal on grounds of capability.

A review period should be set up to 12 weeks’.

## 6.8 **Stage 3**

<b>Stage 3</b>	Ill Health Capability Hearing	By no later than 36 weeks absence
Formal		
Executive Manager		

Before the review period is complete, the manager should arrange a Maximising Attendance Case Review.

This is a meeting where a more senior manager will meet with an HR Adviser/Officer, to look at all the information available in relation to the attendance of an employee and identify whether there is more information

required, for example is occupational health advice required or need to be up-dated. The purpose of the meeting is clarify next actions which will be communicated to the employee, for example called to a Ill Health Capability Hearing.

Where it is clear than an Ill Health Capability Hearing is required the manager will invite the employee. Section 7 below sets out the procedure to be followed at the Ill Health Capability Hearing.

## **7. III HEALTH CAPABILITY PROCEDURES**

### **7.1 Stage 3 - Ill Health Capability Process**

The Ill Health Capability process covers both long-term and short-term absence due to underlying medical conditions. At Return to Work Discussions and Wellbeing Support Meetings as triggered through this procedure, opportunities for exploring support and reasonable adjustments will have been explored and provided where appropriate.

Before an Ill Health Capability Hearing is convened, the option of ill health retirement should be explored. If the employee is not in the pension scheme or does not meet the criteria for ill health retirement then the employee should be invited to the Ill Health Capability Hearing.

### **7.2 The Ill Health Capability Hearing**

- 7.2.1 A formal stage 3 Ill Health Capability Hearing will be required when the triggers set at stage 2 of the short term and long-term absence procedures and any extended monitoring period are met.
- 7.2.2 In the case of short-term absence, an Ill Health Capability Hearing will be required when there is an underlying health condition and despite exploration of all adjustments set out above the employee cannot sustain attendance at the levels required by the Council. Such discussions will have taken place at the Wellbeing Support Meetings.
- 7.2.3 A stage 3 Ill Health Capability hearing may take place without the attendance levels having triggered stage 1 and 2 Wellbeing Support meetings. This will apply in cases where it is clear that the employee's health means they can no longer work in that post. For example, they employee may have a medical condition which has an immediate impact on their ability to work in their contracted post. Another example is where an employee's absence history over a number of years has meant that they have not escalated up to a stage 3 hearing but the Council is unable to sustain regular patterns of long-term absences.
- 7.2.4 The Shetland Islands Council Constitution, Scheme of Administration and Delegation, gives Executive Managers, Directors and the Chief Executive the power to dismiss. Therefore, if this is a possible outcome at the formal stage hearing, the appropriate level of manager must be involved.

- 7.2.5 Where an Ill Health Capability Hearing is required the Executive Manager or other senior manager will write to the employee inviting them to the hearing giving them at least 7 calendar days' notice. The letter makes it clear that termination on grounds of ill health capability may be considered. The employee will be entitled to bring representation with them.
- 7.2.6 At the meeting, the manager will have all information in relation to the absence, that is notes and letters in relation to all informal and Wellbeing Support Meeting stages, medical reports, etc. The employee will have a copy of the information the manager is referring to. The employee will have the opportunity to explain their views on the case being presented by management.
- 7.2.7 The manager will reach a decision taking account of all the evidence available and any information provided by the employee. Where it is identified that there is no foreseeable return to work date, no return to work date can be established, and there are no other adjustments that can be considered, the manager may issue notice of termination on grounds of ill health capability. An employee can appeal to the Staffing Appeals Committee or the Education Appeals sub-committee.
- 7.2.8 In line with the Council's Redeployment Policy, the Council will look for suitable alternative employment for the employee during their notice period. This will only be appropriate where it has been identified by Occupational Health that the employee would be suitable for alternative work.
- 7.2.9 Where however, the employee or their representative, provides new information, such as a revised diagnosis with a new treatment regime, or there may be other opportunities that can be considered such as redeployment on grounds of ill health, the manager may set a further fixed review period. This will be a Final Improvement period, and a further Ill Health Capability Hearing will be held to consider attendance in this time. If during the final Improvement Period, attendance levels improve to a satisfactory level, the manager will inform the employee that no further formal action will be taken although absence levels will be monitored as they are for all employees.

### **7.3 Ill Health Retirement**

Where all reasonable adjustments and supports have been considered and implemented where appropriate, and the redeployment process has been explored and/or completed but there has been no return to work or the return has been unsuccessful, then ill health retirement may be an option for the employee. Consideration of this option may take place before an Ill Health Capability Hearing, or explore following that stage where an ill health capability hearing has been adjourned pending exploration of Ill health retirement. This is appropriate where:

- the employee is considered permanently unfit due to their medical condition

- every other option for return to work has been considered and
- the employee is a member of the Local Government Pension Scheme or the Scottish Teachers' Pension Scheme

Consideration is given by the Council's Occupational Health Adviser whether the application meets the criteria at:

- **Tier One:** The employee has no reasonable prospect, after leaving their current employment, of being able to obtain **gainful employment** before age 65. This means the employee would receive 100% of actual and prospective service.
- **Tier Two:** The employee has a reasonable prospect, after leaving their current employment, of being able to obtain **gainful employment** before age 65. This means the employee would receive 100% of service to date plus 25% of prospective service.

If the absence has resulted from an accident at work, or is due to workplace ill health, the manager must discuss the case with the Insurance Section before ill health retirement is progressed.

## 8. ADJUSTMENTS

- 8.1 The Equality Act 2010 places a duty on employers to make 'reasonable adjustments' to any provision, criterion or practice that they apply and to physical features of their premises to accommodate the needs of employees with disabilities.
- 8.2 Considerations of reasonable adjustments are important when dealing with attendance issues where an employee falls within the provisions of the Equality Act 2010 and managers should seek advice from Human Resources at an early stage where an employee has underlying health conditions. The Equality Act states that people who currently have a disability are protected because of this characteristic against harassment and discrimination – including discrimination arising from disability and a failure to comply with the duty to make reasonable adjustment. The Act says that a person has a disability if they have a physical or mental impairment which has a long-term and substantial adverse effect on their ability to carry out normal day-to-day activities. The definition of impairment covers conditions such as a visual/hearing impairment, progressive or fluctuating conditions like muscular dystrophy, arthritis, cancer, HIV, Aids, epilepsy, diabetes and M.E.
- 8.3 The purpose of reasonable adjustments is to remove any disadvantage the employee's disability has on their ability to perform their day to day duties. The employer should identify, consider and implement adjustments, this can be done following discussions with the employee and following advice from Occupational Health, where applicable. It is the manager's responsibility to consider the appropriateness of any adjustments recommended.

- 8.4 What is reasonable will vary with each case and each service and depends on how effective the adaptation would be in overcoming any disadvantage the employee faces, how practical it is to make and how reasonable the cost is.
- 8.5 Reasonable adjustments can be agreed on a temporary, occasional or permanent basis and are subject to review.
- 8.6 The following list is not exhaustive but provides examples of support and adjustments:
- Mentoring or coaching
  - Altering the work tasks
  - Altering working hours, working times, working days
  - Altering the work location, for example, moving the employee to a more accessible location or enabling an employee to work from home.
  - Supporting an employee by providing specialist training
  - Providing adapted ergonomic equipment
  - Adjusting premises e.g. by installing a stair lift, ramp or automatic opening doors
  - Redeployment
  - Support from the Staff Welfare Officer
  - Access to Counselling or other support
- 8.7 It is important that managers record any reasonable adjustments made to support employees. Appendix 6 provides a template form.

## **9. MATERNITY AND PREGNANCY ABSENCES**

- 9.1 Absences directly related to pregnancy or maternity, where this is declared on the self-certificate and/or medical certificate will not be counted for the purposes of the stage 3 trigger points. However stage 1 and 2 meetings should still take place to ensure the employee is supported.

## **10. CONTAGIOUS DISEASE/VIRUS**

- 10.1 Where an employee who has been absent due to an infectious disease, is otherwise fit to return to their place of work but is unable to do so due to the need to observe a period of quarantine, consideration should first be given to whether the employee is able to undertake alternative duties during the quarantine period.
- 10.2 In the event that alternative duties are not feasible, and to prevent the infectious disease becoming widespread where this is likely to be disruptive or harmful to the service, the Executive Manager may decide and communicate that absences directly related to the quarantine period of the disease will not count toward the Maximising Attendance triggers. The

Executive Manager will identify the period of time and the service/s to which this will apply.

For example, if an employee is ill with norovirus for 3 days', they will be required to stay off work for those 3 days' plus an additional 48 hours after their last symptoms. If there is the potential for an outbreak within that workplace, the Executive Manager may decide that for a specified period, for that particular workplace, absences directly related to the norovirus quarantine period will not count towards the Maximising Attendance triggers. So for this employee, 2 out of the 5 days' of absence will not count toward the Maximising Attendance triggers.

Guidelines for managing a contagious diseases/virus at work can be found at Appendix 8.

## **11. TERMINAL ILLNESS**

- 11.1 Where an illness or medical condition is diagnosed as one from which the employee will not recover and they have a short life expectancy, the most appropriate course of action will be considered. At all times the employee will be dealt with sympathetically and treated with respect and dignity. The options available will be discussed at the appropriate time taking into account their individual circumstances.
- 11.2 It is imperative that managers consult Human Resources and Pensions at the earliest opportunity to ensure early discussion on the options available.
- 11.3 However, there is still a requirement that this is reasonably managed in accordance with this procedure.

## **12. MANAGING A COMBINATION OF LONG AND SHORT -TERM ABSENCES**

- 12.1 Where an employee has a combination of long and short-term absences then these should be managed concurrently. An employee returning from a long-term absence who met their manager at a stage 2 Wellbeing meeting, then shortly after returning goes on sick leave again will automatically trigger a case review.
- 12.2 An employee who has a number of short terms absences (and they met their manager at a Stage 2 Wellbeing Meeting) and then has a long-term absence, may reach the stage 3 trigger sooner than 36 weeks' absence. Managers are expected to keep in touch with the employee during the long-term absence in line with the timeframes set out in this policy and these meetings will be recorded.

It is recommended that managers contact Human Resources for advice.

### **13. SICKNESS ABSENCE DURING INDUSTRIAL ACTION**

- 13.1 There is no entitlement to sickness allowance if an employee is off work sick during a stoppage at work at the place of employment due to a trade dispute, unless the employee has not taken part in the trade dispute and has no direct interest in it.

### **14. SICKNESS ABSENCE DURING SUSPENSION**

- 14.1 If an employee is suspended from work due to a disciplinary or harassment and bullying issue being investigated and then becomes ill, the employee will be required to report the absence through the normal procedure as stated in the procedure. The employee will then be paid in line with the relevant sick pay provisions.
- 14.2 If an employee is absent from work due to illness and then a disciplinary or harassment and bullying issue comes to light, a meeting will be convened with the employee to explain the situation.
- 14.3 If necessary, a referral to Occupational Health will be organised to check if the employee is fit to proceed with the procedures.
- 14.4 The employee should only return to work when the suspension has been lifted and the GP has deemed the employee as fit to return to work and the Council can accommodate any support and adjustments recommended.

### **15. SICKNESS OR DISABLEMENT DUE TO AN ACCIDENT IN THE COURSE OF EMPLOYMENT**

- 15.1 Where it has been determined following an investigation, that there has been an industrial injury this will be treated as an absence category within these procedures. Where an employee is absent due to sickness or disablement as a result of an accident arising out of and in the course employment, or due to industrial disease, the employee shall be entitled to a separate allowance calculated on the same basis as the sickness allowance.
- 15.2 The allowance in respect of normal sickness and that of absence due to an industrial accident or disease are entirely separate. Periods of absence in respect of one shall not count against the allowance of another.

### **16. MULTIPLE POSTS AND NEW POSTS**

- 16.1 Employees should make their managers aware if they have more than one job with the Council. Each manager is required to meet the employee in line with this procedure.
- 16.2 In cases where the employee is absent from all of their contracted posts and

an Occupational Health referral is required it is good practice to seek information for all posts so that the employee can be fully supported and the Council is efficiently using its resources. This should be discussed with the employee.

- 16.3 Where an employee moves between jobs within the Council, the maximising attendance procedure will continue. All previous absences and meetings held under this procedure in the old post will be taken account of in managing the attendance in the new post.

## **17. COMPLIANCE**

- 17.1 Application of this policy and procedure is not discretionary. Managers and employees should be aware that failure to follow this may result in disciplinary action being taken.





<b>Meeting(s):</b>	<b>Employees Joint Consultative Committee</b> <b>Policy &amp; Resources Committee</b>	<b>19 September 2017</b> <b>23 October 2017</b>
<b>Report Title:</b>	<b>Temporary Higher Duties Policy</b>	
<b>Reference Number:</b>	<b>HR-17-17-F</b>	
<b>Author / Job Title:</b>	<b>Executive Manager – Human Resources</b>	

## 1.0 Decisions / Action required:

- 1.1 That the Employees Joint Consultative Committee consider and comment on this report.
- 1.2 That the Policy & Resources Committee RESOLVES to approve the Policy, attached as Appendix 1, having taken account of any views or comments expressed during formal staff consultation.

## 2.0 High Level Summary:

- 2.1 This report seeks agreement to the implementation of a revised Temporary Higher Duties Policy with effect from 1 April 2018, to replace the existing Staff Temporarily Undertaking Higher Duties Policy.
- 2.2 This proposed amended policy aims to make a positive impact on Shetland Islands Council's Equal Pay Gap by introducing a consistent practice across all posts covered by the Single Status Agreement and by basing all higher payments on evaluated work.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 Improvement activities under "Workforce Profiling and Planning" within the Council's Workforce Strategy include that we shall, 'Streamline policies and processes which may prevent more flexible working and opportunities for progression such as Acting Up/Undertaking Higher Duties and Secondments' and also "retain employees by offering opportunities to develop their full potential".
- 3.2 This revised policy supports the '20 by 20' aim that 'Our staff will feel valued for their efforts and want to stay with us because they feel motivated to do their best every time they come to work.'
- 3.3 This policy aims to support the Council Values;  
Excellent service is at the heart of everything we do.  
We provide excellent service by taking personal responsibility and working well together.

4.0	Key Issues:
4.1	The current 'Staff Temporarily Undertaking Higher Duties' Policy has been in place since 1 April 1988 and amended on 22 August 2001. This policy applied to all former Administrative, Professional, Technical & Clerical (APT&C) staff.
4.2	The provisions for former Manual Workers, Craft Operatives and APT&C staff were agreed nationally and were different with regard to qualifying periods and the allowance amount. For example, immediate payment of higher duties was allowable in both Craft Operative and manual workers conditions after one full day or shift. However, it was only considered for payment when 4 continuous weeks had elapsed for APT&C staff.
4.3	These staff groupings no longer exist following the Single Status Agreement of 2009 which delivered local harmonised terms and conditions of service for all these groups of employees of Shetland Islands Council.
4.4	<p>The Single Status agreement states;            "Where an employee has to temporarily undertake the full range of duties and responsibilities of a higher graded post they will be paid the rate of pay for the higher graded post for the time spent doing that job.</p> <p>Where an employee is required to temporarily undertake a significant proportion of the duties and responsibilities of a higher graded post they will be paid a proportion of the higher salary for the time spent carrying out those duties.</p> <p>Where there is a need for an employee temporarily to undertake duties not related to an existing post and which are beyond the scope of their post, they will be paid an honorarium to reflect the higher duties involved."</p>
4.5	However, since that time, the operational practices of different staff groups and authorisation procedures have remained unchanged e.g. authorisation of former manual workers and craft operatives to act-up/undertake higher duties remains in the employing department and authorisation for former APT&C employees is obtained from HR.
4.6	The 2016 Equal Pay Audit identified that a male dominant group receive higher duties and honoraria payments and the Equal Pay Action Plan that was agreed by Policy and Resources Committee (minute reference 32/17) included a review of the current policy and to identify measures that reduce the gender pay gap.
4.7	This policy aims to introduce a consistent process for considering, measuring and authorising higher duties.
4.8	Shetland Islands Council requires to encourage a culture where additional duties are viewed as an opportunity for development and beneficial to employees and the Council alike and it is understood that not all additional duties will result in an increase in earnings.
4.9	The Policy introduces the following main changes;
4.9.1	<p>There are three categories of higher duties;</p> <ul style="list-style-type: none"> <li>• Undertaking the full range of duties and responsibilities of a higher graded post (Full Acting Up)</li> </ul>

- Undertaking a significant proportion of the duties and responsibilities of a higher graded post (Partial Acting Up)
  - Undertaking duties not related to an existing post and which are beyond the scope of (the substantive) post
- 4.9.2 The Scottish Joint Council for Local Government Employees Job Evaluation Scheme should be the measuring tool for higher duties.
- 4.9.3 Requests for higher duties payments can be made in retrospect at the successful completion of a project, as well as in advance of an arrangement.
- 4.9.4 No qualifying time limit has been set. This period will vary depending on the role and level of responsibility. For the majority of roles it is expected that it would not be appropriate until at least four weeks of absence have occurred. It is recognised however that responsibility for the entire role may be required immediately in some service areas in order to prevent failure in service delivery and compliance with statutory regulations, e.g. ferries will require the presence of a Master at all times whilst in service and this individual shall necessarily assume full responsibility for the vessel, passengers and crew immediately.
- 4.9.5 When an employee takes on the full duties of a higher graded post, they will receive the difference between their current salary and the first point of the higher grade. On the rare occasion where this goes beyond 12 months then this may be re-calculated based on the second point. Similarly where acting up is a regular short-term requirement then the payment can be recalculated based on the second point of the grade when the manager confirms there has been 12 months of regular acting up. Where this applies the individual undertaking the higher duties must be assessed as fully competent to undertake all aspects of the higher role and understand and accept the contractual obligation to act up when required.
- 4.9.6 Opportunities to undertake higher duties should be advertised Council wide, where appropriate. It is recognised that this will not always be appropriate. Restrictions must be discussed and agreed with an HR Adviser.
- 4.9.7 Further, it is recognised that there are services where undertaking higher duties are required on a frequent short-term basis to ensure continuity of service delivery. In these cases it is possible for the service to have a 'prior arrangement' in place. The service can then have an employee or a pool of employees already identified who can and are expected to act up as soon as the need arises.
- 4.9.8 Implementing this revised policy will necessarily require a significant amount of job evaluation of roles and responsibilities in areas where undertaking higher duties are common place. It is therefore recommended that there is a lead in time following approval to allow this work to be undertaken. Therefore, it is recommended to implement this policy from 1 April 2018.
- 4.9.9 The evaluation work will identify whether payments can continue to be justified and at what level. Services will also be supported by Human Resources to explore a review of posts to assess whether roles and responsibilities can be varied to accommodate regular requirements to undertake duties currently outwith the current scope of the job.
- 4.9.10 The administration procedures and forms cited in the policy document at 8.1 shall be developed and introduced as appendices before the new policy is introduced on

1 April 2018, subject to agreement.

**5.0 Exempt and/or confidential information:**

5.1 NONE

**6.0 Implications :** Identify any issues or aspects of the report that have implications under the following headings

<b>6.1 Service Users, Patients and Communities:</b>	The Trades Unions are aware of the requirement to review this policy and make practice more consistent. The trade union representing ferry crews have been pressing for this policy to be reviewed for some considerable time.
<b>6.2 Human Resources and Organisational Development:</b>	The policy review aims to introduce a consistent policy across all employees covered by the National Agreement of the Scottish Joint Council for Local Government Employees.  Informal consultation with the trades unions has taken place in the development of this revised policy.
<b>6.3 Equality, Diversity and Human Rights:</b>	The Equality and Human Rights Commission (EHRC) advise that any gender pay gap greater than 5% is of a concern and action should be taken to address this gap. The Council's current gender pay gap on basic pay is 11.21% in favour of men.
<b>6.4 Legal:</b>	This policy aims to achieve a consistent approach in order to comply with employment legislation and recognised best practice. The Council has a legal responsibility to ensure that no unlawful discrimination occurs. It will assist in Shetland Islands Council meeting its public sector equality duty.
<b>6.5 Finance:</b>	There is a financial risk that by not taking steps to attempt to address the equal pay gap within the Council, that this could lead to future equal pay claims being made against the Council where gender pay inequalities exist. All costs will be met from within existing resources.
<b>6.6 Assets and Property:</b>	None known
<b>6.7 ICT and new technologies:</b>	None Known
<b>6.8 Environmental:</b>	None Known
<b>6.9 Risk Management:</b>	There is a risk that by continuing with inconsistent practice across all employees covered by the National Agreement of the Scottish Joint Council for Local Government Employees of

	claims of unequal treatment. If Shetland Islands Council does not take steps to attempt to address the equal pay gap within the Council, this could lead to future equal pay claims being made against the Council where gender pay inequalities exist.	
<b>6.10 Policy and Delegated Authority:</b>	<p>The Policy &amp; Resources Committee has delegated authority for the development and operation of the Council as an organisation and all matters relating to organisational development and staffing.</p> <p>The EJCC provides a formal mechanism for open and constructive consultation between the Council and its employees, as set out in paragraph 2.9.8 of the Council's Scheme of Administration and Delegations.</p>	
<b>6.11 Previously considered by:</b>	None	None

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**Appendices:**

Appendix 1 Temporary Higher Duties Policy

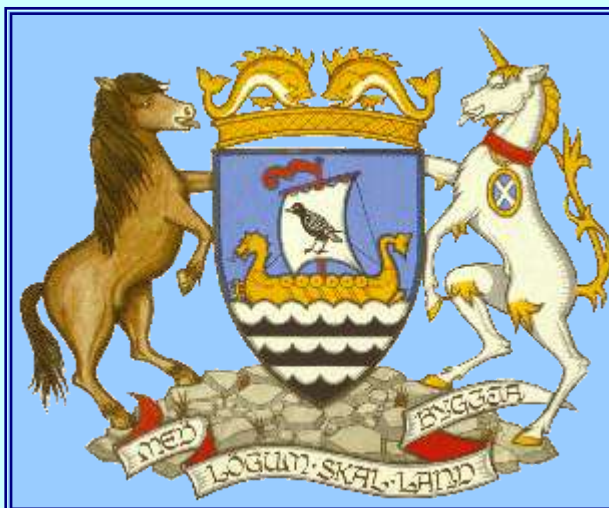
**Background Documents:** Equal Pay Audit 2016

END



# **SHETLAND ISLANDS COUNCIL**

## **Temporary Higher Duties Policy**



**Operational Date: 1 April 2018**

**Applies to: All employees covered by the National Agreement of the  
Scottish Joint Council for Local Government Employees**

# Shetland Islands Council

## TEMPORARY HIGHER DUTIES POLICY

Operational Date: 1 April 2018

Review Date: To be confirmed

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## 1. INTRODUCTION

- 1.1 Shetland Islands Council encourages a culture where additional duties are viewed as an opportunity for development and beneficial to employees and the Council alike and our Workforce Strategy sets out how the Council will develop its workforce.
- 1.2 This policy provides a framework for using temporary higher duties arrangements appropriately as a means of:
- Meeting business needs of efficiency and effectiveness within the council
  - Supporting the council's overall workforce and succession planning
  - Developing a workforce that is flexible and adaptable to changing service needs
  - Retaining and developing experienced, skilled and motivated staff
- 1.4 The aim of the policy is to set out clearly what is meant by Temporary Higher Duties, which include temporarily undertaking the full range, or a proportion of the duties and responsibilities of a different or higher graded post or duties and to establish fair procedures and guidelines for the appropriate payment which can be made in these circumstances. The Scottish Joint Council for Local Government Employees Job Evaluation Scheme shall be the measuring tool for higher duties.
- 1.5 It should be clearly understood that not all additional duties will result in an increase in earnings.

## 2. GENERAL PRINCIPLES

### 2.1 Definition of Temporary Higher Duties

The Single Status collective agreement sets out three categories;

- Undertaking the full range of duties and responsibilities of a higher graded post (Full Acting Up)
- Undertaking a significant proportion of the duties and responsibilities of a higher graded post (Partial Acting Up)
- Undertaking duties not related to an existing post and which are beyond the scope of (the substantive) post

A payment will be considered in all cases where a postholder is temporarily required to temporarily undertake higher duties provided it meets the criteria described in this policy. It should however be clearly understood that not all additional duties will result in an increase in earnings.

### **3. SCOPE OF POLICY**

- 3.1 This policy will apply to all employees of Shetland Islands Council covered by the National Agreement of the Scottish Joint Council for Local Government Employees. It does not apply to relief, casual or supply arrangements.

### **4. LEGISLATIVE FRAMEWORK**

- 4.1 This policy aims to achieve a consistent approach in order to comply with employment legislation and recognised best practice. The Council has a legal responsibility to ensure that no unlawful discrimination occurs. In that regard it will adhere to all current anti-discrimination legislation.

The main pieces of legislation that impinge on this policy are:

- Data Protection Act 1998 as amended;
- Equality Act 2010
- Employment Rights Act 1996

### **5. LINKS TO OTHER POLICIES**

- 5.1 The existing Council policies and Procedures which impact on the Temporary Higher Duties Policy are: -

- Recruitment and Selection Policy
- Equality and Diversity Policy
- Workforce Development Policy
- Job Evaluation Procedure

### **6. WHEN DOES THIS POLICY APPLY?**

- 6.1 This policy applies where an alternative approach has been taken to fill a vacant post for example to cover absence and/or to undertake only some elements of a post or to undertake specific project work.
- 6.2 It is normally not appropriate to implement temporary higher duties for short term or planned absence e.g. annual leave cover. It is however recognised that in some cases and settings; higher duties may be required immediately in order to prevent failure in service delivery. For example, to ensure a timetabled service is not disrupted.
- 6.3 Temporary higher duties arrangements should not normally extend beyond 6 months. If there is a need to continue a Temporary Higher Duties payment beyond 6 months, the circumstances and remuneration must be reviewed by Human Resources and discussed and agreed with the relevant Executive Manager or Director.
- 6.4 If at the outset it is expected that the need will be longer than 6 months then it is more appropriate to advertise the temporary opportunity in accordance with the

Recruitment & Selection Procedure. Exceptions to this should be discussed and agreed between the Executive Manager/Director and Human Resources.

- 6.5 It is accepted that there will be times when a higher duties arrangement develops over time and has not had prior authorisation. For example when the work required to deliver a project is uncertain at the beginning. In such a case authorisation may be sought in retrospect, either at a key stage or at the completion of a project. In this case an appropriate payment may be made based on the evaluation of the duties undertaken.
- 6.6 The additional duties must be:
- 6.6.1 Stated and a significant step increase in duties and responsibilities.
- ‘Duties’ refer to actions or tasks required by a post holder.
- ‘Responsibilities’ refer to those where the post holder is responsible, answerable or accountable for something within their power, control or management.
- 6.6.2 Continually undertaken, or expected to be undertaken, for a specified period. This period will vary depending on the role and level of responsibility. For the majority of roles it is expected that it would not be appropriate until four weeks of absence have occurred. It is recognised however that responsibility for the entire role may be required immediately in some service areas in order to prevent failure in service delivery and compliance with statutory regulations.
- 6.7 It is necessary for managers to carefully consider the nature of the tasks required to be undertaken, for how long and in particular whether they are beyond the range of responsibilities and / or capacity of other existing team members. The manager should assess whether work could be carried out by a more senior member of staff or temporarily reallocated to others in the team. Responsibilities could be shared within a team so that no employee carries out significant proportions of a higher graded post, or relief staff or temporary staff could be used.
- 6.8 Managers must ensure that there is a clear business need for a temporary higher duties arrangement with specific outcomes identified. An outline of the main duties and responsibilities, timeframes and key skills required will be produced by the relevant manager. In the case of Partial Acting Up, where ever possible, clear identification from the outset is required regarding which tasks are and are not being undertaken and who will be responsible for those tasks during the period. (see section 6.5 for exceptions)

## **7. PAYMENTS**

### **7.1 Full Acting Up**

- 7.1.1 Where an employee takes on the full duties and responsibilities of a higher graded post for a temporary period, or as comprehensive a range as could reasonably be expected, they will receive the difference between their

current salary and the first point of the higher grade. This shall be administered by temporarily placing the employee in the higher graded post.

- 7.1.2 Where an Acting Up arrangement continues beyond 12 months, the payment may be recalculated from that point on, based on the second point of the grade. Where this applies the individual undertaking the higher duties must be assessed as fully competent and required to undertake all aspects of the higher role. It is anticipated that this would be rare as acting up arrangements for longer than 6 months at a time should be avoided and the post recruited to on a temporary basis in line with the Recruitment and Selection Policy.
- 7.1.3 Similarly where Acting Up is a requirement on a short term frequent basis, then the payment can be recalculated based on the second point of the grade when the manager confirms there has already been 12 months of regular acting up. For example where there has been at least a weekly requirement or equivalent. Where this applies the individual undertaking the higher duties must be assessed as fully competent and required to undertake all aspects of the higher role and understand and accept the contractual obligation to act up when required.

## **7.2 Partial Acting Up**

- 7.2.1 Partial Acting Up occurs when an employee carries out a significant proportion of the duties and responsibilities of a higher graded post in addition to their substantive post for a temporary period. This may be due to an absence or vacancy or increase in demand within a team requiring an employee to take on some of the duties and responsibilities of a higher graded post.
- 7.2.2 Where an employee takes on a significant proportion of the duties and responsibilities of a higher graded post for a temporary period they will receive a measured percentage of the difference between their current salary and the minimum spinal point of the evaluated grade of the other post. The calculation will be based on calendar days.
- 7.2.3 Where the percentage of duties cannot be easily measured, the remuneration should be based on an evaluation of the additional duties and responsibilities to be undertaken in comparison to the existing evaluation of the substantive post. If the evaluation of the additional duties results in an increase in grade the post holder will be paid according to that evaluation for the temporary period.

## **7.3 Duties not related to existing post**

- 7.3.1 Where a post holder takes on additional duties and responsibilities which are not related to an existing post, those duties should be outlined by the manager. Any additional remuneration shall be based on an evaluation of the additional duties and responsibilities to be undertaken in

comparison to the existing evaluation of the substantive post. If the evaluation of the additional duties results in an increase in grade the post holder will be paid according to that evaluation for the temporary period.

## **8. AUTHORISATION/ADMINISTRATION PROCESS**

- 8.1 The administration procedure and forms to support this policy are included as appendices.
- 8.2 Authorisation for temporary higher duties will rest with the Director, or Executive Manager, where delegated. Where a service has the prior arrangement in place, the approval may be delegated to a more junior manager for each individual occasion higher duties is required.
- 8.3 HR should be consulted as described throughout this policy to ensure fair and consistent application across Council services. Specifically HR has a role in agreeing the percentage of duties or evaluating roles and responsibilities.
- 8.4 Authorised temporary higher duties payments shall be payable with normal salary payments, either as a supplementary payment or in the case of Full Acting Up, by temporarily placing the employee in the higher graded post.
- 8.5 Where higher duties arrangements are required on a shift by shift basis, employees should complete timesheets to ensure payment is made at the correct rate. For higher duties arrangements which are agreed for continuous periods the employee's terms and conditions should be varied to reflect this for the agreed temporary period. In this case there will therefore be no need for timesheet claims.
- 8.6 Where a higher duties arrangement for a period in excess of 4 weeks is agreed then the employee will receive written confirmation of this. This confirmation will include notice arrangements of bringing the arrangement to an end early. In that, temporary arrangements can be brought to an end early by either party subject to at least one week's notice.
- 8.7 Temporary Higher Duties payments will continue during periods of annual leave during the temporary arrangement. For short term arrangements where, additional payments are claimed by a timesheet, a holiday pay percentage will be payable in addition to compensate for additional holiday pay accrued.
- 8.8 When additional hours are agreed to be worked during an agreed period of higher duties, it will require to be confirmed what duties are to be undertaken and therein whether the employee's substantive grade should apply or whether the higher rate is applicable.

## **9. APPOINTMENT PROCEDURE**

- 9.1 Opportunities to undertake higher duties should be advertised Council wide, where appropriate. Applications for temporary higher duties opportunities may be restricted where for example, specialist skills are considered essential.

- 9.2 In cases of Partial Acting Up where the successful candidate will be expected to balance their substantive role with the additional duties it may be sensible to restrict the opportunity to the existing team or sub-team or even an individual only. For example it may be appropriate to restrict to social care workers in a unit to cover some of the role of a senior social care worker in the same unit.
- 9.3 Restrictions must be discussed and agreed with an HR Adviser.
- 9.4 Candidates must be assessed against the requirements of the role and this must be recorded. Care must be taken to ensure equality of opportunity for all potential applicants.
- 9.5 Where it is relevant to the post, employees should not be allowed to undertake higher duties until essential checks such as qualifications, PVG/disclosure and medical checks have cleared.
- 9.6 Where membership of Scottish Social Services Council (SSSC) is an essential condition of the role, it is the employee's responsibility to ensure that they are registered or seeking registration to the correct part of the register. If the employee is continuing in their substantive role in some capacity, then they may require to be registered on two parts of the register. Alternatively, they may require to de-register and register from different parts. Advice can be sought on this from SSSC. Appropriate registration for the duties undertaken must be obtained within 6 months of the temporary arrangement. The registration process can take up to 2 months to complete.
- 9.7 It is recognised that there are services where undertaking higher duties are required on a regular basis to ensure continuity of service delivery. In these cases it is possible for the service to have a 'prior arrangement' in place. This means that the above procedure is followed initially. From this exercise the service can then have an employee or a pool of employees already identified who can and are expected to act up as soon as the need arises, e.g. to cover sickness absence. Any 'prior arrangements' must be approved by the relevant Director and the Executive Manager - Human Resources, or their nominee.
- This should be reviewed on an annual basis to ensure that new staff or staff who have developed do not miss out on the opportunity. Existing staff in the pool need not go through this process annually but can remain in the pool where they and their manager are in agreement.
- 9.8 It is also recognised that, for example, where a significant project has been undertaken that it may have not been possible or sensible to assess additional responsibilities until the project has reached a key stage or has completed. Retrospective applications for the award of a payment to employees can be made. This should similarly be based on an evaluation of the additional work undertaken.
- 9.9 Managers will ensure that all employees undertaking additional duties and responsibilities are provided with the appropriate training and support.

## **10. COMPLAINTS**

- 10.1 Complaints about any aspect of the Temporary Higher Duties Policy should be made in writing to the Executive Manager – Human Resources. Where, following investigation, it is deemed that this policy has been breached, appropriate remedial action will be taken, which will include consideration of suspension of the recruitment process, refresher training, and/or action within the terms of Shetland Islands Council's Disciplinary Procedures.







<b>Meeting(s):</b>	Development Committee Policy and Resources Committee Shetland Islands Council	3 October 2017 23 October 2017 1 November 2017
<b>Report Title:</b>	Participation Requests Policy	
<b>Reference Number:</b>	DV-49-17-F	
<b>Author / Job Title:</b>	Brendan Hall/ Partnership Officer, Community Planning and Development	

## 1.0 Decisions / Action Required:

- 1.1 That the Development Committee RECOMMENDS that the Policy and Resources Committee approves the Participation Requests Policy.
- 1.2 That the Policy and Resources Committee RECOMMENDS that the Council RESOLVES to adopt the Participation Requests Policy, in the terms proposed.

