Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

During early discussions with Civil Servants the Council was asked about its experience of marine development works licences and the number of applications was discussed. In addition the Civil Servants indicated that they had use information on budgets from the Council's website. There was limited consultation on the way any of this data was to be used, and therefore the Council's response to Q5, below, reflects the fact that the indicative costs identified in the FM are perhaps higher than it would expect.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?

N/A

3. Did you have sufficient time to contribute to the consultation exercise?

N/A

Costs

4. If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

In general the FM provides a reasonable overview of the potential costs of implementing the Bill, and as a Council that is and has islands, the duties to "islandproof" have already been incorporated into the Integrated Impact Assessment arrangements that are in place for Shetland. Furthermore under the powers of the Zetland County Council Act 1974 the Council is already structured to assess marine development works licences, but at present do not charge for this function, therefore under the Islands (Scotland) Bill a small sum of additional income would be annually recoverable. The implications for Shetland Islands Council are estimated to be limited. However, with the exception of the impact that the preparation of the National Island Plan may have on Local Authorities and subject to the comment about marine development works licences made in Q5 below, the FM is reasonable in its estimation of the costs that the Council is already incurring and that would face a local authority having to implement from scratch.

5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

National Islands Plan:

Although not directly affecting the cost of the Council the costs identified in the FM in relation to the National Islands Plan raise a concern as to the commitment that will be demonstrated in preparing, what the Council would expect to be, a relevant and robust strategic plan that addresses improving outcomes for island communities.
The Council would expect that island communities are fully and properly engaged on a number of levels and to see that done across all those communities in Scotland.

The lack of detail about the costs that might be incurred on consultation make it difficult to offer a view on a value of £75,000 being described in the FM. The publication costs of £5,000 do not suggest much activity beyond online publication and with broadband speeds and mobile signal coverage being poor in the island communities getting the plan to those that it affects should ensure that suitable publication methods are used and costed as part of the FM.

The annual costs of preparing an annual update on progress indicate that 16-18 days has been considered sufficient to prepare this. If the update is going to capture the evidence throughout the islands that supports improving outcome for island communities the Council would question whether this is realistic.

Para. 10, the National Islands Plan will apply solely to the Scottish Ministers therefore there will be no cost beyond that incurred by the Scottish Administration. The Council anticipates that with a collaborative approach taken by the Scottish Government to preparing a relevant and robust National Islands Plan Local Authorities will have a role to play in contributing to that, which will incur a cost that has not been defined within the FM. This would reflect the fact that the needs and actions required in each island are different from the other islands, it cannot be a one size fits all or all islands. The Council estimates that this might incur a cost of up to £10,000 depending on the level and type of involvement of the Council.

**Duties in relation to island communities - Costs on Local Authorities:**

The Council already uses an Integrated Impact Assessment (/IA) to fully assess all the impacts of decisions taken by the Council on:

- groups with protected characteristics;
- socio-economic inequalities;
- the environment, and;
- rural/island communities

The /IA is required to be carried out for all service redesign and policy decisions to assure Councillors that due consideration has been given to any differential or unintended impacts on service users and communities. Furthermore, the Council's reporting framework requires officers to address the implications of all reports to committee and Council on "service users, patients and communities" - this too helps to give assurance that differential impacts on island communities have been considered and addressed.

It is therefore estimated that costs are already incurred by the Council to undertake the assessment required to island proof and that no additional costs would arise. The FM does take a reasonable approach to the estimation of costs that would apply arising from the duty to 'island-proof' within the Local Authority area.

**Representation of island communities - Costs on Local Authorities:**

The estimate is general and appears reasonable.
Development in the Scottish island marine area - Costs on Local Authorities:

The FM budget figures for operating the Council's marine planning service are a good approximation of the Council's budget in financial year 2016/17. It is also true that two (of the four) officers from the Service spend the bulk of their time dealing with marine applications but to state that annual costs of operating an 'Island Development Licence' function will be in the region of half the annual (Shetland Islands Council) cost is perhaps simplistic and is definitely erring on the high side.

If the figure of 6 - 7 works licence applications is used this represents a maximum of 10% of the total number of marine development applications received each year in Shetland. Erring on the high side this would represent an additional cost (over and above that the local authorities are required to spend to cover existing marine development consents) of £7,500.

The island authorities and those authorities with islands already have 10 years of experience of dealing with marine developments in the form of marine fish farming. Local authorities therefore should have the expertise and competence to deal with the type of developments that might come along, including an understanding of the environmental consequences. As such it would appear feasible for a small number of marine development licences to be absorbed into current workload or for the cost to be covered by charges applied - however the wider question of affordability of new duties for which full cost recovery is not guaranteed in the future is a concern referred to in Q6 below.

Development in the Scottish island marine area - Costs on other bodies, individuals and businesses:

Quite rightly the FM points out that there will be an additional burden on developers through a development fee and that this would be on top of the cost of a marine licence fee payable to Marine Scotland. This 'double charging' already exists for the aquaculture sector who have to pay a planning fee and a marine licence fee so other developments would be on a par in this respect. All developments will, as currently happens, have to pay a fee for leasing the sea bed to the Crown Estate Scotland (Interim Management) or any successor manager. As such the Council believes that the ability to charge for an island development licence is not setting an onerous or unhelpful precedent.

The FM uses the marine licence charging structure to give an indication of what costs might be to developers. There is another option available for charging in the form of the planning fees used for the marine fish farming sector where they are charged on a "per square metre" basis and this may be a more equitable approach, with the cost "per square metre": if necessary, being set nationally as is done for marine fish farming and terrestrial planning (although consideration should be given to the cost of carrying out these duties in the islands and how national rates are, in themselves, island proofed).

This approach however would not help in the estimation of the impact on developers, as set out in para. 45, as the cost to developers using a "per square metre" charge will be variable, hard to quantify and be development type based.
6. **If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?**

   The Council has a long history of decision-making that takes account of the differing needs of geographic communities within the Isles and has the policy and reporting frameworks in place to ensure this continues to happen. This also mitigates the costs of ‘familiarisation’ identified in the FM; hence the Council feels that no additional costs will arise as a result of these new duties.

   Meeting any financial cost of this Bill is a question that needs careful consideration as over the last seven years the Council has seen a reduction in its General Revenue Grant of over 15% and while it may not add cost to the current arrangements the Council has in place, assuming funding continues to reduce at a similar rate then consideration has to be given to how all the duties placed on the Council are delivered. While the ability to charge for, for example, marine development works licences will be helpful to the Council there is no guarantee that full cost will be recovered from a system where charges are set nationally.

   The Council should expect that the Scottish Government in introducing the Bill will be willing to fund the additional costs that local authorities will face, this being particularly important in a climate where funding is generally being reduced.

   In introducing a charge the Council would oppose any additional provision that sought to draw funding from local charging to support Scottish Government costs, the example being the recent increase to Building Standards Fees that have been top-sliced to enable a transfer of resources to the Building Standards Division.

7. **Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?**

   Yes these seem reasonable.

**Wider Issues**

8. **Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?**

   Yes, the Council has not identified costs associated with the Bill beyond those already referred to.

9. **Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?**

   No, the Council has not identified any future costs associated with the Bill.