

# APPENDIX A

## Summary of Capital Projects Prioritisation Nov 2006

Ref	Project	Net Estimated Capital Cost to SIC £	Gross Estimated Capital Cost £	
1	Burial Grounds Rolling Programme	245,000	245,000	
2	AHS - new build	48,000,000	48,000,000	
3	Social Care rolling programme	874,000	874,000	
4	Play area, Dykes, Paths & Multicourts	267,000	280,000	*
5	A970 Oversund Junction	400,000	400,000	
6	Sandwick - ASN	589,000	589,000	
7	Mid Yell JHS	7,263,000	7,263,000	
8	Community organisation grants	213,000	426,000	*
9	DDA Works	170,000	170,000	
10	Bressay Bridge	22,000,000	22,000,000	
11	Leog house replacement	100,000	300,000	*
12	Enterprise Backup - ICT	250,000	250,000	
13	Cinema & Music Venue	5,125,000	7,125,000	*
14	Office Accommodation review	550,000	550,000	
15	Ferries rolling programme	116,000	116,000	
16	CCTV system Lerwick	170,000	170,000	
17	Housing rolling programme	187,000	187,000	
18	Gilbertson Road Reconstruction	550,000	550,000	
19	Ness of Sound farm	37,000	37,000	
20	A971 Haggersta to Cova	1,600,000	1,600,000	
21	Rova Head reinstatement	3,300,000	3,300,000	
22	P & H Rolling Programme - Nav aids	70,000	70,000	
23	Replacement Esplanade Toilets	422,000	422,000	
24	Architectural heritage programme	265,000	265,000	
25	Roads rolling programme	1,305,000	1,305,000	
26	Risk Management System	90,000	90,000	
27	B9081 Mid Yell (Hillend section)	1,971,000	1,971,000	
28	PC / LAN upgrades	280,000	280,000	
29	Conservation grants	70,000	70,000	
30	Energy conservation	33,000	33,000	
31	P & H Rolling Programme - Plant	70,000	70,000	
32	Replacement workshop Mid Yell	194,000	194,000	
33	Copper pipework replacement	200,000	200,000	
34	Baltasound Library	143,000	143,000	
35	Vehicle & Plant replacement	1,246,000	1,246,000	
36	Uyeasound Pier	3,300,000	3,300,000	
37	Public toilets - rolling programme	100,000	100,000	
38	Education Rolling Programme	1,032,000	1,032,000	
39	Re cladding Gremista workshop	430,000	430,000	
40	Papa Stour Road	400,000	400,000	
41	Germatwatt Footways, Walls	800,000	800,000	
42	A970 Scord to School Scalloway	35,000	35,000	
43	Education MIS - ICT project	205,000	205,000	
44	Happyhansel School Accommodation	600,000	600,000	
45	Scalloway JHS - science block	290,000	290,000	
46	Murrister Replacement Building	150,000	150,000	
47	Sellanes Pier	5,400,000	5,400,000	
48	Olnafirth Primary School	678,000	678,000	
49	AHS - Hostel	9,791,000	9,791,001	
<b>Total Capital Requirement</b>		<b>121,576,000</b>	<b>124,002,001</b>	

\* Projects attracting external funding



## APPENDIX B

### Summary of Ring Fenced Capital Projects (proposed) 2007/08

Ref	Project	Capital Cost £000 funded from SE	Capital Cost to SIC £000
38	Education rolling programme	759	0
Sub Total A			0

### Harbour Account

Ref	Project	Capital Cost to SIC £000
22	Ports & Harbours Rolling Programme Nav aids	70
31	Ports & Harbours Rolling Programme Plant	70
Sub total B		140

### Housing Revenue Account (HRA)

Ref	Project	Capital Cost to SIC £000
I	Land/Property Acquisition	150
ii	Environmentals General	210
iii	Community Care	125
iv	Feasibility Studies	25
v	Opportunity Conversion	150
vi	Heating Replacement Scheme	30
vii	Re-rendering programme	200
viii	Landward Crudens	530
ix	Lerwick Crudens	450
x	Housing Quality Standard	500
xi	Retentions/Final accounts	120
xii	Tenants Improvement Compensation	5
Sub total C		2495

Total ring fenced expenditure for 2007/08 A + B = C (£000) **2635**



## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING)

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>ICT PROJECTS</b>								
280,000.00	GCX4300	PC/Lan Upgrade	202,807.00	280,000.00	280,000.00					
95,000.00	GCX4301	WAN Upgrade	56,741.00	95,000.00	95,000.00					
80,000.00	GCX4306	Internet/Public Infrmtn System	17,477.00	80,000.00	80,000.00					
140,000.00	GCX4310	Decentralised Working	60,036.00	140,000.00	140,000.00					
100,000.00	GCX4311	SSIS Upgrade	(5,238.00)	64,750.00	64,750.00				Slippage identified £32,250	Use slippage to fund new projects
160,000.00	GCX4312	Computers for Schools	156,250.00	160,000.00	160,000.00					
17,000.00	GCX4314	Ferry Ticketing System	0.00	17,000.00	17,000.00					
250,000.00	GCX4315	IP Phones	24,692.00	250,000.00	250,000.00					
17,000.00	GCX4316	AHS Computers	11,931.00	17,000.00	17,000.00					
250,000.00	GCX4317	ICT Backup & Recovery Scheme	185,933.00	250,000.00	250,000.00					
75,000.00	GCX4319	LV/MV Photocopiers	26,585.00	75,000.00	75,000.00					
70,000.00	GCX4320	SSDN Infrastructure Project	60,952.00	70,000.00	70,000.00					
90,000.00	GCX4321	Risk Management System	5,184.00	90,000.00	90,000.00					
		<b>Legal &amp; Administration Rolling Programme</b>								
200,000.00	GCB6001	Copper Pipework Replacement	56,592.00	60,000.00	200,000.00					
669,000.00	GCB6002	Office Accommodation Strategy	168,234.00	600,000.00	669,000.00					
170,000.00	GCB6004	DDA Access Audit Construction	43,989.00	35,000.00	170,000.00					
37,000.00	GCB6006	Ness of Sound Farm	1,520.00	37,000.00	37,000.00					
	GCB6007	Capital Receipts, Sale of Assets	0.00	0.00	0.00					
250,000.00	GCB6008	Purchase Quendale House	0.00	250,000.00	250,000.00		Asset & Property progressing		Spend to Save Min Ref 88/07	
40,000.00	GCB6009	Old Library Reinforce Flat Roof	0.00		40,000.00		Building Services progressing		40K required and allocated - Min Ref 131/07 - however no funds available at that time	Allocate slippage when identified.
		<b>Housing Projects</b>								
64,997.00	GCH3100	Staff Accommodation	1,400.00		64,997.00					
29,000.00	GCH3102	Chalets	525.00		29,000.00					
20,000.00	GCH3110	JSAP	0.00		20,000.00					
65,000.00	GCH3120	Homelessness Housing	42,837.00	41,844.00	65,000.00					
8,003.00	GCH3200	Housing			8,003.00					
		<b>Housing &amp; Capital Programme Services Rolling Programmes</b>								
331,000.00	GCK2000	Feasibility Studies: Overall	(441.00)	331,000.00	331,000.00		Over subscribed, but some studies unlikely to go ahead this year		Further funding needed to cover project & fees next year	Increase bid for 08/09
170,000.00	GCK2001	CCTV System Lerwick	0.00	179,000.00	200,000.00	Tender Stage	Tenders received 179K +		Additional funding needed to cover project & fees	Further Scottish Exec funding identified within Infrastructure



## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING) cont.

Projects as at 11/10/07

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>Redesign Sports &amp; Leisure Grants Rolling Programme</b>								
213,000.00	GCJ3006	Grants Rolling Programme	43,938.00	84,000.00	213,000.00		Anticipate Full Spend		Various applications being processed	
100,000.00	GCJ3016	Islesburgh CC Replace Heating & Ventilation	6,491.00		100,000.00				Spend to Save Min Ref 88/07	
0.00	GCJ3013	NOF-PE Sandwich JHS games Hall	175.00							
735,000.00	GCJ3001	Water Based Facilities	0.00	34,000.00	735,000.00		Funding package reduced.		670K committed to Hamnavoe Marina - anticipate some slippage depending on progress	100K saving allocated to prioritised projects.
65,000.00	GCJ3002	Dyke Repairs	11,480.00	42,000.00	65,000.00		Out to tender		Knab Dyke	Likely to be over budget, review by CPRT
215,000.00	GCJ3003	Play Areas	177,785.00	215,000.00	215,000.00		Sound complete, Gulberwick nearly complete, Mid Yell complete by year end.			
300,000.00	GCL4402	Cinema/Music Venue	141,564.00	300,000.00	300,000.00		Design Ongoing, on programme.		Scottish Arts Council decision anticipated spring 07 (2.1M). Other funding applications made and decision awaited.	
100,000.00	GCL4403	Lerwick Library Design Phase	0.00		100,000.00		New Project - Briefing being finalised and procurement documents commenced	N/A	Min Ref 87/07	Requires prioritisation for future years - anticipate 2.4M
		<b>Schools</b>								
0.00	GCE1610	Kitchen Equipment	(5,763.00)						06/07 Accrual	
0.00	GCE1621	Hamnavoe Boiler	37,969.00				Late invoices CCDP - no accrual made		Report to CPRT required	
350,000.00	GCE1626	Cunningsburgh Nursery	233,078.00	310,000.00	350,000.00		Proceeding well, other than overrun	Progress slow, L&A damages applied	Project due for completion 08/10/07	
250,000.00	GCE1627	Bells Brae Alterations	9,975.00		250,000.00		Scope reviewed to meet budget constraints		Works commencing on site Oct 07	
49,000.00	GCE1630	Access Audit	46,969.00	50,000.00	65,000.00		Project complete - snagging outstanding		Alterations to Burravoe School - overspend in 07/08 due to contract delay & increased scope	Report to CPRT required
10,000.00	GCE1631	Reroofing	0.00		10,000.00		Programmed Jan- Mar 08 - Construction Summer 08		Brae Reroof - Design Work only this year. Budget required next year	Report to CPRT required - Budget required 08-09
100,000.00	GCE1633	Technical Machinery Upgrade	514.00		100,000.00		New PM in post to progress project	N/A	Works being prioritised	
0.00	GCE1222	South Nesting Primary	9,645.00				Complete		Late payment not accrued	Report to CPRT required

## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING) cont.

Projects as at 11/10/07

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>Schools cont</b>								
984,000.00	GCE1304	Anderson High School Replcmt	105,361.00	984,000.00	1,850,000.00		Now in early contractor involvement process		Procurement route change and Design & Build Contractor appointed. ECI stage payment greater than current budget	Report prepared for Council
600,000.00	GCE1315	Mid Yell J.H.S.	21,861.00	600,000.00			Project redefined following cost reduction exercise	Contract advertised as design and build procurement route	(1M) Slippage	Allocated to prioritised projects.
795,000.00	GCE1500	Maintenance School Buildings	101,515.00	160,000.00	500,000.00		New Project - Anticipate that some projects may not be started until better weather		Min Ref 87/07	May have slippage identified later
0.00	GCE1502	Health & Safety	259.00						Incorrect posting	
0.00	GCE1512	Re-roofing	(8,000.00)		0.00				06/07 Accrual	
0.00	GCE3401	AHS ASN	(2,935.00)		0.00				06/07 Accrual	
589,000.00	GCE3402	Sandwich JHS Add Support Needs	15,209.00	589,000.00			Cost reduction exercise reduced tender cost		Project to commence on site a.s.a.p.	
		<b>Social Care Rolling Programme</b>								
1,813.00	GCA0120	Special Studies			1,813.00			N/A	More funding req 07/08	Increase bid for next year
59,000.00	GCA1000	Special Aids Stock Items	46,488.00	11,670.00	59,000.00			N/A	More funding req 07/08	Increase bid for next year
269,187.00	GCA1001	Specialist Aids	172,596.00	107,857.00	269,187.00			N/A	£100k budget increased within rolling prog	£100k budget increased within rolling prog
36,000.00	GCA1003	Minor Adaptions	15,346.00	4,846.00	36,000.00			N/A	More funding req 07/08	Increase bid for next year
197,000.00	GCA1004	Major Adaptions	117,459.00	63,660.00	197,000.00			N/A	More funding req 07/08	Increase bid for next year
91,850.00	GCA1005	Housing Renovations	86,956.00		92,000.00			N/A	£100k budget decreased within rolling prog	£100k budget decreased within rolling prog
66,000.00	GCA1006	Professional Fees	6,975.00	2,389.00	66,000.00			N/A	More funding req 07/08	Increase bid for next year
19,150.00	GCA1007	Specialist Aids Refurbishment	11,234.00	2,256.00	19,000.00			N/A	More funding req 07/08	Increase bid for next year
24,000.00	GCA0100	Inspection, Health & Safety	11,682.00	14,000.00	24,000.00		Costs need to be transferred from revenue			
20,000.00	GCA0101	Building Fabric	8,855.00	2,354.00	20,000.00		Ditto above			
35,000.00	GCA0102	Electrical Sys Upgrade	5,301.00	10,000.00	35,000.00		Ditto above			
15,000.00	GCA0103	Mechanical Sys Upgrade		8,000.00	15,000.00					
20,000.00	GCA0104	Plant Equip Replacements	255.00	9,000.00	20,000.00					
20,000.00	GCA0105	Safety Surfaces	9,688.00	10,000.00	20,000.00					



## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING) cont.