## 2.0 High Level Summary:

- 2.1 A Participation Requests Policy has been developed in line with the Council's obligations under Part 3 of the Community Empowerment (Scotland) Act 2015 (the Act) – Participation Requests. This Part of the Act is now in force, as of 1 April 2017.
- 2.2 Development of the policy has been overseen by a Project Board, chaired by the Director Corporate Services and involving Executive Managers from relevant Council Services. There have been a number of opportunities for stakeholders across the Shetland Partnership to learn about the requirements under the Act including presentations in Shetland by Scottish Government officials (27 May 2016).
- 2.3 The Policy sets out the steps that the Council will take when a community body makes an enquiry about starting a dialogue about Council services. The Policy contains a high degree of detail; this is due to participation requests being a brand new provision under the Act and the need to give Members insight into how the Council is meeting its obligations in this regard. A similar level of detail was included in the Policy agreed under Part 5 of the Act – Asset Transfer.
- 2.4 A Participation Request allows a community organisation to make a request to a public service authority to permit the body to participate in an outcome improvement process. The Community Empowerment (Scotland) Act 2015 confers rights on eligible community bodies to make these requests where they feel there is a need for outcomes to be improved.

2.5 An outcomes improvement process is a process established or to be established by the Council with a view to improving an outcome that results from, or is contributed to by virtue of, the provision of a public service. Agreeing to a request is an agreement to a dialogue on improving the outcome as set out by the community participation body – i.e. this dialogue is a major part of the outcome improvement process and will include discussion of changes to service design and delivery where appropriate. It is for the Council, following the outcome improvement process, to decide whether to make any changes to existing service delivery arrangements.

2.6 The Policy process is summarised below:

- When a community body makes an enquiry regarding a Participation Request, they will be directed to the Community Planning and Development Service who will begin a process of informal dialogue between the community body and the relevant service lead(s) to discuss the identified needs and ways forward. It may be possible at this stage to resolve any issues without recourse to the formal process.
- If a formal request is to be pursued and when all parties are happy to proceed, a formal Participation Request will be submitted. Once the validity of the application is confirmed a time limited process is initiated for a decision to be taken (30 days from the validation date).
- Decisions on whether to approve or reject Participation Requests will be taken by the relevant service lead(s); giving consideration as to whether the proposed outcome improvement is likely and achievable. Under the Act, the Council must agree to the request unless there are reasonable grounds for refusing it
- A decision notice will be issued within the 30 day period and will explain the Council's decision and the reasoning behind it. Where a Participation Request has been accepted, the decision notice will also include details of the outcomes improvement process that has been (or will be) established – the community body can request changes to the proposed outcomes improvement process within 28 days of the decision notice being issued.
- The outcomes improvement process must be established and started within 90 calendar days of the decision notice being issued. Once underway, the Council must maintain the process to completion, unless any modifications are agreed in consultation with the community body. When an outcome improvement process has been completed the Council must publish a report on the process.

2.7 The full Policy is attached at Appendix A.

2.8 During the discussion at Development Committee, it was agreed that further information would be made available on promoting participation requests. This is attached at Appendix C.

### **3.0 Corporate Priorities and Joint Working:**

3.1 The Policy directly supports several of the priorities identified under the 'Community Strength' section of the Council's Corporate Plan; namely:

- Communities will be supported to find local solutions to issues they face.

	<ul style="list-style-type: none"> <li>• People in Shetland will be feeling more empowered, listened to and supported to take decisions on things that affect them, and to make positive changes in their lives and their communities.</li> </ul>
3.2	<p>Several local partners are covered by Part 3 of the Community Empowerment (Scotland) Act 2015. In 2015, the Shetland Partnership Board agreed an approach whereby the Council would lead on local policy development (Minute reference 30/15). The Shetland Partnership Board have received regular updates on progress. The Council's Community Planning and Development Service will act as a single point of contact for community bodies in Shetland, co-ordinating initial dialogue with all partner agencies. This simplifies the process for community bodies and ensures that the benefits of joint working can be maximised from the earliest opportunity.</p>
<b>4.0</b>	<b>Key Issues:</b>
4.1	<p>The Development Committee and Policy and Resources Committee are asked to discuss the Policy and recommend to the Council that the Policy be agreed and adopted by Shetland Islands Council. Key issues to consider include:</p> <ul style="list-style-type: none"> <li>• The Council's obligations under the legislation and the Policy's role in ensuring that these are upheld</li> <li>• The potential for all parties to benefit from community participation where a well-structured outcomes improvement process is put in place</li> <li>• The links to wider programmes such as the Business Transformation Programme and the implementation of Part 2 of the Act – Community Planning</li> </ul>
4.2	<p>Designing the outcomes improvement process will be the responsibility of the relevant service lead(s), with support where required from staff in the Community Planning and Development Service.</p>
4.3	<p>Community Participation is also a key theme being developed as part of the refreshed Local Outcomes Improvement Plan (part of the implementation of Part 2 of the Act – Community Planning). This will articulate how community bodies will participate in the work of the Community Planning Partnership and will be shared by all Community Planning partners. The Local Outcomes Improvement Plan will form the basis for an ongoing consistent effort to improve and mainstream community participation in service design, service delivery and public decision-making.</p>
4.4	<p>The legislation contained in Part 3 of the Act is part of a clear shift in how public authorities and communities engage with one another.</p>
<b>5.0</b>	<b>Exempt and/or Confidential Information:</b>
5.1	None.
<b>6.0</b>	<b>Implications</b>
<b>6.1</b> <b>Service Users,</b> <b>Patients and</b>	<p>The Policy sets out how communities in Shetland can exercise their rights under Part 3 of the Community Empowerment (Scotland) Act 2015 and how the Council will fulfil its duties in</p>

<b>Communities:</b>	this regard. The focus of the Act and the Policy is the improvement of outcomes and, as such, communities and the Council will benefit from Participation where there are clearly identified needs. The Policy and associated procedures set out clearly what is expected of community bodies and what Council Services will do to support them before, during and after the submission of a Participation Request.
<b>6.2 Human Resources and Organisational Development:</b>	Participation Requests will be handled on a case-by-case basis. The implementation of the Policy will be monitored to address any issues as they arise. Briefings will be provided to officers as relevant to ensure that all are familiar with the legislation, the Policy and their roles in delivering the Council's duties. On-the-job training and support will be provided by the Community Planning and Development Service as required.
<b>6.3 Equality, Diversity and Human Rights:</b>	An integrated impact assessment has been completed for the policy. The policy itself has no implications for any particular groups or outcomes as the rules for eligibility are set out in legislation and designed to be inclusive and the purpose of the Policy is that outcomes will be improved as a result of community participation. The implementation of the Policy will be monitored to address any issues as they arise. The integrated impact assessment is attached at Appendix B.
<b>6.4 Legal:</b>	<p>The Policy sets out the Council's approach to meeting its legislative duties under Part 3 of the Community Empowerment (Scotland) Act 2015. The policy draws on Part 3 of the Act and the regulations below:-</p> <ul style="list-style-type: none"> <li>• The Participation Request (Procedure) (Scotland) Regulations 2017</li> </ul> <p>The full legislation is linked under Background Documents, below.</p>
<b>6.5 Finance:</b>	<p>There are no direct financial implications arising from this report.</p> <p>There are potentially financial implications associated with the involvement of community bodies in Council decision-making and service delivery. Each Participation Request will be considered on a case-by-case basis as to whether resource implications are significant. It is for the Council, following the outcome improvement process, to decide whether to make any changes to existing service delivery arrangements – financial implications can be addressed through this process.</p>
<b>6.6 Assets and Property:</b>	<p>It is conceivable that community bodies may wish to use this Policy in conjunction with the Community Asset Transfer Policy where community bodies wish to both take ownership of Council-owned land or buildings and seek to improve the services delivered from the premises. Scottish Government guidance does not recommend using both provisions together:</p> <ul style="list-style-type: none"> <li>• "If the community body wants to take over running a</li> </ul>

	<p>service which is tied to the particular premises, and does not want to use the premises for any other purpose, this can be addressed through a participation request. Usually this would apply to services which will be delivered under a contract or agreement with the relevant authority. A lease or other arrangement in relation to the premises can be negotiated as part of the agreement to provide the service.</p> <ul style="list-style-type: none"> <li>• If the community body wants to take control of an asset in order to deliver services on its own terms or use the property for other purposes, this should normally be addressed through an asset transfer request.</li> <li>• An asset transfer request can be accompanied by negotiations for the public authority to contract with the community body to continue to provide a service, as a source of income.” (Participation Requests under the Community Empowerment (Scotland) Act 2015, Guidance: Scottish Government, 2017).</li> </ul> <p>Dialogue during the pre-application stage will help guide both staff and community body representatives as to what piece of the Community Empowerment Act legislation (and therefore which Council Policy) is best to follow to improve identified outcomes.</p>
<b>6.7 ICT and New Technologies:</b>	<p>The Policy and additional information will be hosted on the Community Planning and Development Service’s website. This will include contact details and signposting to support available for community bodies. Notices regarding Participation Requests will also be posted on the website.</p>
<b>6.8 Environmental:</b>	<p>The Policy has no direct environmental implications and no Strategic Environmental Impact Assessment is required. Community bodies may have to have regard to environmental impact when considering participation and outcomes improvement depending on the service involved. See Appendix B.</p>
<b>6.9 Risk Management:</b>	<p>As per paragraph 3, above, the Policy supports the Council’s priorities identified under the ‘Community Strength’ section of the Corporate Plan. The Community Planning and Development Service’s risk register includes risks under this heading, the most pertinent of which concerns deadlines – this is currently rated as 6 (Medium). Part 3 of the Community Empowerment (Scotland) Act 2015 came into force on 1 of April 2017; having a policy in place at the earliest possible opportunity after this date will help prepare the Council to receive any Participation Requests and will make it clear to community bodies what is required for them to submit a valid request. Including the pre-application stage also ensures that dialogue can take place to keep all parties informed of any issues that may arise with the outcome improvement process or the readiness and ability of of</p>

	<p>the community body concerned to participate – this will help to improve the chances of a positive outcome for all parties being delivered by the process.</p> <p>Compliance with the legislation is another clear risk and, to this end, the policy has been prepared with professional input from staff in Governance and Law to ensure that the Council policy delivers both the requirements and the intended benefits of the legislation. The Project Board has also overseen the development of the Policy to ensure that it meets the needs of both the Council and the wider Shetland community.</p> <p>Implementation of the Policy will be monitored to identify any issues that may arise and to ensure that policy and procedures are fit for purpose when used in real situations.</p>	
<b>6.10 Policy and Delegated Authority:</b>	<p>This Policy is submitted for consideration in the first instance by the Development Committee in terms of its remit to advise the Policy and Resources Committee and the Council in the development of service objectives, policies and plans concerned with service delivery within its functional areas, including Community Planning and Development. The new provisions contained in the Policy cover all Council services and, therefore, the Policy is submitted for consideration by the Policy and Resources Committee in terms of its role in advising the Council in the development of its strategic objectives, policies and priorities. Determination of new Policy requires a decision of Council [Scheme of Administration and Delegations, Part C, Section 2].</p>	
<b>6.11 Previously Considered by:</b>	<p>Shetland Partnership Board</p> <p>Shetland Partnership Seminar with Scottish Government</p>	<p>17/09/2015 02/06/2016 25/10/2016 21/06/2017</p> <p>27/05/2016</p>

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Date: 11 October 2017

#### **Appendices:**

Appendix A: Shetland Islands Council: Participation Requests under the Community Empowerment (Scotland) Act 2015 – POLICY

Appendix B: Shetland Islands Council: Participation Request Policy Integrated Impact Assessment

Appendix C: Promoting Participation Requests

#### **Background Documents:**

Part 3 of the Community Empowerment (Scotland) Act 2015 can be accessed here:

<http://www.legislation.gov.uk/asp/2015/6/part/3>





## Shetland Islands Council: Participation Requests under the Community Empowerment (Scotland) Act 2015 – POLICY

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Summary of changes to document			
Date	Version updated	New version number	Brief description of changes

## 1. Introduction

- 1.1 Shetland Islands Council (the Council) recognises the importance of giving the wider Shetland community opportunities to get involved in decisions about the delivery of services, objectives and outcomes.
- 1.2 The development of a Participation Request Policy is an acknowledgement of the role communities can play in enhancing service delivery and the role of enhanced participation in delivering community empowerment and sustainability.
- 1.3 This Policy sets out the Council's approach to meeting its legislative duties under Part 3 of the Community Empowerment (Scotland) Act 2015 (the Act). This policy draws on Part 3 of the Act and the Participation Request (Procedure) (Scotland) Regulations 2017.
  - The full text of Part 3 of the Act can be viewed at the following link:  
<http://www.legislation.gov.uk/asp/2015/6/part/3>
  - The full text of the regulations can be viewed at the following link:  
<http://www.legislation.gov.uk/ssi/2017/39/contents/made>
- 1.4 This Policy acknowledges the rights afforded to community bodies under the Community Empowerment (Scotland) Act 2015 and the Council commits to promote, support and uphold these rights in the spirit of the legislation.

## 2. Procedures

- 2.1 The accompanying procedures to this Policy detail the roles and functions to be carried out by Managers and employees of the Council in order to fulfil the obligations set out in the legislation and this Policy.

## 3. Definition of a Participation Request

- 3.1 The Act states that a community participation body may make a request to a public service authority to permit the body to participate in an outcome improvement process. There are a range of possible uses of Participation Requests which can be broadly divided into four categories as follows:
  - To help people start a dialogue about something that matters to their community, through highlighting needs, issues or opportunities for improvement.
  - To help people have their voice heard in policy and service development, through contributing to decision-making processes.
  - To help people to participate in the design, delivery, monitoring or review of service provision, through contributing to service change or improvement.
  - To help people challenge decisions and seek support for alternatives which improve outcomes.
- 3.2 An outcomes improvement process is a process established or to be established by the Council with a view to improving an outcome that results from, or is contributed to by virtue of, the provision of a public service.
- 3.3 Agreeing to a request is an agreement to a dialogue on improving the outcome as set out by the community participation body – i.e. this dialogue is a major part of the outcome improvement process and will include discussion of changes to service

design and delivery where appropriate. It is for the Council, following the outcome improvement process, to decide whether to make any changes to existing service delivery arrangements.

#### 4. Principles

- 4.1 The Policy is based on the following principles:
- Informal dialogue to establish shared understanding of needs, circumstances and ways forward is the foundation upon which successful community participation is built;
  - Proposed outcomes improvements should support Local Outcomes Improvement Plan outcomes, and should not be to the detriment of other strategies and policies;
  - The process for making, receiving and approving/declining participation requests will be carried out in a transparent, equitable and accountable way;
  - All Council services will support the Council's Policy on the participation requests and assist in delivering the aims and objectives contained in this Policy;
  - The Council will proactively seek to promote participation requests as a means for the most vulnerable and least vocal parts of the Shetland community to get involved in outcomes improvement, and;
  - The Council will seek to continuously improve the opportunities for people in Shetland to pro-actively participate in improving outcomes for themselves and their community.

#### 5. Eligibility

- 5.1 To make a participation request, the community organisation needs to be a "community participation body". This is defined in section 20 of the Act. It can be either:
- a community controlled body (defined in section 19 of the Act);
  - a community council;
  - a community body without a written constitution (set out in section 20(4) of the Act); or,
  - a body designated by the Scottish Ministers.
- 5.2 A community controlled body must fulfil certain requirements when it wants to make participation request. A community organisation does not need to be defined as a "community controlled body" to be able to make a participation request. However, it will need to meet similar requirements as a community controlled body. These are set out below.
- 5.3 A community controlled body means a body that has a written constitution which includes:
- (a) **A definition of the community to which the body relates** (whether geographic or a community of interest<sup>1</sup>),
  - (b) **Provision that membership of the body is open to any member of that community** (the body must be open to anyone who is a member of the community defined above; there must be no additional requirements. Where membership is based on a fee, this should be affordable to anyone from the defined community),
  - (c) **Provision that the majority of the members of the body is to consist of members of that community** (people (and organisations) who are not members

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<sup>1</sup> Communities of interest could include faith groups, ethnic or cultural groups, people affected by a particular illness or disability, sports clubs, conservation groups, clan and heritage associations, etc.

of the defined community may be allowed to join the body, but the governing documents must require that those who are members of the community must always be in the majority. This can be accomplished by providing for Ordinary Members and Associate Members or Junior Members – the number of Ordinary Members should always exceed the number of other members),

- (d) **Provision that the members of the body who consist of members of that community have control of the body** (having “control of the body” means that the members of the community are in charge of the decisions made by the body. This may be arranged by providing that only Ordinary Members can vote at General Meetings, a majority of the Board must be made up of Ordinary Members and the Chair and Vice-Chair must be Ordinary Members, where they have a casting vote),
- (e) **A statement of the body's aims and purposes, including the promotion of a benefit for that community** (the aims and purposes may include activity that goes wider than the defined community, such as raising money for charity, promoting their interest to other people or sharing experience with communities in other areas; however, at least one of the purposes of the body must clearly be for the benefit of the community they represent), and
- (f) **Provision that any surplus funds or assets of the body are to be applied for the benefit of that community** (any money or property the body has, after covering its running costs, must be used to benefit the community as a whole. Bodies incorporated as co-operatives, which distribute their profits or dividends to members of the body, are not eligible to make requests for ownership).

- 5.4 Community Bodies without a written constitution are also eligible to make participation requests under certain circumstances where the community participation body is constituted of a more loosely associated group of people. Under section 20(4) of the Act the community group must have similar features to that provided by a community controlled body as set out above but without a written constitution.
- 5.5 It will be for the Council to determine whether a group meets the requirements under the Act. But it will be for the community group to provide such information as the Council needs to be satisfied. This can be worked out during the pre-application stage in discussion with the service lead(s).
- 5.6 The Scottish Ministers can also designate a body to be a community participation body. They will do this by making an order.

## 6. Pre-application stage

- 6.1 In accordance with Scottish Government guidance and in order to maximise the benefits afforded by this Policy, the Council has designed a pre-application stage for prospective community participation bodies wishing to consider the possibility of making a participation request. This process will be administered by the Council's Community Planning and Development Service, acting as a single point of contact for community participation bodies to discuss their proposals at an early stage.
- 6.2 The pre-application stage is designed to help community participation bodies understand the requirements of the legislation and to assess their readiness and eligibility to submit a competent application. It will also allow for informal dialogue with the relevant service lead(s) to explore opportunities for outcomes improvement without recourse to a formal request.

- 6.3 Community participation bodies are strongly advised to contact the Council's Community Planning and Development Service and discuss their proposals at the earliest opportunity and before any formal request is submitted.

## 7. Submitting a formal Participation Request

- 7.1 Participation requests can be made to the Council for outcomes that result from (or are contributed to by virtue of) the provision of a Council service (or Council services) or a service delivered on behalf of the Council.
- 7.2 Requests should be made in writing to the Council and must:
- state that it is a participation request made under Part 3 of the Community Empowerment (Scotland) Act 2015;
  - specify an outcome that results from (or is contributed to by virtue of) the provision of a service provided to the public by or on behalf of the authority
  - set out the reasons why the community participation body considers it should participate in the outcome improvement process
  - provide details of any knowledge, expertise or experience the community participation body has in relation to the specified outcome
  - provide an explanation of the improvement in the specified outcome which the community participation body anticipates may arise as a result of its participation
- 7.3 A statutory form is provided to guide community participation bodies in submitting a formal request; this is included at Appendix A of this Policy.
- 7.4 Further information and guidance are available from the Council's Community Planning and Development Service and are included in the procedures.

## 8. Receiving Participation Requests

- 8.1 Requests received by the Council will be checked to ensure they have come from an eligible community participation body and are valid, containing the correct information. In the event that a request is not valid, or required information is missing, the Council will write to the community participation body to inform them what is missing and how to complete their request. This will happen only once. If a valid, completed request is not received after this or a completed request is found to be ineligible, then it is not a participation request and no further action need be taken.
- 8.2 Once a completed request is submitted, the Council will issue an acknowledgment to the community participation body. The acknowledgement will include:
- the validation date for the request – this is the date on which the last of the required information was received by the Council (the date the request was received if it was complete). This is the date from which other time limits will be calculated
  - the time period for the Council to notify the community participation body of its decision – this is 30 working days from the validation date, unless additional public service authorities are involved or an extended timeline is agreed to by the community participation body.
- 8.3 Should the community participation body include a request that more than one public service authority should participate in the outcome improvement process then the Council, as the lead authority (to who the request was made), should:
- notify the additional public service authorities of the request
  - inform the additional public service authorities of the validation date

- send a copy of the participation request and the information provided by the community participation body to each additional public service authority
- 8.4 Within 15 working days upon of receiving notification the additional public service authorities must inform the Council whether they wish to participate and if it does not, the reasons for that decision. The 15 days will not count towards the time period for notifying the community participation body of the decision, effectively meaning that the time period for decision can be extended in these circumstances to up to 45 working days.

## 9. Repeat requests

- 9.1 Section 27 of the Act allows the Council authority to choose not to consider a request which is the same or very similar to a previous request. This applies if the new request relates to matters as a request made in the previous two years. It does not matter if the new request is made by the same body or a different one.
- 9.2 Where a repeat request is declined, the public service authority should write to the community participation body to advise them of the situation and the reason for declining the request.

## 10. Decision Making

- 10.1 Where a participation request is made by a community participation body to the Council, the Council must decide whether to agree to or refuse the request – under the Act, the Council must agree to the request unless there are reasonable grounds for refusing it.
- 10.2 The decision regarding the request will be taken by the relevant service lead(s) – i.e. Executive Manager or Team Leader – giving consideration as to whether the proposed outcome improvement is likely and achievable. The framework to assist service leads in making decisions is outlined in procedures.

## 11. Decision notice

- 11.1 Having made its decision, the Council must issue a decision notice to the community participation body, setting out its decision and, if it refuses the request, the reasons for the decision. This must be done within 30 working days from the validation date or 45 working days if more than one public service authority is involved. Note that this is the period during which both the decision on whether to accept the request and how best to proceed with the outcomes improvement process should be taken.
- 11.2 A longer period for the decision notice to be issued is possible, where this is agreed between the Council and the community participation body. Note that it is for the community participation body to agree any extension to the statutory time period.
- 11.3 The decision notice will be sent to the community participation body and posted on the Council's website [www.shetland.gov.uk](http://www.shetland.gov.uk)
- 11.4 Where a participation request has been accepted and the Council service(s) involved have already established an outcomes improvement process, the decision notice will include the following details:
- how the process operates;

- what stage the process has already reached
  - how the community participation body will participate, and;
  - how any other parties will participate.
- 11.5 Where a participation request has been accepted and the Council service(s) involved have not already established an outcome improvement process then the decision notice will:
- describe how the outcome improvement process will operate
  - explain how the community participation body is expected to participate
  - describe how any other parties are expected to participate in the process
- 11.6 Outcomes improvement processes should be designed in accordance with the Council's shared Community Participation Strategy (in development).

## 12. Agreeing the Outcome Improvement Process

- 12.1 Once a decision notice has been given agreeing to a participation request, an outcome improvement process must be discussed and agreed. The outcome improvement process is a process that will improve the outcome set out by the community body.
- 12.2 The community participation body will consider the contents of the decision notice describing the existing or proposed outcomes improvement process. The community participation body can, within 28 days of the decision notice being issued, propose changes to the outcome improvement process. These must be taken into account by the Council.
- 12.3 In practice, the relevant service lead(s) are encouraged to continue dialogue with the community participation body and involve them as far as possible in directly designing the outcomes improvement process.
- 12.4 The final details of the outcomes improvement process must be provided to the community participation body within 28 days of the ending of the initial period of 28 days from the decision notice (i.e. within a maximum of 56 days from the decision notice being issued).
- 12.5 At this point, details of the outcomes improvement process must be published on the Council website ([www.shetland.gov.uk](http://www.shetland.gov.uk)), namely:
- the names of the community participation bodies and public service authorities which are involved in the outcome improvement process
  - the outcome to which the outcome improvement process relates
  - how the outcome improvement process is to operate
  - the timescale for the completion of the outcome improvement process

## 13. Setting up and maintaining the Outcomes Improvement Process

- 13.1 The outcomes improvement process must be established and started within 90 calendar days of the decision notice being issued. Once underway, the Council must maintain the process to completion as per the details set out in paragraph 12.5.
- 13.2 The Council can modify the process, following consultation with the community participation body. Where a process is modified, the following details should be published in the same manner as set out in paragraph 12.5:



- the names of the community participation bodies and public service authorities involved in the modified outcome improvement process
- the outcome to which the modified process relates
- identify the process which has been modified
- how that process has been modified
- how the modified process is to operate

## 14. Reporting

- 14.1 When an outcome improvement process has been completed the Council must publish a report on the process. The report must summarise the outcome of the process, including whether the outcome to which it related has been improved, and describe how the community participation body that made the request influenced the process and outcomes. It must also explain how the Council will keep the community participation body and others informed about changes in the outcomes of the process and any other matters relating to the outcomes.
- 14.2 The report will be prepared by the relevant service lead(s). A reporting template is included in the procedures.
- 14.3 In preparing the report, the Council must seek the views of the community participation body that made the request and any other community participation bodies involved.
- 14.4 Quarterly reports will be presented to the Policy and Resources committee to update Elected Members on live participation requests and any outcomes improvement processes that have commenced during the preceding quarter.
- 14.5 An annual report on participation requests will be published by the Council to include for that year:
- the number of requests received
  - the number of requests agreed and refused
  - the number of requests which resulted in changes to a service provided by, or on behalf of, the Council
  - any action taken by the Council following an outcomes improvement process
- 14.6 Annual reports will cover the period 1<sup>st</sup> April to 31<sup>st</sup> March and must be published by 30<sup>th</sup> June in the following financial year.

## Appendix A: Participation Request under Part 3 of the Community Empowerment (Scotland) Act 2015 – statutory form

### 1 Details of Community Participation Body

Name of Community Body:	
Contact Name:	
Contact address:	
Contact Telephone number:	
Contact Email:	
Website (if available):	

Please ensure that you include a copy of your written constitution or governance documentation if available.

### 2 Name of the public service authority to which the request is being made:

Note 1 (see page following form)

### 3 Name of any other public service authority which the community participation body requests should participate in the outcome improvement process:

Note 2

### 4 The outcome that community participation body want to improve:

Note 3

### 5 The reasons why the community participation body should participate in an outcome improvement process:

Note 4

### 6 Knowledge, expertise and experience the community participation body has in relation to the outcome:

Note 5

### 7 How the outcome will be improved because of the involvement of the community participation body:

Note 6

### 8 What type of community participation body are you?

a) A community controlled body

b) A community council

c) A body designated by the Scottish Ministers as a community participation body

d) A group without a written constitution

Note 7

**9 Additional Information**

Note 8

## Notes

1. Specify the public service authority to who the request is being made. The authorities to whom a request can be made in Shetland are:
  - Shetland Islands Council
  - NHS Shetland
  - Highlands and Islands Enterprise
  - Police Scotland
  - The Scottish Environmental Protection Agency
  - The Scottish Fire and Rescue Service
  - Scottish Natural Heritage
  - Zettrans
2. Insert the name(s) of any other public service authority which the community participation body requests should participate in the outcome improvement process.
3. Specify an outcome that results from, or is contributed to by virtue of, the provision of a service provided to the public by or on behalf of the authority. Outcomes are the changes, benefits, learning or other effects that result from what the public service authority makes, offers or provides.
4. Set of the reasons why the community body believes it should participate in the outcome improvement process.
5. Provide details of any knowledge, expertise and experience the community body has in relation to the outcome specified under paragraph 3, supported with relevant evidence where possible.
6. Provide an explanation of the improvement in the outcome specified under paragraph 3 which the community body anticipates may arise as a result of its participation in an outcome improvement process.
7. To make a participation request the Community Empowerment (Scotland) Act 2015 provides that certain bodies can do so. The community participation body should provide the necessary information to the Council to show that they are a valid body who can make a participation request. If the community participation body is one without a written constitution, this should be raised as soon as possible during pre-application.
8. Any other information in support of the participation request can be included in this section or attached separately should the community body wish to do so. It may be helpful for the community participation body to outline if they have previously been in contact with the Council regarding the outcome. The community participation body may also want to provide information on any additional support they may require to be able to participate in an outcome improvement process.

# Integrated Impact Assessments

## What is Integrated Impact Assessment?

Everything that the Council does affects people in Shetland. Some decisions can have different effects on different groups in the community. This can make it harder for some people to use a service or to be part of their community.

An Integrated Impact Assessment (IIA) is a way to look at how a proposal could affect communities and if different groups within the community will be affected differently.

If an IIA is done while the proposal is being developed, we can look at the needs of different groups and think about how the proposal will affect them. Some of these impacts will be positive and some negative. We can then think about ways to reduce the negative impacts so that everyone will be able to benefit from the proposal. This guidance will help you to complete an IIA.

An IIA should be part of the development of any new policy or practice. It should also be done when a policy or strategy is being reviewed.

Shetland's Integrated Impact Assessment focuses on the following areas:

- **Social –**
  - Equality & Diversity
  - Social Inequalities
  - Health
- **Environmental**
- **Rural proofing**
- **Economic**

By reviewing social, economic and environmental assessments together we can make sure what we do is sustainable in the widest sense.

## Legal Requirements

There are also statutory duties for local authorities that need to be met:

- We have to give due regard to the need to eliminate discrimination, advance equality and foster good relations between people. We need to do this before we make final decisions concerning policy or practice. If we fail to do this, and operate policies and practices that adversely affect a section of the community disproportionately, we could be subject to legal challenges and financial penalties (Equality Act 2010).
- We have to ensure that development projects, plans and strategies with a spatial dimension are screened for their requirement for an Environmental Impact Assessment. If you're unsure of the requirement for one of these assessments, contact Planning.

## Who Carries Out an Impact Assessment?

Carrying out an IIA is a group exercise. The IIA group should include those involved in developing the proposal and bring together different perspectives on the topic being discussed. A good understanding of what is being proposed is essential to allow the IIA to be completed successfully.

## Gathering Evidence

Gather existing evidence on the proposal and how it may affect different groups. You can use the table on the following page to help you. The completed table can then be circulated to all participants in the group exercise before the IIA meeting, so that it can inform the discussion and be reviewed.

During the meeting, the group should consider whether further evidence is needed to understand impacts and inform recommendations. In this case you should identify how this evidence can be collected.

## Evidence Table

Evidence	Available?	Comments: what does the evidence tell you?
Population data	N/A	The policy does not depend on an evidence base in itself as it represents the local arrangements for enacting national legislation. However; when the policy is applied, community bodies will have to demonstrate – through evidence such as that listed here – that they have a sound understanding of the needs they have identified, the outcomes they want to improve and the impacts that will result.
Data on service uptake/ access	N/A	As above
Data on equality outcomes	N/A	As above
Research/ literature evidence	N/A	As above
Public/ patient/ client experience information	N/A	As above
Evidence of inclusive engagement of service users & involvement findings	N/A	As above
Evidence of unmet need	N/A	As above
Good practice guidelines	N/A	As above
Environmental data	N/A	As above
Risk from cumulative impacts	N/A	As above
Other (please specify)	N/A	As above
Additional evidence required	N/A	As above

## **Identifying Impacts – the IIA Meeting**

Once the evidence has been collected the group should get together to go through it and identify possible impacts. The group needs to critically consider the possible impacts on different groups in the community. Your comments should focus on how the proposal will meet the needs of and impact on different groups and circumstances. There is a checklist on the following page to help you.

Before going through the checklist, consider:

### **What do you think will change as a result of this proposal?**

Now consider impacts on different groups of people:

### **Which groups will be affected?**

Now, go through the checklist to identify how different people could be affected differentially, and possible areas of impact.

Think about:

### **Who is likely to be directly affected by the proposal?**

### **Who is likely to be indirectly affected by the proposal?**

### **Is it likely that some people might be excluded from the proposal?**



## Impacts Checklist

Group	Differential Impacts
<b>Diversity</b>	
Age (consider across age ranges. This can include safeguarding, consent & child welfare)	<p>The policy itself has no implications for any particular groups as the rules for eligibility are set out in legislation and designed to be inclusive – this is reflected in the policy. Community bodies pursuing a participation request will be encouraged to give consideration to any negative impacts that may arise from their proposal. Support will be offered to community bodies through the Community Planning and Development Service to assist them in considering impacts and taking steps to mitigate any that may arise.</p> <p>Furthermore, when the policy is applied and a participation request agreed to, the participation of the community body in the outcomes improvement process will be with a view to improving the lives of people from that community. This offers a further safeguard that differential impacts will not be experienced as this would preclude the outcomes improvement process going ahead.</p>
Disability (consider attitudinal, physical & social barriers)	See above
Ethnic Minority (consider different ethnic groups, nationalities, language barriers)	See above
Gender	See above
Gender Reassignment (consider transgender & transsexual people. This can include issues such as privacy of data & harassment)	See above
Lesbian, Gay & Bisexual	See above
Marriage & Civil Partnership	See above
Pregnancy & Maternity (consider working arrangements,	See above

part-time working, infant caring responsibilities)	
Religion & Belief (consider people with different religions, beliefs or no belief)	See above
<b>Economic</b>	
Education, Skills & Lifelong Learning	There are potentially many significant benefits to community bodies and their members to develop skills and gain valuable knowledge by exploring a participation request. The pre-application stage includes support for this through Community Learning and Development and community bodies are encouraged to think about their skills development needs from the outset.
Employment	Participation requests can extend to any aspect of public service delivery, including economic development. Outcomes improvement in this area could extend to improving employment opportunities in a community where the community body can help to achieve this.
Business Development	Participation requests can extend to any aspect of public service delivery, including economic development. Outcomes improvement in this area could extend to improving business development in a community where the community body can help to achieve this.
Encouraging Investment	Participation requests can extend to any aspect of public service delivery, including economic development. Outcomes improvement in this area could extend to encouraging investment in a community where the community body can help to achieve this.
Financial Inclusion	Inequalities are one of key the factors community bodies should take consideration of when thinking about participation requests – financial inclusion could be improved as a result of community participation in service delivery or decision making
<b>Environment</b>	

Transportation	Community participation in service delivery or decision making could have positive implications for community transport and other areas where co-production models can operate.
Waste Minimisation	Community bodies can use participation requests as a means of improving their local environment and explore solutions to issues such as waste.
Energy & Climate Change	Community bodies can use participation requests as a means of improving their local environment and explore solutions to issues such as climate change and community energy solutions.
<b>Health</b>	
Mental Health & Wellbeing	When the policy is applied and a participation request agreed to, the participation of the community body in the outcomes improvement process will be with a view to improving the lives of people from that community. Mental Health and Wellbeing outcomes would be good candidates for community bodies to come together with services to plan improvements to services.
Physical Activity	As above
Substance use (tobacco, alcohol or drugs)	As above
Affordable food & a healthy diet	As above
Sexual Health	As above
<b>Those vulnerable to falling into Poverty</b>	
Young people whose parents are not able to ensure they can access opportunities	<p>Inequalities are one of key the factors community bodies should take consideration of when thinking about participation requests. Reducing inequalities would therefore be supportive of a successful application. Support will be offered to community bodies through the Community Planning and Development Service to assist them in considering impacts and taking steps to mitigate any that may arise.</p> <p>Furthermore, when the policy is applied and a</p>

	participation request agreed to, the participation of the community body in the outcomes improvement process will be with a view to improving the lives of people from that community. This offers a further safeguard that differential impacts will not be experienced as this would preclude the outcomes improvement process going ahead.
Adults with low self-esteem and/or poor mental health	As above
Physically disabled or with a long-term illness & their carers	As above
Young families without access to their own transport (particularly in remote areas)	As above
Older people who are unable to access opportunities	As above
People of no fixed address, homeless or in temporary accommodation	As above
Ethnic minorities (consider cultural, employer barriers, degrees of social exclusion for white incomers to Shetland)	As above
<b>Rurality</b>	
Is the policy likely to have a different impact in different areas / communities?	The policy will be applied consistently across communities both geographic and of interest. Implementation of the policy will be monitored to ensure that communities are not disadvantaged by any characteristic.
Will the impacts be significant in rural areas?	It remains to be seen whether the implications of this policy will be different in urban and rural settings. Implementation of the policy will be monitored to ensure that communities are not disadvantaged by any characteristic.

<b>Staff</b>	
Full-time	Participation requests will be handled on a case-by-case basis. The policy sets out that it is the service lead(s) responsible for the service in question who will receive and respond to the participation request and initiate the outcomes improvement process. No capacity or competency issues have been raised to date. The implementation of the policy will be monitored to address any issues as they arise.
Part-time	As above
Shift workers	As above
Staff with protected characteristics	As above
Staff vulnerable to falling into poverty	As above

## Summary of Impacts

Having considered the evidence and critically considered the potential impacts, the group should decide whether it needs further evidence to determine likely impacts or make recommendations –

- If further evidence is to be gathered, this could be marked as an interim IIA and be finalised when this evidence has been gathered.
- If the evidence is considered to be sufficient the group should discuss and agree a summary of the positive and negative impacts identified and recommendations.

Look again at any negative impacts and think about:

**What actions are required to improve the proposal as a result of the IIA?**

**How will the proposal be monitored after full implementation and how will you ensure that the recommendations made in the IIA are effective?**

**Have you planned reviews of the proposal? If so, how often and who will be responsible?**

**Remember** - If the proposal shows actual or potential unlawful discrimination you will only be able to meet your legal obligations under the duties by stopping, removing or changing the policy.

Then complete the IIA report form on the following page. This report must be included as an appendix to any Council report.

Please note that all IIAs are required to be published on the Council's website and so once completed, the report should be sent to Anna Sutherland.

## IIA Outcomes Report

<b>Name of Proposal</b>	<b>Community Asset Transfer Policy</b>
<b>Description of Proposal</b>	A Participation Requests policy has been developed in line with the Council's obligations under Part 3 of the Community Empowerment (Scotland) Act 2015 – Participation Requests
<b>Lead Organisation / Partnership</b>	Shetland Islands Council
<b>IIA Lead Person</b>	Brendan Hall
<b>Date of IIA</b>	September 2017

<b>Recommendations from IIA</b>
<p><b>Positive Impacts</b></p> <p>The policy itself has no implications for any particular groups or outcomes as the rules for eligibility are set out in legislation and designed to be inclusive and the purpose of the policy is that outcomes will be improved as a result of community participation. A number of positive impacts are identified in a range of areas where communities and service providers can benefit from the improvement in outcomes that can result from community participation.</p>
<p><b>Negative Impacts</b></p> <p>No direct negative impacts are identified for the policy itself. Community bodies pursuing a participation request will be encouraged to give consideration to any negative impacts that may arise from their proposal. Support will be offered to community bodies through the Community Planning and Development Service to assist them in considering impacts and taking steps to mitigate any that may arise.</p> <p>Furthermore, when the policy is applied and a participation request agreed to, the participation of the community body in the outcomes improvement process will be with a view to improving the lives of people from that community. This offers a further safeguard that differential impacts will not be experienced as this would preclude the outcomes improvement process going ahead.</p>
<p><b>No Impacts</b></p> <p>The policy itself has no implications for any particular groups or outcomes as the rules for eligibility are set out in legislation and designed to be inclusive and the purpose of the policy is that outcomes will be improved as a result of community</p>

participation.

**Issues arising from IIA**

There is a clear need to monitor the implementation of the policy and to provide support to community bodies to ensure that no unintended negative consequences arise. Community bodies and service leads will be encouraged to use the IIA to assess the impact of their proposals and design the outcomes improvement process as best practice.



### **Promoting Participation Requests**

As noted at the meeting of the Development Committee on the 3<sup>rd</sup> of October 2017, the Council has a duty to promote Participation Requests alongside developing policy to deliver the process set out in legislation.

Once the policy is agreed, promotion will be undertaken by the Community Planning and Development Service. In line with the Scottish Government guidance on Participation requests, this activity will include:

- Acting as the single point-of-contact for all outcomes improvement and community empowerment related enquires from community bodies – this includes the Council and Community Planning partners covered by the legislation
- Publishing the Policy and supporting materials on the Shetland Islands Council website
- Promoting the single point-of-contact and the community empowerment tools available to community bodies via social media and free media sources such as the Shetland News banner
- Encouraging Community Planning partners and Community Learning and Development partners to promote community empowerment in their own dealings with community bodies – with a particular emphasis on working with Voluntary Action Shetland to raise awareness across Shetland's Third Sector
- Targeted promotion carried out by Community Planning and Development staff with key community groups – this will have a particular emphasis on reaching those community groups who may struggle to have their voices heard

Furthermore, and as also noted in the report, this work links strongly to the development of Community Planning under Part 2 of the Community Empowerment (Scotland) Act 2015. As this work develops, the Shetland Partnership will be promoting, facilitating and encouraging effective community participation as a key element in helping to deliver the Community Planning priorities set out in the refreshed Local Outcomes Improvement Plan.



 <p><b>Shetland NHS Board</b></p>	 <p><b>Shetland Islands Council</b></p>
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<b>Meeting(s):</b>	Integration Joint Board NHS Shetland Board Joint Staff Forum Policy and Resources Committee Shetland Islands Council	21 September 2017 3 October 2017 6 October 2017 23 October 2017 1 November 2017
<b>Report Title:</b>	Shetland Islands Health and Social Care Partnership: Joint Strategic Commissioning Plan, Refresh 2018-2021	
<b>Reference Number:</b>	CC-48-17 F	
<b>Author / Job Title:</b>	Hazel Sutherland, Head of Planning and Modernisation, NHS Shetland	

## 1.0 Decisions / Action required:

- 1.1 That the Integration Joint Board (IJB) APPROVES the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2018-21.
- 1.2 That NHS Shetland Board APPROVES the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2018-21.
- 1.3 That Shetland Islands Council Policy and Resources Committee recommends that Shetland Islands Council APPROVES the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2018-21.
- 1.4 That the Joint Staff Forum advise that the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan 2018-21 is in line with the principles of engaging and consulting with staff in developing the proposals.

## 2.0 High Level Summary:

- 2.1 In March and April 2017, the IJB, NHS Shetland and Shetland Islands Council approved, the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2017-20.
- 2.2 It is best practice to undertake a refresh of the Plan each year, to make sure that it still addresses all the relevant issues and responds to need and demand in an

effective way.

- 2.3 The process of updating the Strategic Commissioning Plan needs to be aligned to the budgeting process, to make sure that the planning and budgeting arrangements are complementary to one another. The planning process describes what services should be delivered; the budgeting process puts in place the resources to make that happen. A diagram of the planning and budgeting cycle is set out at Appendix 1, which involves an iterative negotiation process between the three partner organisations.
- 2.4 The needs assessment has been updated, to take account of current activity levels and any emerging trends and issues being faced by each service area. A summary overview is set out in Appendix 2 but the general consensus is that the needs assessment which underpinned the current plan has not changed significantly enough to warrant any major shift in strategic direction.
- 2.5 In 2016, the Scottish Government undertook an overview of strategic commission plans by each of the Integration Authorities for 2016-19. That analysis has been used to indicate where the current plan may be improved, to strengthen its content and intent. A self evaluation summary has been included at Appendix 3. Some areas where improvements could be made include:
- Use the Plan as a communication and engagement tool, to all stakeholders;
  - Be clearer on implementation plans;
  - Be produced under the principles of coproduction, including with localities;
  - Have better clarity on the service impact of resourcing decisions.
- 2.6 The refresh of the Plan will be done in consultation with supporting groups and committees, including those listed in the table below.

Entity	Purpose
The Area Clinical Forum	<ul style="list-style-type: none"> <li>Professional Advice from all staff groups</li> </ul>
The Strategic Planning Group	<ul style="list-style-type: none"> <li>How will the proposals improve people's lives (Health and Wellbeing Outcomes)?</li> <li>How will the proposals contribute to the Strategic Commissioning Plan's objectives?</li> <li>Have all appropriate delivery mechanisms been considered?</li> <li>Do the proposals represent the best mix of service, quality and cost?</li> </ul>
The Joint Staff Forum	<ul style="list-style-type: none"> <li>That appropriate consultation and engagement with affected staff (direct and indirectly affected) has taken place at all stages</li> <li>That effective engagement with staff has informed the proposal</li> <li>That all relevant employment law and policies have been considered in the development of the proposals</li> </ul>
The Local Partnership Finance Team	<ul style="list-style-type: none"> <li>Is the proposal in line with the Strategic Financial Plan, including any savings plans / efficiencies?</li> <li>Have all the financial risks been identified and</li> </ul>

	<p>addressed?</p> <ul style="list-style-type: none"> <li>• Has the funding mechanism been agreed by all parties?</li> <li>• Does the proposal represent value for money?</li> </ul>
The Clinical Care and Professional Governance Committee	<ul style="list-style-type: none"> <li>• That the proposals are based on sound evidence that best meet the identified needs</li> <li>• That the proposals are safe and will secure appropriate levels of quality</li> <li>• That all the relevant risks have been identified and managed</li> <li>• That effective engagement with service users and staff have informed the proposal</li> </ul>

2.7 In 2016, NHS Shetland's Internal Auditors undertook a study to ensure that:

- Strategic planning forms part of a formal, robust framework, with clearly documented protocols and explicit linkage to the vision and objectives.
- Strategic planning is informed by robust evidence and via input from a range of appropriate stakeholders and partners, and subject to periodic review and update.
- NHS Shetland strategic planning arrangements and accountabilities are appropriately integrated with the IJB framework.
- Actions to achieve strategic objectives are documented and agreed, taking cognisance of the internal resources available and the external environment in which NHS Shetland operates.
- There is clear and direct linkage between the narrative and financial aspects of strategic planning and reporting.
- Sufficient and appropriate arrangements are in place to track progress with delivering the strategy, including management and Board reporting.

2.8 The study reported back on some **Areas for improvement** as follows:

*"Whilst NHS Shetland has identified a number of actions to improve the SCP, further work is required to ensure that it is fully compliant with Scottish Government guidance, including the following areas:*

- *The SCP does not set out clear objectives that cover the aims of both NHS Shetland and the IJB;*
- *There are a number of strategies in place, such as the Clinical Strategy, that cover the same activity as the service plans, but at a more strategic level, these strategies are not considered during the strategic planning process;*
- *NHS Shetland has not identified where they will document the actions required to achieve the strategic objectives and how these will be monitored by management and the Board;*
- *No financial context has been provided for NHS Shetland or the IJB, and limited financial information was available during planning; and*
- *No performance measures were identified within the SCP, which has resulted in there being no mechanism in place for NHS Shetland to measure and demonstrate achievement against the strategic objectives."*

2.9 Good progress has been made in completing the first 3 improvement actions.

Work still needs to be done on aligning strategic planning with financial planning, and with being more explicit about the impact that any changes might have on performance.

### **3.0 Corporate Priorities and Joint Working:**

- 3.1 The IJB Joint Strategic Commissioning Plan describes how health and care services can be delivered, jointly, across the services described in the Shetland Islands Health and Social Care Partnership's Integration Scheme.
- 3.2 The Plan is a significant part of public sector delivery in Shetland and supports the Shetland Community Partnership's Local Outcome Improvement Plan, Shetland Islands Council's Corporate Plan and NHS Shetland's 2020 Vision and Local Delivery Plan.
- 3.3 Delivery of the Strategic Commissioning Plan relies on partnership working between Shetland Islands Council, NHS Shetland, Shetland Charitable Trust, other regional and national organisations (such as the Scottish Ambulance Service, NHS Grampian and other specialist Health Boards) and voluntary sector providers.
- 3.4 It supports a fundamental shift in the philosophy of how public sector services should be designed and delivered with and for each community, based on natural geographical areas, or localities, and integrated around the needs of service users, rather than being built around professional or organisational structures.

### **4.0 Key Issues:**

- 4.1 The Plan sets out a Vision for integrated health and care services in Shetland, as follows:  
"Our Vision is that by 2020 everyone in Shetland is able to live longer healthier lives, at home or in a homely setting. We will have an integrated health and care system focused on prevention, supported self management and reducing health inequalities. We will focus on supporting people to be at home or in their community with as much specialist care provided in Shetland and as close to home as possible. Care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions".
- 4.2 The Plan includes a number of priorities, including:
  - people will be supported to look after and improve their own health and well-being, helping them to live in good health for longer
  - older people and people who are living with long-term conditions will be getting the services they need to help them live as independently as possible
  - increased use of technology is helping us provide care for the most vulnerable and elderly in our community
  - healthcare is provided by multi-professional teams, with reliance on single handed practitioners kept to a minimum
  - attendance at hospital for diagnostic tests and investigations, outpatient consultations and minor procedures is kept to a minimum
  - patients are only sent outwith Shetland for healthcare if it cannot be provided safely and effectively locally
  - care is only provided in a hospital setting if it cannot be provided safely and effectively in the community

<p>– emergency care is maintained in Shetland, including medicine, surgery and maternity services</p>	
4.3	It will be useful to explore, as part of the refresh of the Plan, whether the Vision and Priorities are still appropriate and able to be applied to help with key decisions, especially around resource allocation and proposed changes to service models.
4.4	The current Plan has a number of ‘Transformational Change’ projects and over the next while there are some key activities which will help to give shape to future service models, such as the work on out of hours services, the hospital, and for primary care services. The Plan can be updated as that work comes to fruition.
4.5	It has not yet been possible to fully align the budgeting process with the planning process in the current year. However, the timetable set out in Appendix 1 shows that there is a continuing ambition to work to close the funding gap between the cost of the current model of service and available resources for 2018-19.
<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The Strategic Commissioning Plan sets out the services to be delivered over the next 3 years. Any significant changes to services will be of interest to services users, patients, unpaid carers and communities, particularly in respect of quality, equality, accessibility and availability. It is expected that the current models of delivery will continue to evolve and change to reflect the policy direction of shifting the balance of care from hospital to community settings and supporting people to live independently at home. The service focus will also be on finding ways to help people to help themselves and by increasing self-help and self-care to help people to live in good health for longer.
<b>6.2 Human Resources and Organisational Development:</b>	At this stage, there are no direct impacts on Human Resources and Organisational Development. However, any significant changes to existing service models and methods of delivery may, in time, affect staffing – both in terms of the number of staff and the skills mix required – in order that service costs can be accommodated within the total budget allocation.
<b>6.3 Equality, Diversity and Human Rights:</b>	The refresh of the Plan will include an updated Impact Assessment.
<b>6.4 Legal:</b>	The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health and Social Care Partnership IJBs to produce a strategic commissioning plan and update it annually.
<b>6.5 Finance:</b>	In 2017-18, the cost of the current service model exceeds the funding made available to the IJB, in respect of NHS funded services. The funding arrangements for 2018-19 have not yet been formally notified to the IJB but indications, from the

	medium term financial plans, is that the funding gap is likely to continue to grow and effort needs to be made to find sustainable models of service within the available funding levels.
<b>6.6 Assets and Property:</b>	At this stage, there are no implications for Assets and Property. However, any significant changes to existing service models and methods of delivery may, in time, affect the overall estate in order that service costs can be accommodated within the total budget allocation.
<b>6.7 ICT and new technologies:</b>	The Plan outlines the need to continue to modernise our working practices – both internally and with our patients / service users / customers – by maximising eHealth, Telehealthcare and Telecare opportunities.
<b>6.8 Environmental:</b>	At this stage, there are no specific environmental implications. Any changes to services models which result in changes to access points and transport arrangements may, in time, result in environmental considerations.
<b>6.9 Risk Management:</b>	The risk of not updating the Plan to take account of best practice guidance and changing need and demand might mean that the Strategic Commissioning Plan is not as effective as it might be in shaping the future health and social care service models, to best meet the needs of the community with the resources made available.
<b>6.10 Policy and Delegated Authority:</b>	<p>Shetland's Integration Joint Board (IJB) was formally constituted on 27 June 2015 and operates in accordance with the approved Integration Scheme, Scheme of Administration, and the Financial Regulations.</p> <p>The IJB assumed responsibility for the functions delegated to it by the Council and the Health Board when it (the IJB) approved and adopted the joint Strategic (Commissioning) Plan at its meeting in November 2015. The delegated functions are set out in the Integration Scheme.</p> <p><u>IJB</u> The Integration Scheme states that, "The IJB has responsibility for the planning of the Integrated Services. This will be achieved through the Strategic Plan....The IJB will be responsible for the planning of Acute Hospital Services delegated to it....". Consideration and approval of the annual update of the Strategic Commissioning Plan is therefore within and the authority delegated to the IJB.</p> <p>The Integration Scheme also states that, 'the detailed commissioning and operational delivery arrangements will be set out in the Strategic Plan'.</p> <p><u>NHS Shetland Board</u> NHS Shetland delegated functions, including planning for acute and hospital services, to the IJB. The NHS Board retains the</p>



	<p>overall authority for consideration and approval of strategic planning, taking guidance from its Standing Committees, as appropriate. Approval of the Strategic Commissioning Plan therefore rests with the NHS Shetland Board.</p> <p><u>SIC Policy and Resources Committee and Council</u> Shetland Islands Council delegated functions, including the planning arrangements, to the IJB. The Policy and Resources Committee is responsible for receiving reports on any matters relating to functions delegated to the IJB that require to be reported to the Council. Approval of strategic policies, including the Strategic Commissioning Plan, within the remit of the Shetland Islands Council.</p> <p><u>Joint Staff Forum</u> The Joint Staff Forum has a dual role. It is both part of the staff consultation and engagement mechanism and also acts as one of the bodies which makes sure that staff engagement has been suitable and adequate for the matter under consideration. The Joint Staff Forum will therefore require to reassure themselves, using their network of consultation mechanisms, that:</p> <ul style="list-style-type: none"> <li>• appropriate consultation and engagement with affected staff (direct and indirectly affected) will be done, or has taken place, at all stages;</li> <li>• effective engagement with staff will, or has, informed the proposal; and</li> <li>• where appropriate, all relevant employment law and policies have been considered in the development of the proposals.</li> </ul>		
<p><b>6.11 Previously considered by:</b></p>	<table> <tr> <td data-bbox="539 1272 1043 1426">Strategic Planning Group</td><td data-bbox="1043 1272 1471 1426">31 August 2017, discussion on how best to undertake consultation and engagement</td></tr> </table>	Strategic Planning Group	31 August 2017, discussion on how best to undertake consultation and engagement
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#### Contact Details:

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hazelsutherland1@nhs.net

11 September 2017

#### Appendices:

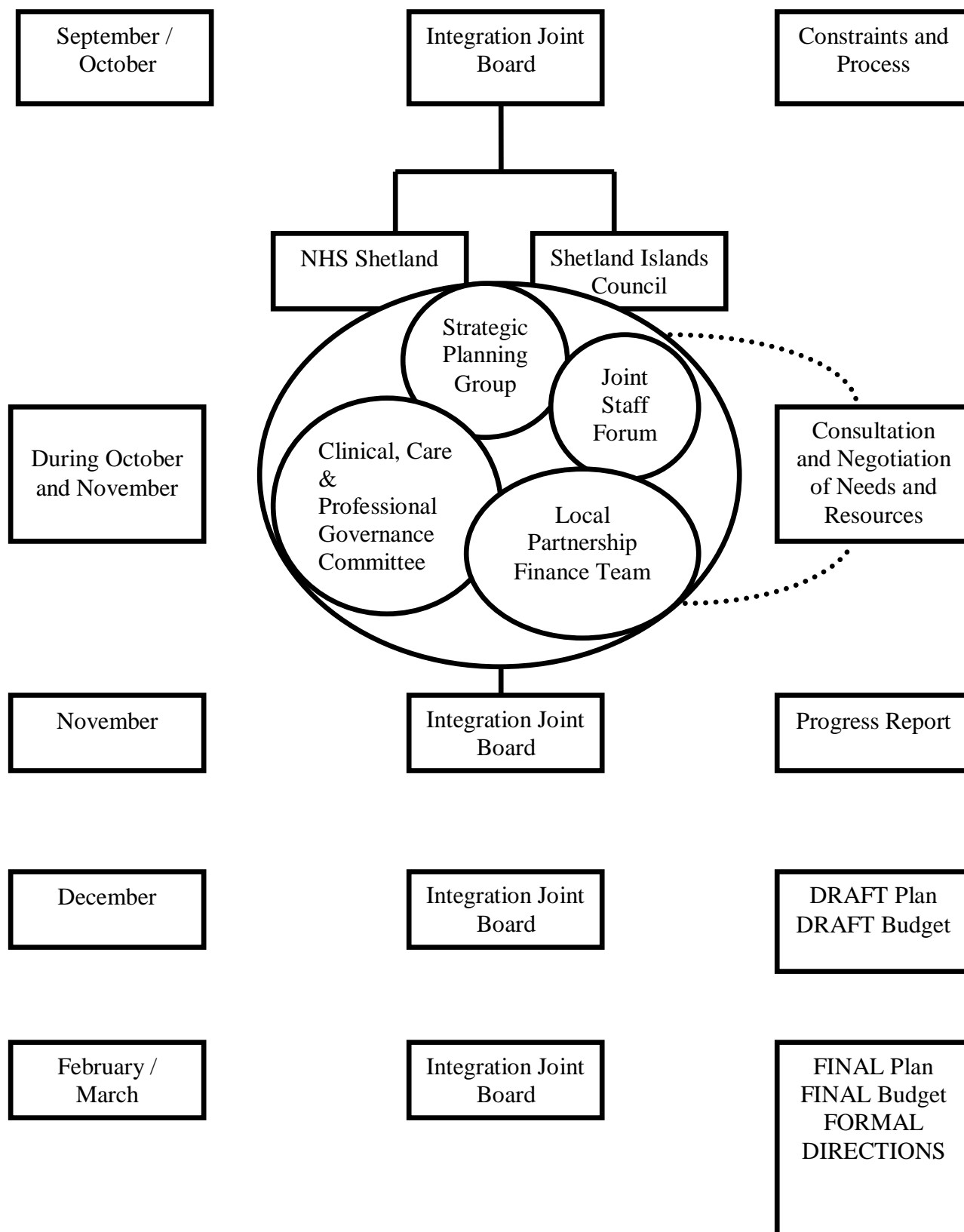
Appendix 1 Planning and Budgeting Cycle  
Appendix 2 Overview of Needs Assessment  
Appendix 3 Self Analysis of 'best practice' in the content on Strategic Commissioning Plans

#### Background Documents:

Shetland Islands Health and Social Care Partnership Joint Strategic Commissioning Plan 2017-2020.

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=20744>

**Integration Joint Board – Planning and Budgeting Cycle**



## Shetland Islands Health and Care Partnership

### Joint Strategic Commissioning Plan 2018-19

#### Summary Needs Assessment

##### Population Profile

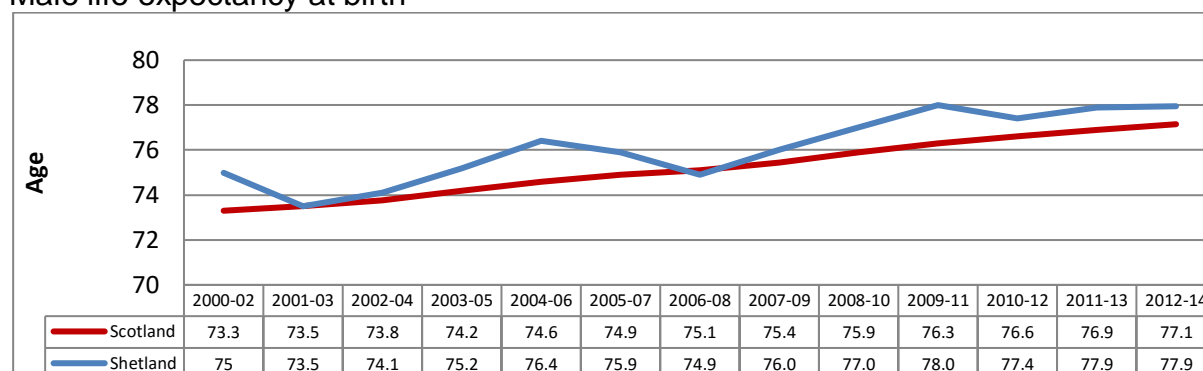
The Scottish Government has a key purpose to increase healthy life expectancy. This is so that people live longer in good health, increasing their capacity for productive activity and reducing the burden of ill health and long term conditions on people, their families and communities, public services and the economy generally.

Shetland's life expectancy is reasonable for females at 81.9 years life expectancy from birth (5<sup>th</sup> in Scotland by Health Board area) but lower for males at 77.6 life expectancy at birth (10<sup>th</sup> in Scotland by Health Board areas).

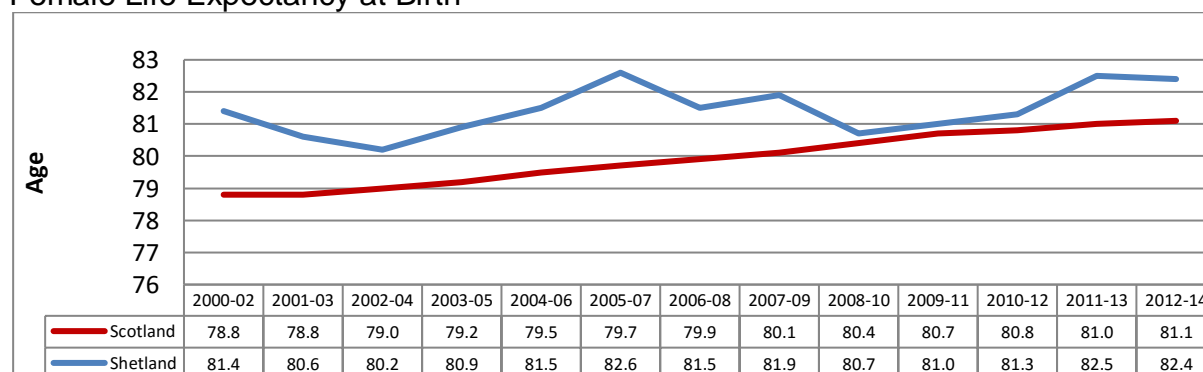
Life Expectancy at Birth (2012-2014)	Male	Female
<b>Scotland</b>	77.1	81.1
<b>Shetland</b>	77.8	82.4
<b>Position by Health Board</b>	10 <sup>th</sup>	5 <sup>th</sup>

Shetland's Life expectancy continues to improve for males and females and both are above the national average, as shown graphically using data from 2000-01.

##### Male life expectancy at birth



##### Female Life Expectancy at Birth



Our population is ageing fast at a rate higher than the national average and the fourth highest rate of change across Scotland's 32 local authorities.

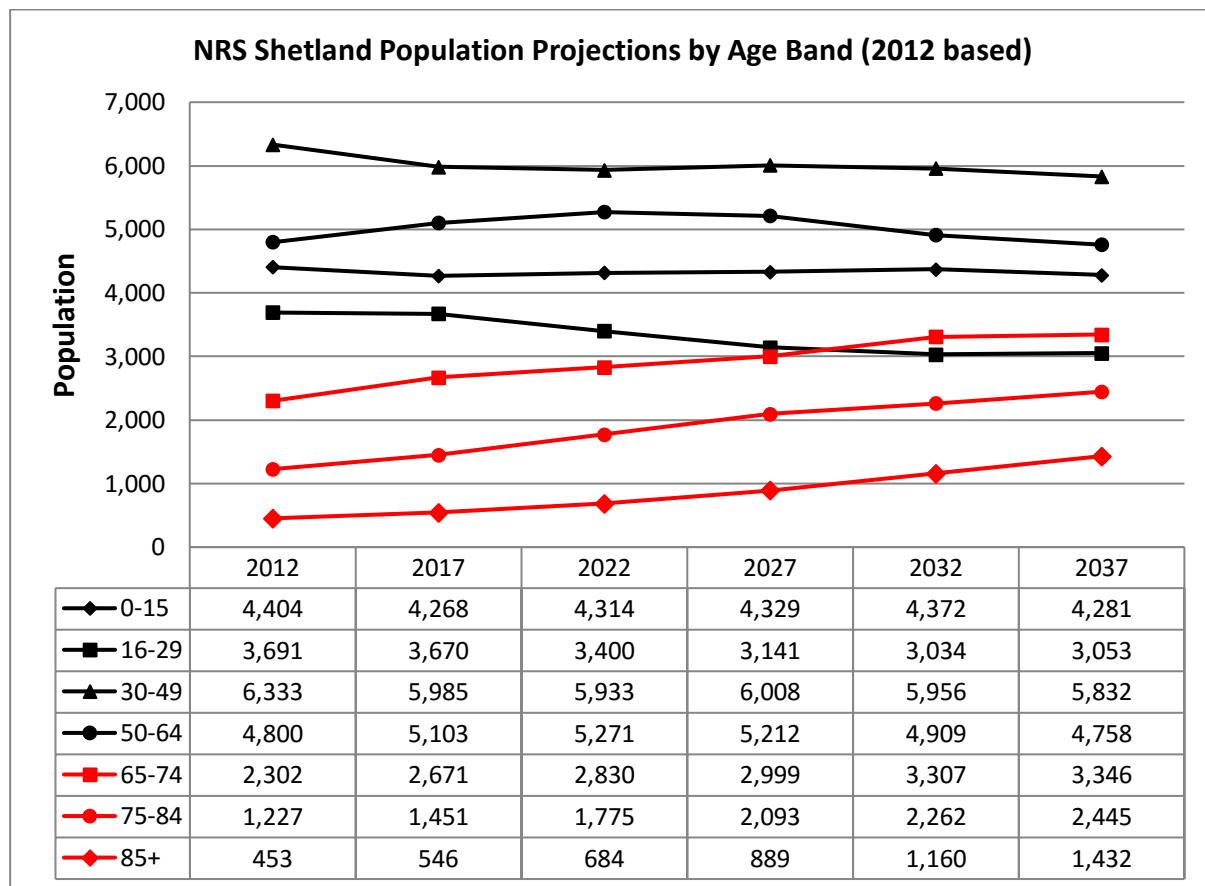
Between 2017 and 2037, the number of people in the 0-15 age bracket is predicted to remain fairly stable (4,268, 2017 to 4,281, 2037).

In the age range 16-64, which could loosely be described as the 'working age' population, the forecast suggests that the pattern will show a decrease of about 8% (14,758, 2017 to 13,643, 2037).

For people aged over 65, there is a prediction that the population will grow from 4,688 (2017) to 7,223 (2037) so nearly double the current level.

The pattern for those living to be over 85 shows an expected increase of 2.5 times the current population.

This is likely to increase demand on adult health and social care services.



The population of the majority of the outer islands has fallen. Exceptions to this are Whalsay whose population has grown and Fair Isle where the population has remained relatively stable.

## Deprivation and Inequality

The standard definitions of Multiple Deprivation do not indicate any areas of concern for Shetland. However, the way in which the index is calculated does not take account of specific issues of deprivation which occur in more remote and rural areas. This was the reason that the Commission for Tackling Inequality was established.

## Scottish Index of Multiple Deprivation (SIMD) 2016

[Visit the IMD Maps homepage for maps of other UK countries and additional guidance](#)

Select the overall index or a domain:

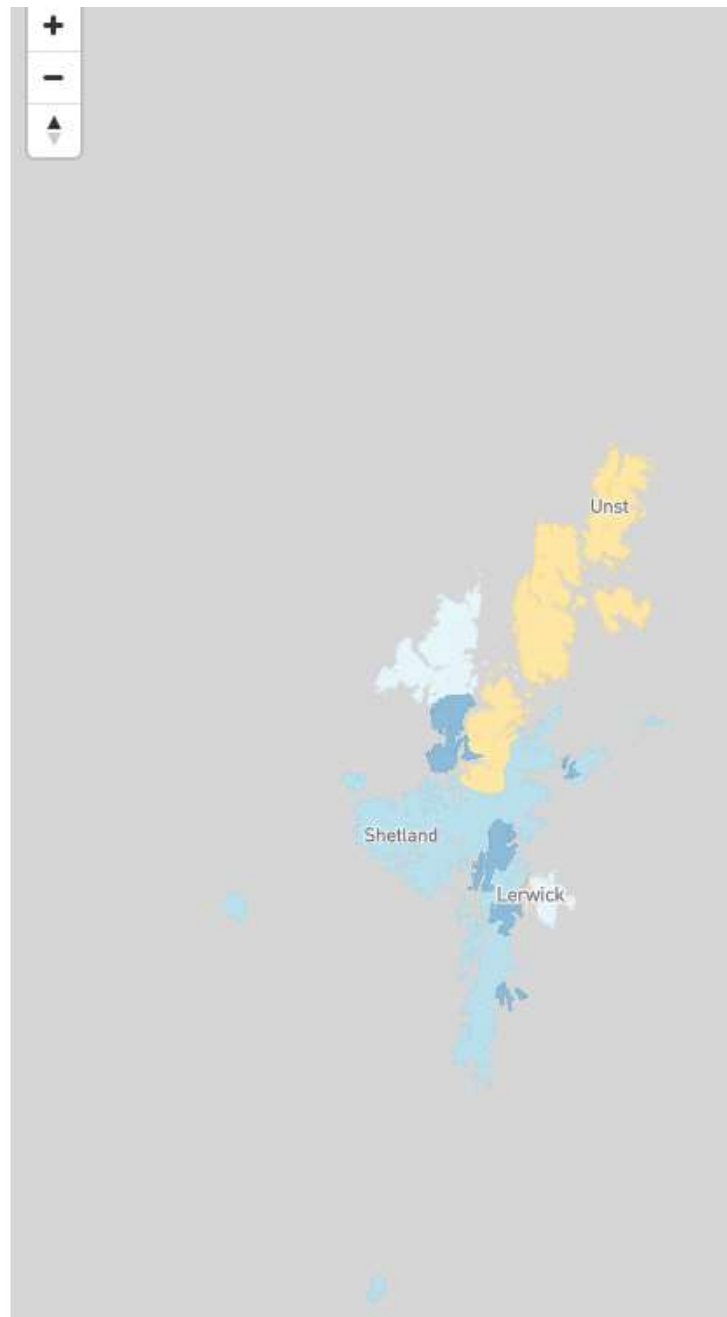
Overall SIMD
Income
Employment
Health
Education, Skills and Training
Housing
Geographic Access to Services
Crime

Opacity:

Colour scale:

10% bands (deciles)
20% bands (quintiles)
Most deprived 25%, in 5% bands

Most deprived      Least deprived



<https://jamestrimble.github.io/imdmaps/simd2016/>

The Commission on Tackling Inequalities in Shetland<sup>1</sup> heard evidence relating to socio-economic equalities and geography in Shetland. The Foreword states that,

“Shetland doesn’t exhibit the extreme disparities in wealth, health and other indicators that characterise some communities. Nevertheless, the evidence gathered by the Commission confirms that, in 2016, inequality is an inescapable feature of Shetland life. Some of our fellow citizens are struggling. Their circumstances differ, but lack of sufficient money to live a decent life is a common factor. The causes of their difficulties are not simple but it’s clear that a variety of influences, including changes in welfare policies, are making their position steadily more precarious.