Projects as at 11/10/07

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b><u>Social Care Projects</u></b>								
60,000.00	GCA0221	Kantersted Respite Unit	(93,119.00)	153,119.00	60,000.00		Final A/C being progressed		06/07 Accrual	06/07 Accrual
98,000.00	GCA0231	Care Homes Fire Upgrade	0.00	91,000.00	98,000.00		Wastview awarded to DLO (Pilot Scheme)		Anticipate completion Dec 07	Further funds required 08/09
1,000.00	GCG0232	Leog Replacement	0.00	0.00	0.00		Project delayed.		(299K) Slippage	Allocated to prioritised projects.
		<b><u>Economic Development</u></b>								
134,609.00	GCD1570	Wind Farm Development	189,834.00		?					
100,000.00	GCD1575	Old Scatness	0.00		100,000.00		New Project		Min Ref 87/07	
		<b><u>Environment - General Rolling Programme</u></b>								
33,000.00	GCY9006	Energy Conservation	3,515.00	33,000.00	33,000.00					
265,000.00	GCY9019	Architectural Heritage Programme	265,000.00	265,000.00	265,000.00					
20,000.00	GCY9030	Replace Power Distribution Gremista	0.00		20,000.00		New Project		Min Ref 87/07	
		<b><u>Reserve Fund Grants</u></b>								
80,000.00	GCY9011	Reserve Fund Property Grants	15,154.00	80,000.00	80,000.00		New Project		Min Ref 87/07	
		<b><u>Private Sector Housing Grants</u></b>								
918,000.00	GCY9015	Private Sector Housing Grants	540,275.00		918,000.00					
		<b><u>Public Toilet Rolling Programme</u></b>								
100,000.00	GCY9016	Public Toilet Rolling Programme	0.00		100,000.00		New Project		Min Ref 87/07	
		<b><u>Environmental Projects</u></b>								
0.00	GCY5108	Landfill	134,960.00						Payment not accrued	Report to CPRT required
140,000.00	GCY5114	South Whiteness Burial Ground	147,405.00		137,988.00		Additional costs reported CPRT and spend profile amended		153K required and allocated over programme. Min Ref 131/07 - however no funds available at that time.	Check with BRO spend to date greater than anticipated outturn?
7,500.00	GCY5116	Tingwall Burial Ground	0.00		7,500.00		Ditto		Ditto	Allocate slippage when identified.
28,500.00	GCY5120	Dunrossness Burial Ground	0.00		28,495.00		Ditto		Ditto	Ditto
40,000.00	GCY5121	Fetlar Burial Ground	3,910.00		40,000.00		Ditto		Ditto	Ditto
14,500.00	GCY5122	Bigton Burial Ground	17,673.00		14,406.00		Ditto		Ditto	Ditto GCY5114 above
174,000.00	GCY5123	Lund Burial Ground	144,124.00		170,357.00		Ditto		Ditto	Allocate slippage when identified.
13,500.00	GCY5124	Bixter Burial Ground	5,047.00		13,500.00		Ditto		Ditto	Ditto
34,000.00	GCY5125	Voe Burial Ground	2,927.00		32,000.00		Ditto		Ditto	Ditto
9,500.00	GCY5126	Muckle Roe Burial Ground	2,827.00		9,500.00		Ditto		Ditto	Ditto
6,500.00	GCY5127	Skerries Burial Ground	0.00		6,500.00		Ditto		Ditto	Ditto
98,000.00	GCY5129	Energy Recovery Plant Update Works	0.00		98,000.00				98K required and allocated Min Ref 131/07 - however no funds available at that time.	Allocate slippage when identified.

## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING) cont.

Projects as at 11/10/07

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>Environmental Projects cont</b>								
50,000.00	GCY5131	Contaminated Land Projects	7,740.00		50,000.00				Scottish Exec Funding	
350,000.00	GCY5132	Esplanade Toilets	12,505.00		350,000.00					
2,000,000.00	GCY5133	Rova Head Reinstatement	314,351.00		2,000,000.00		Project reprofiled		(1M) Slippage	Allocated to prioritised projects.
30,000.00	GCY5400	Local Air Quality Management	109.00		30,000.00					
430,000.00	GCY5501	Recladding Gremista Workshop	0.00		430,000.00		New Project		Min Ref 87/07	
75,000.00	GCY5502	Fire Alarm & Emergency Lighting Upgrade	60,624.00		75,000.00				Spend to Save Min Ref 88/07	
100,000.00	GCY5503	Building Management Systems ( 6 Schools )	136.00		100,000.00				Spend to Save Min Ref 88/07	
		<b>Roads Rolling Programme</b>								
25,365.00	GCY6000	Roads Rolling Programme	0.00		25,365.00		Project recharge at year end			
243,000.00	GCY9200	Minor Works, Roads	42,997.00		287,707.00				Adjustments made for total spend, but overall budgets not changed within programme	
195,000.00	GCY9201	Development Related Roads	123.00		30,358.00				Ditto above	
183,000.00	GCY9202	Bridge Replacements	26,493.00		158,729.00				Ditto above	
194,000.00	GCY9203	Footways & Streetlighting	35,028.00		430,183.00				Ditto above	
49,000.00	GCY9204	Street Lighting Replacements	12,616.00		61,888.00				Ditto above	
20,000.00	GCY9205	Plant Purchases	0.00		0.00				Ditto above	
48,000.00	GCY9206	Traffic Management	10,079.00		28,000.00				Ditto above	
49,000.00	GCY9207	AIP	0.00		69,000.00				Ditto above	
19,000.00	GCY9208	Minor - Airstrips	263.00		19,000.00				Ditto above	
49,000.00	GCY9209	Minor Works & Purchases, Bus Services	45,416.00		49,000.00				Ditto above	
230,635.00	GCY9210	Road Reconstruction	62,693.00		145,590.00				Ditto above	
		<b>Roads Projects</b>								
0.00	GCY6103	Commercial Street Reconstruction	55,439.00				BRO advises that this is a coding error			
200,000.00	GCY6106	Haggersta A971	1,034.00				Land purchase problem		(595K) Slippage	Allocated to prioritised projects.
30,000.00	GCY6112	Setter Hill to Brook Point	6,748.00		30,000.00		Possible slippage			
111,000.00	GCY6116	B9074 Trondra Phase 2	67,191.00		11,000.00		Additional unforeseen costs reported CPRT		100K required and allocated Min Ref 131/07 - however no funds available at that time.	Roads to try and find 100K within programme
0.00	GCY6118	Germatwatt Footways	970.00				No Budget			BRO to advise
540,000.00	GCY6120	A970 Oversund Junction	8,309.00		400,000.00		Increased scope		Additional 140K - Min Ref 87/07	
10,000.00	GCY6121	B9081 Mid Yell Link to A968	0.00		44,000.00					Report to CPRT required?
482,000.00	GCY6123	Gilbertson Road	242,849.00		754,263.00		Full budget requirement not identified at 07/08 bid exercise			Report to CPRT required
400,000.00	GCY6201	Bressay Link	16,062.00		400,000.00		Projected delayed		(100K) to Transport Strategy	
0.00	GCY6298	Advance Design of Schemes	46.00				No Budget			

## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING) cont.

Projects as at 11/10/07

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>Roads Projects cont</b>								
205,000.00	GCY6401	Scord Quarry Plant Purchase	0.00		205,000.00					
250,000.00	GCY6402	Scord Quarry Crusher	0.00		250,000.00		New Project		Min Ref 87/07	
0.00	GCY6403	Mid Yell Workshop	0.00		0.00		Project reprofiled		(180K) Slippage	Allocated to prioritised projects.
		<b>Transport Rolling Programme</b>								
1,246,000.00	GCY7254	Transport - Vehicle and Plant Replacement	115,877.00	157,721.00	1,246,000.00					
		<b>Transport Projects</b>								
0.00	GCY7203	Sumburgh Runway Extension	513.00						Additional work required	Report to CPRT required
260,000.00	GCY7205	Purchase 2 Low Floor Buses	0.00		260,000.00				Spend to Save Min Ref 88/07	
75,000.00	GCY7210	Shetland Transport Strategy	0.00		75,000.00				Money reallocated to STP	
		<b>Planning Rolling Programme</b>								
70,000.00	GCY9010	Conservation Grants	5,000.00		70,000.00					
		<b>Planning Projects</b>								
50,000.00	GCY8400	Water Meters & Waste Control Measures	28,753.00		50,000.00		Project scope increased - more sites added		Spend to Save Min Ref 88/07	
25,000.00	GCY8401	Wind Turbines at 4 Schools	0.00		25,000.00				Spend to Save Min Ref 88/07	
60,000.00	GCY8402	Install District Heating 4 Buildings in Lerwick	0.00		60,000.00				Spend to Save Min Ref 88/07	
		<b>Ferry Operations</b>								
116,000.00	GCY7601	Ferries Rolling Programme	59,619.00	46,000.00	116,000.00					
		<b>Ferry Terminal &amp; Replacement Programme</b>								
0.00	GCY7605	Fetlar Ferry Terminal	(10,688.00)				Complete		VAT receipts from suppliers	
0.00	GCY7606	Papa Stour Terminals	14,623.00						Reported to CPRT	
	GCY7625	Foula Dredging	0.00							
516,000.00	GCY7626	Ferry Terminal Structural Improvements	304,127.00	509,654.00	516,000.00					
		<b>Shetland Transport Partnership</b>								
10,677.00	GCY7504	Ulstal Marshalling Area Signs	0.00		10,677.00					
1,068.00	GCY7505	Ulstal Marshalling Area Grid	0.00		1,068.00					
50,000.00	GCY7508	FS Ext Links OD Survey	0.00		50,000.00					
10,000.00	GCY7509	Fetlar Issues Study	0.00		10,000.00					
25,000.00	GCY7510	FS South Mouth Study	0.00		25,000.00					
15,000.00	GCY7511	FS CT/DRT Audit & Implementation	0.00		15,000.00					
50,000.00	GCY7512	FS Inter Island Service Study	0.00		50,000.00					
10,000.00	GCY7513	FS Initiate SIC/ZPT Travel PI	0.00		10,000.00					
16,719.00	GCY7514	FS Minor Projects	0.00		16,719.00					
75,000.00	GCY7550	Commission Study into Tunnel	2,570.00							
50,000.00	GCY7551	STAG 2 Whalsay Study	0.00							

## CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND (INCLUDING SCOTTISH EXEC FUNDING) cont.

Projects as at 11/10/07

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>Shetland Transport Partnership cont</b>								
100,000.00	GCY7552	Bluemull STAG for Ferries/Terminals	0.00							
100,000.00	GCY7553	Stag for Bressay Link Options	355.00							

## CAPITAL PROGRAMME - PROGRESS REPORT - HRA / HARBOUR ACCOUNT / RESERVE FUND

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<b>Port Operations</b>								
70,000.00	PCM2101	Plant Vehicles & Equip	0.00		70,000.00		Budget to be fully utilised this year			
70,000.00	PCM2104	Nava Aids - Sullom Voe	2,636.00		70,000.00		Ditto above			
70,000.00	PCM2134	Shore Power for Tugs	26,877.00	50,000.00	70,000.00		Ditto above		Spend to Save Min Ref 88/07	
		<b>Housing</b>								
1,780,861.00	HCH3303	Land/Property Acq	193,099.00	104,000.00	1,780,861.00					
210,000.00	HCH3404	Environmental Improvements.	144,377.00		210,000.00					
125,000.00	HCH3512	Community Care Projects			125,000.00					
	HCH3516	Lerwick Internals Phase 1	(6,548.00)							
25,000.00	HCH3525	Feasibility Studies HRA	2,834.00		25,000.00					
150,000.00	HCH3526	Opportunity Conversions	75,023.00	67,000.00	150,000.00					
500,000.00	HCH3711	Housing Quality Standard	0.00		500,000.00		Anticipate possible underspend		Savings likely to be used in other areas	
120,000.00	HCH3712	Retentions/Final Accounts	0.00		120,000.00					
5,000.00	HCH3700	Tenants Rights Compensation	0.00		5,000.00					
0.00	HCH3704	Pump Prime	32,010.00							
30,000.00	HCH3706	Heating Replacement Program	0.00		30,000.00					
200,000.00	HCH3708	External Re-Render Programme	44,687.00		200,000.00					
530,000.00	HCH3709	Landward Crudens	221,985.00		530,000.00					
450,000.00	HCH3710	Lerwick Crudens	11,770.00		450,000.00					
100,932.00	HCH3800	Cap Rec/Sale Council Hs	8,981.00		100,932.00					
	HCH3801	Capital Receipt - Sale of Land								
		<b>Port Operations</b>								
25,000.00	RCM2208	Scalloway Dredging Consents	30.00				Budget to be fully utilised this year		Reported to CPRT - Min ref 131/07 - however budget moved from RCM2313	No further action required
32,000.00	RCM2309	Peerie Dock, Symbister	0.00		212,000.00		Project slipped		Planning issues prevent project from going ahead 07/08	Slippage to RCM2312 07/08 Budget required for 08/09
280,000.00	RCM2312	Scalloway Oil Support	170,673.00		100,000.00		Budget to be fully utilised this year			Funding from RCM2309
463,962.00	RCM2313	Tugs for Sellaness	15,534.00		463,962.00		Budget to be fully utilised this year			
1,200,000.00	RCM2314	Uyeasound Harbour Development	8,235.00		1,200,000.00		New Project		Min Ref 87/07. Steel purchase - possible slippage of 600K ( to be confirmed).	

## Appendix C

### Committed Capital Projects to be Completed in 2007/08

Ref	Project	£000's
a	WAN upgrade	95
b	Computers for Schools	160
c	IP phones	250
d	Photocopiers	75
e	SSDN Infrastructure	70
f	Internet/ Public Information System	80
g	Decentralised Working	140
h	SSIS Upgrade	100
l	Ferry Ticketing System	17
j	AHS Computer Systems	17
k	Water Based Facilities (Marinas)	835
l	Kanterstead Respite Unit New Build	60
m	Care Homes Fire Upgrade	98
n	South Whiteness Burial Ground	25
o	Dunrossness Burial Ground	40
p	Bigton Burial Ground	5
q	Setters Hill to Brook Point	30
u	B9074 Trondra Phase 2	11
r	Scord Quarry Plant	205
s	Peerie Dock Symbister	212
t	Scalloway Oil Support	100
u	Feasability Studies	331
w	Toft Demolition	119
<b>Sub total to be carried forward from 06/07</b>		<b>3,075</b>

### Proposed Capital Expenditure for 2007/08 (Year1)

Ref	Project	£000's
n/a	Carry forward from 2006/07	<b>3,075</b>
n/a	Contingency (Transport Strategy)	500
1	Burial Grounds Rolling Programme	245
2	AHS - new build	1,300
3	Social Care rolling programme	874
4	Play area, Dykes, Paths and Multicourts	280
5	A970 Oversund Junction	400
6	Sandwick - ASN	589
7	Mid Yell JHS	1,600
8	Community organisation grants	213
9	DDA Works	170
10	Bressay Bridge	500
11	Leog house replacement	300
12	Enterprise Backup-ICT	250
13	Cinema and Music Venue	300
14	Office Accommodation review	550
15	Ferries rolling programme	116
16	CCTV system Lerwick	170
17	Housing rolling programme	187
18	Gilbertson Road Reconstruction	482
19	Ness of Sound Farm	37
20	A971 Haggersta to Cova	795
21	Rova Head reinstatement	3,000
23	Replacement Esplanade Toilets	350
24	Architectural heritage programme	265
25	Roads Rolling programme	1,305
26	Risk Management System	90
27	B9081 Mid Yell (Hillend Section)	10
28	PC/LAN upgrades	280
29	Conservation grants	70
30	Energy Conservation	33
32	Replacement workshop Mid Yell	180
33	Copper pipework replacement	200
35	Vehicle & Plant replacement	1,246
<b>Total Capital Expenditure</b>		<b>19,962</b>





## **REPORT**

**To: Executive Committee  
Shetland Islands Council**

**23 October 2007  
31 October 2007**

**From: Head of Capital Programme (CPS) & Housing Services**

**Report No: CPS-11-07-F**

**Subject: Progress Report – Capital Programme**

### **1.0 Introduction**

- 1.1 This report seeks to advise the Council on the progress of the programme with a view to establishing an overview for all projects.
- 1.2 In December 2006 the Council agreed the prioritisation of the Capital Programme (Min Ref: 195/06).
- 1.3 Programming is dependant on existing commitments and funds available into the future. This can only be considered once a priority is decided. Therefore, this report does not attempt to re-programme the prioritised projects
- 1.4 This report presents the objective analysis of the existing programme and seeks discussion amongst Members to principles and weighting for the priority to be used for future programming and delivery of the named projects.
- 1.5 This report is the first in a series of progress reports to be made to Council on a 6 monthly basis.

### **2.0 Links to Council Priorities**

- 2.1 The proposals within this report will link to the Council's corporate plan by enhancement of skills development and learning.
- 2.2 Section 2 of the corporate plan requires the Council to organise its business and administration to make sure the Community and Corporate plans are implemented by finances, consistent planning and action, performance management and communication.

### 3.0 Background

- 3.1 This is the first report of this kind. In order to provide the background information for new members on how the current programme was constructed, the following documents are attached for information on this occasion:
- 3.1.1 Appendix A – The Summary of projects prioritised in November 2006 (Min Ref: 195/06);
  - 3.1.2 Appendix B – The Summary of ring fenced capital projects (Min Ref: 16/07);
  - 3.1.3 Appendix C – The Committed and Proposed capital projects at the start of 2007/08 (Min Ref: 16/07);
  - 3.1.4 Appendix D – The list of projects awaiting a budget to proceed in order of priority (Min Ref: 87/07 and 131/07).
- 3.2 Ring fencing arises when the money available cannot be spent on anything else other than the project/s specified. For example, the Scottish Executive has set conditions that the education money can only be used on schools. In the case of the HRA, this money is recovered through tenant's rents and so cannot be used for any other purpose across the council. Similarly, the money spent on the Ports and Harbours rolling programmes is funded through the Harbour Account and so has to be accounted for separately, as any Harbour Account funded projects are met from Harbour charges.
- 3.3 Much of the £20m Capital Programme is spent locally using local contractors and consultants. Therefore, it is a vital component of the Shetland economy. The Council should be seeking to utilise as much as possible to avoid damaging the local economy.
- 3.4 Projects and spending can be delayed for a whole range of reasons some desirable some not. Some projects can progress faster than others. However, in order to achieve the required spending each year, it is necessary to have a flexible approach that allows projects to be progressed in whole or in part. Therefore, the management of the Capital programme should be seen as an organic “stepped” process with many projects at various stages. Therefore, if spending is to be achieved it has to be more than a simple stop/start process.
- 3.5 The approach set out in 3.4 means that in practice Members have to agree progress by authorising expenditure on a yearly basis. Thus, projects spanning more than one financial year are automatically subject to a review at least once each year.
- 3.6 Members should note that the projects in *Appendix D* have a total estimated value of £21M+. This figure will increase as other projects are added to the programme.