Inequality can take many forms. It is frequently thought of as economic and characterised in terms of wealth and poverty. However, there are also

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<sup>1</sup> On Da Level, Achieving a Fairer Shetland, Report and Recommendations from Shetland’s Commission on Tackling Inequalities, March 2016

manifestations of inequality in education, environmental quality, ethnicity, gender, geography, health, social status and in power and influence.

... those individuals and families in Shetland who are particularly vulnerable are those:

- with poor educational experiences: engagement is difficult, attainment may be low;
- unable to achieve or maintain employment;
- at risk of homelessness;
- with poor mental health;
- with chronic illness;
- with experience of substance misuse;
- not involved in their local community (this may include not attending pre-school);
- living in remote areas, where employment opportunities are limited and the cost of transport or running a private vehicle can be prohibitive.

And:

- Looked After Children;
- workless or low income households; and
- young”.

## Activity Data

The tables below show the current demand for services, and any emerging trends or themes which have been identified.

Service	Description	Number of Service Users / Activity Levels	Emerging Trends																								
Adult Protection	Protection of adults who may be at risk.																										
Adult Services	<div>For Learning Disability and Autism Spectrum Disorder client, including Supported Vocational Activity (EGRC); Supported Living, Short Break and Respite; GOLD Group and Day Care; Health; Supported Employment, Training and Volunteering Opportunity and Leisure</div> <div>RESPITE NIGHTS NCL July 2017</div> <table><tr><td>Autism Spectrum Disorder 2016/17</td><td></td></tr><tr><td>Number of adults referred for assessment/ diagnosis for ASD in adulthood</td><td>18</td></tr><tr><td>Waiting list at August 2017</td><td>2 (both have undergone pre-assessment. Diagnosis anticipated to be formalised in Nov/Dec 2017)</td></tr></table>	Autism Spectrum Disorder 2016/17		Number of adults referred for assessment/ diagnosis for ASD in adulthood	18	Waiting list at August 2017	2 (both have undergone pre-assessment. Diagnosis anticipated to be formalised in Nov/Dec 2017)	<div>2016 figures—147 adults;</div> <table><tr><td>Service</td><td>Service Users at 13.9.17</td></tr><tr><td>EGRC</td><td>69</td></tr><tr><td>NCL Respite</td><td>27 (+ 3 people in transition from school)</td></tr><tr><td>NCL GOLD &amp; Day Care</td><td>7 (GOLD) 1 (Day care)</td></tr><tr><td>Supported Living Tenants</td><td>41</td></tr><tr><td>Supported Living Outreach</td><td>3</td></tr></table> <div>RESPITE NIGHTS NCL July 2017</div> <table><tr><td>Assessed nights req'd</td><td>142</td></tr><tr><td>Nights accessed</td><td>125</td></tr><tr><td>% Uptake of entitlement</td><td>93%</td></tr></table>	Service	Service Users at 13.9.17	EGRC	69	NCL Respite	27 (+ 3 people in transition from school)	NCL GOLD & Day Care	7 (GOLD) 1 (Day care)	Supported Living Tenants	41	Supported Living Outreach	3	Assessed nights req'd	142	Nights accessed	125	% Uptake of entitlement	93%	<div>52 Children in education between 5 - 16 recorded with LD or ASD; 21 Children between 16 – 19 years in education at Stage 3 of intervention With increased birth survival rates and increased longevity, the population of people with a learning disability and autism spectrum disorder grows larger and will experience issues associated with (complex) medical conditions and older age (ie. dementia; menopause; etc).</div> <div>Emerging risk – the number of carers reaching older age and continuing to provide care to adult children with disability.</div>
Autism Spectrum Disorder 2016/17																											
Number of adults referred for assessment/ diagnosis for ASD in adulthood	18																										
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Nights accessed	125																										
% Uptake of entitlement	93%																										

Adult Social Work	Adult Support and Protection, Community Care Assessments, Mental Health Interventions.	220	
	Number of Social Work Assessments Number of With You For You Assessments  Specific Assessments: Eg Dementia	841(2016) 274 (2016)	
Community Care Resources	Overall number of clients Of whom, aged >65  Care at Home: Clients receiving personal care Clients receiving domestic care Intensive home care as an alternative to residential care	306 (Dec 2016) 284 (Dec 2016)  223 171 72	<p>Shetland's Older People's Strategy evidences the demographic changes that Shetland is facing with an ageing population, increasing prevalence of long term conditions and increasing multiple morbidity.</p> <p>The service is seeing an increase in requests for carer support, particularly respite care and day care. The service is seeing unmet need in day care provision and its ability to respond to immediate unscheduled care.</p> <p>Difficulties with recruitment and retention in some areas.</p> <p>Levels of</p>
	Residential Care Number of permanent beds Permanent Occupancy Percentage (September 2016) Waiting List for Residential Care (September 2016)	117 75% 15	
	Respite Care and Short Breaks Number of respite beds Respite Occupancy Percentage (September 2016)	29 156%	
	Overall Care Home occupancy	Measured Monthly	
	Day Care No of available places Utilisation Rates Waiting Lists	78	



			Dependency??
	Direct Payments No Direct Payments		
Community Nursing	District Nurses, Practice Nurses, Advance Practitioner Nurses, Specialist Nurses, Non Doctor Islands, Out of Hours and Intermediate Care Team	33,000	
Criminal Justice	Assessment and Supervision of Offenders, court reports, rehabilitation.	175	<p>Overall people feel safe and crime rates are relatively low.</p> <p>There has been a significant increase in the number of Supervision and Unpaid Work requirements compared to the previous years.</p> <p>Over the past year we have seen an increase in offences that involve violence, domestic abuse, sexual offences and public disorder and we are working with partners to ensure our joint working processes remain effective.</p> <p>Supervision and Unpaid Work Requirements remain the</p>

			most frequently used disposals and this allows the service to work in a proactive manner with offenders.
Domestic Abuse	Advice, support and counselling for women and families affected by domestic abuse. Refuge accommodation	477	
Intermediate Care	Reduce unplanned admissions to hospital or long term care, enhance discharge planning from hospital		
Mental Health	Community Psychiatry Services, Community Psychiatric Nursing Service, Psychological Therapies Service, Substance Misuse Recovery Service, Dementia Services.	220 patients with CMHT 178 within SMRS ( 79 Drugs the rest alcohol) 7 under the Mental Health Act	Prevalence increasing.  Key priority for the Shetland Partnership in the Local Outcome Improvement Plan (LOIP) and Tackling Inequality is around loneliness and stigma.
Oral Health	Primary Dental Care will be provided predominantly through independent NHS practices. Public Dental Service will cover: special needs; remote and rural; public health; oral health promotion; specialist services.	23,076 (approximate, services are delivered to all Shetland residents, plus temporary residents e.g. People on holiday, cruise ships etc)	
Pharmacy and Prescribing	Community Prescribing Services	23,076 (approximate, services are delivered to all Shetland residents, plus temporary residents e.g. People on holiday, cruise ships etc)	Realistic Medicine  Culture and Behaviours  Systems and Efficiencies; avoid wastage.
Primary Care	GP Services and Ophthalmic Services (Pharmacy and Dental included elsewhere)	23,076 (approximate, services are delivered to all Shetland	Increased number of residents with

		<p>residents, plus temporary residents e.g. People on holiday, cruise ships etc)</p>	<p>long term conditions (asthma, diabetes, high blood pressure); increased numbers of frail elderly in the community requiring additional support to remain at home.</p> <p>Analysis of Lerwick Health Centre appointments alone has shown that the number of GP and ANP appointments increased by 26% from 23,773 in 2014-15 to 29,933 in 2015-16.</p> <p>Difficulty with recruitment and retention in some areas; reliance on locum cover.</p> <p>Realistic Medicine</p>
Substance Misuse	Information and advice, screening and referrals, treatment, residential treatment (outwith Shetland) and aftercare	<p>200 in Substance Misuse Recovery Service</p> <p>12 in the Employability Pathway (Bike Project)</p>	<p>People living longer with long term health and social needs caused by drug misuse</p> <p>Rapidly changing landscape due to new psycho-active</p>

			<p>substances (such as legal highs / research chemicals).</p> <p>Alcohol continues to be the most significant cause of social, health, financial issues which individuals/ families and communities face (key priority in the LOIP).</p> <p>When comparing against Scotland the male prevalence of problem drug use in Shetland is significantly worse</p>
Speech and Language Therapy	Treatment, support and care for adults who have difficulty with communication, or with eating, drinking or swallowing (eg from stroke, injury, disease, dementia, cancer, learning or physical disabilities, stammering)	1,773 (of whom 34 with learning disabilities)	
Nutrition and Dietetics	Diabetes; Gestational, Gastro Intestinal and Weight Management; Eating Disorders; Cancer; Weight Loss; Gastrostomies; PEG and Nasogastric Feeds; protein requirements.	699 349 Referrals	
Occupational Therapy	Advice and Information; Assessment and Treatment; Rehabilitation; Home Adaptations; Specialist Equipment; Electronic Monitoring Equipment in	437(NHS) No data available (SIC)	

	Homes		
Orthotics	Avoiding pain, return on function, preventing deformity and protecting 'at risk' body parts.	1,577 766 Referrals	
Physiotherapy	Help to restore movement and function when someone is affected by injury; illness or disability.	7,338 2680 Referrals	Increase year on year of 35% since 2010.
Podiatry	Routine podiatry; nail management and surgery; vascular and neurological assessment and screening; MSK assessment and orthoses prescriptions, footwear advice; fall prevention advice; diabetic assessment and screening; wound care.	4,103 686 Referrals	
Unpaid Carers		190	

## Performance

Shetland's performs well in many areas, against peer group comparators and the Scottish average. Some areas worth highlighting are:

- Shetland is the best in Scotland for the percentage of the last six months of life spent at home or in a community setting
- The percentage of adults with intensive needs receiving care at home is well above the Scotland average.
- The emergency admission to hospital rate is lower than the Scottish average
- The rate of emergency bed days is also low indicating fewer days are spent in hospital after an emergency admission.
- The readmission rates to hospital within 28 days of discharge is low, indicating that services are working at discharging people when they are ready and then keeping them in the community thereafter.

## Performance against National Health and Wellbeing Outcomes

Indicator	Shetland	Peer Group Average	Scotland
1. Percentage of adults able to look after their health very well or quite well. (2015-16)	95%	95%	94%
2. Percentage of adults supported at home who agree that they are supported to live as independently as possible. (2015-16)	78%	86%	84%

3. Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided. (2015-16)	81%	80%	79%
4. Percentage of adults supported at home who agree that their health and care services seemed to be well co-ordinated. (2015-16)	60%	77%	75%
5. Percentage of adults receiving any care or support who rate it as excellent or good. (2015-16)	79%	83%	81%
6. Percentage of people with positive experience of care at their GP practice. (2015-16)	89%	90%	87%
7. Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life. (2015-16)	84%	87%	84%
8. Percentage of carers who feel supported to continue in their caring role. (2015-16)	54%	45%	41%
9. Percentage of adults supported at home who agree they felt safe. (2015-16)	79%	86%	84%
11. Premature mortality rate (per 100,000 population) (2015)	407		441
12. Rate of emergency admissions for adults. (per 100,000 population) (2016-17)	9,566		12,037
13. Rate of emergency bed days for adults. (per 100,000 population) (2016-17)	69,612		119,649
14. Readmissions to hospital within 28 days of discharge. (per 1000 population) (2016-17)	65		95
15. Proportion of last 6 months of life spent at home or in community setting. (2016-17)	94%		87%
16. Falls rate per 1,000 population in over 65s. (2016-17)	20		21
17. Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections. (2015-16)	84%		83%
18. Percentage of adults with intensive needs receiving care at home. (2015-16)	73%		62%
19. Number of days people spend in hospital when they are ready to be discharged. (per 1,000 pop) (2016-17)	528		842
20. Percentage of total health and care spend on hospital stays where the patient was admitted in an emergency. (2016-17)	13%		23%

Note: using latest available data; some national surveys are only undertaken every 2 years.

The Scottish Government has asked that Shetland Islands Health and Social Care Partnership, along with all other partnerships, pay particular attention to the following indicators:

- Unplanned admissions
- Occupied bed days for unscheduled care
- A&E performance
- Delayed discharges
- End of life care and
- The balance of spend across institutional and community services.

Shetland continued to perform well across all categories, recording 'first in Scotland' on four of the eight key performance indicators.

Current Performance

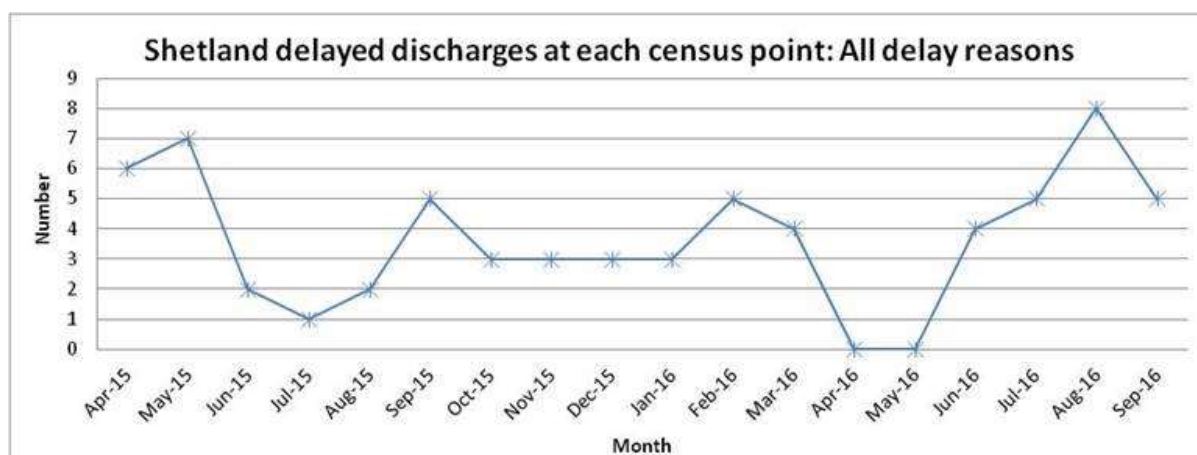
Place in  
Scotland

Unplanned admissions 2015-16 unplanned admission rates 75+ all specialities	First
Occupied bed days for unscheduled care 2015-16 unplanned bed day rates 75+ all specialities	Second
A&E Attendance rate per 1,000 population 2015-16	Twelfth
A&E % seen within 4 hours, November 2016:	Fifth
Delayed Discharge Census November 2016 Standard Delays over 3 days, by type of delay	First
Proportion of the last six months of life spent at home or in a community setting for people who died in 2015-16	First
2015-16 Bed Days in the last six months of life by partnership	First
2014-15 Balance of Care 75+ by Intensive Care at Home; Care Home and Hospital	Eleventh

## Delayed Discharge

There is a measure for the total number of people waiting to be discharged from hospital into a more appropriate care setting, once treatment is complete, excluding complex needs codes.

The actual number of delayed discharges from April 2015 to September 2016 is shown graphically below. The highest number in that time period was 8 which, occurred in August 2016. (UPDATE)



## Summary of Key Issues

The population is aging rapidly and it is therefore likely that demand for adult health and care services will increase.

Continued investment in preventive service is paramount to managing growth in demand, alongside supporting existing need.

The working age population is predicted to reduce.

There is difficulty in recruiting to some jobs, in some areas.

Ageing can be an indicator for a potential associated rise in conditions such as sensory impairments, mental ill-health, hypertension, asthma, diabetes, dementia and multiple chronic disorders.

Deprivation and inequality is multi-dimensional, with key factors to consider including the cost of living, loneliness and stigma.

Overall crime rates and perception of likelihood of crime is low.

Alcohol continues to be the most significant cause of social, health, financial issues which individuals, families and communities face.

When comparing against Scotland the male prevalence of problem drug use in Shetland is significantly worse.

High Resource Individuals consume a significant proportion of health resources.

Ninety two percent of all homecare delivered in 2016 was for adults aged 65 and above. Take up of Direct Payments (including self directed support) continues to grow.

The use of Community care alarms and Telecare packages continues to grow.

There are 190 identified unpaid adult carers.

## **Priority Areas**

From the evidence provided so far, there is a need to focus on positive impacts for the following targeted groups:

- individuals with long term conditions; helping them to better help themselves and using minimally disruptive interventions
- individuals with assessed community care and identified health needs; working to integrate health and care services around their needs in multi-disciplinary teams
- individuals requiring hospital appointments; better co-ordination of care and avoidance of unnecessary travel
- individuals who face health inequality; by working to bridge the gap in health outcomes caused by social, geographical, biological or other factors
- individuals who fall within the priorities services identified through the Local Outcome Improvement Plan (currently being updated):
  - reduce the percentage of adults who smoke
  - reduce premature mortality from Coronary Heart Disease among under 75s
  - increase physical activity levels
  - reduce obesity levels
  - address issues associated with mental health, wellbeing and resilience
  - promote suicide prevention
  - recognise and respond to public protection issues e.g. domestic violence
  - reduce harm caused by alcohol; and



- address issues caused by substance misuse

## **Locality Issues**

The key issues with regard to delivering health and care services in each locality are:

### **North Isles**

Primary Care – current GP Recruitment and Retention issues, sustainable Primary Care Provision, Dental Provision, Out of Hours services, Community Nursing on Non Doctor islands  
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable  
Sustainable care models and, in particular, the building issues for Isleshavn Care Centre

### **Whalsay and Skerries**

Primary Care – Sustainable Primary Care arrangements, Out of Hours services, Community Nursing on Non Doctor islands  
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

### **North Mainland**

Primary Care - Sustainable primary care arrangements  
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

### **West Mainland**

Primary Care - Sustainable primary care arrangements, Community Nursing on Non Doctor islands  
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

### **Lerwick and Bressay (including services provided on a Shetland-wide basis)**

Ensuring that we deliver the best and most appropriate balance of specialist services in Shetland (e.g. models for hospital and specialist services in Shetland versus mainland service provision)  
Primary Care – Lerwick Health Centre demand and capacity management  
Community Nursing on non doctor islands, intermediate care team

### **South Mainland**

Primary Care – community nursing on Non Doctor Islands  
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

**The Scottish Government, Strategic Commissioning Plans**

**An overview of strategic commission plans by Integration Authorities 2016-19, 2016**

**A Self Evaluation of Shetland Islands Health and Social Care Partnership against the key findings, September 2017**

Key Messages	Self Evaluation
<p><b>OVERVIEW</b></p> <p>Functions of strategic commissioning plans include setting the vision and direction of travel, providing a means of communication, promoting effective and on-going engagement, building consensus, making linkages across a range of plans, services, different parts of the system, sectors and people, and determining strategic priorities.</p>	<p>Partially met; we could do better at using the plan as a means of communication and building consensus (particularly around challenging decisions).</p>
<p>All Partnerships completed strategic commissioning plans by 1st April 2016 and these are high level and strategic. Further work is needed in a few plans and in supporting implementation plans to raise the scale of ambition and the pace at which it will be achieved, but most are aiming high.</p>	<p>Partially met. Implementation Plans could be strengthened.</p>
<p>All plans include a list of functions that have been delegated by the Local Authority and by the NHS Board. A number of plans use tables and graphics to good effect in order to communicate this information.</p>	<p>Partially met. Our Plan could make better use of graphics to tell the story.</p>
<p>The reach and quality of engagement in the development of strategic commissioning plans is comprehensive and generally of good quality across Scotland. Strong engagement and working on a co-production basis needs to become the norm, not just in agreeing the vision and setting direction. This is emerging in a number of the Partnerships.</p>	<p>Partially met. Whilst the drafts of the plan were consulted on with a number of staff groups, it was not prepared using coproduction principles and the focus was primarily on staff consultation.</p>
<p>Some plans describe how the Partnership is working with the Community Planning Partnership (CPP). This will ensure a common approach between key public sector agencies and optimise opportunities for joint work on shared priorities.</p>	<p>Partially met. Could explain the links better, especially with regard to key outcomes.</p>
<p>Strategic Planning Groups have been established in each Partnership but this is not well covered in many of the strategic commissioning plans and should be given more prominence in subsequent iterations.</p>	<p>Agreed.</p>
<p>Accessibility of plans and accompanying documents was generally good but there were sometimes difficulties in locating these. Scottish Government is currently working with a small number of Partnerships to identify good practice in engagement strategies, including publishing documents and improving accessibility.</p>	<p>The latest version of the Plan has not yet been uploaded onto the IJB web-site; available on SIC and NHS websites in Board papers.</p>
<p>All Partnerships have undertaken a strategic needs assessment that considers needs, population dynamics and projections, service activity, supply and demand and gaps in provision to inform their strategic commissioning plan. Some are being further developed.</p>	<p>Ours is not documented as fully as it could be, for example, see Orkney Health and Care: <a href="http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/2016/29-06-2016/I11_03_App1_Draft_JSNA.pdf">http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/2016/29-06-2016/I11_03_App1_Draft_JSNA.pdf</a></p>

Key Messages	Self Evaluation
Some plans include Market Facilitation Plans, and it is essential that these are completed in all Partnerships. Third and independent sector partners and procurement staff should actively participate in the development of these plans.	A Market Facilitation Plan is being developed.
Strategic commissioning plans do not deal with procurement arrangements. Effective procurement of care and support services is a crucial aspect of strategic commissioning and Partnerships must plan for how this will developed and improved, using best available evidence and guidance for implementing new approaches.	Noted, and is linked to the Market Facilitation Plan.
There is little evidence that data from the third and independent sectors is included in strategic needs assessments. This is an area for development and work is underway through Source and in some Partnerships to address this.	Noted, of limited impact in Shetland due to most services being directly provided.
A brief analysis of deprivation in the Partnership's population is a particular feature of some plans. Deprivation constitutes a serious issue for many parts of Scotland and its impact should be considered in plans. Tackling health inequality is a strategic priority in almost all plans. This needs further development in some plans in order to move beyond identifying the issues to what action will be taken, often acting in collaboration with others such as community planning partners.	Agreed. We could do more to set out the actions to be taken (linked to the 'On Da Level' Action Plan).
A number of plans include equality impact assessments and outline the work the Partnership is doing to develop and publish equality outcomes. All Partnerships must publish robust Equality Outcomes and undertake an Equality Impact Assessment to ensure they are meeting their statutory obligations.	Noted; we could be more explicit about the outcomes we are hoping to achieve.
All plans identify strategic priorities and there are a number that are broadly consistent across Partnerships. Where Partnerships have children's services and community justice social work services delegated, specific strategic priorities relating to these services are included	Noted.
Plans contain varying levels of financial information. To assist with the production of Annual Financial Statements in future years, the Scottish Government has published an advice note on the scope of these and what they should contain ( <a href="http://www.gov.scot/Publications/2016/09/1985">http://www.gov.scot/Publications/2016/09/1985</a> ). We will also work with COSLA to produce a suggested pro-forma that will be issued in late Autumn of 2016.	Noted.

Key Messages	Self Evaluation
<p>The financial impact of re-modelling services is not considered in many plans nor is the method made clear for how decisions will be made about the allocation of resources. This has been challenging for Partnerships to do ahead of finalising budgets and is an area for development across plans. To assist Partnerships with work required on prioritisation, the Scottish Government has published an advice note on the key characteristics that should be incorporated in this process (<a href="http://www.gov.scot/Publications/2016/09/9980">http://www.gov.scot/Publications/2016/09/9980</a>).</p>	<p>Agreed; this is a key challenge and one that is part of the Organisational Issues part of the Transformational Change Programme Board (decision making arrangements, including where and how investment and disinvestment decisions get made).</p>
<p>An area requiring specific attention is the financial planning for the sum set aside for hospital services. The Scottish Government is working with Partnerships, Health Boards and Local Authorities to draft guidance on good practice for budget setting, so that the processes will be better aligned for 2017/18.</p>	<p>Noted; this is on the work programme for the Local Partnership Finance Team.</p>
<p>The number of localities in each Partnership ranges from two to nine. The size of localities ranges from a large urban population of 219,422 to a small island population of just 1,264. In all, 128 localities have been established in Partnerships to take forward work on a local basis. Further work is required across Partnerships to fully develop their locality arrangements and maximise the potential of the structured involvement of communities, and local professionals in planning and decision making.</p>	<p>Noted; we could do more in using the planning process for the 'structured involvement' of key stakeholders (including staff) in each area.</p> <p>We are trialling this with the North Isles Health and Care project.</p>
<p>Some plans contain a high level summary of workforce issues. It is imperative that emergent integrated workforce plans carefully consider and seek to address the panoply of issues for staff in health and social care services, including in the third and independent sectors.</p>	<p>Noted; there is a specific requirement from the National Health and Care Delivery Plan to produce a joint workforce plan which could be referenced in the Planning process.</p>
<p>Many plans emphasise the key role of primary care services in health and social care integration. Some explore the need to develop stronger and more innovative links with primary care, where most patient contact takes place. All plans identify GPs and primary care as a key component of local service delivery and locality planning.</p>	<p>Noted.</p>
<p>A number of plans clearly outline the relationship between the Partnership and acute care and identify the Partnerships' statutory role in strategic planning for emergency care services delivered in acute hospitals. In some plans, responsibility for planning for the emergency care pathway is low key and not well covered. Future iterations must pay more attention to this.</p>	<p>Noted; this has been highlighted as an issue at recent national conferences and is being addressed through the clarification of financial processes as well (through the Local Partnership Finance Team).</p>

<b>Key Messages</b>	<b>Self Evaluation</b>
<p>Housing is recognised in most plans as a key component of effectively shifting the balance of care from institutional care to community based services and supports. Some plans contained information on the local Housing Plan and its fit with health and social care delivery. Just over half of plans contain a housing contribution statement.</p>	<p>Noted; our Plan includes a Housing Contribution Statement.</p>
<p>All partnerships have developed a performance framework that includes national and local outcomes and measures. Where appropriate, performance frameworks include children's outcomes and criminal justice outcomes as well as the National Health and Wellbeing Outcomes. Although not a requirement, first iterations of performance reports have been published by Partnerships established last year.</p>	<p>Noted; these arrangements are in place and the annual performance report has been approved and published.</p>

**ENDS**



<b>Meeting(s):</b>	<b>Policy and Resources Committee Shetland Islands Council</b>	<b>23 October 2017 1 November 2017</b>
<b>Report Title:</b>	<b>Asset Investment Plan – Business Cases</b>	
<b>Reference Number:</b>	<b>CPS-06-17-F</b>	
<b>Author / Job Title:</b>	<b>Robert Sinclair, Executive Manager – Capital Programme</b>	

## 1.0 Decisions / Action required:

- 1.1 That the Policy and Resources Committee RECOMMENDS that the Council RESOLVES to approve the proposals as described in Section 4.4 of this report and that they are incorporated into the 2017-22 Asset Investment Plan.

## 2.0 High Level Summary:

- 2.1 This report presents three asset investment proposals for approval, which have been considered by the Council's Asset Investment Group (AIG) based on the submission of business case documentation. Two are Business Justification Cases and the other is a Full Business Case. The AIG has assessed the submissions for completeness and confirmed that a sound business case has been made in each instance.
- 2.2 These proposals are not currently funded within the Council's Asset Investment Plan (AIP) 2017-22, however a total of £2.9m is provisionally included in the AIP for the Scalloway Fishmarket project, subject to Council approval of a Full Business Case.
- 2.3 The business cases are provided as appendices to this report.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 The Gateway Process for the Management of Capital Projects supports our Financial Strategy, Reserves Policy and Budget Strategy. 'Our Plan 2016 to 2020' states that "Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means" and that "We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the community plan".

## 4.0 Key Issues:

- 4.1 On 29 June 2016 the Council adopted a new Gateway Process for the Management of Capital Projects, drawing on national and best practice guidance, to ensure the robustness of all capital projects.

- 4.2 This revised process is based on the process developed by the Office of Government Commerce (OGC) and is in common use throughout the public sector. It applies 'Prince 2' principles to the process and is aligned with the '5-Case Model' that has been promoted to both Officers and Members through recent 'Building Better Business Case' training. A key principle in that procedure is that the Council's AIP is re-prioritised on an annual basis, however business cases can be processed at any time. By approving a Full Business Case or Business Justification Case, Members are agreeing that the project should progress to the implementation stage, subject to being prioritised and included in the Council's Asset Investment Plan.
- 4.3 Whilst re-prioritisation of the Council's Asset Investment Plan is only carried out annually, there are specific time constraints and opportunities affecting the proposals described in this report that may justify early prioritisation.
- 4.4 A summary of the business case documents referred to are set out below, along with recommendations from the AIG:
- 4.4.1 Appendix A - Business Justification Case – Hamarsness & Ulsta Ferry Terminals – Wind Turbine Project
- Installation of a 10kW wind turbine at each terminal, connected to the local grid;
  - Project cost £128k to be funded as a Spend to Save project with payback in 7 years;
  - Decision to approve funding in 2017/18 is sought to enable continuing financial savings and carbon reduction to be realised as soon as possible;
  - AIG recommended approval;
- 4.4.2 Appendix B - Business Justification Case – Household Waste Recycling – Sorting and Storing
- Allows waste sorting and storage, maximising income from recycled materials collected;
  - Covers procurement of new building and associated machinery;
  - Building cost estimated at £485K;
  - Machinery cost estimated at £267K – to be funded as a Spend to Save project with payback projected in less than 5 years;
  - Decision to approve funding in 2017/18 is sought to ensure facilities are commissioned prior to full recycling collections beginning in July 2018;
  - AIG recommended approval.
- 4.4.3 Appendix C – Full Business Case – Scalloway Fishmarket
- Demolition of existing fishmarket and construction of larger replacement;
  - Project includes provision of temporary decant facility;
  - Total project cost estimated at £5.6 million;
  - Marine Scotland European Maritime and Fisheries Fund (EMFF) funding of £2.8 million being sought;
  - Council contribution to be funded from borrowing;
  - AIG recommended approval.

## **5.0 Exempt and/or confidential information:**

5.1 None.



<b>6.0 Implications:</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Upon completion, the proposals described in the appendices to this report will either enhance the quality and/or condition of the assets used by the Council in its delivery of services.
<b>6.2 Human Resources and Organisational Development:</b>	No implications arising directly from this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	No implications arising directly from this report.
<b>6.4 Legal:</b>	Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report.
<b>6.5 Finance:</b>	<p>The proposals in this report meet the objectives of the Medium Term Financial Plan.</p> <p>The capital cost and ongoing revenue implications of the proposals included in this report are:</p> <p><b>6.5.1 <u>Wind Turbines - Hamarsness &amp; Ulsta Ferry Terminals</u> - £128k</b></p> <p>The capital cost is to be funded through the Council's Spend to Save scheme and has a projected payback period of 7 years, after which time will produce ongoing revenue savings and additional income of £27k per year.</p> <p><b>6.5.2 <u>Household Waste Recycling - Sorting &amp; Storing</u> - £753k</b></p> <p>The capital cost is to be part funded from borrowing and part funded from the Council's Spend to Save scheme.</p> <p>The sorting shed has a capital cost of £485k and is to be funded from borrowing with ongoing revenue costs of £44k per year for borrowing costs and maintenance which will be funded from existing budgets reconfigured for the new recycling initiative.</p> <p>The capital cost of the sorting equipment is £268k and will be funded through the Council's Spend to Save scheme with a projected payback period of 5 years, and ongoing revenue savings of £59k per year for in-house sorting compared to not sorting under the new recycling initiative.</p> <p><b>6.5.3 <u>Scalloway Fishmarket</u> - £5.6m</b></p> <p>A budget of £2.9m is provisionally included in the approved 2017-22 Asset Investment Plan for this project. The capital cost is proposed to be funded by £2.8m from borrowing and £2.8m from external grant funding from the European Maritime Fisheries Fund. The grant funding has not yet been secured as, under the terms of the scheme, no funding decision will be</p>

	<p>taken by the grantees until tenders for the works have been received.</p> <p>If the 50% grant funding is secured the ongoing revenue borrowing costs are estimated to be £166k per year. If no grant funding is secured the revenue borrowing costs will rise to £332k per year. The borrowing costs will be funded through the fees and charging structure within the Harbour Account.</p> <p>Any additional external borrowing relating to projects which are not already included in the Council's approved Asset Investment Plan requires the Council to review its prudential borrowing limits. Therefore, if these projects are approved, a report to review these limits will be presented to Council by the Executive Manager – Finance.</p>	
<b>6.6 Assets and Property:</b>	On completion, the proposals described in the appendices to this report will either enhance the quality of the Council's existing asset base or improve the efficiency and cost of operation.	
<b>6.7 ICT and new technologies:</b>	No implications arising directly from this report.	
<b>6.8 Environmental:</b>	All maintenance and new-build projects seek to address climate change and carbon management for example by embedding energy saving measures and environmentally friendly materials in their design. The projects described in the appendices to this report contribute directly to that objective.	
<b>6.9 Risk Management:</b>	Failure to include these business case proposals in the AIP may result in unnecessary additional expenditure in the future.	
<b>6.10 Policy and Delegated Authority:</b>	Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from Policy and Resources Committee.	
<b>6.11 Previously considered by:</b>	N/A	

#### **Contact Details:**

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23 October 2017

#### **Appendices:**

Appendix A – Business Justification Case – Hamarsness & Ulsta Ferry Terminals – Wind Turbine Project

Appendix B – Business Justification Case – Household Waste Recycling – Sorting and Storing

Appendix C – Full Business Case – Scalloway Fishmarket

**Background Documents:** None

END





# **BUSINESS JUSTIFICATION CASE (BJC)**

**Project Title: Hamarsness & Ulsta  
Ferry Terminals - Wind Turbine  
Project**

Version no:

Issue date:

### **Purpose of this document**

This document provides a template for a Business Justification Case (BJC) in support of small and medium size investments – typically below £250k, and very straight-forward in nature.

The SOP or SOC templates should be used to progress business cases for significant procurements, in excess of £250k, which are not straight-forward or routine. Guidance should be sought from the Capital Programme Service.

Please note that this template is for guidance purposes only. Where the template does not allow you to adequately explain the case for change, or the impacts, additional sections should be included.

### **VERSION HISTORY**

<b>Version</b>	<b>Date Issued</b>	<b>Brief Summary of Change</b>	<b>Owner's Name</b>
Draft	00.00.00	First draft version	Mary Lisk
0.1	02/10/17	Scoping Review	Robert Sinclair
0.2	02/10/17	Minor Amendments	Carl Symons

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### **Appendix**

Investment appraisals



## **BUSINESS JUSTIFICATION CASE AND SUPPORTING GUIDANCE**

### **1. Purpose**

This is to seek approval for Spend to Save funding to the value of £128,000 being awarded in support of an energy saving project at two inter-island ferry terminals. The funding will be for the installation of 2 x 10 Aircon LA10 (10kW) wind turbines to be located at Hamarsness and Ulsta ferry terminals.

The project will pay for itself within 7 years and during the proposed 20-year life span of the units it will provide a return on investment of 322%.

### **2. Strategic Context and Alignment with Corporate Priorities**

This proposal supports the Council's '20 by 20' aims within the Corporate Plan by "making sure we are continuing to keep to a balanced and sustainable budget, and are living within our means" and "we will be working in a more effective way, allowing us to cope with reduced resources". In addition, it supports the commitment that "we will have reduced the effect we have on the local environment".

The project supports the Council's Carbon Management Plan 2015-2020 in that it reduces the Council's carbon emission by a total of 805,703kg (402,851kg per terminal), over the 20-year life of the project, 40,286 kg annually. The turbines will pay for themselves within 7 years and reduce the energy running costs of each ferry terminal by £163,580.68 over the lifetime of the project.