- 3.7 A Member/ Officer Working Group has been established to review the weighting and points to be used for prioritisation. The results will be applied upon completion of that task/ subject to confirmation by the Council. In the meantime, all new projects continue to be subject to the Capital Programme Review Process (CPRT), (Min Ref: 141/06). Projects that come through this process in the future will be scored and ranked alongside remaining projects for Members to consider into the future.
- 3.8 With a target of £20m per annum to spend (Min Ref: 139/06), and a programme that is heavily over-subscribed, it is necessary for Members to have reached a decision on the order that they would like to see these projects completed. This will aid and facilitate the programming and delivery of all projects into the future. It will also promote sustainability of reserves.
- 3.9 All other committed projects are at various stages. Their progress is outlined in *Appendix E*. The various project teams upon request can provide detail on any of these projects. Note: while expenditure on all projects is tracked by the CPS. CPS does not project manage all projects.
- 3.10 The ongoing detailed programming is expected to be the subject of another report to Council before the end of the financial year.
- 3.11 The same revised programme for the future must also make provision for projects under consideration as part of the Transport Strategy and the projects identified by the social work taskforce, currently subject to feasibility study.
- 3.12 The timescales and dates arising out of the revised programming exercise would in the future supersede any existing dates and timescales.
- 3.13 As a consequence, it is entirely possible (and there are several examples) that some higher priority projects are progressing through design but, not ready to enter the construction phase and so not ready to use significant resources at this stage, for example the Anderson High School.
- 3.14 This means that subject to available funding and readiness of specification and design, those projects stacked up behind them, might be able to proceed in the meantime.
- 3.15 As this is the first report of this kind under these new arrangements, Members are asked to comment on the frequency and detail contained within Appendix E. This can then be incorporated into future reporting.
- 3.16 The management and control of the Capital programme will help to keep expenditure within sustainable limits. Continuation with recommendations would reinforce the best value message and contribute to the change in culture needed to control expenditure.

## **4.0 Proposal**

- 4.1 It is proposed that Members:
  - 4.1.1 Note the progress of the current committed projects;
  - 4.1.2 Note the prioritised projects still to be committed;
  - 4.1.3 Note the requirement to add in many other projects from the Transport Strategy and Social work feasibility study;
  - 4.1.4 Note the Capital programme is heavily over subscribed and must be prioritised in some form to remain sustainable;
  - 4.1.5 Confirm to the Head of CPS, the level of detail they wish to be presented in these reports.

## **5.0 Financial Implications**

- 5.1 There are no direct financial implications arising from this report at this stage.

## **6.0 Policy and Delegated Authority**

- 6.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, as described in Section 10.0 of the Council's Scheme of Delegations.
- 6.2 This report is submitted to the Executive Committee in terms of its remit for financial monitoring, and for them to make comments or recommendations to Council.
- 6.3 However, decisions relating to approval or variation to the Council's Capital Programme requires approval of the Council (Section 8.0 – Scheme of Delegations).

## **7.0 Conclusion**

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

## **8.0 Recommendations**

- 8.1 It is recommended that the Council:
  - 8.1.1 Note the progress of the current committed projects;
  - 8.1.2 Note the prioritised projects still to be committed;
  - 8.1.3 Note the requirement to add in many other projects from the Transport Strategy and Social work feasibility study;

- 8.1.4 Note the Capital programme is heavily over subscribed and must be prioritised in some form to remain sustainable;
- 8.1.5 Confirm to the Head of CPS, the level of detail they wish to be presented in these reports.

Our Ref: CM/RS/CPS-11-07-F

Date: 12 October 2007

Enclosed:

- Appendix A Prioritisation Nov 06
- Appendix B Ring Fenced Capital Expenditure Feb 07
- Appendix C Agreed Capital Expenditure Feb 07
- Appendix D Prioritised Projects Awaiting Budget Sept 07
- Appendix E Capital Programme Progress Report 11/10/07



## Appendix D

### List of Projects Awaiting Budget (Prioritised list)

*New projects are in bold italics*

PROJECT	£000's
Leog House Replacement	300,000
<b><i>Energy Recovery Plant Replacement Equip</i></b>	<b><i>98,000</i></b>
<b><i>Old Library Centre Roofing</i></b>	<b><i>40,000</i></b>
Replacement Workshop Mid Yell	180,000
Baltasound Library	143,000
Papa Stour Road	400,000
Germatwatt Footways, Walls	800,000
A970 Scord to School Scalloway	35,000
Education MIS - ICT project	205,000
Happyhansel School Accommodation	600,000
Scalloway JHS - Science Block	290,000
Murrister Replacement Building	150,000
A9071 Bixter to Aith	1,670,000
Private Sector Housing Grants	70,000
Sellanes Pier	5,400,000
Olnafirth Primary School	678,000
AHS - Hostel	9,791,000
Bridge Inspection Walkways	155,000
	<hr/>
	21,005,000
	<hr/>





## **REPORT**

**To: Executive Committee**

**23 October 2007**

**From: European Officer**

### **REPORT NO: DV044-F STATE AID UPDATE**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to give Members an update on recent state aid lobbying.

#### **2.0 Link to Council Priorities**

- 2.1 In order to achieve the Priority of 'Sustainable Economic Development' as contained within Shetland Island Council's Corporate Plan 2004-2008, all economic development activities must comply with European state aid legislation.

#### **3.0 Background**

- 3.1 European state aid rules govern the amount of public funds which can be given to organisations involved in economic activity. Such rules exist to ensure there is a level playing field throughout the EU and seek to avoid distortions of competition.
- 3.2 Members will be aware that an anonymous complaint to Europe in 2004 resulted in the European Commission investigating several grant and loan schemes, and other investments. While these cases remain under investigation, there is an air of uncertainty and lack of confidence within the community around what we can do to progress public investment in economic development, particularly in fisheries and agriculture.

- 3.3 At its meeting on 1 February 2007, the Executive Committee gave approval for further lobbying actions in Brussels to keep up the momentum on state aid issues (Minute Reference 03/07). With the assistance of the Scottish Government's Brussels office, a delegation of Members and officials from the Council attended meetings with European Commission state aid officials, Fisheries Commissioner Joe Borg's cabinet, and Scottish MEPs in Brussels on 3 October 2007. The SIC delegation was supported by officials from the Scottish Government and the Agriculture and Fisheries Attaché from UKRep (UK Permanent Representation to the EU).

#### **4.0 Purpose of Visit**

- 4.1 The purpose of the visit was to:

- Progress the outstanding state aid complaints with a view to reaching closure as soon as possible;
- Discuss a derogation from state aid regulations; and
- Gain a better understanding of state aid reforms and opportunities for Shetland going forward.