The budget savings could have been larger had it been possible to install a larger wind turbine. However, we are constrained by the limitations of the Shetland grid and the permitted amount of energy that SSE will allow us to generate. The identified turbine is the largest possible within the constraints of a G83 grid connection, which limits the kW allowed to connect to the supply network to 3.68kW per Phase. e.g. a 3 phase grid connection can connect a maximum of 11kW.

By generating part of the ferry terminal's energy on site the project supports sustainable and efficient energy consumption within the council estate and offers cost savings to the Infrastructure Service Department. The onsite generation will contribute to the significant energy consumption associated with the shore power for the inter-island ferries.

### **3. Case for Change**

#### **A. Business needs**

The 2017/18 annual budget for electricity at Hamarsness and Ulsta is £15,715 and £9,251 respectively. The ferry terminals both have ferries which tie up and connect to shore power. The project provides an opportunity to utilise self-generated power to offset some of the carbon emissions associated with operating the inter-island ferries.

Both Scottish and UK Governments are keen to see Local Authorities develop Sustainable Energy Action Plans and to successfully generate your own energy is a key factor in the Council achieving this.

## **B. Benefits**

The savings on the ferry terminal's energy bills are detailed in the attached spreadsheet as are the savings in carbon emission in support of our Carbon Management Plan.

It is well known that Shetland has one of the best wind resources in Europe. The average wind speed for both ferry terminals is 7.6 m/s (at 10m height above ground level) and from this it is calculated that each turbine will generate 44,826 kW which is approximately 39% and 57% of annual electricity demand for Hamarsness and Ulsta ferry terminals respectively. This will reduce the amount of electricity that the Council will require to purchase from the Shetland grid and thus reduce our energy bills.

It is hoped that the Council can continue to act as a demonstrator for the viability of small scale wind turbines on commercial buildings locally and thus encourage other local home and business owners to follow our example and make their own savings. If funding is achieved for this project, we would propose a phase 2 project to place turbines at Bressay Ferry Terminal and Tingwall Airport.

The technology will require annual maintenance checks to ensure continued safe operation and these costs have been factored into the business case calculations on the attached spreadsheet.

If the project is not implemented electricity will still require to be imported from the grid and it is likely that the average unit cost of electricity will rise on average year on year. Therefore, displacing the site electricity needed by implementing this project will reduce the future increasing cost burden on the Council. It will also save carbon emissions in support of our carbon reduction target on which we have to report annually.

The Council has owned and operated a number of wind turbines across Shetland for several years and has relevant **experience in project managing this type of work.** The success of these and also of the ferry terminal projects (if the Spend to Save bid is successful) will feed into future project proposals, while an NEC3 Term Service maintenance contract is in place which supports existing Council owned and operated turbines.

## **C. Risks**

A Risk Management Register is attached for this project. The turbines will be installed by an appropriately qualified MCS accredited installer. The Council currently own and operate two small scale domestic wind turbines - these turbines have operated for a number of years without incident. Other risks are as detailed in the appended Risk Management Register.

## **4. Available Options**

Our assessment of the options is as follows:

#### **Option 1 – Do nothing**

This would result in no savings being made to the ferry terminal's budget for its energy use. As energy costs will rise this option would result in the inter-island ferry service incurring increasing costs which could be avoided. It would also mean that the Council's required carbon savings would not be met. It is likely that mandatory targets will be placed on local authorities under the Climate Change Act 2009 and therefore the Council could incur fines if these targets are not met.

#### **Option 2 – Do minimal**

Install a smaller wind turbine. This would not have the same benefit in terms of carbon and energy savings. Installing a smaller scale wind turbine would in fact result in a greater payback period due to the lower annual generation. In a sense the 10kW Aircon LA10 wind turbine being proposed is the "minimal" in that there are larger turbines which could be installed and would provide a better cost/savings ratio but we are constrained by SSE regulations under G83.

#### **Option 3 – Install an alternative renewable energy system to make the savings**

Other renewable energy systems have been considered, particularly solar. However, there are no large buildings with suitable roof structures facing in the appropriate direction to fully utilise solar irradiation.

#### **Option 4 – Preferred option – Install a 10 kW Aircon LA10 wind turbine**

Installing a 10kW wind turbine is the largest MCS accredited wind turbine that can be installed under a G83 grid connection. The Aircon LA10 10kW wind turbine is a quieter operating wind turbine compared to other smaller wind turbines available on the market. As a result, the turbines can be located at sites which, with other wind turbines, may not achieve planning consent.

### **5 Preferred Option**

Installing a 10kW Aircon LA10 wind turbine will be a simple cost effective use of a proven technology.

There is no other viable renewable option to reduce the energy costs at the terminals.

The preferred option – installing a 10 kW wind turbine within the area of the ferry terminal – will payback within 7 years and over the life cycle of the installation will provide a return on investment of 322%.

The project has been developed by the Carbon Management Team. The Ferry Service and Ports and Harbours are aware of the project and if funding is obtained more detailed discussions will take place.

There are no staffing implications flowing from this project.

## **6 Procurement Route**

This is likely to be advertised through Public Contracts Scotland and progressed as a regulated contract for supply (and installation) which falls into the over £50K in Scotland but under the EU threshold (£164K) bracket. We will take advice from Procurement and Legal Services as and when required.

## **7 Funding and Affordability** *(to be completed in conjunction with Finance Services)*

The proposed capital cost of the project is £128,000

The capital costs would be fully funded under the Spend to Save scheme.

## **8 Management Arrangements**

The project will be managed using standard PRINCE 2 principals by Carbon Management and will be subject to a successful tender process. The chosen installer will liaise with Carbon Management and relevant Council staff at an early stage to ensure seamless working. The work will also be supervised by the relevant Building Maintenance Officer within Estates Operations and Officers within the Carbon Management Team.

The proposed wind turbine design has received Microgeneration Certification Scheme (MCS) accreditation. Microgeneration Certification Scheme (MCS) is a nationally recognised quality assurance scheme, supported by the Department for Business, Energy & Industrial Strategy.

MCS certifies microgeneration technologies used to produce electricity and heat from renewable sources. MCS is also an eligibility requirement and prerequisite for the Government's financial incentives, which include the Feed-in Tariff and the Renewable Heat Incentive.

With all renewable technology projects there is a risk of the estimated generation not corresponding to the actual generation obtained. We will carefully compare generation figures provided by prospective tenderers with in house calculations carried out by the Carbon Management Team before tenders are accepted.

The Energy Manager will regularly monitor the amount of energy generated via the turbines as part of the monitoring for the Carbon Management Plan updates. We will also monitor resource use, timetable and progress during the works installation phase. A generation meter will be installed to allow generation figures to be submitted for payment of Feed in Tariff.

The Carbon Management Team have an existing procedure for monitoring the electricity consumption on site and this information will be used to analyse the overall benefit of the project.

We have attached a Risk Register and will require any installer to be fully insured and qualified.



# **BUSINESS JUSTIFICATION CASE (BJC)**

Project Title:

Household waste recycling - sorting  
and storing

Version no:

*Contains public sector information licensed under the Open Government Licence v3.0*

Issue date:

### **Purpose of this document**

This document provides a template for a Business Justification Case (BJC) in support of small and medium size investments – typically below £250k, and very straight-forward in nature.

The SOP or SOC templates should be used to progress business cases for significant procurements, in excess of £250k, which are not straight-forward or routine. Guidance should be sought from the Capital Programme Service.

Please note that this template is for guidance purposes only. Where the template does not allow you to adequately explain the case for change, or the impacts, additional sections should be included.

### **VERSION HISTORY**

<b>Version</b>	<b>Date Issued</b>	<b>Brief Summary of Change</b>	<b>Owner's Name</b>
Draft	02/10/17	Final draft version	Colin Bragg



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### **Appendix**

Investment appraisals

## **BUSINESS JUSTIFICATION CASE AND SUPPORTING GUIDANCE**

### **1. Purpose**

- 1.1 This business justification is in support of the procurement of a new shed and waste sorting equipment located at the Gremista Waste Management Facility and Recycling Centre. This building and associated machinery is required in order for the Shetland Islands Council (SIC) to maximise income from recyclable materials collected.
- 1.2 This case seeks the approval for a total of £752,500 to be made available to cover all capital costs associated.
- 1.3 New shed: The cost of building a new shed at our existing Gremista Waste Management Facility is estimated at £485,000. This new shed would be required to house unsorted materials and sorting machinery. It would also house storage areas for separated materials, keeping them clean and dry, for baling and shipping. This facility will ensure recycling income streams are maximised and give operational flexibility for increased recycling rates in future.
- 1.4 Sorting equipment for Plastic/Cans/Cartons Charter stream: This separating equipment will cost approximately £267,500. There is a 'spend to save' case for the procurement of this machinery. The anticipated payback on the equipment, based on the increased market value of the separated materials (versus shipping them unsorted), is just 2.7-4.5 years. This payback period is dependent on the recycling rate achieved.

### **2. Strategic Context and Alignment with Corporate Priorities**

- 2.1. The Waste (Scotland) Regulations 2012 require local authorities to provide a separate collection for paper, card, plastics, metals and glass. As such the SIC has a statutory duty to collect recyclable waste from all households. In addition, the Regulations state that where practicable no waste, including non-ferrous metals or hard plastics, should be incinerated.
- 2.2. In 2015 the Scottish Government and COSLA launched the Charter for Household Recycling and approved a Code of Practice (CoP) for collection waste for the whole of Scotland. The aim of the new CoP is to ensure consistency of collection systems across Scotland to encourage greater participation in recycling schemes to increase the capture of resources from waste.
- 2.3. In October 2016, SIC signed the Household Recycling Charter. The Charter is a declaration of SIC's intent to provide services that deliver local and national benefits, encouraging high-levels of citizen participation in waste prevention, recycling and reuse.

- 2.4. This commitment led to analysis undertaken by Zero Waste Scotland (ZWS) to identify gaps between the CoP and current waste services in Shetland. This options appraisal determined a preferred recycling collection system and allowed SIC to produce a Transition Plan. This was submitted to ZWS in April 2017 in order to allow access to transitional funding.
- 2.5. The introduction of kerbside recycling and an overall recycling rate of 22.6% is projected to reduce service costs by £24,708 per year - by increasing recycling income. A greater recycling rate will reduce this further. The national average in Scotland is currently 44%, with a target of 70% by 2025.
- 2.6. Some transitional funding, to help alleviate funding issues within existing budgets that may preclude the implementation the preferred recycling system, has subsequently been offered by ZWS. A total of £578,705 has been made available to SIC for 2017/18 to cover procurement of collection bins and the necessary communications strategy for implementation.
- 2.7. On the 28<sup>th</sup> August the Environment and Transport Committee approved the implementation of kerbside recycling in Shetland in accordance with the Scottish Government and COSLA - Charter for Household Recycling to meet the Council's duty to recycle and sort waste prior to incineration. Recycling collections will begin across all of Shetland in July 2018.

**Relevant Corporate Priorities:**

**Action 6** "Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means."

Maximising the income generated from the sale of recyclable materials will help SIC Environmental Services to sustain services to the population of Shetland. The greater the recycling rate achieved the higher the income to the Council - and the more sustainable the service in the long-term.

**Action 8** "We will be working in a more effective way, allowing us to cope with reduced resources. Processes that add no obvious value will have been replaced with more proportionate approaches based on effectively managing risks."

An efficient recycling sorting and storage process which adds the most value will extract as much income from the waste collected as possible while minimising future operational costs.

**Action 17** "We will have reduced the effect we have on the local environment, particularly reducing carbon emissions from our work and buildings."

The recycling rate in Shetland in 2015/16 was just 9%, the lowest in Scotland. This is 35% below the national average (44%). Recycling is one of the most efficient ways to reduce CO2 emissions as it significantly reduces the amount of energy necessary to produce virgin materials. Kerbside recycling in Shetland would increase the quantity of waste recycled from approximately 220 tonnes per year to 1150-1750 tonnes per annum (ZWS, 2017).

**Action 18** “We will be collecting more of the money due to us for the services we provide.”

SIC visit over 11,000 households on a weekly basis collecting refuse. Much of the content of a typical black refuse bag in Shetland is recyclable - but very difficult to separate from residual non-recyclable waste. Adopting this new collection model will make a sorting process viable and allow the SIC to access high-value recycling income streams. This represents an opportunity for the council to maximise income generated within our current waste collection service.

**Action 19** “More money will be going towards ‘spend to save’ initiatives, providing resources to fund innovative ways of working that save money but help us achieve our desired outcomes.”

There is a ‘spend to save’ case for the procurement of automated sorting and baling equipment. The anticipated payback on this machinery is 2.7-4.5 years.

### **3. Case for Change**

#### **A. Business needs**

Kerbside recycling collections will begin in 2018. As such there is a need to maximise efficiency and effectiveness of the service - and the process of shipping and selling the collected materials. Relatively large-scale recycling activity at SIC premises will be a permanent feature of waste services in future.

The Gremista Waste Management Facility is not currently equipped to properly handle the volumes of recyclable materials that kerbside collection will generate.

Also, a new facility will allow SIC to adhere to the CoP and make full use of £578,705 of transitional funding by maximising recycling income streams:

This facility will provide SIC with the best financial return for the recyclable waste collected.

- Without a sorting facility in Shetland the unsorted waste streams collected would be shipped to a mainland sorting facility and a gate fee charged per tonne. This scenario would see the disposal/treatment costs be between £59,000 and £97,000 higher per year than if the waste was sorted in Shetland.
- The analysis suggests a payback period for the sorting equipment capital costs of approximately 2.7-4.5 years - and a payback period on all capital costs of between 7.7-12.7 years.

This business case will set out a number of options. These options will focus on a suitable building for recycling related activity and also the procurement of automatic sorting machinery for plastic/cans/cartons. Equipping the service with systems that achieve the maximum sale value from recyclable material collected.

## B. Benefits

The **main** benefits associated with the investment include:

- **Maximising value of collected recyclable material**

This is achieved through the procurement of mechanical sorting equipment and having a clean area for tipping and storing prior to shipping and sale. The Charter for Household Recycling recommended streams and sorting methods will provide the cleanest and highest value recyclable material when shipped and sold.

- **Ensuring most efficient systems are in place on site**

This investment will see the most efficient and effective recycling sorting and storage system is put in place. This will ensure that operational costs do not increase significantly and will (as with recycling collection plans) allow SIC to undertake all of this additional added value activity with our current workforce at existing sites using existing machinery.

- **Reducing operational costs (through increased income)**

The SIC signed the Charter for Household Recycling and following a baseline service analysis in conjunction with Zero Waste Scotland identified operational cost savings based on modest recycling rates being achieved (roughly half of national average). This saving can only be achieved by maximising the value of collected recyclable material.

- **Keep waste/recycling activity on one site**

A dedicated recycling shed and sorting equipment at Gremista will see all activity on one site (Energy Recovery Plant future dependant) making the most of all current infrastructure and equipment.

- **Future proofed solution**

A dedicated 30mx40m recycling shed makes provision for high recycling rates and will be a viable site if recycling rates increase to a level similar to national average (44%) and any further increases in line with national recycling targets (70% by 2025). It is crucial to see the importance of this investment in the context of high anticipated recycling rates in the near future.

## C. Risks

A project risk register accompanies this document. This details risks related specifically to project delivery.

Further business and operational risks are explained in more detail below.

### **Business Risks**

**Failing to maximise recycling income:** May lead to a service cost increase and negate 'spend to save' case. If the facility fails to generate clean and high quality and value

recyclable material to sell on the market the predicted cost savings to the council will not be possible. This would also impact on any anticipated payback period for 'spend to save' finance.

**Facility not ready by implementation date:** If the facility is not available from June 2018 the recyclable material collected would be shipped unsorted and would not generate the maximum income value. This would nullify any anticipated service cost savings for a period of time.

**Poor recycling rate in Shetland after implementation:** If the recycling rate remains low in Shetland after the implementation of kerbside recycling then any 'spend to save' timelines will be longer than anticipated. SIC is currently working with specialist communications consultants to undertake community engagement, recycling promotion and behavioural change projects. Householders and businesses are required by law to sort and present recycling separate from residual waste. Enforcement powers will be used as a last option.

### **Operational Risks**

**New expensive equipment to run and maintain:** Prior to procuring equipment the Team Leader - Waste Management and the Gremista Waste Management Facility Supervisor will undertake research to identify the most suitable and most reliable sorting equipment available. This will include speaking to other local authorities and companies about the equipment they currently use.

## **4. Available Options**

### **Option 1: No shed no sorting equipment (STATUS QUO)**

Use existing shed stores at Gremista. Paper/card baled (if possible) before shipping. Plastic/cans/cartons remain comingled and shipped loose to a Materials Recovery Facility (MRF) site on Scottish mainland.

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<p><b>No capital costs</b></p> <p>This option will not incur any capital costs</p> <p><b>Uses existing staffed site</b></p> <p>Existing site and infrastructure, roads, plant, machinery and workforce. All waste collection and disposal processes will be on one site.</p>	<p><b>Inefficient transportation</b></p> <p>Recyclable material sent in loose loads. Payloads significantly reduced.</p> <p><b>Difficult existing site</b></p> <p>Site not ideal for dealing with increased quantities of recyclable materials. Gradients near existing stores and little room for machinery to operate (e.g. forklift/loadall).</p> <p>No dedicated space for articulated lorry</p>

	<p>when transporting materials.</p> <p><b>Lack of storage</b></p> <p>Minimal room for storage prior to shipping. Extensive work may be required on existing buildings to borrow interior space, to keep recyclable material clean and dry, prior to shipping. Equipment failure or bad weather and limited freight boat availability would exacerbate this problem as recyclable material would accumulate,</p> <p><b>MRF gate fees</b></p> <p>SIC would be required to pay a gate fee to a MRF on the mainland for all plastic/can/carton loads sent.</p> <p><b>Double/triple handling of recyclable material</b></p> <p>The collected materials would need to be handled multiple times by staff (delivery/storage/loading) across different areas of the site. This would be highly inefficient and a significant burden on a small team of staff.</p>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
	<p><b>Poor quality/contaminated material reduces income</b></p> <p>Using existing 'dirty' sorting shed would lead to high levels of contamination (especially for paper/card) and a reduced price when sold on the market. In the worst case scenario a load transported for sale may be rejected, no income would be received at all following costly transportation and a disposal cost would be borne at a mainland facility.</p> <p><b>Increased operational costs</b></p> <p>Additional inefficient activity on site may require additional staff or increased</p>

	<p>working hours on site.</p> <p>Cost of shipping significantly greater. Based on a payload of 10T. The annual disposal/treatment cost to SIC increases by: Low performance scenario: £59,159, Medium performance scenario: £74,122, High performance scenario: £97,277</p> <p><b>Unworkable with greater recycling rates</b></p> <p>Does not make provision for high recycling rates and would not be viable if recycling rates are similar to national average and any further increases in line with national recycling targets (70% by 2025)</p>
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## Option 2: No shed, new sorting equipment within existing buildings at Gremista

New sorting equipment would be housed within a small store on the existing site. Plastic/cans/cartons would be transported from a tipping bay to the sorting equipment and transported again to where the balers can be sited. Paper/card transported from tipping bay to baler and again to another area for storage.

STRENGTHS	WEAKNESSES
<p><b>Reduced capital cost</b></p> <p>No shed required</p> <p><b>Materials will be sorted</b></p> <p>Recyclable material sorted to achieve highest possible value on the market.</p> <p><b>Uses existing staffed site</b></p> <p>Existing site and infrastructure, roads, plant, machinery and workforce. All waste collection and disposal processes will be on one site.</p>	<p><b>Difficult existing site</b></p> <p>Site not ideal for dealing with increased quantities of recyclable materials. Gradients near existing stores and little room for machinery to operate (e.g. forklift/loadall).</p> <p>No dedicated space for articulated lorry when transporting materials.</p> <p><b>Lack of storage</b></p> <p>Minimal room for storage prior to shipping. Extensive work may be required on existing buildings to borrow interior space, to keep recyclable material clean and dry, prior to shipping. Equipment failure or bad weather and limited freight boat availability would exacerbate this problem</p>



	<p>as recyclable material would accumulate,</p> <p><b>Double/triple handling of recyclable material</b></p> <p>The collected materials would need to be handled multiple times by staff (delivery/storage/loading) across different areas of the site. This would be highly inefficient and a significant burden on a small team of staff.</p>
OPPORTUNITIES	THREATS
<p><b>‘Spend to save’ on sorting equipment</b></p> <p>There is a ‘spend to save’ case for the procurement of automated sorting and baling equipment. The anticipated payback on this machinery is 2.7-4.5 years.</p> <p><b>Increased income</b></p> <p>Recyclable material will achieve highest possible value on the market.</p>	<p><b>Poor quality/contaminated material reduces income</b></p> <p>Using existing ‘dirty’ sorting shed would lead to high levels of contamination and a reduced price when sold on the market. In the worst case scenario a load transported for sale may be rejected, no income would be received at all following costly transportation and a disposal cost would be paid to a mainland facility.</p> <p><b>Increased operational costs</b></p> <p>Additional inefficient activity on site may require additional staff or increased working hours on site. This would negate any increased income. This would negate a ‘spend to save’ case for the procurement of the sorting equipment.</p> <p><b>Unworkable with greater recycling rates</b></p> <p>Does not make provision for high recycling rates and would not be viable if recycling rates are similar to national average and any further increases in line with national recycling targets (70% by 2025)</p>

### Option 3: Small Shed, No Sorting Equipment at Gremista

'Tipping and storage' shed. Plastic/cans/cartons remain comingled and shipped loose to Materials Recovery Facility site on Scottish mainland. Paper/card baled (if possible) before shipping.

STRENGTHS	WEAKNESSES
<p><b>Reduced capital costs</b></p> <p>A smaller shed with no sorting equipment will require less capital finance.</p> <p><b>Cleaner recycle</b></p> <p>Dedicated recycling tipping area and storage should ensure little/no contamination within new shed</p> <p><b>Room for limited recycling activity</b></p> <p>Room for machinery to operate (e.g. forklift/loadall).</p> <p>Dedicated space for articulated lorry when transporting materials</p> <p><b>Storage in one place</b></p> <p>Space to keep recyclable material clean and dry, prior to shipping.</p> <p><b>Reduced handing of materials by staff</b></p> <p>The collected materials would not need to be handled multiple times by staff (delivery/storage/loading) across different areas of the site. This would be more efficient and would not place an additional burden on a small team of staff.</p> <p><b>Uses existing staffed site</b></p> <p>Existing site and infrastructure, roads, plant, machinery and workforce. All waste collection and disposal processes will be on one site.</p>	<p><b>No 'spend to save' case</b></p> <p>The low value of the recyclable material produced (unsorted) would preclude a 'spend to save' scheme for funding the shed.</p> <p><b>Building on existing busy site</b></p> <p>Adjustments may be required for safe site traffic flow</p> <p><b>Still requires excavation</b></p> <p>The site will require excavation</p> <p><b>Inefficient transportation</b></p> <p>Recyclable material sent in loose loads. Payloads significantly reduced.</p> <p><b>Accessing baler for paper/card</b></p> <p>Using existing 'dirty' sorting shed for baling may lead to high levels of contamination (especially for paper/card) and a reduced price when sold on the market.</p> <p><b>Some storage</b></p> <p>Limited space to keep recyclable material clean and dry, prior to shipping. Equipment failure or bad weather and limited freight boat may still cause a problem as recyclable material would accumulate</p>
OPPORTUNITIES	THREATS
	<p><b>Poor quality/contaminated material reduces income</b></p> <p>Using existing 'dirty' sorting shed for baling may lead to high levels of</p>

	<p>contamination (especially for paper/card) and a reduced price when sold on the market. In the worst case scenario a load transported for sale may be rejected, no income would be received at all following costly transportation and a disposal cost would be borne at a mainland facility.</p> <p><b>Increased operational costs</b></p> <p>Cost of shipping significantly greater. Based on a payload of 10T. The annual disposal/treatment cost to SIC increases by: Low performance scenario: £59,159, Medium performance scenario: £74,122, High performance scenario: £97,277</p> <p><b>Excavation costs may increase</b></p> <p>Large quantities of peat and the base rock is very hard being a conglomerate sedimentary rock. Excavation may be problematic.</p> <p><b>Likely to cost almost as much as building a larger shed</b></p> <p>There may be no significant benefit of building a smaller shed when operational inefficiencies are taken into account.</p> <p><b>Unworkable with greater recycling rates</b></p> <p>Does not make provision for high recycling rates and increases in line with national recycling targets (70% by 2025).</p> <p><b>Build overrun</b></p> <p>If the facility is not available from June 2018 the same operational issues as Option 1 will occur.</p>
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**Option 4: 40x30m Recycling shed and bale store with sorting equipment at Gremista**

STRENGTHS	WEAKNESSES
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<p><b>Materials will be sorted</b></p> <p>Recyclable material sorted to achieve highest possible value on the market.</p> <p><b>Uses existing staffed site</b></p> <p>Existing site and infrastructure, roads, plant, machinery and workforce. All waste collection and disposal processes will be on one site.</p> <p><b>Cleaner recycle</b></p> <p>Dedicated recycling tipping area and storage should ensure little/no contamination.</p> <p>Baling activity within new clean shed.</p> <p><b>Room for all recycling activity</b></p> <p>Room for machinery to operate (e.g. forklift/loadall).</p> <p>Dedicated space for articulated lorry when transporting materials</p> <p><b>Sufficient storage</b></p> <p>Space to keep recyclable material clean and dry, prior to shipping. Equipment failure or bad weather and limited freight boat issues reduced</p> <p><b>Reduced handing of materials by staff</b></p> <p>The collected materials would not need to be handled multiple times by staff (delivery/storage/loading) across different areas of the site. This would be more efficient and would not place an additional burden on a small team of staff.</p> <p><b>Efficient transportation</b></p> <p>Recyclable material sent baled. Payloads maximised.</p>	<p><b>Large build on existing busy site</b></p> <p>Adjustments may be required for safe site traffic flow</p> <p><b>Significant excavation</b></p> <p>The site will require significant excavation</p> <p><b>Expensive option</b></p> <p>Cost is estimated at £485,000</p>
<b>OPPORTUNITIES</b>	<b>THREATS</b>

<p><b>Maximised income</b></p> <p>The income generated would be maximised as the material will remain clean and contaminant free when it is sold. Recyclable material will also be baled to maximise payloads.</p> <p><b>Reduced operational costs/‘spend to save’ on sorting equipment</b></p> <p>There is a ‘spend to save’ case for the procurement of automated sorting and baling equipment. The anticipated payback on this machinery is 2.7-4.5; and a payback period on all capital costs of between 7.7-12.7 years (based on modest recycling rates being achieved).</p> <p><b>Works with greater recycling rates</b></p> <p>This option makes provision for high recycling rates and will be viable if recycling rates are similar to national average and any further increases in line with national recycling targets (70% by 2025)</p>	<p><b>Excavation costs may increase</b></p> <p>Large quantities of peat and the base rock is very hard being a conglomerate sedimentary rock. Excavation may be problematic.</p> <p><b>Build overrun</b></p> <p>If the facility is not available from June 2018 the recyclable material collected would be shipped unsorted and would not generate the maximum income value. This would nullify any anticipated service cost savings. As per Option 1.</p>
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**Option 5: 40x30m Recycling shed and bale store with sorting equipment at Rova Head**

STRENGTHS	WEAKNESSES
<p><b>Larger space for shed</b></p> <p>Site easier to lay out</p> <p><b>Materials will be sorted</b></p> <p>Recyclable material sorted to achieve highest possible value on the market.</p> <p><b>Less excavation required</b></p> <p>Rova Head site does not require much excavation</p>	<p><b>New licence for site required</b></p> <p>Change to licence would be required</p> <p><b>Most expensive option</b></p> <p>Refurbishment of old shed at Rova Head is £574,000. In addition to this is the requirement of welfare facilities.</p> <p><b>Not a staffed site</b></p> <p>Little infrastructure, roads, plant, machinery and no workforce based at</p>

<p><b>Cleaner recycle</b></p> <p>Dedicated recycling tipping area and storage should ensure little/no contamination.</p> <p>Baling activity within new clean shed.</p> <p><b>Room for all recycling activity</b></p> <p>Room for machinery to operate (e.g. forklift/loadall).</p> <p>Dedicated space for articulated lorry when transporting materials</p> <p><b>Sufficient storage</b></p> <p>Space to keep recyclable material clean and dry, prior to shipping. Equipment failure or bad weather and limited freight boat issues reduced</p> <p><b>Reduced handing of materials by staff</b></p> <p>The collected materials would not need to be handled multiple times by staff (delivery/storage/loading) across different areas of the site. This would be more efficient and would not place an additional burden on a small team of staff.</p> <p><b>Efficient transportation</b></p> <p>Recyclable material sent baled. Payloads maximised.</p>	<p>site.</p> <p><b>Using machinery from Gremista</b></p> <p>Inefficient moving vehicles and staff back and forth. Procuring new site specific vehicles prohibitively expensive.</p> <p><b>Security camera system required</b></p> <p>An additional security camera system to one already in place at Gremista would be required.</p> <p><b>Removing a tenant from site</b></p> <p>This site would require notice to be served to the existing tenant of the site,. This would delay shed completion until 2019.</p> <p><b>Demolition of existing shed required</b></p> <p>The cost of demolition and preparing the site for a new shed is not known but would be a relatively significant project cost.</p> <p><b>No weighbridge on site</b></p> <p>The site would still use the weighbridge at Gremista. This is impractical for staff and inefficient operationally.</p> <p><b>Site preparation required</b></p> <p>Limited excavation required but significant site preparation would still be necessary. Including the addition of welfare facilities for staff.</p>
OPPORTUNITIES	THREATS
<p><b>Maximised income</b></p> <p>The income generated would be maximised as the material will remain clean and contaminant free when it is sold. Recyclable material will also be baled to maximise payloads.</p> <p><b>Possible reduced operational</b></p>	<p><b>Increased operational costs</b></p> <p>Additional inefficient activity between sites may require additional staff or increased working hours. This would negate any increased income.</p> <p><b>Build overrun</b></p> <p>If the facility is not available from June</p>

<p><b>costs/possible 'spend to save' on sorting equipment</b></p> <p>There may be a 'spend to save' case for the procurement of automated sorting and baling equipment provided any operational inefficiencies, caused by splitting the service/staff and equipment across two sites, do not increase operational costs significantly.</p> <p><b>Long term options</b></p> <p>Site is more versatile in the long term than the Gremista site which could become Landfill only with all other services accommodated at larger Rova Head site.</p> <p><b>Works with greater recycling rates</b></p> <p>This option makes provision for high recycling rates and will be viable if recycling rates are similar to national average and any further increases in line with national recycling targets (70% by 2025).</p>	<p>2018 the recyclable material collected would be shipped unsorted and would not generate the maximum income value. This would nullify any anticipated service cost savings.</p>
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## 5. Preferred Option

On the basis of the above, the recommended option is Option 4.

Option 4 optimises value for money as a result of the operational savings it would ensure when kerbside recycling is implemented in Summer 2018. Options 1, 2 and 3 have significant drawbacks operationally and from a business perspective.

Kerbside recycling collections will begin in 2018. As such there is a need to maximise efficiency and effectiveness of the service - and the process of shipping and selling the collected materials. Relatively large-scale recycling activity at SIC premises will be a permanent feature of waste services in future.

Option 1 would create a number of operational issues on the Gremista site and would not produce clean baled recyclable material to maximise payloads and sell-on value. It would also mean paying a gate fee for sorting plastic/cans/cartons to a mainland MRF. This option would significantly increase current operational costs.

Option 2 would retain the same operational issues regarding the existing site and any new equipment could not be housed in close proximity. This would create an inefficient sorting system on site and would lead to double or even triple handling of the recyclable

material on site prior to shipping. This would impinge on staff time required for other business critical tasks. A new member of staff is likely to be required to make this work practically. This would negate any operational cost savings.

Option 3 would create a dedicated space for tipping and storing recyclable material. However, the materials would likely remain unbaled. Due to inefficiencies of shipping and paying a gate fee for sorting plastic/cans/cartons to a mainland MRF would lead to significant operation cost increases.

Option 5 is the most expensive option and although a much more practical site the costs incurred establishing a viable site more than outweigh the benefits over Option 4.

Option 4 would generate the service cost saving identified by Zero Waste Scotland in their baseline service analysis of SIC Environmental Services. This is the only option that will ensure efficient and effective recycling operations at Gremista. It will also allow for future increases in recycling rates (national target of 70% by 2025).

#### Services and/or assets required for Option 4

Item	Estimated Cost
Shed	£485,000
Hopper*	£20,000
Conveyors*	£20,000
Magnet*	£15,000
Picking stations*	£45,000
Baler*	£75,000
Eddy current*	£57,500
Steel baler*	£35,000
<b>Total</b>	<b>£752,500</b>

\*these indicative costs were provided by Zero Waste Scotland for similar facilities currently in use in other local authority areas.

#### 6. Procurement Route

The procurement of the shed and associated groundworks will be done following local advertisement with application through the Public Contracts Scotland web portal. The works will be regulated using the NEC3 Engineering and Construction Contract with options that reflect a traditional procurement route, possibly including some Contractor's Design proposals.



The procurement of all the specialist sorting equipment is likely to be as one integrated system from one specialist contractor. It is therefore likely to be advertised in the OJEU and progressed as a regulated NEC3 Supply Contract (including installation).

To obtain the most economic and technically advantageous offer for the Council in terms of quality and price, all works packages will be awarded on a quality / price basis. Quality interviews will be held which probe the technical aspects of the contract, looking specifically at the skills, training and experience of the Contractor and their capacity to meet the requirements of the contract.

We will take advice from Procurement and Legal Services as and when required.

### **7. Funding and Affordability** *(to be completed in conjunction with Finance Services)*

The overall capital cost of the project is estimated to be £752,500, for both the shed construction and purchase of the sorting equipment.

In line with the Council's Capital Funding Policy the capital cost of the sorting shed of £485,000 would be funded by borrowing and would add to the Council's external debt. The annual revenue borrowing costs will be in the region of £30k per year for the life of the asset, and the annual maintenance and energy costs are estimated at £14,000 per year. These will be found from existing revenue budgets.

The capital cost of the sorting equipment of £267,500 is proposed to be funded through the Council's Spend to Save Scheme with a payback period of less than 5 years which meets the terms of the Scheme.

### **8. Management Arrangements**

The project will be managed using standard PRINCE 2 principals. The SRO on the Project Board will be the Director of Infrastructure Services. The Project Team will be comprised of suitably qualified and competent Environmental Services and Estate Operations staff. At an early juncture the Team will recommend the appointment of a suitably qualified Project Manager who will have the following primary tasks:

- • Advise on the selection and appointment of the Consultant Design Team (and manage the appointment process via competitive action).
- • Issue information and instructions on behalf of the Council.
- Develop a project execution plan including the selection of the procurement route and contracts.
- Lead and contribute to risk management exercises
- Lead and contribute to value management exercises.
- Contribute to design reviews.

- Advise on the selection of contractors and run the quality interview process.
- Validate payments.
- Oversee change control procedures.
- Advise on disputes, in conjunction with Governance and Law
- Monitor and assess overall client programmes and cost plans (which may include items beyond the scope of the main contract or consultant's appointments).
- Advise on the transition from construction to occupation.

The provision of specialist equipment and choosing the sorting equipment installer will be led by Environmental Services who will liaise with the Project Manager, Design Team and in-house Project Team at an early stage to ensure seamless working and integration of design criteria. Upon selection and appointment the successful bidder/installer will be integrated into the project team with coordination and delivery managed by the Design Team and overseen by the Project Manager.