#### **5.0 Discussion on Outstanding Cases Under Investigation**

- 5.1 The delegation met with the case officers in both DG Fish and DG Agriculture to discuss five outstanding cases still under investigation:

- Loan Assistance Schemes
- Fishing Vessel Modernisation Scheme
- First Time Shareholder Grant Scheme
- Fish Factory Improvement Scheme
- Aid to Shetland Livestock Marketing Group and proposed abattoir

Regarding the investigation on a proposed investment into Smyril Line, this is being handled separately by the Directorate General for Energy and Transport. No representatives from that Directorate were able to meet the delegation on this occasion and therefore this case was not on the agenda.

- 5.2 With support from the Scottish Government and UKRep officials present, the delegation was able to put forward Shetland's case and discuss satisfactory solutions. The Council, together with UKRep, understood that prior to the European Commission ruling on 3 June 2003 the Reserve Fund monies were private. This is now being challenged internally within the Commission. The Commission advised that rulings on the cases should be announced by the end of this year. It is hopeful that the rulings will not result in the total repayment of funds from grant and loan recipients.



## **6.0 Discussion on a Derogation from State Aid Regulations**

- 6.1 The delegation also took the opportunity to raise the issue of Shetland pursuing a derogation from state aid regulations to enable it to use its Reserve Fund monies for the benefit of the community.
- 6.2 It was clarified that we would be unlikely to succeed in attaining “ultra peripheral” status such as that afforded to the EU’s Outermost Regions (Martinique, Azores, Réunion etc). For Shetland to achieve a similar status would require an amendment to the EU Treaty and the support of all 27 Member States. Given that this would also dilute the status of the current ultra peripheral regions, it is difficult to see how we would be supported in our efforts.

## **7.0 Meeting with Scottish MEPs**

- 7.1 A meeting with the Scottish MEPs provided an opportunity to update them on the state aid complaints and seek their support, while also re-inforcing Shetland’s special circumstances.

## **8.0 Looking Forward**

- 8.1 There was a strong commitment from both UK and EU officials to work with us to find solutions within the state aid regime for supporting industry and progressing our economic development.
- 8.2 The new increased levels of *de minimis* aid (ie permissible state aid which is deemed not to distort competition) – with specific levels for agriculture and fisheries - provide greater scope for supporting industry. A block exemption regulation for fisheries is expected to be in place by Spring 2008. A “block exemption” allows Member States to authorise certain types of assistance to SMEs (small and medium sized enterprises) without prior notification to the Commission. The new European Fisheries Fund will also provide increased scope for supporting fisheries and aquaculture industries, although there is currently considerable delay in getting the UK operational programmes up and running.

## **9.0 Financial Implications**

- 9.1 There are no financial implications arising from this report.

## **10.0 Policy & Delegated Authority**

- 10.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations approved by the Council on 28 March 2007.
- 10.2 As this is an information report, there is no requirement for a decision to be made.

## **11.0 Conclusion**

11.1 This report provides Members with an update on recent state aid lobbying meetings with Scottish, UK and EU officials. The purpose of the meetings was to progress closure on the outstanding fisheries and agriculture cases under investigation, while at the same time discuss opportunities for future economic development within the state aid regime.

11.2 The meetings enabled the Council to establish constructive relationships with state aid officials and start looking at solutions for taking forward the Shetland economy.

## **12.0 Recommendation**

12.1 Members are asked to note the contents of this report.

Our Ref: SJS/R4/10/6 & R/4/201  
Date: 12 October 2007

Report No: DV044-F

## Appendix I

### Flavour of Shetland – Survey of Visitors

#### 1.0 Introduction

- 1.1 In previous years, the post-Flavour of Shetland evaluation has proven to be a valuable exercise. The results of visitor surveys carried out in 2005 and 2006 have allowed the organisers of the event to see who is attending the event, what they are purchasing, what they liked and disliked and how this may affect their perception of Shetland products in the future. This is valuable information for an event which is primarily a showcase for Shetland culture and produce.
- 1.2 It was agreed that for the third annual Flavour of Shetland event, which took place from Thursday 21 to Sunday 24 June 2007, a similar evaluation process would be carried out. The survey of visitors was carried out using the same method as in previous years, with self-completion questionnaires available in the entertainment tent, and respondents handing their completed questionnaires in were entered into a prize draw.
- 1.3 The questionnaires asked each respondent:
- whether they were a resident, a returning visitor or a first-time visitor
  - what they had purchased at the event
  - how satisfied they were with various aspects of the event
  - how the event affected their attitude towards buying Shetland produce in the future
  - what in particular was impressive or disappointing about the event
  - what they would like to see at a future event
  - for any other comments they had on the event.
- 1.4 In total 388 completed questionnaires were handed in over the four-day event, excluding duplicate and spoiled returns. The returns by day are as below:

Day*	No. of returns	% of respondents
Thursday	133	34
Friday	54	14
Saturday	51	13
Sunday	142	37

The number of returns was significantly down on previous years, with 388 completed returns compared to 805 in 2006 and 626 in 2005. This does not suggest that the attendance of the event is decreasing, as evidence shows that attendance actually increased from previous

---

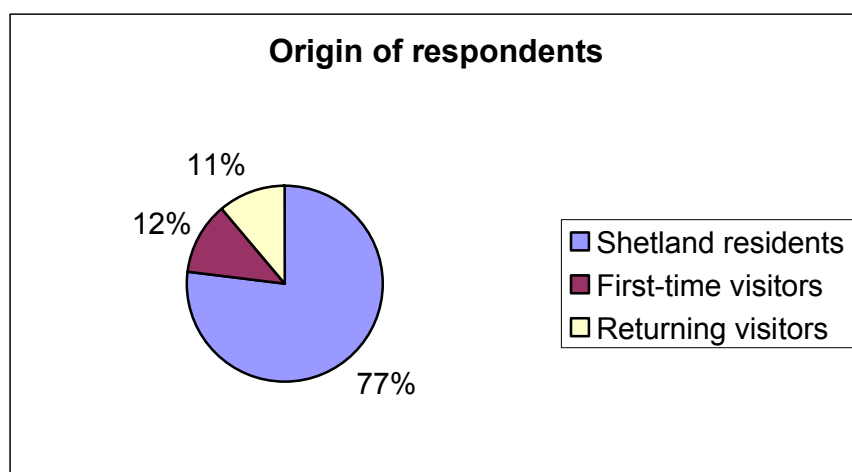
\* 8 questionnaires (2%) were handed in without a day assigned.