Shetland Islands Council



# Scalloway Fishmarket

## Full Business Case (FBC)

## Introduction and Background

This Full Business Case has been prepared to determine the best value option for the future of the Scalloway Fishmarket.

- It has been developed using the agreed standards and format for Business Cases, as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016”. This will mean best value can be demonstrated between the options, and that decisions can be taken on a well-informed basis.
- Best value is not simply about financial factors. In order to achieve the outcomes to which the Council aspires, there is a need to consider other direct and indirect benefits. The Five Case Model understands and supports that .
- The key areas which must be evaluated in the Five Case Model are;
  - the **strategic case**. This sets out background, and explains the reasons why it is appropriate to consider change at this time. Part of that is understanding and documenting the investment objectives for the area under consideration.
  - the **economic case**. This demonstrates that the Council has properly evaluated and selected the most economically advantageous option, the one which optimises value for money. This evaluation has to take into account both the Council's direct costs and benefits; and wider community costs and benefits.
  - the **commercial case**. This sets out the content of the service required; and whether we can find a supplier or partner who can deliver the option the Council wants.
  - the **financial case**. This describes the funding arrangements for the preferred way forward and confirms the affordability of that for the Council.
  - the **management case**. This examines what the Council will have to do to deliver the preferred option and confirms how that will managed.

## 1 The Strategic Case

A project was initiated in 2015 to review the Council's options for the future of Scalloway Harbour. That project considered a wide range of possibilities and concluded that determining what should be done with Scalloway Fishmarket was the most urgent matter to resolve.

A Scalloway Fishmarket "Option Appraisal" study was initiated in March 2016 to consider options and prepare a Outline Business Case (OBC) to select and support the preferred option. Progress on that study was reported to the Council's Harbour Board in June 2016.

The completed Outline Business Case was reported to the Council's Harbour Board and Policy and Resources Committees in October 2016. It recommended that following a full cost benefit analysis including risk assessment, and taking into account sensitivity testing, the preferred option is to rebuild and extend the Scalloway Fishmarket to a high quality, modern standard on the existing site.

The Council's Policy and Resources Committee resolved that the project should proceed to the Full Business Case (FBC) stage and to the appointment of such specialist professional services as may be required to do so. Following a competitive tendering exercise Arch Henderson were appointed to provide those specialist architectural and engineering services.

As a result of technical work done by Arch Henderson, some changes were required to the configuration of the rebuild and extend plan. The implications of these changes were evaluated through an updated Outline Business Case, which confirmed the recommended preferred option.

### 1.1 Objective

The Council is committed to being a properly led and well-managed organisation making sure resources are used in the most effective way possible.

The primary objective of this Full Business Case is:

"to ensure that the best value option for the future of Scalloway Fishmarket, or alternative arrangements, is confirmed taking into account value for money and wider economic issues and benefits"

The context within which the Council needs to consider this business area is framed by the competing and challenging factors that exist for the Council and all local authorities at this time. It is important that all Council decisions taken are based on evidence and supported by effective assessments of options, costs, benefits and issues.

## **2 Background and Strategic Context**

### **2.1 Organisational overview**

Scalloway Harbour and Scalloway Fishmarket is owned by the Council and operated by its Ports & Harbours Service.

### **2.2 Business strategies**

See Ports & Harbours Strategic Outline Programme and Scalloway Harbour Strategic Outline Case.

### **2.3. Other organisational strategies**

See Ports & Harbours Strategic Outline Programme and Scalloway Harbour Strategic Outline Case.

## **Part B: The case for change**

White fish catching is an important component in the Shetland economy, Marine Management Organisation figures show some £33million of white fish were landed in Shetland in 2016, around 14% of total Scottish landings. Boats need to be able to land, store and sell their catches in good condition and in a way that meets customer demands.

The Council understands that the provision and operation of harbours or fish markets are not statutory obligations. Where the Council chooses to deliver discretionary services like this it must take particular care to demonstrate those services meet important needs, address market failure and/or deliver benefits to the Council and/or the community that justify the level of investment or funding required.

These decision points require the assembly of a strong evidence base that they either deliver significant benefits (for costly service development) or have limited adverse impact (for substantial reduction or removal of service) before those kind of actions can be agreed and implemented.

This Full Business Case is focused on the specific question of whether and how a rebuilt and extended Fishmarket at Scalloway contributes to sustaining and maximising benefits to the Council and the wider community from that sector, balanced against the cost of doing that.

## 2.3 Background on Shetland Fishmarkets

Both Scalloway and Lerwick have longstanding involvement in Shetland fisheries and by the 20<sup>th</sup> century had become the focus for whitefish landings, sales and processing. Over the decades fish storage and sales facilities have developed as the demands of the industry has grown. Covered facilities were built, then fitted with doors and eventually chilled.

As individual merchants' sheds were no longer able to provide the scale and quality of services required, the Council as Scalloway port operators became the owners and providers of the, then modern, facilities built in the 1980s. The use of these facilities was paid for through a levy on fish landings at the port.

Port ownership of fishmarkets remains the common operational model in Scotland.

## 2.4 Background on Service Demand – Historic, Current and Projected Whitefish Landings

### Historic and Current Whitefish Landings

Demersal (whitefish) landings are the mainstay of the fisheries activity at Scalloway, accounting for around 95% of all annual landings. The Council receives 2.5% of sale prices for fish landed at Council owned and operated ports as landing fees.

There has been long-term growth in terms of the volume, quality and value of fish landed both in Shetland and at Scalloway Fishmarket. Volumes and value of fish landed in Shetland as a whole has more than doubled since 2003/4 to 2014/15.

Between 2010 and 2014, total fish landings at Scalloway Fishmarket have risen by 1,814 tonnes (60%) from 3,030 tonnes to 4,844 tonnes. The annual value of this fish has risen by £3.3m from £4.8m in 2011/12 to £8.8m in 2015/16. The value of landings for 2016/17 grew further to over £11m.

The number of boxes landed into Shetland including Scalloway has increased significantly, as have both the average sizes of daily landings and peak box landing numbers. Between 2003 and 2006 Scalloway Fishmarket had only one market day per year exceeding 1,000 boxes and there were no days where more than 2,000 boxes were landed in Shetland overall.

The total number of boxes landed into Scalloway has risen year on year, from 13,619 in 2004, to 96,652 in 2015, an increase of 610%. Total whitefish box landings for 2016 increased to almost 150,000 at Scalloway, an increase of some 50% on 2015 and 10 times the volume 15 years ago.

This is also reflected in the proportionate share of overall Shetland box landings being made into Scalloway and associated Council ports, which has risen from a low of 10% in 2004 to 40% for 2016.

In 2014 there were 24 days where over 1,000 boxes were landed at Scalloway, including one day with over 2,000 boxes and in 2015 there were 21 days. Daily peaks throughout 2016 were both higher (the largest daily landing was 2,225 boxes) and more frequent (there were 47 days with over 1,000 boxes and 16 days above 1,400 boxes).

It should also be noted that the increase in landing figures to the market may still not reflect the maximum level of demand for Scalloway as a landing port, as vessels are sometimes turned away, due to a lack of capacity. Therefore actual demand at peak times may well be higher than indicated by these figures.

Scalloway and Lerwick Fishmarkets operate in a complimentary manner offering landing sites on the west and east side of the Islands. Increased landings into both Lerwick and Scalloway underline their continued and growing strategic importance to the Scottish fishing industry. Initiatives such as the Electronic Auction and Shetland Whitefish Improvement Scheme have helped to push these advances forward.

A review of quality policies and procedures was jointly undertaken for both Lerwick and Scalloway Fishmarkets last year, including the development of a service framework for a complete quality control system. This quality control system is being further developed within a second phase project, which is currently being undertaken. Both these projects have been jointly funded by Seafish Scotland and local industry.

However, in order to retain and improve on these advances and keep pace with customer requirements and consumer demands, modern and enlarged fish market facilities are required at both these ports.

Plans for a new fish market in Lerwick are at an advanced stage, and this facility has been designed assuming that a complimentary facility will continue to be in operation in Scalloway.

#### Projected Whitefish Landings and future Customer Requirements

Whitefish catches and landings are subject to fluctuation over time in terms of both volume and price. Forward projections are very difficult as there are many variables. Various landing volume scenarios can be generated depending on assumptions applied to factors external to any choice about fish market arrangements such as; fish stocks, quotas and licensing, the size and structure of the fishing fleet, and consumer markets and demands for fish. Different



combinations of how these factors develop will influence the eventual validity of choice of projection.

Shetland Fisherman's Association suggest that given current and projected stock and quota levels, the size and capability of the local fleet, their investment plans and the level of catch being taken from adjacent waters by boats not currently landing at Scalloway then future landing levels would be more likely to grow than reduce.

Expectations are that the c10% quota increase allocated to the Shetland whitefish fleet for 2017 will be fully caught. Indications are that a further quota increase of a similar magnitude may be made available next year. Should that occur, the Shetland fleet is well positioned to fully utilise it.

Brexit is also a very uncertain factor in how fishing arrangements around Scotland and Shetland may develop over the coming years. The consensus of industry opinion is that succeeding arrangements should create more opportunities than risks, therefore landing levels would be more likely to be higher than lower.

It is also difficult to estimate the internally generated impact on Scalloway and/or Shetland landing volumes that a better Scalloway Fishmarket (more space/modern), a degrading Scalloway Fishmarket (congested space/being left behind by modern quality demands) or no Scalloway Fishmarket (fish landed at other ports/transhipped to Lerwick or transhipped out of Shetland) would make.

The tendency of each of these alternatives to generally increase or reduce landing volumes and values can however be identified. A modern high quality facility with increased capacity should tend to attract higher volumes than otherwise.

Previously quantitative cost/benefit calculations used 2015 volumes and values as a baseline. Updated calculations have used 2016 volumes (150,000 boxes) and values (£11.6m) as their baseline.

The trend of long-term whitefish volume and value growth is paralleled by increasing quality premiums and obligations. The whitefish industry is now entering a phase similar to that already seen in the aquaculture industry, where customer demands are leading to greater requirements for quality assurance and independent verification. This means that both the current market, and any new developments in Scalloway, will have to keep pace with change in order to both satisfy increased quality assurance demands and remain competitive.

For the purposes of the quantitative cost/benefit calculations in this Full Business Case, fish prices have been assumed to increase by 2.5% due to a price improvement premium enabled by enhanced fish handling facilities.

## **2.5 Background on current service provision - the existing Scalloway Fishmarket**

The current Fishmarket was built in 1984 as part of the Blacksness pier development which also provided safe and sheltered berthing for the local fleet, an extension was added in the early 1990s. The Fishmarket is a portal frame structure with concrete slab floors. Walls are block and dash rendered to the ground floor with profile sheeting at first floor level.

The roof has profile sheeting and the building is double-glazed throughout. Sectional doors are situated along the east and west elevation with solid timber doors for pedestrian access and egress. The ground floor provides storage of just below 600m<sup>2</sup> and the first floor provides storage of 450m<sup>2</sup> and also had offices.

The current Scalloway Fishmarket can cope reasonably satisfactorily with the storage, grading, presentation and shipping of up to about 1,000 boxes of mixed whitefish. That storage efficiency is also affected by the number of boats landing and the nature of their catch on any given day. Each boat's catch needs to be managed individually and each species of fish graded and presented separately. Therefore, more boats with mixed catches need more space.

On a typical landing day in recent years there are likely to be up to 50+ species/grade combinations sold which can be multiplied by three to seven boats. Beyond 1,000 boxes, facilities become increasingly strained and box stacking levels, grading operations and general movement becomes more and more problematic. At times grading and movement operations have to be conducted outside the doors of the market and therefore outside controlled conditions.

The fabric of Scalloway Fishmarket is now aged and reaching the end of its serviceable life without significant work. Its facilities are unlikely to be up to the standards required in future years for the increasingly demanding requirements of any food handling and distribution business.

The Fishmarket is currently running with various defects to the building. The roof has surpassed its economic life and has water ingress at the south end of the building. Some of the window frames have failed with water ingress to some of the units.

With increased landings, the floor space does not always allow walkways, with building users having to walk over fishboxes at times. This congestion and changes in industry processes have meant that the space is often very constrained which has contributed to damage being caused by logistic operations suffering collisions with doors and walls.

The electrics throughout the building will need to be replaced shortly; a building electrical test was carried out and reported a list of emergency and urgent faults. The electrics have had the emergency faults addressed, but the urgent faults are still to be rectified.

The building has various gaps and fire breaches throughout contributing to cold air leakage. These gaps should be sealed in walls, ceilings and doors for air leakage and to help prevent the spread of fire.

Bays are currently washed down with a hose and all waste transfers to the sea. Current practices means there should be a drain inside the property that leads to a separator tank before being drained away.

General security needs to be improved; the current operation allows un-supervised access to the building. A CCTV system has been installed, but further management of access to the property should be provided to better control access and egress.

## **2.6 Investment objectives**

These objectives were agreed by the Council at the initiation of the PwC strategic review of the Port of Sullom Voe. They are also the objectives set out in the Strategic Outline Programme for Ports & Harbours generally and the Strategic Outline Case for Scalloway Harbour.

Environmental & Legislative:

- Protection of Shetland marine environment
- Maintaining biodiversity, geo-diversity, and protecting the built environment
- Compliance with health & safety obligations

Economic & Social:

- Maximise existing revenue and identify new sources of revenue from Council ports and associated economic activity.
- Creating employment opportunities and benefitting the local economy
- Supporting social cohesion and maximising community benefits

Financial:

- Maximise long-term value of assets by maximising opportunity and exploring new sectors
- Optimise exposure to financial risk, including:

- Minimise downside risk of major incidents, such as decline in business activity and any associated decommissioning/legacy costs
  - Retain potential upside from any growth in port operations
- Optimisation of fixed asset base and reduction in recurring maintenance costs

## 2.7 Main benefits

If investment in a non-statutory service like Scalloway Fishmarket is to be demonstrated to deliver best value then the benefits of that investment need to be identified and quantified. Non quantifiable benefits also need to be identified so they can be considered when comparing options.

The table below sets out main benefits against the investment objectives identified.

Investment objectives	Main benefits criteria
<b>Investment objective 1 (economy)</b> - supports businesses (existing and/or emerging and/or new) to be more competitive by helping improve quality, improve access to new product lines or markets, take opportunity of increased volumes etc.	<b>Cash releasing (£s)</b> <i>Better prices for improved quality of product</i> <i>Able to cope with bigger volumes more quickly</i> <b>Non cash releasing (£s)</b> <i>Improved fish handling systems</i> <b>Qualitative</b> <i>Better staff welfare facilities</i>
<b>Investment objective 2 (effectiveness)</b> - services the Council provides must be of good quality and resilience. i.e. fit for purpose, meet reasonable customer expectations, can cope with changes to legislation etc.	<b>Cash releasing (£s)</b> <i>Reduced maintenance</i> <i>Reduced need for reactive investment</i> <i>Reduced electricity consumption</i> <b>Non cash releasing (£s)</b> <i>Improved health and safety</i> <b>Qualitative</b> <i>Improved public and community image</i> <i>Able to comply with legislative and quality accreditation criteria.</i>
<b>Investment objective 3 – (efficiency)</b> - any investment of public money must be done as efficiently as possible both in initial costs, whole life costs and impacts etc.	<b>Cash releasing (£s)</b> <i>Lower maintenance costs</i> <i>Lower running costs</i> <i>Reduced environmental impact</i> <i>Increased income to Council and primary producer</i> <b>Non cash releasing (£s)</b> <i>Improved management</i>

## 2.8 'Dis-benefits'

- As well as considering benefits from any continued service provision or enhancement it is important to understand “dis-benefits” from its reduction or removal.
- Degraded or removed facilities at Scalloway could lead to reduced fish quality and landings (or a failure to exploit an opportunity for growth) and therefore lose income to both the Council and primary producers. Other dis-benefits could include increased transport costs and double handling, inability to meet quality and legislative requirements and ultimately loss of profitability or employment.
- Quantifying the potential scale of these dis-benefits is difficult but a significant factor would undoubtedly be the availability or lack of alternative facilities to provide the same service within Shetland (i.e. at the Lerwick fishmarket) or whether those services would have to be obtained outside Shetland (boats landing to Scotland or trans-shipping to Scottish markets or buyers).
- At this time Lerwick fishmarket has similar capacity problems as Scalloway, typically has its peak demands at the same time, and cannot accept fish from Scalloway when those peaks occur. The new facility which Lerwick Port Authority are planning will have additional capacity but will also have to cater for more space-demanding fish handling obligations as future quality demands and regulations rise.

## 2.9 Main risks

- The main business and service risks associated with the potential scope for this project are shown below, together with their counter measures.
- An overall risk evaluation is set out below (see section 3 for further details) and risk management arrangements for delivery of the preferred option is included in Appendix 1 – Project Initiation Document.

Risk	Risk Management Actions
Current fishmarket fails before replacement is available	Active management of current facility, prompt progress with replacement
Replacement project cannot be done technically	Ensure preferred option is relatively straightforward, affordable and mainstream
Replacement project mis-matches need over medium/long term	Good industry advice with some options for expansion or contraction available.
External funding is not available	Ensure proposal is within funding guidelines and applications are made early enough to meet deadlines

## 2.10 Constraints and Dependencies

The constraints placed on this project include the current expected lifespan of the existing facility, and time limits for both applying for and accessing EMFF funding.

Marine Scotland have stated that they would be willing to consider a 50% grant bid for the capital elements of a suitably qualifying project which would be very significant in determining whether the internal economic case for the Council shows a positive return.

An application has been submitted for EMFF funding. Marine Scotland which handle that fund have confirmed that the project is within scope, however no funding decision will be taken until tenders for the works have been received.

Following his announcement in August, which guaranteed funds for projects signed up until the Autumn Statement, the Chancellor has now extended this guarantee to confirm that the government will guarantee EU funding for structural and investment fund projects signed after the Autumn Statement and which continue after we have left the EU.

He was clear, while the UK is still a member of the EU, British businesses, farmers and other organisations must be entitled to apply for EU funds.

Funding for projects will be honoured by the government, if they meet the following conditions:

- they are good value for money
- they are in line with domestic strategic priorities

As a result, British businesses, farmers and other organisations will have additional certainty over future funding and should continue to apply for EU funding while the UK remains a member of the EU.

Each government department will take responsibility for the allocation of money to projects in line with these conditions and the wider rules on public spending.

Where the devolved administrations sign up to structural and investment fund projects under their current EU budget allocation prior to Brexit, the government will ensure they are funded to meet these commitments.

The structural and investment subject to HM Treasury's assurances include:

- European Agricultural Fund for Rural Development – CAP Pillar 2
- European Social Fund
- European Maritime and Fisheries Fund
- European Regional Development Fund - including European Territorial Cooperation

The main dependency for Scalloway Fishmarket is the arrangements for the other fishmarket in Shetland which is at Lerwick. These two facilities currently operate in partnership with Shetland Fish Auctions to store and then sell Shetland's whitefish landings online to local, national and international markets.

The plans for a new fishmarket in Lerwick are also at an advanced stage. While this new facility should offer some increase in capacity and a general upgrade in quality control, it has been designed assuming that a complimentary facility will continue to be in operation in Scalloway.

### 3. The Economic Case

#### 3.1 Introduction

This section documents and evidences that the most economically advantageous option has been selected as the preferred option, which best represents public value to the wider economy.

#### 3.2 Critical success factors

The following critical success factors (CSFs) have been identified in relation to achieving the overall objective for the Outline Business Case and were used to assess the short list of options for the future of Scalloway Fishmarket.

1. Support businesses (existing and/or emerging and/or new) to be more competitive by helping improve quality, improve access to new product lines or markets, take opportunity of increased volumes etc. (economy).
2. All services and facilities the Council provides must be of good quality and resilience. i.e. fit for purpose, meet reasonable customer expectations, can cope with changes to legislation etc. (effectiveness).
3. Any investment of public money must be done as efficiently as possible in value for money terms, whole life costs and impacts etc. (efficiency).

A long list of options for Scalloway Harbour was developed from workshops held with stakeholders and reported to the Council in February 2016.

That review considered a wide range of possibilities and concluded that determining what should be done with Scalloway Fishmarket was the most important matter to resolve.

#### 3.3 The short list

- **Option 1a** - Maintain the existing Scalloway Fishmarket through rolling repairs
- **Option 1b** - Demolish the Scalloway Fishmarket and tranship fish to other markets
- **Option 2** - Replace the Scalloway Fishmarket with a new build on an adjacent but existing site.
- **Option 3** - Build a new West Quay and a new fishmarket on that site
- **Option 4** - Rebuild and extend the Scalloway Fishmarket on the existing site

This list was evaluated in the Outline Business Case and following a full cost benefit analysis including risk assessment, and taking into account sensitivity testing, the preferred option was 4; rebuild and extend the Scalloway Fishmarket to a high quality, modern standard on the existing site



This would deliver an extended fishmarket size and adapted layout on the same site which would offer additional capacity and would have a range of modern facilities designed in.

It will provide:

- Increased floor capacity to be able to better handle increased peak landings on individual days, and carry out logistics, grading and fish management operations safely and efficiently.
- A widened fishmarket to cope with the introduction of palletisation and electric forklifts. The current fishmarket is very narrow which leads to restricted movement of both pallets and forklifts within the building, and this has been highlighted as a safety issue.
- Additional room to house grading machinery. A pilot project of grading fish both pre and post-sale has recently begun at the market, as a quality control and value adding exercise. This appears to be operating well, however it is taking up floor space within the building which is already very cramped, and a dedicated grading area for this machinery would be required within a modernised facility.
- The introduction of a transport corridor. This has become imperative due to the introduction of palletisation of fish. A transport corridor would allow for the safe and controlled storage for onward movement of palletised fish, in conjunction with covered loading bays.
- Dedicated overnight forklift charging points. Currently there are no specific charging points for forklifts, and this has led to congestion within the building.
- The introduction of covered loading bays. Fish are currently loaded into trucks outside the fishmarket which can lead to potential temperature control and contamination issues. This is not considered appropriate for a modern fishmarket facility, and has been highlighted as a potential quality and food safety issue. Covered loading bays would solve these issues.
- The upgrading of welfare facilities for fishmarket workers and visitors, including a washing and shower room, tea room, laundry, drying room and changing area. None of these facilities are currently available at the fishmarket.
- The use of a renewable energy source, from photovoltaic roof panels to help power chilling within the fishmarket. This will not only result in reduced environmental impact, but could also reduce the overall electrical running costs of a modernised fishmarket by a third.

### **3.3 Further Technical Evaluation of rebuilding the existing market**

Arch Henderson LLP was appointed by Shetland Islands Council in December 2016 to bring forward proposals for the redevelopment of Scalloway Fishmarket to provide a modern 21st century facility that will facilitate current and future growth within the industry coupled with providing a modern quality controlled environment.

The existing fish market structure was inspected on the 20th December 2016 and a number of salient issues became apparent, including:

- Existing edge distance to quay edge at approx. 2.1m does not allow for safe mechanised fish handling
- Limited height of structural frame to accommodate modern chill facilities
- Existing floor slab and drainage will need to be reconstructed to prevent discharge to sea.
- Existing first floor accommodation will not comply with building regulations without additional escape access which in turn will impinge on market floor.

Fish handling is currently moving away from the practice of manually dragging boxes from quay edge to market, to pallet movement by forklift / pallet trolley, For this operation to be efficient and safe a distance of between 5 and 6m is considered a minimum requirement.

A further issue with the existing market is the current chilling facility. The existing market uses cold air blown across market from wall mounted chillers. This is considered detrimental to fish quality which has prompted the general industry move to static plate chillers that create the correct cold environment without the use of forced air circulation. These static plate chillers are ceiling mounted and a minimum clearance of 3m is required between the underside of chiller and the market floor. With a static plate chiller in place less than 3m head room would be left, making this unacceptable.

Current legislation confirms that all wash-down water from modern facilities can no longer be discharged directly into the sea, as is the case with the present market. For this reason the existing concrete floor slab would need to be completely broken out and re-laid, with falls directed away from the sea.

Finally, the existing first floor accommodation is on the limit of compliance with current building regulations, and if the central set of stairs was removed in order to open up and extend current market, the accommodation would not comply with emergency escape distances.

For all the above reasons then we confirm that retaining and extending the frame, ceiling and floor of the existing market is not a viable option and it is recommended

that designs are updated to include a more comprehensive rebuild, still on the same site.

### **3.3.1 Temporary Chill**

Demolition and rebuild will remove fishmarket facilities in Scalloway for the duration of the construction project, an estimated 14 to 18 months. A range of options have been investigated to determine how that can be managed most effectively.

All partners accept that the construction period will create some inconvenience and there is a shared willingness to working around issues. With that in mind these main objectives have been identified.

- That fish which would have been landed and sold through Shetland don't have to be landed outside the islands because there are no suitable facilities
- That the quality, and therefore market price, of fish landed is not affected.
- That undue extra cost to fishing boats, graders, transport operators and other partners including the Council are avoided, or moderated, as far as is reasonably possible.

Once the new Lerwick Fishmarket has been completed, there will be additional Shetland capacity available. However, as it is not possible to put a firm date on that, planning has been done on the assumption that there is no local overspill.

The core requirement to meet the main objectives listed above is that there should be the capability to cope with a busy days catch at Scalloway; in terms of landing, storage, grading, sales and onward transport, in a hygienic, cost effective and logistically manageable fashion.

Landings have been over 2,000 boxes on the busiest single day this year and last. That may in part be a reflection of the capacity limit of the current facility, but that 2,000 box value has been used as a practical target when evaluating alternatives for interim facilities.

Daily landings between 1,000, and 1,700 boxes are common, happening most weeks. On these busy days Lerwick fishmarket also tends to be busy as landings are actively managed between both ports.

Four options for temporary chill facilities have been identified and investigated by the Project Team in some detail (see appendix A11). Two involve renting existing buildings within Scalloway Harbour belonging to other businesses. Two are based on

constructing either a new temporary or more permanent facility on a Council owned site.

Each has its pros and cons and further investigation and clarification of details are continuing with support from the Councils Capital Programme service.

If it is possible to complete suitable commercial contracts for the use of existing buildings that is likely to be the preferred way forward. If that is not possible then a decision will have to be taken whether to extend an existing Council owned shed, which would have a residual value for other uses, or to erect a temporary storage facility which would be removed when no longer required.

As it has not been possible to conclude contracts to rent an existing facility at this time, planning consents to extend the existing Council shed are being progressed as a contingency measure to shorten lead-time and clarify planning feasibility for that option should it be required.

A budget estimate of £500,000 for temporary chill costs has been included within calculations at this stage. This will be revised as further information becomes available and final decisions on how to provide facilities are taken.

### **3.4 Economic appraisal**

#### **3.4.1 Introduction**

This section provides a detailed overview of the main economic costs and benefits associated with the preferred option. Importantly, it indicates how they were identified and the main sources and assumptions.

#### **3.4.2 Estimating costs**

Capital costs used are in accordance with estimates developed by Ports & Harbours, the Council's Estate Operations service and professional advisors.

Operational costs have been based on the variation of current values supplied by Ports & Harbours Operations and Estate Operations services.

#### **3.4.3 Summary of Costs**

The costs for the preferred option have been investigated further during OBC update and through work undertaken by professional advisors and are detailed in appendices to this FBC.

Overall the project to redevelop the current site, including a transitional facility, will cost an estimated £5.6m and have an estimated annual revenue cost of £100k.

#### **3.4.4 Estimating benefits**

The benefits include the direct benefit to the Council in terms of income and the wider economic benefit to Shetland and beyond.

It is recognised that there are both quantitative and qualitative benefits from the options being considered, as separated below:

#### **3.4.5 Quantifiable Benefits**

These are benefits which can be measured and take account of all wider benefits to the UK, not just benefits to Shetland or the Council. It is recognised that not all benefits can be expressed in monetary values but as far as possible a monetary value has been given to benefits in order to enable a comparison between options to be achieved.

The quantifiable monetary benefits that have been identified are as follows:

- Reduced expenditure of £10k to the Council on electricity and maintenance costs for the new facility with modern efficient technology and less ongoing repairs with a new facility. This is included in the NPV calculations appendix to this business case.
- Increased income of £7k per year to the Council in the form of a 2.5% quality premium once the upgraded market is in place. This is based on 2016 whitefish landings with a value of £11.6m. This figure has been used in the NPV calculations.
- Increased income of £283k per year in community benefits to fishing boats, Shetland Seafood Auctions and any other directly associated business from increased quality value of whitefish landings. This is based on a 2.5% increase using the 2016 base value of £11.6m less the increased landing fees described above. This figure has also been used in the NPV calculations.

The core driver of monetary benefits from any fishmarket activity is the value added (or sustained) due to the use of that facility. The value of whitefish is a product of volume x market price. Under current arrangements harbour dues for whitefish landed at Council ports is 2.5% of value. The remaining 97.5% is shared between the boat, Shetland Fish Auctions and any other direct service providers; agents, lumpers, graders, haulage companies etc.

#### **3.4.6 Qualitative Benefits**

As outlined in the strategic case, the benefits associated with each option are wider than those which can be quantified by income generation; economic growth; job creation; leverage or exports.

The wider benefits associated with each option were identified during discussions with the stakeholders in order to ascertain a full picture of the future options for the facility, consultation was undertaken with a number of stakeholders and interested parties.

See Appendix 1 – Project Initiation Document for a list of stakeholders consulted.

The benefits identified fell into the following main categories.

Benefit type	Direct to Council	Indirect to Wider Community / Organisation(s)
Quantitative (or quantifiable)	Higher volume and/or value generating additional income to Council Potential EMFF grant	Additional income to primary producer and Shetland Seafood Auction
Cash releasing	Reduced electricity costs	
Non-cash releasing	Ability to comply with quality assurance and legislative requirements	Ability to comply with quality assurance and legislative requirements
Qualitative (or non-quantifiable)	Improved welfare facilities Image and reputation	Improved welfare facilities

### 3.4.7 Qualitative benefits appraisal

The benefits associated with each option were identified during discussions with the stakeholders in order to ascertain a full picture of the future options for the facility.

The appraisal of the qualitative benefits associated with each option was undertaken by identifying the benefits criteria relating to each of the investment objectives as follows;

- Quality of facility - (direct link to achieving any price premium, being fit for purpose and operational efficiency)
- Location of facility - (direct link to sustaining landing volumes and efficiency of associated logistics)
- Provision of staff/visitor amenities - (linked to fit for purpose)
- Capability to achieve quality accreditation - (direct link to fit for purpose and achieving any price premium)
- Disruption to service - (direct link to sustaining landing volumes and value during any period of disruption)

Allocating a weight to each benefit with reference to the relative importance attached to it by stakeholders.

Scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9, 0 not delivering any benefits to 9 delivering the greatest value of benefits. This was informed by the analysis by stakeholders of how that option would deliver against that benefit.

Benefits scores were allocated and agreed by discussion to confirm that the scores were fair and reasonable.

The key considerations that influenced the scores achieved by the preferred option was the option to Rebuild and Extend in the current location.

The key benefits from that option were judged to be that it would continue to be in the most suitable location for a fish market in Scalloway, it would provide a good quality facility which would be likely to achieve quality accreditation, and contain adequate welfare amenities.

It was understood that rebuilding will result in some disruption to service during construction which will be mitigated by temporary cold storage facilities.

This benefits appraisal has been revisited and its conclusions remain valid.

### **3.4.8 Net Present Value analysis**

The detailed economic appraisals for each option is attached as an appendix to this business case, together with detailed descriptions for the costs and benefits included. These appraisals give the present day value of the project including construction and operation over a 30 year period. The resulting net figure shows either the positive or negative value calculated for each scenario for rebuilding & extending the Fishmarket over the 30 year period at today's value.

Calculations have used the following assumptions.

- A lifespan of 30 years has been used for the facility.
- Landing volumes and general value are taken from the 2016 baseline with no projected growth or reduction. The landing volume used is 150,000 boxes and the value used is £11.6m.
- The landing charge of 2.5% based on of value is assumed to continue.
- It is assumed that a 2.5% increase relative to 2016 price (adjusted in real terms) is achieved through a quality improvement price premium.
- An EMFF Grant level of 50% has been assumed for calculation purposes.
- A 3.5% discount rate is used across NPV calculations to define the reduction in value of the pound for each year in the future.
- All NPV calculations have been presented with a +20%, optimistic scenario and a -20% pessimistic scenario as offsets from the Realistic baseline.
- The number of years to breakeven and 30 year net present values for all options including Council and wider benefits are evaluated.

### Cost and Benefits Assumptions;

- Operational costs have been reduced by 10% from year 3 onwards due to electricity and maintenance savings from having a new, more efficient building.
- a reduction of 10% in landings has been assumed during the construction period due to capacity and operational issues (note a temporary chilled facility will be available during this time), and
- a 2.5% quality improvement price premium has been assumed following completion of the project.

The following table presents a summary of the number of years to breakeven for each scenario within an optimistic, realistic and pessimistic setting. It also presents a summary of the 30 year net positive or negative present value for all scenarios, again within an optimistic, realistic and pessimistic setting.

<b>Rebuild and extend - NPV Calculations Summary Table</b>			
	<b>Optimistic</b>	<b>Realistic</b>	<b>Pessimistic</b>
<b>Years to Breakeven point</b>	<b>Years</b>	<b>Years</b>	<b>Years</b>
No Grant Council Benefits Only	2	>30	>30
No Grant Inc Wider Benefits	0	2	>30
50% Grant Council Benefits Only	0	2	>30
50% Grant Inc Wider Benefits	0	0	2
<b>Net positive or negative present value over 30 years</b>	<b>(pos)/neg</b>	<b>(pos)/neg</b>	<b>(pos)/neg</b>
No Grant Council Benefits Only	(732)	2,385	5,778
No Grant Inc Wider Benefits	(6,394)	(2,333)	2,004
50% Grant Council Benefits Only	(2,935)	(669)	1,734
50% Grant Inc Wider Benefits	(8,597)	(5,388)	(2,040)

The table shows that rebuilding and extending the current Fishmarket using the realistic setting generates a 30 year positive net present value in all scenarios apart from the consideration of Council only benefits when grant funding is not achieved.

### 3.6 Sensitivity analysis

Using the “pessimistic” data set, increasing uncertain costs by 20% and reducing uncertain benefits by 20% continues to generate a positive net present value after 30 years with the inclusion of wider benefits when grant support is obtained.

All scenarios result in a positive net present value when the “optimistic” data set is used, +20% on benefits and -20% on costs.



### 3.5 Risk appraisal

Quantifiable risks have been costed and factored into the shortlisted options therefore the net present values assessed are risk adjusted.

There are other risks which are more difficult to quantify but remain relevant to the options. A workshop attended by members of the project team was held to identify the main risks and allocate scores for each option during the development of the Outline Business Case.

That workshop has been re-run as part of Full Business Case development. The list of key risk was reviewed and amended, Probability and Impact scores refined and risk management measures developed further.

The following table shows those main risks and their scores as assessed against their likelihood and potential impact as allocated from the participants' judgment and assessment of previous procurements

Further details of the risk management approach for the implementation of the preferred option is set out in Appendix 1 – Project Initiation Document

<b>Risk</b>	<b>Impact</b>	<b>P x I</b>	<b>Tot.</b>	<b>Mitigation Measures</b>
Current fishmarket fails before replacement is available	fishmarket service stops suddenly	2x4	8	Close monitoring of current condition and prompt resolution of issues. No delay in implementing new project.
Replacement project cannot be done technically	Project is aborted and new solution required	1x4	4	Engagement of experienced technical advisors and robust issue and risk management processes.
Replacement project does not match needs over medium / long term	Over or under supply of service	1x3	6	Inclusion of as much flexibility as possible in design and close liaison with stakeholders and business advisors
Quality price premium is not achieved	Cashflow benefit is not achieved	2x3	6	Robust benefits realisation plan and monitoring arrangements.

P = Probability – from 1 very Low to 5 Very High and I = Impact using the same scale.

Key considerations influencing scores are a relatively well understood construction project and on the same site which has preferred seaward access and known landward access arrangements.

Project communications and advisory arrangements have created strong connections between stakeholders including industry expertise who can regularly advise on projected trends in landing volumes and values.

### 3.10 Summary of Economic Appraisal

Outline Business Case analysis concluded that the Rebuild/Extend in the current location was the preferred option across economic, benefits and risk appraisals.

These appraisals have been revisited, updated and refined in this Full Business Case and those conclusions have been confirmed, taking into account updated information on costs and benefits.

### 3.7 Recommendation

Following an updated and refined full cost benefit analysis including risk assessment, and taking into account sensitivity testing, the preferred option to rebuild and extend the Scalloway Fishmarket to a high quality, modern standard on the existing site is confirmed.

## **4. The Commercial Case**

### **4.1 Introduction**

The purpose of this section is to describe how the deal for the preferred option will be procured and comment on the likely commercial appetite for such a deal and any associated issues.

### **4.2 Services required to deliver the preferred option**

Detailed design of the rebuilt and extended facility, construction and equipment services and option appraisal of the temporary chill facility are included in appendices to this FBC.

### **4.3 Personnel implications (including TUPE)**

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 – will not apply to this investment as outlined above.

### **4.4 Procurement strategy and implementation timescales**

The procurement strategy for the preferred option of rebuild on the existing site will be through contracts placed following open tender with appropriately experienced design and construction companies.

The preferred method of procurement will be finalised following advice from Capital Programme Service but is likely to be a Traditional Lump Sum / Bill of Quantities arrangement.

Other procurement approaches include;

- Traditional Lump Sum - In a lump sum contract the contractor prices the work based on drawings and written specification prepared by the design team but supported with measured bills of quantities prepared by the quantity surveyor. The BQ items are priced individually by the contractor and incorporated into the contract.
- Design and Build - initial design work may be undertaken by the client before transfer to the design and build contractor. Thereafter the contractor would take single-point responsibility for the design and construction.
- ECI/Target Cost essentially involves putting additional resources into the crucial early planning phase in order to maximise the benefits and cost savings that can be achieved during the later construction phase. Its innovation comes from the selection process; the interaction between the client, contractor and designers during the early stages; and the resultant strong relationship-based interaction during the construction phase.

Assuming a Lump Sum approach continues to be the preferred approach the construction project would be project led within the Council; supported by architectural design and engineering advisors. This would be expected to be a restricted competition procedure under the EU Utilities regulations due to the value of the contract, i.e. over £4.1 million.

Transitional arrangements will need to be complete before the main contractor begins demolition. If that requires a further building project then that will be sourced through a separate competitive procurement exercise. This would not require a full EU tendering procedure due to its lower value, c£500,000.

Arch Henderson has been appointed as design, specification and site management contractor to finalise tender documents. They have been instructed to apply for planning consents and building warrants to clarify any issues and progress project development.

Appendices outline the key milestones throughout the project along with a cost programme.

#### **4.6 Accountancy treatment**

The preferred option of rebuilding and extending the Scalloway Fishmarket would result in the completed asset being held on the Council's balance sheet as a non-current asset under International Accounting Standard (IAS) 16 - Property Plant & Equipment and International Public Sector Accounting Standards Board (IPSAS) 17 - Property Plant & Equipment.

## 5.0 The Financial Case

### 5.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option, shown by the four scenarios outlined above.

### 5.2 Annual Revenue Income & Expenditure Implications:

The anticipated annual revenue payment stream for the four scenarios over the 30 year life of the Fishmarket is set out in the following table:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	No grant, Council benefits only	No grant, wider community benefits included	Capital grant, Council benefits only	Capital grant, wider community benefits included
	£000	£000	£000	£000
Expenditure	422	422	256	256
Income	(297)	(297)	(297)	(297)
Net Total	125	125	(41)	(41)

This table shows that the scenarios without grant funding result in net revenue cost of £125k per year for the Council, and the scenarios with grant funding result in a net revenue income of £41k for the Council over the life of the Fishmarket. The difference between these values is due to the higher borrowing costs if there is no grant contribution for construction of the Fishmarket.

### 5.2 Balance Sheet Implications

There will be an increase in the value of Long Term Assets of £5.6m and an increase in Long Term Liabilities for borrowing of £2.8m on the Council's Balance Sheet if 50% grant income is received. If the full cost of the project is borne by the Council the Long Term Liabilities will also total £5.6m.

### 5.3 Overall affordability

The proposed capital cost of the project is £5.6m but it is envisaged that £2.8m of this cost will be funded externally from EMFF, therefore, the total capital cost to the Council is anticipated to be £2.8m. In line with the Council's Medium Term Financial Plan and Borrowing Policy, these costs would be funded by borrowing and would add to the Council's external debt.

Under the Local Government in Scotland Act 2003 there is a requirement that local authorities should adhere to The CIPFA Prudential Code for Capital Finance in Local

Authorities. The Prudential Code seeks to concentrate primarily on ensuring that local authorities' capital spending plans are affordable.

The Council's approved Prudential Indicator for its authorised limit for external debt, which should not be breached, is £40.4m and the Council's total external debt is currently £36.9m therefore, this proposal would not breach the Council's authorised limit and is within affordable limits.

If no grant contribution was received the total borrowing required would be £5.6m which would breach the Council's current authorised limit and would require a review to increase the Council's Prudential Indicators.

## 6. The Management Case

### 6.1 Project management arrangements

The project will be managed in accordance with PRINCE 2 methodology.

Further details of project management arrangements are described the Project Initiation Document.

### 6.2 Outline Project Timetable

Milestone Activity	
Consideration of Full Business Case by Council	October 2017
Works Tendered	November 2017 – February 2018
Tenders Returned and EMFF Grant Determined	March - May 2018
Contractor Appointed	May 2018
Work Carried Out	from Summer 2018

### 6.3 Use of special advisers

Special Advisers

Specialist Area	Adviser
Financial	Finance Services
Technical	Estate Operations + External
Procurement and legal	Capital Programme Service and Governance & Law Service
Business assurance	Ports & Harbours Operations
Other	Fishmarket users and Key Stakeholders

Experienced design consultants have now been appointed to help ensure delivery of a successful building for now and the future. They have extensive relevant experience with this type of building that will help ensure that it will meet all legislation and modern procedures.

### 6.4 Arrangements for change and contract management

The strategy, framework and plan for dealing with change and associated contract management will follow normal Council contract standards.

### 6.5 Arrangements for benefits realisation

Completion of the project will be managed by the Project Team reporting progress periodically to the Project Board who will update the relevant Council Services and Committees at least quarterly.

The main benefits that this project will deliver are set out in the table below along with targets and dates.

Following completion and commissioning initial performance of the new arrangements will be monitored by Ports & Harbours Operations through consultation and joint activity with operational management staff and key market users.

The results of this monitoring will be reported to relevant stakeholders quarterly as part of performance reporting activity.

Description	Measurement	Target	Date	Cost
Price premium due to quality preservation and value adding	Price for fish landed	2.5% increase	2020	£0
Landing levels at least maintained at current levels	Fish landed	At least as current	2020	£0
Ability to accommodate all vessels wishing to land	Vessels Turned away	0	2020	£0
Reduction in electricity costs	Electricity costs paid	-32%	2020	-£5,000
Reduction in maintenance costs	Maintenance costs paid	-10%	2020	-£2,000
Value adding grading services accommodated	Level of fish graded pre-sale	10%	2020	£0
Recognition of quality enhancement	Quality accreditation achieved	1	2021	£10,000

## 6.7 Arrangements for risk management

Further details of risk management arrangements are described the Project Initiation Document.

## 6.8 Arrangements for post implementation review and post project evaluation

The outline arrangements for post implementation review (PIR) and project evaluation review (PER) have been established in accordance with standard Prince 2 practice.

## 6.9 Gateway review arrangements

All gateway reviews will be conducted using the agreed standards and format as set out in Shetland Islands Council - Gateway Process for the Management of Capital Projects - June 2016



## 6.10 Contingency plans

In the event that this project fails, the following arrangements may have to be put in place for continued delivery of the required services and outputs

While the detailed nature of contingency arrangements would depend on the particulars of why the project had stalled / failed, options include;

- Ongoing rolling repairs and ad-hoc actions to continue operation of the existing market.
- Provision of an extended temporary chill facility
- Liaison with LPA about accelerating their new build project and / or the possibility of obtaining use of their old facility
- Investigation of support for trans-shipment of catches to mainland Scotland markets or support for boats to land catches out with Shetland.

All of these options would be likely to involve additional costs and disruption to the local whitefish catching sector and associated businesses.

<b><i>Signed: John R Smith</i></b>
<b><i>Date: 5<sup>th</sup> October 2017</i></b>
<b><i>Acting Executive Manager Ports &amp; Harbours</i></b>



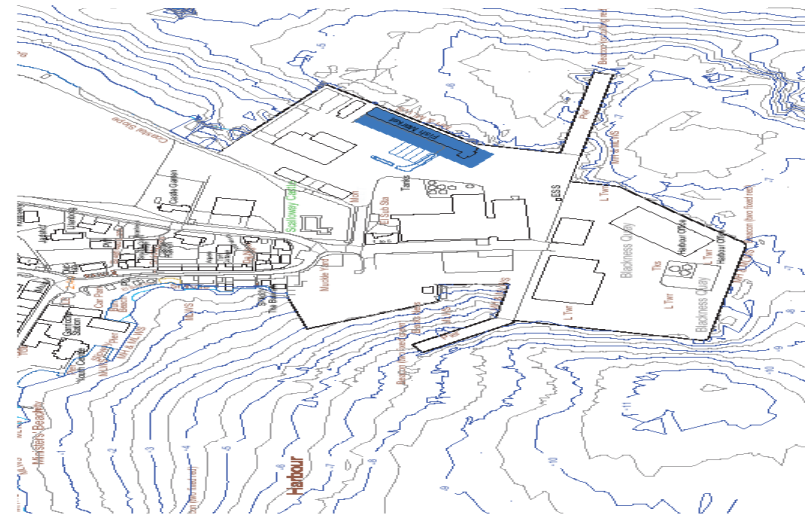
## A New Fish Market for Scalloway



Architect's impression of the new market



Scalloway harbour showing location of the market



### Key features includes:

- Substantial increase in capacity for fish boxes compared to existing market
- Improved layout of fish boxes allowing for safer handling and easier inspection
- Larger landing area alongside the quay for safer access to the market
- More reliable and efficient static plate cooling system will not dry out fish
- Easier to clean and would avoid washdown of waste into sea
- Mechanisation for moving fish boxes rather than manual handling
- Larger market floor will accommodate larger fish landings
- Would support increased grading of fish which adds value at sale
- Improved welfare facilities and changing area for staff and visitors
- 125% increase in overall floor space compared with existing market

### No Grant Funding or Community Benefits

1	Capital Build Costs provided by Building Services and professional advisers (£5.6m)
2	Capital Financing Costs - ie loan interest & expenses (4.21%)
3	Revenue Expenditure includes Fishmarket operating costs plus 20% of total Blacksness employee & admin costs (£100k) - reduction from year 3 on electricity & maintenance of 10% (£10k)
4	Annual Income per current (£290k) with 10% reduction in years 1 and 2 during build (£29k) and quality premium additional 2.5% from year 3 (£7k)
5	No Grant Funding
6	No Community Benefits included

**NPV : Scalloway Fishmarket - Option 4 - Redevelop Current Site - Realistic**

Year	Discount Factor	Revenue Capital Exp Debt Charges	Revenue Operating Expenditure	Revenue Income	Cost/Benefit to Business & Community	Cash Flow	Discounted Cash Flow	Cumulative Discounted Cash Flow
		£000	£000	£000	£000	£000	£000	£000
0	1.000							
1	0.966	332	100	(261)		171	165	165
2	0.934	332	100	(261)		171	160	325
3	0.902	332	90	(297)		125	113	438
4	0.871	332	90	(297)		125	109	547
5	0.842	332	90	(297)		125	105	652
6	0.814	332	90	(297)		125	102	753
7	0.786	332	90	(297)		125	98	852
8	0.759	332	90	(297)		125	95	946
9	0.734	332	90	(297)		125	92	1,038
10	0.709	332	90	(297)		125	89	1,127
11	0.685	332	90	(297)		125	86	1,212
12	0.662	332	90	(297)		125	83	1,295
13	0.639	332	90	(297)		125	80	1,375
14	0.618	332	90	(297)		125	77	1,452
15	0.597	332	90	(297)		125	75	1,526
16	0.577	332	90	(297)		125	72	1,598
17	0.557	332	90	(297)		125	70	1,668
18	0.538	332	90	(297)		125	67	1,735
19	0.520	332	90	(297)		125	65	1,800
20	0.503	332	90	(297)		125	63	1,863
21	0.486	332	90	(297)		125	61	1,924
22	0.469	332	90	(297)		125	59	1,982
23	0.453	332	90	(297)		125	57	2,039
24	0.438	332	90	(297)		125	55	2,094
25	0.423	332	90	(297)		125	53	2,147
26	0.409	332	90	(297)		125	51	2,198
27	0.395	332	90	(297)		125	49	2,247
28	0.382	332	90	(297)		125	48	2,295
29	0.369	332	90	(297)		125	46	2,341
30	0.356	332	90	(297)		125	45	2,385
		9,965	2,720	(8,845)		3,840	2,385	Negative NPV

**Scalloway Fish Market - Redevelop Current Site - Realistic**  
**No Grant Funding - Community Benefits Included**

Assumptions:

- 1 Capital Build Costs provided by Building Services and professional advisers (£5.6m)
- 2 Capital Financing Costs - ie loan interest & expenses (4.21%)
- 3 Revenue Expenditure includes Fishmarket operating costs plus 20% of total Blacksness employee & admin costs (£100k) - reduction from year 3 on electricity & maintenance of 10% (£10k)
- 4 Annual Income per current (£290k) with 10% reduction in years 1 and 2 during build (£29k) and quality premium additional 2.5% from year 3 (£7k)
- 5 No Grant Funding
- 6 Community Cost/Benefits Assumptions:  
 Years 1 & 2 - Additional income to Lerwick Fish Market - 10% income displacement from Scalloway (£29k)  
 From year 3 quality improvements lead to a 2.5% value increase to primary producer/SAA less increased landing fees (£283k)

11,600,000      2.50%      290,000      7,250      -282,750

Discount Rate (%)      3.50  
 Revenue Borrowing Costs      332,156

**NPV : Scalloway Fishmarket - Option 4 - Redevelop Current Site - Realistic - with Community Costs/Benefits**

Year	Discount Factor	Revenue Capital Exp Debt Charges	Revenue Operating Expenditure	Revenue Income	Cost/Benefit to Business & Community	Cash Flow	Discounted Cash Flow	Cumulative Discounted Cash Flow
		£000	£000	£000	£000	£000	£000	£000
0	1.000							
1	0.966	332	100	(261)	(29)	142	137	137
2	0.934	332	100	(261)	(29)	142	133	270
3	0.902	332	90	(297)	(283)	(158)	(142)	128
4	0.871	332	90	(297)	(283)	(158)	(138)	(10)
5	0.842	332	90	(297)	(283)	(158)	(133)	(143)
6	0.814	332	90	(297)	(283)	(158)	(128)	(271)
7	0.786	332	90	(297)	(283)	(158)	(124)	(395)
8	0.759	332	90	(297)	(283)	(158)	(120)	(515)
9	0.734	332	90	(297)	(283)	(158)	(116)	(631)
10	0.709	332	90	(297)	(283)	(158)	(112)	(743)
11	0.685	332	90	(297)	(283)	(158)	(108)	(851)
12	0.662	332	90	(297)	(283)	(158)	(104)	(955)
13	0.639	332	90	(297)	(283)	(158)	(101)	(1,056)
14	0.618	332	90	(297)	(283)	(158)	(98)	(1,154)
15	0.597	332	90	(297)	(283)	(158)	(94)	(1,248)
16	0.577	332	90	(297)	(283)	(158)	(91)	(1,339)
17	0.557	332	90	(297)	(283)	(158)	(88)	(1,427)
18	0.538	332	90	(297)	(283)	(158)	(85)	(1,512)
19	0.520	332	90	(297)	(283)	(158)	(82)	(1,594)
20	0.503	332	90	(297)	(283)	(158)	(79)	(1,673)
21	0.486	332	90	(297)	(283)	(158)	(77)	(1,750)
22	0.469	332	90	(297)	(283)	(158)	(74)	(1,824)
23	0.453	332	90	(297)	(283)	(158)	(72)	(1,896)
24	0.438	332	90	(297)	(283)	(158)	(69)	(1,965)
25	0.423	332	90	(297)	(283)	(158)	(67)	(2,032)
26	0.409	332	90	(297)	(283)	(158)	(65)	(2,096)
27	0.395	332	90	(297)	(283)	(158)	(62)	(2,158)
28	0.382	332	90	(297)	(283)	(158)	(60)	(2,219)
29	0.369	332	90	(297)	(283)	(158)	(58)	(2,277)
30	0.356	332	90	(297)	(283)	(158)	(56)	(2,333)
		9,965	2,720	(8,845)	(7,975)	(4,135)	(2,333)	Positive NPV

**Base Calculation Information**

Capital Costs	Grant Income	Revenue Expenditure	Revenue Income	Capital Interest & Expenses	Optimistic/ Pessimistic %
5,600,000	0	100,000	-290,000	0.0421	0
112,000					
4,424,000					
1,064,000					
5,600,000					

### 50% Grant Funding - No Community Benefits

1	Capital Build Costs provided by Building Services and professional advisers (£5.6m)
2	Capital Financing Costs - ie loan interest & expenses (4.21%)
3	Revenue Expenditure includes Fishmarket operating costs plus 20% of total Blacksness employee & admin costs (£100k) - reduction from year 3 on electricity & maintenance of 10% (£10k)
4	Annual Income per current (£290k) with 10% reduction in years 1 and 2 during build (£29k) and quality premium additional 2.5% from year 3 (£7k)
5	50% Grant for Capital Expenditure from EMFF (£2.8m)
6	No Community Benefits included

Discount Rate (%)	3.50
Revenue Borrowing Costs	166,078

**NPV : Scalloway Fishmarket - Option 4 - Redevelop Current Site - Realistic - with Grant Funding**

Year	Discount Factor	Revenue Capital Exp Debt Charges	Revenue Operating Expenditure	Revenue Income	Cost/Benefit to Business & Community	Cash Flow	Discounted Cash Flow	Cumulative Discounted Cash Flow
		£000	£000	£000	£000	£000	£000	£000
0	1.000							
1	0.966	166	100	(261)		5	5	5
2	0.934	166	100	(261)		5	5	10
3	0.902	166	90	(297)		(41)	(37)	(27)
4	0.871	166	90	(297)		(41)	(36)	(63)
5	0.842	166	90	(297)		(41)	(35)	(98)
6	0.814	166	90	(297)		(41)	(33)	(132)
7	0.786	166	90	(297)		(41)	(32)	(164)
8	0.759	166	90	(297)		(41)	(31)	(195)
9	0.734	166	90	(297)		(41)	(30)	(225)
10	0.709	166	90	(297)		(41)	(29)	(255)
11	0.685	166	90	(297)		(41)	(28)	(283)
12	0.662	166	90	(297)		(41)	(27)	(310)
13	0.639	166	90	(297)		(41)	(26)	(336)
14	0.618	166	90	(297)		(41)	(25)	(362)
15	0.597	166	90	(297)		(41)	(25)	(386)
16	0.577	166	90	(297)		(41)	(24)	(410)
17	0.557	166	90	(297)		(41)	(23)	(433)
18	0.538	166	90	(297)		(41)	(22)	(455)
19	0.520	166	90	(297)		(41)	(21)	(477)
20	0.503	166	90	(297)		(41)	(21)	(497)
21	0.486	166	90	(297)		(41)	(20)	(517)
22	0.469	166	90	(297)		(41)	(19)	(537)
23	0.453	166	90	(297)		(41)	(19)	(555)
24	0.438	166	90	(297)		(41)	(18)	(573)
25	0.423	166	90	(297)		(41)	(17)	(591)
26	0.409	166	90	(297)		(41)	(17)	(608)
27	0.395	166	90	(297)		(41)	(16)	(624)
28	0.382	166	90	(297)		(41)	(16)	(640)
29	0.369	166	90	(297)		(41)	(15)	(655)
30	0.356	166	90	(297)		(41)	(15)	(669)
		4,982	2,720	(8,845)		(1,143)	(669)	Positive NPV

### Base Calculation Information

[illegible]

### 50% Grant Funding & Community Benefits Included

1 Capital Build Costs provided by Building Services and professional advisers (£5.6m)  
2 Capital Financing Costs - ie loan interest & expenses (4.21%)  
3 Revenue Expenditure includes Fishmarket operating costs plus 20% of total Blacksness employee & admin costs (£100k) - reduction from year 3 on electricity & maintenance of 10% (£10k)  
4 Annual Income per current (£290k) with 10% reduction in years 1 and 2 during build (£29k) and quality premium additional 2.5% from year 3 (£7k)  
5 50% Grant for Capital Expenditure from EMFF (£2.8m)  
6 Community Cost/Benefits Assumptions:

Years 1 & 2 - Additional income to Lerwick Fish Market - 10% income displacement from Scalloway (£29k)

From year 3 quality improvements lead to a 2.5% value increase to primary producer/SAA less increased landing fees (£283k)

11.600.000	2.50%	290.000	7.250	-282.750
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Revenue Borrowing Costs	166,078
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Base Calculation Information					
Capital Costs	Grant Income	Revenue Expenditure	Revenue Income	Capital Interest & Expenses	Optimistic/Pessimistic %
5,600,000	-2,800,000	100,000	-290,000	0.0421	
56,000					
2,212,000					
532,000					
<b>2,800,000</b>					

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# Shetland Islands Council

## Option Appraisal Report

### Temporary Facility for Landing Fish Blacksness Pier, Scalloway, Shetland



Report By:

Michael Leftwich ICIOB  
Building Maintenance Officer

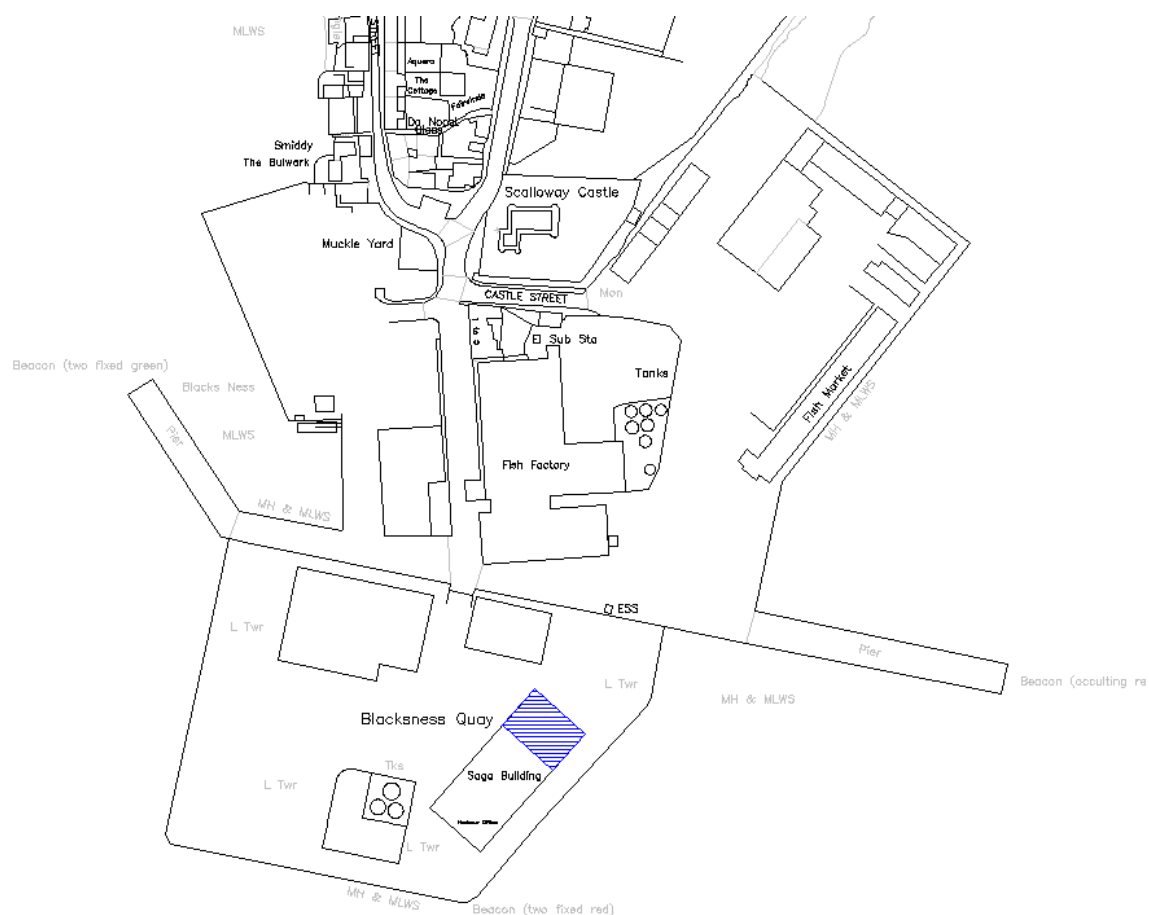
Estate Operations  
Gremista  
Lerwick  
Shetland ZE1 0PX

## Introduction

There is a requirement for a temporary facility to land fish if the redevelopment of the fish market proceeds. There are four options that have been considered and they are all located at Blacksness Pier in Scalloway.

## Options

### Option 1 – East Commercial Quay, Saga Building, North Unit

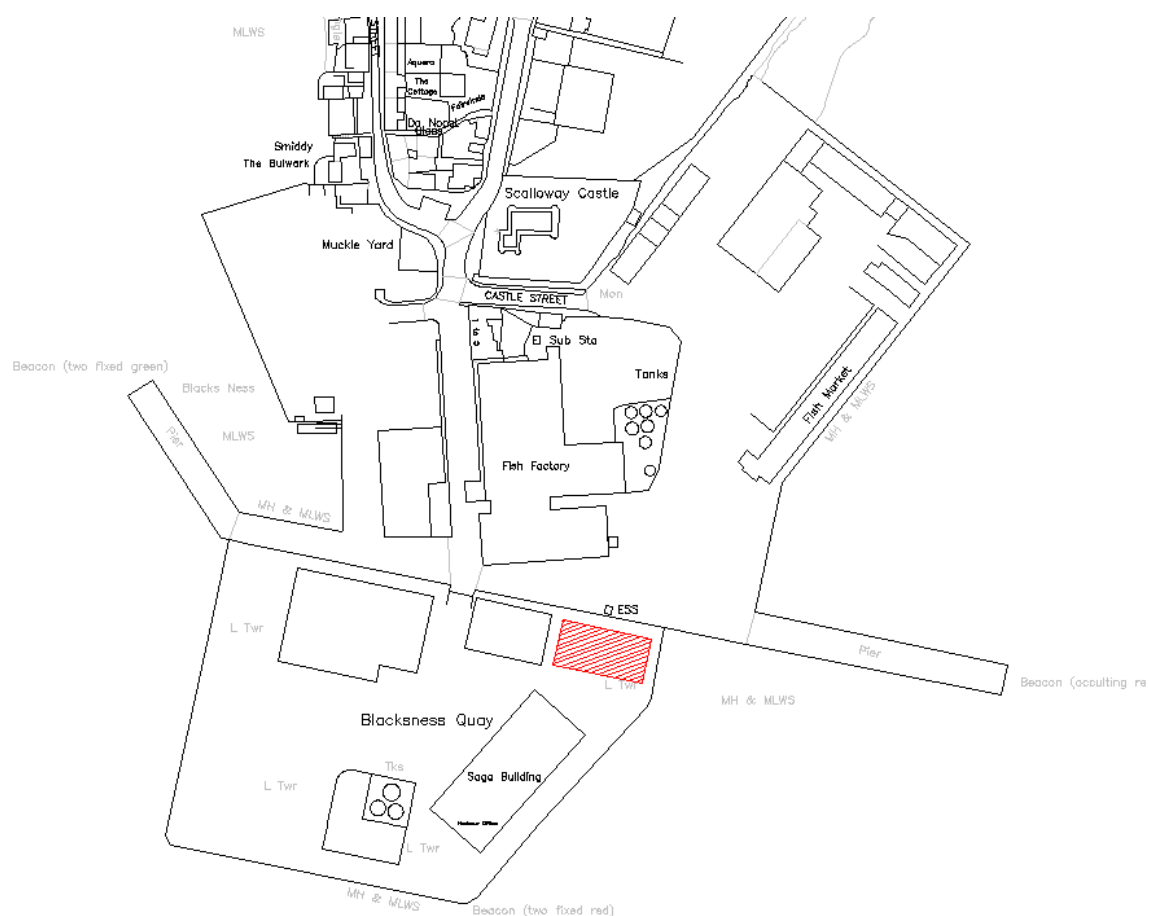


Advantages	Disadvantages
Potential box capacity of 2,080	Building work required to box in electrics
No requirement for planning permission	Require mechanical aids for handling
The boats can still berth in the same area	Needs to be surplus to Scottish Sea Farms
One door to land and another to load	Facility manager may be required
Good access for loading trucks	
Short lead time	

This option requires communication with Scottish Sea Farms who are the owners of the building. They may still require the use of this part of the Saga Building which would then rule out this option. The estimate for this option is **£198,000** with a 1-2 month lead time to be operational. This estimate includes the building works, hire of the unit and refrigeration hire.



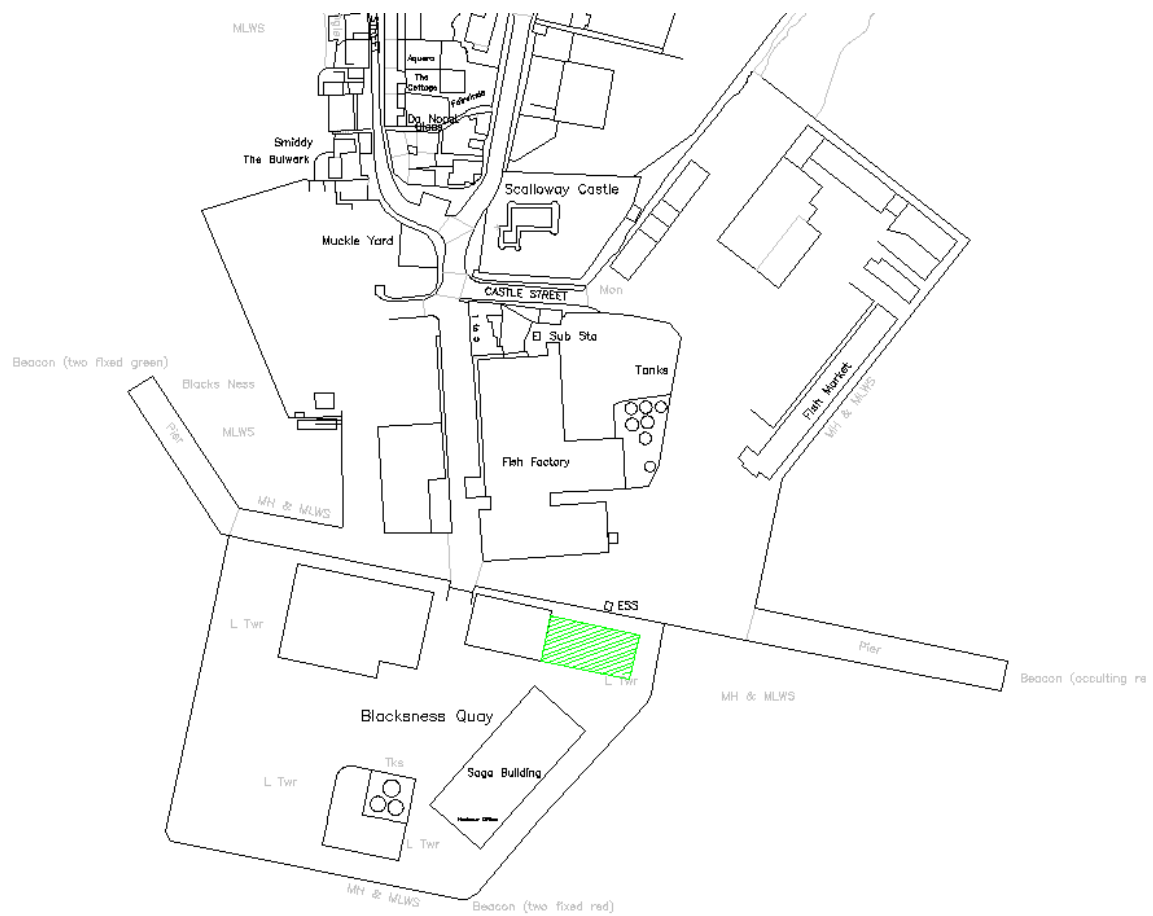
## Option 2 – Temporary Chill Facility, East of Oil Spill Building



Advantages	Disadvantages
Potential box capacity of 2,080	Requires planning permission
The building is maintained by the hiring company	Works to the surface of the pier and services
An option to purchase the building	Require mechanical aids for handling
Adequate provision of sectional doors	Long lead time
	Access would be restrictive for trucks

The building would take up area currently used for net mending. There is a fence to the north which would restrict access to the south and there is limited space. It also has a lead time of 6-8 months to be operational. The estimate for this option is **£313,000** which includes the building works, hire of the structure and the hire of the refrigeration.

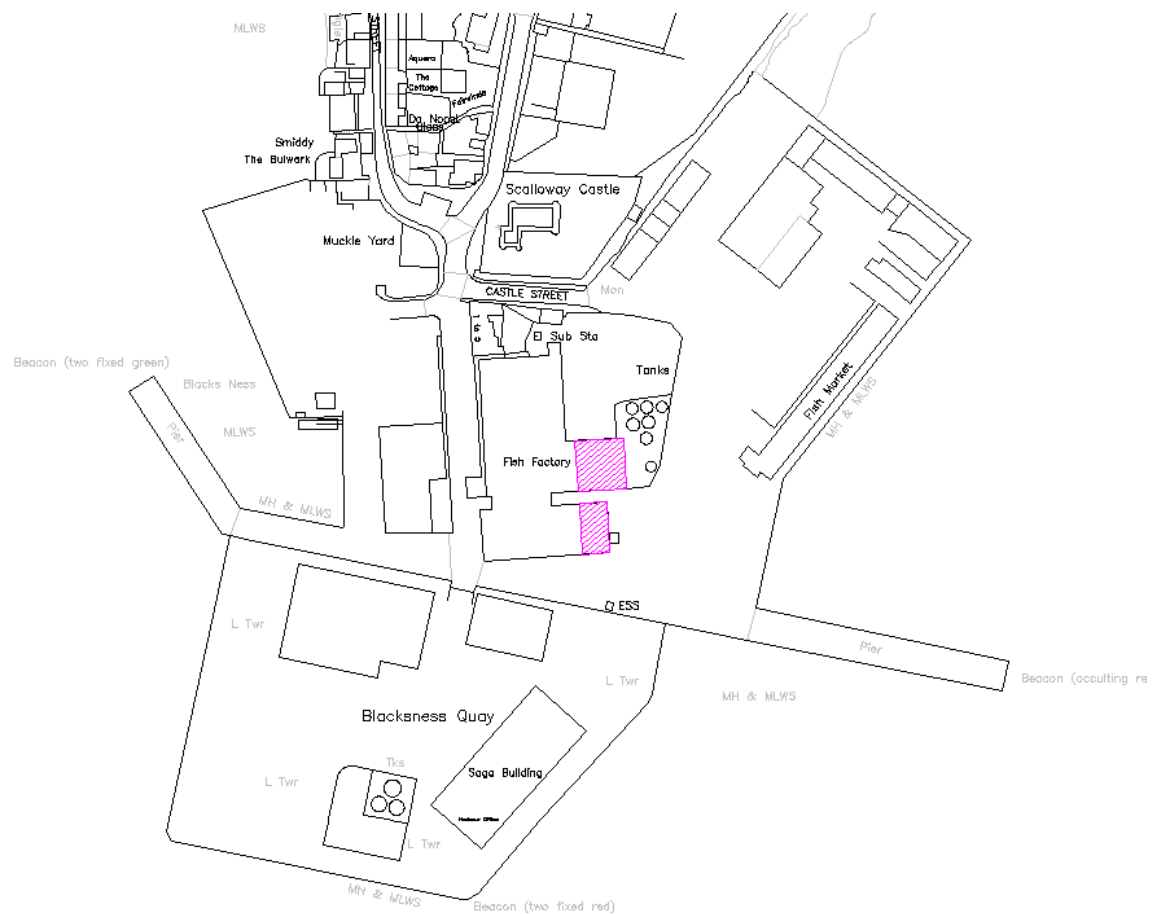
### Option 3 – New Build Extension to Oil Spill Building



Advantages	Disadvantages
Potential box capacity of 2,080	Requires planning permission
Adequate provision of doors	Restricted access & egress
Can be used as a store after its chill use	Long lead time
	Access would be restrictive for trucks

This option would be another sizable project in itself with a lead time of 1 year to become operational. It is the most expensive option at an estimate of **£487,000**, but it would be a Council asset and have a future storage use at Blacksness Pier. It has the same access issue as the temporary chill facility with tight space from the south.

#### Option 4 – Saga Factory



Advantages	Disadvantages
Unit in the factory is already a hygienic facility	Two sets of refrigeration required
Potential box capacity of 2,018	Facility manager may be required
No requirement for planning permission	One access and egress door
	Works required to one of the stores

The two units at the factory offer enough space, but the split may be an issue. Both stores have one sectional door to provide access and egress. There would be room for the trucks to load, but this would mean being parked on the net mending area. Money will need to be spent to refurbish the second store which in the end is an asset for Scottish Sea Farms. This option has a lead time of 2-4 months and an estimate of **£238,000**.

## **Conclusion**

There are not many days throughout the year where more than 2,000 boxes are landed and so all options could cope with daily landings, if they were managed correctly.

A disadvantage that has been noted and affects all options is the change to using mechanical aids rather than the typically manual procedures. However, this will be the normal procedure for transporting boxes in the redeveloped fish market and the building users should be familiar with this by the time the premises is operational.

The north unit of the Saga Building is the most advantageous with having good access and egress and the boats being able to land nearer to the facility than any other option.

The temporary building would have ample sectional doors for good access and egress, but for the quantity of funds required will not ultimately be a Council asset.

An extension built in the same location would be a Council asset. This option has a long lead time, which delays the main project of the redevelopment and costs nearly half a million pounds.

The two stores at the fish factory offers adequate space, but are split and each store only has one door for access and egress. It is the furthest from the quay meaning a longer transport between the boat and the landing facility. Also, one of the stores requires money spent for a refurbishment which will be a Scottish Sea Farms asset.

## **Recommendation**

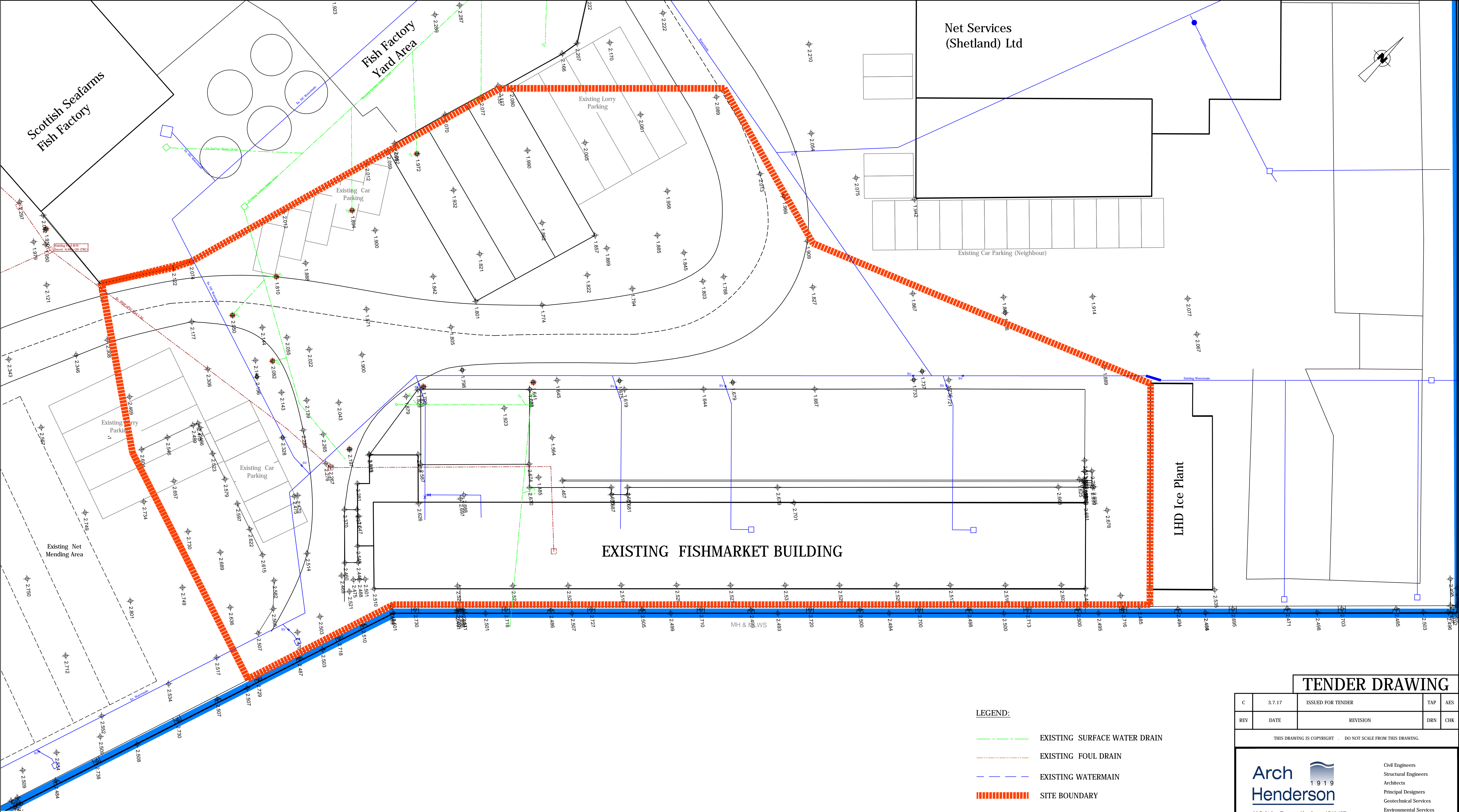
The preferred option would be option 1. It is the cheapest and provides the shortest distance between the boats and the facility. It is not a Council asset, but does not require any refurbishment, just some minor work to protect the building's distribution boards.

Option 3 would be the following choice if the north unit was not available. It is the most expensive option and has the longest lead time, but the Council will be left with an asset for all the money it was spending on it.

Options 2 and 4 would be the least favourable. Both require larger sums to provide the facility and they do not belong to the Council.

**SHETLAND ISLANDS COUNCIL**  
**REDEVELOPMENT SCALLOWAY FISHMARKET PROGRAMME**

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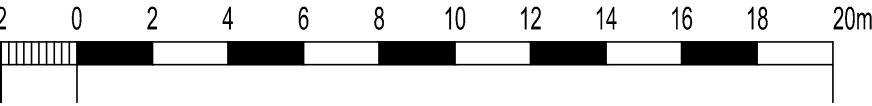


EXISTING SITE PLAN  
SCALE 1:200

- LEGEND:
- EXISTING SURFACE WATER DRAIN
  - EXISTING FOUL DRAIN
  - EXISTING WATERMAIN
  - SITE BOUNDARY

- NOTES:
- ALL LEVELS TO ORDNANCE DATUM (UNLESS NOTED).
  - LOCATION OF SERVICES TO BE CONFIRMED ON SITE PRIOR TO EXCAVATION.

SCALE 1:200



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REV	DATE	REVISION	DRN	CHK

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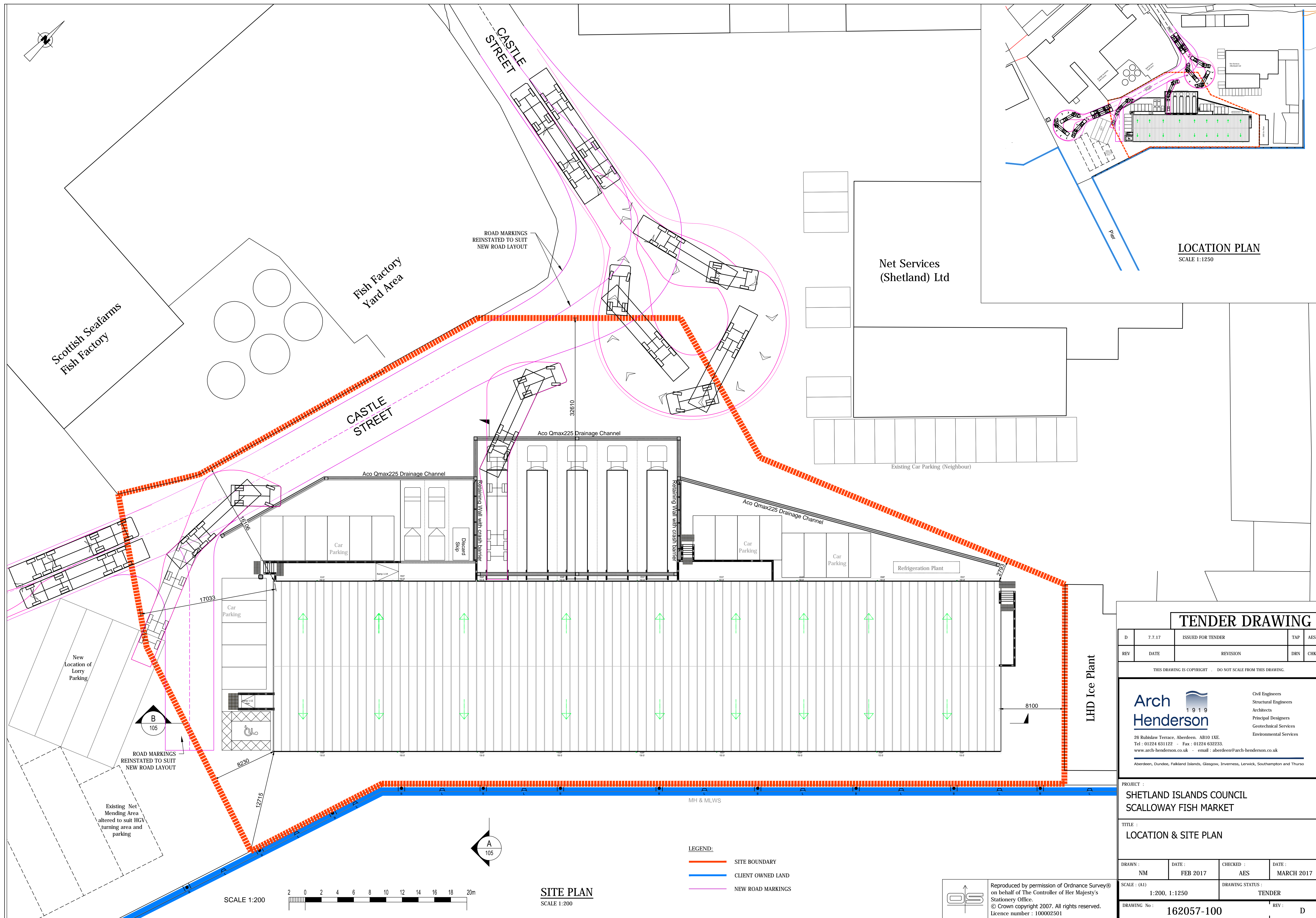
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PROJECT :  
SHETLAND ISLANDS COUNCIL  
SCALLOWAY FISH MARKET

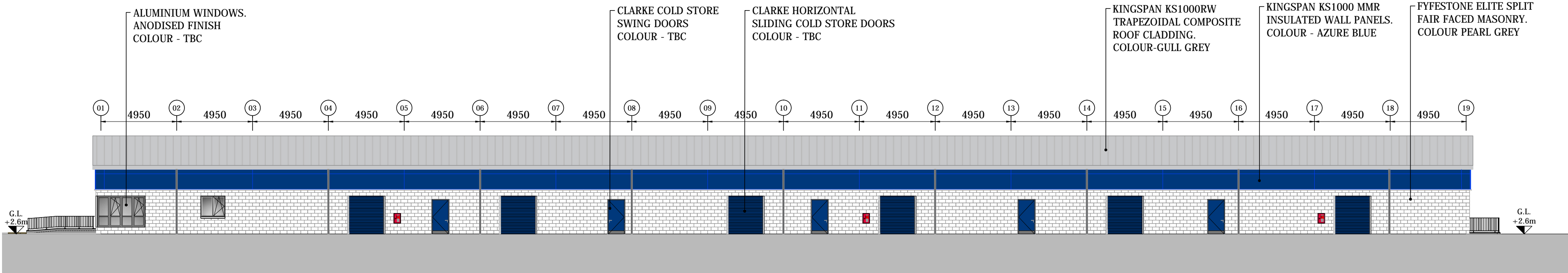
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EXISTING SITE PLAN

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DRAWING No : 162057-25		REV : C	



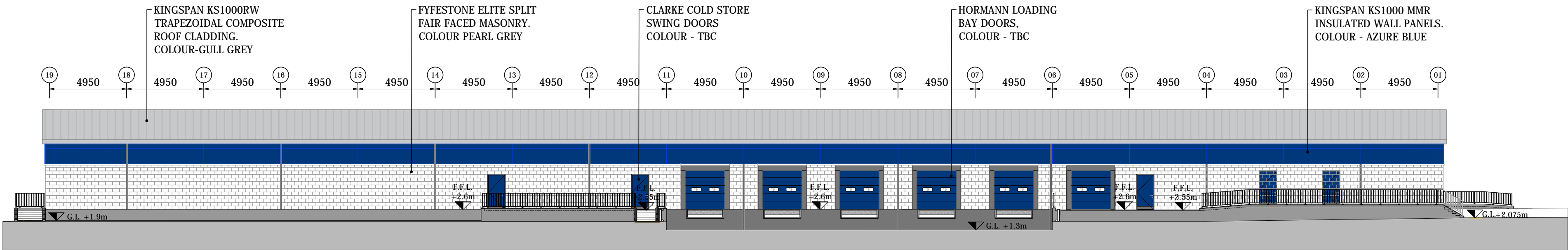






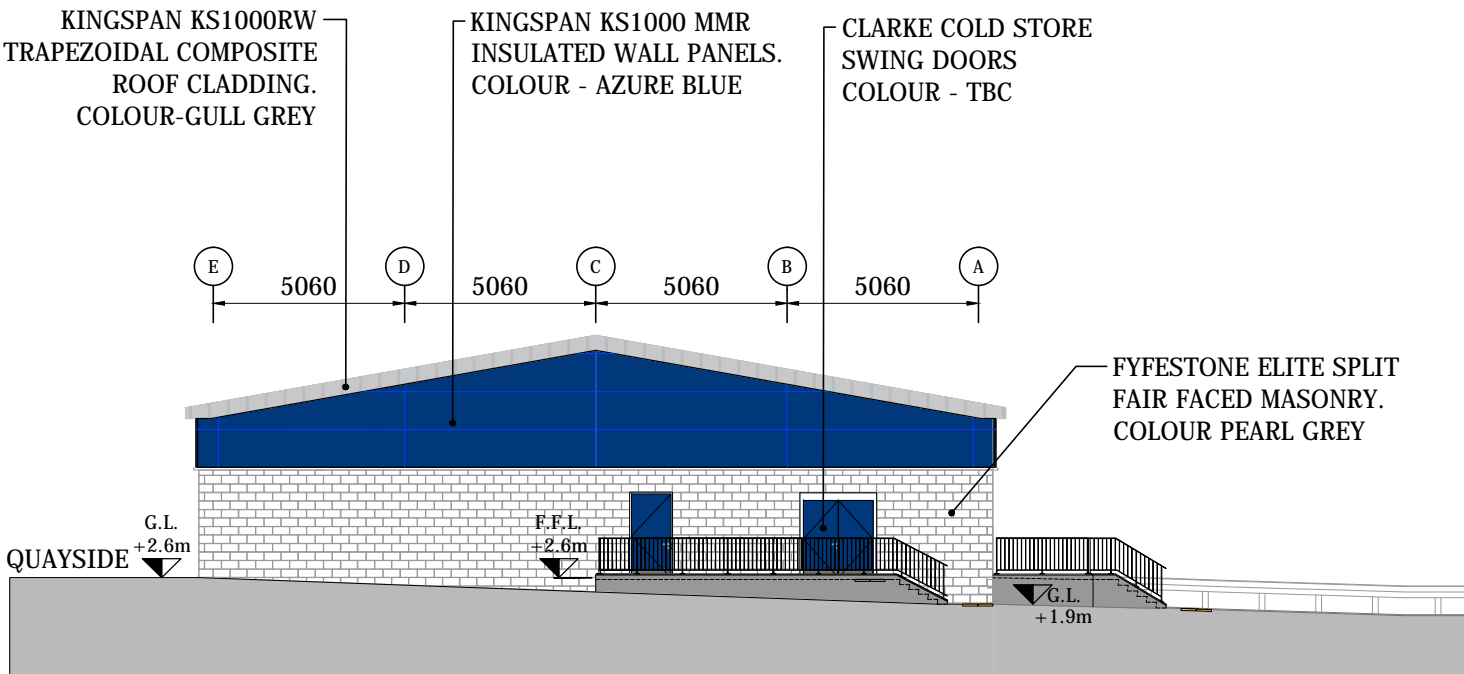
**SOUTH EAST ELEVATION**

SCALE 1:200



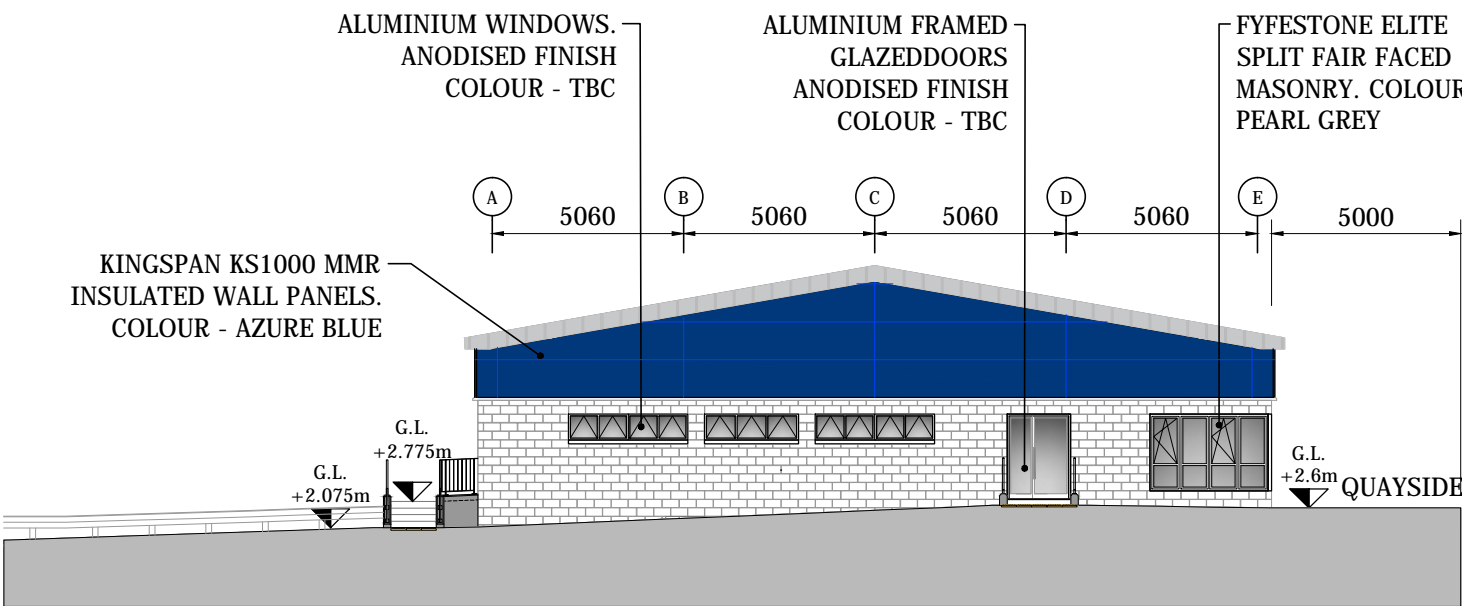
**NORTH WEST ELEVATION**

SCALE 1:200



**NORTH EAST ELEVATION**

SCALE 1:200



**SOUTH WEST ELEVATION**

SCALE 1:200

**ROOF**  
KINGSPAN KS1000RW TRAPEZOIDAL COMPOSITE ROOF CLADDING.  
AT 10 DEGREE PITCH.  
COLOUR - GULL GREY, BS18B17

**RAINWATER GOODS**  
PPC ALUMINIUM GUTTERS AND DOWNPIPES.  
COLOUR- TBC

**WALLS**  
FYFESTONE ELITE SPLIT FAIR FACED MASONRY TO MARKET HALL & ACCOMMODATION BLOCK AT GROUND FLOOR LEVEL.  
COLOUR - PEARL GREY

KINGSPAN KS1000 MINI MICRO RIB INSULATED WALL PANELS.  
COLOUR - AZURE BLUE BS18C39

**WINDOWS**  
METAL TECHNOLOGY ANODISED ALUMINIUM DOUBLE GLAZED UNITS  
COLOUR- TBC

**ACCOMMODATION BLOCK EXTERNAL DOORS**  
METAL TECHNOLOGY ANODISED ALUMINIUM DOUBLE GLAZED DOORS  
COLOUR- TBC

**LOADING BAY DOORS**  
HORMANN SECTIONAL OVERHEAD DOORS WITH DOCK LEVELLER AND CUSHION SEAL.  
DOOR COLOUR - TBC

**QUAYSIDE DOORS**  
CLARKE DOORS HORIZONTAL SLIDING COLD STORE DOORS  
COLOUR - TBC

**PERSONNEL DOORS TO MARKET HALL**  
CLARKE DOORS HORIZONTAL SLIDING COLD STORE DOORS  
COLOUR - TBC

**NOTES:**

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3. ALL LEVELS TO CHART DATUM.

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PROJECT :  
**SHETLAND ISLANDS COUNCIL  
SCALLOWAY FISH MARKET**

TITLE :  
**PROPOSED ELEVATIONS**

DRAWN : NM	DATE : FEB 2017	CHECKED : AES	DATE : MARCH 2017
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SCALE : (A1) 1:200	DRAWING STATUS : TENDER
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SCALE 1:200



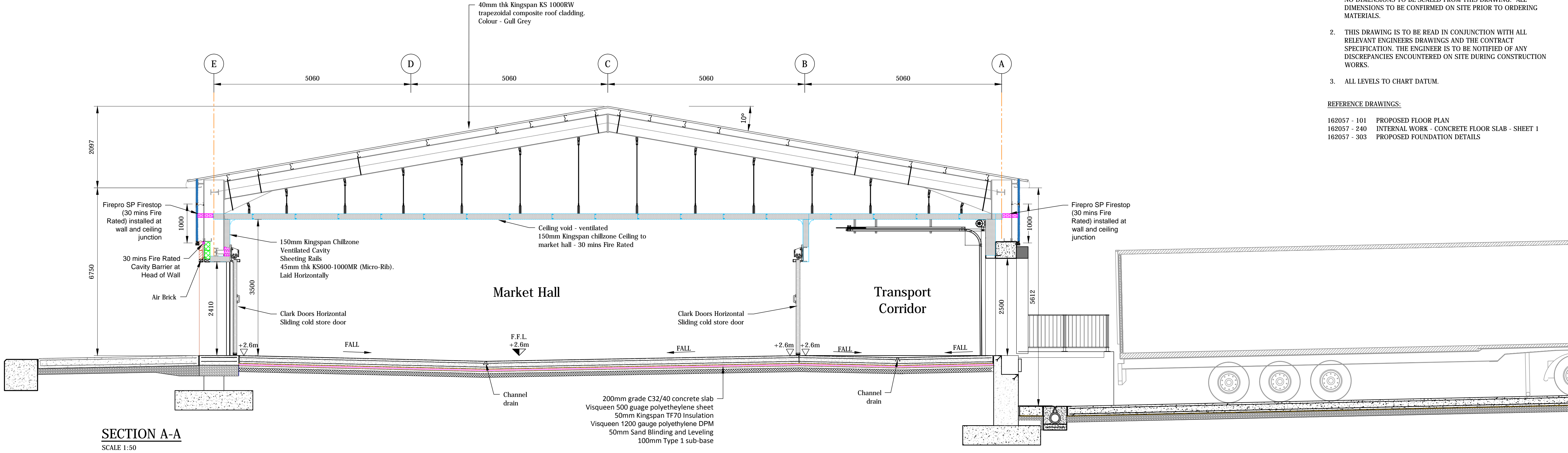


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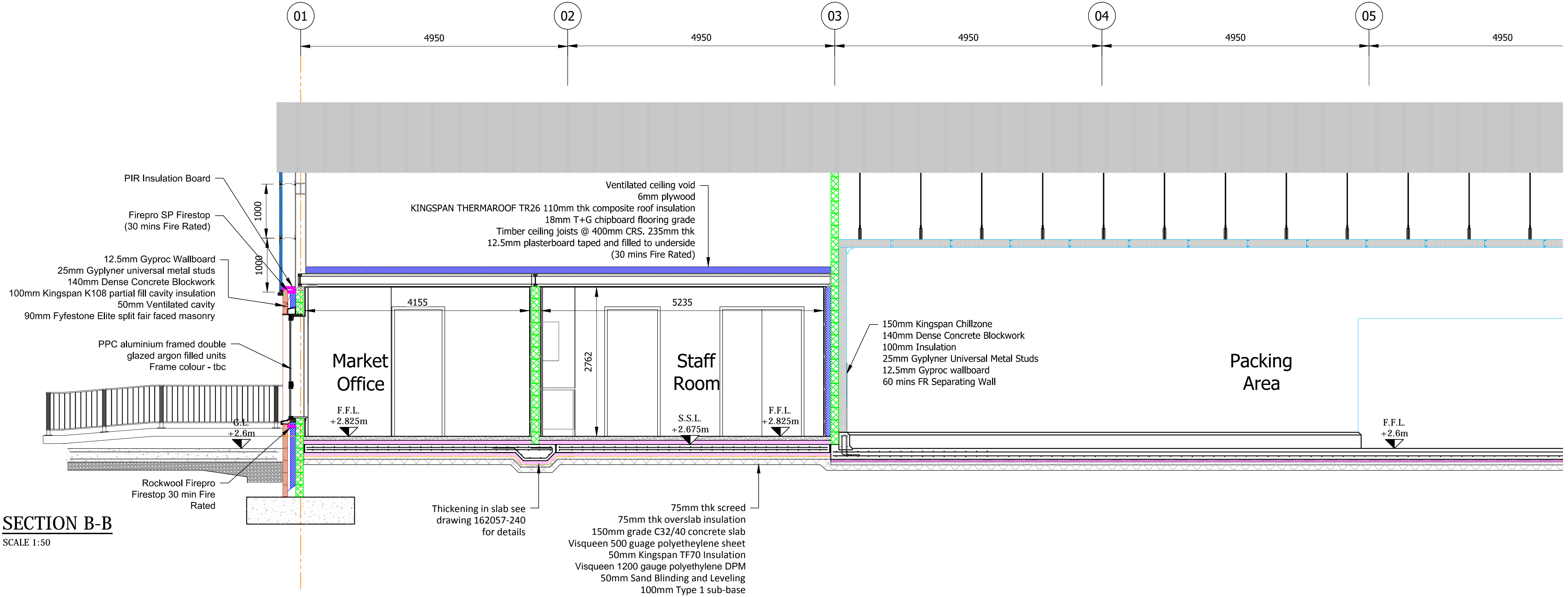
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REFERENCE DRAWINGS:

162057 - 101 PROPOSED FLOOR PLAN  
162057 - 240 INTERNAL WORK - CONCRETE FLOOR SLAB - SHEET 1  
162057 - 303 PROPOSED FOUNDATION DETAILS



SECTION A-A  
SCALE 1:50



SECTION B-B  
SCALE 1:50

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SCALLOWAY FISH MARKET**

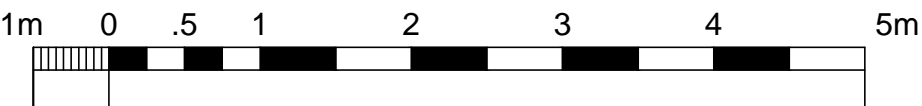
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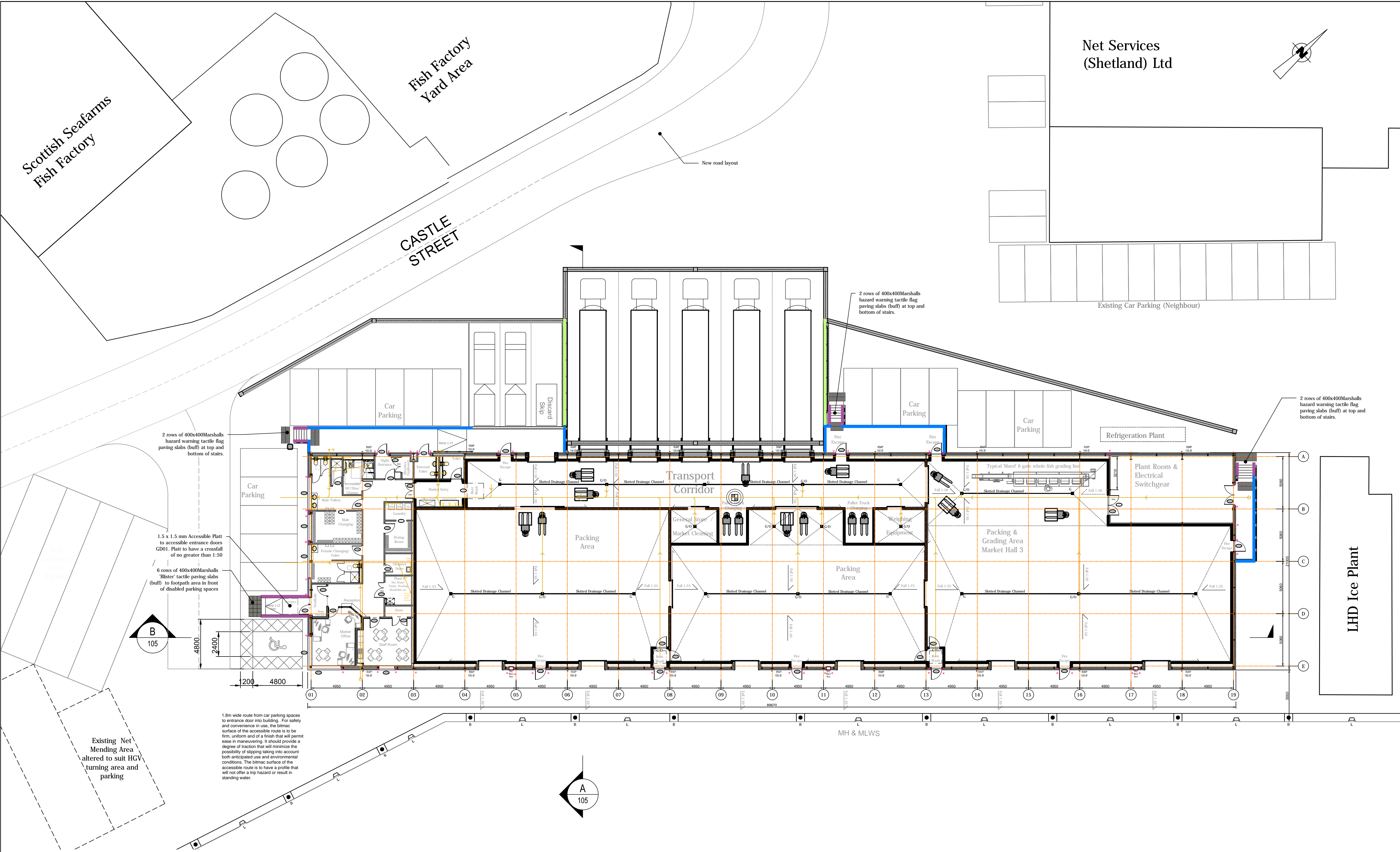
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SCALE 1:50







FLOOR PLAN  
SCALE 1:200

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  3. ACCESSIBLE ROUTE TO GD01 AND GD07 WILL BE IN ACCORDANCE WITH SCOTTISH BUILDING STANDARDS - TECHNICAL STANDARDS REGULATIONS 4.1.1/2/3/4/7 & 9
  4. ALL LEVELS TO CHART DATUM.
  5. CAVITY BARRIERS TO BE SPACED MAX. 20m HORIZONTALLY AND VERTICALLY AND AROUND ALL EDGES OF A CAVITY INCLUDING HEADS, JAMBS, AND CILLS OF WINDOWS AND DOORS.

- KEY:
- 1100mm BALUSTRADE GALVANIZED STEEL
  - HANDRAIL 950mm HIGH
  - VEHICLE CRASH BARRIER 760mm HIGH
  - \* - DENOTES POSITION OF VERTICAL CAVITY BARRIER

CAVITY BARRIERS TO BE SPACED 20M MAX (10M WHERE WITHIN ULTRATEMP WALLS) HORIZONTALLY AND VERTICALLY INCLUDING HEADS, JAMBS, AND CILLS OF WINDOWS AND DOORS. CAVITY BARRIER ALSO TO BE INSTALLED AT JUNCTION OF ULTRATEMP WALL PANELS AND TOP OF BLOCKWORK.

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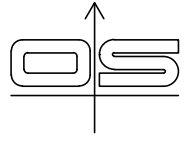
PROJECT :  
SHETLAND ISLANDS COUNCIL  
SCALLOWAY FISH MARKET

TITLE :  
PROPOSED FLOOR PLAN

DRAWN : NM	DATE : FEB 2017	CHECKED : AES	DATE : MARCH 2017
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