## Appendix I

years, with over 43,000 visits this year compared to almost 37,000 in 2006, an increase of 16%.

### 2.0 Characteristics of respondents

- 2.1 The first question asked respondents if they were a Shetland resident, a first-time visitor or a return visitor. Out of the 388 complete responses, 77% were residents of Shetland, 12% were first-time visitors to Shetland, and 11% were returning visitors. Questionnaire results were broken down into all respondents, residents and visitors.



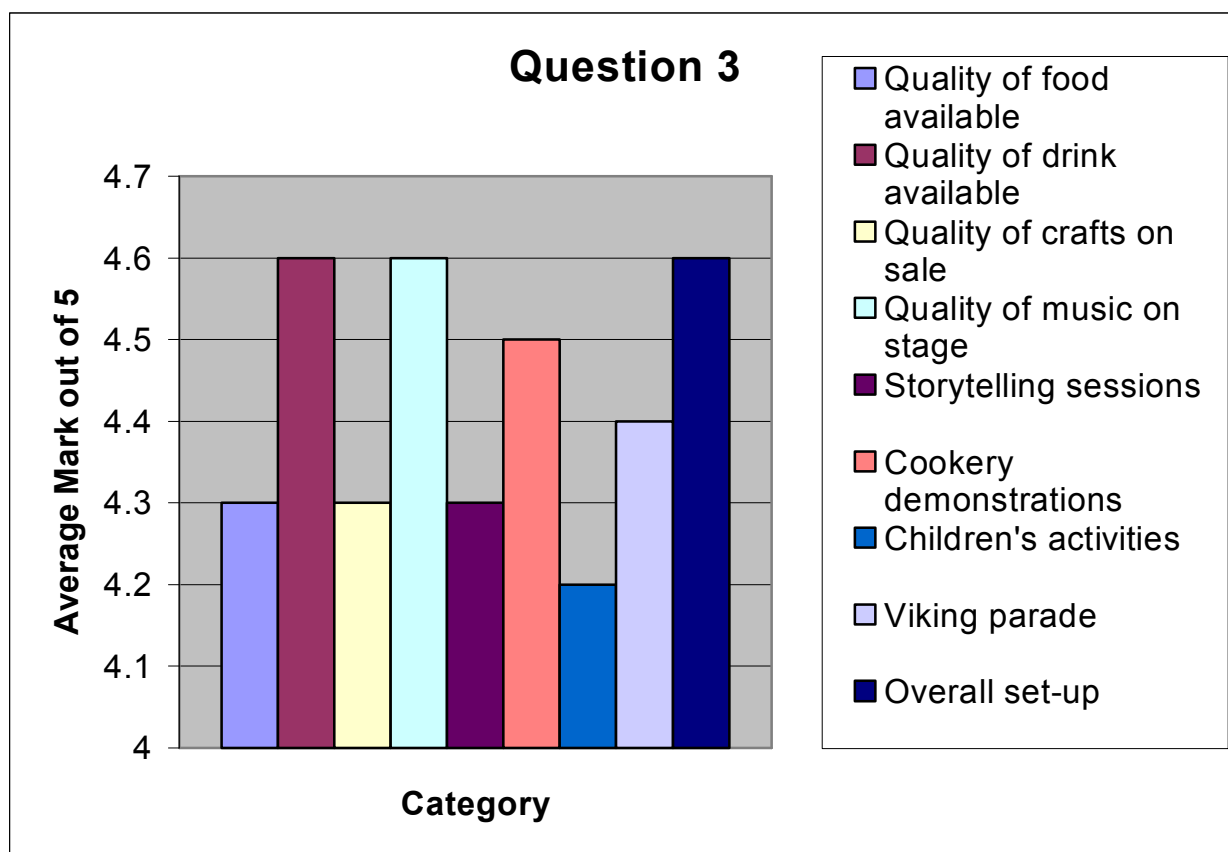
- 2.2 In the second question, respondents were asked if they had purchased any food and drink, Shetland products or CDs of performing artists at Flavour of Shetland. Expectedly, food and drink have always had a high take-up in this event, and this year was no exception. 92% of respondents replied that they had purchased food and 90% had purchased drink. These figures did not change significantly when applied to residents and visitors, although the purchase of drink was proportionally highest among return visitors (95% compared to 91% of residents and 94% of first-time visitors). 31% of respondents claimed to have bought Shetland craft products from the stalls – the purchase of crafts was highest among first-time visitors (45%) but dropped to 27% among residents. Only 8% of respondents said that they had purchased CDs from performing artists. This did not rise significantly when applied to residents or visitors (13% among first-time visitors was the highest proportion) and it seems that this is due to the lack of volume of CDs to purchase – indeed, a number of comments received indicated that some visitors were unaware that CDs were available at all.
- 2.3 In Q2, respondents were also asked if they had attended the activities available on the pier – storytelling sessions, cookery demonstrations and children’s activities. 16% of respondents said that they had attended the storytelling sessions, rising to 27% when applied to first-

## Appendix I

time visitors. The cookery demonstrations proved more popular, attracting 49% of respondents. 29% of respondents attended the children's activities, this figure being predictably higher among residents (33%) than visitors (12%).

### 3.0 Satisfaction

- 3.1 Respondents were asked to indicate how satisfied they were with various aspects of Flavour of Shetland. They were asked to circle a number from 1 (dissatisfied) to 5 (satisfied) to show how they had responded to the food and drink, crafts on sale, music on stage, the activities available and the set-up of the event. This year, respondents were also asked about the Viking parade which took place on Saturday.
- 3.2 All aspects of the event received a high satisfaction rating. For food and drink, the average marks out of 5 from all respondents were 4.3 and 4.6 respectively. For crafts on sale the average mark was 4.3, and for music on stage it was 4.6. There were no significant variations on these scores when applied to residents and visitors, and these results continue the high satisfaction ratings these elements of the event have received in previous evaluations.
- 3.3 For the activities the average mark remained high, despite fewer respondents sampling these than, for example, food and drink. The storytelling sessions and children's activities each scored an average of 4.3, and the average for cookery demonstrations was slightly higher at 4.5, while for the Viking parade it was 4.4. The biggest variation in these marks was among return visitors, with their averages falling to 3.5 for storytelling and 3.7 for children's activities. These averages still indicate a degree of satisfaction, however, and the high overall averages for these activities (which were sampled much less than food, drink or music) indicate that those who did attend were impressed with what they saw. The overall set-up scored highly, with an average mark of 4.6, rising to 4.7 among residents.
- 3.4 There was not much difference between the average marks given by residents and visitors, with Shetland residents averaging 4.5 and visitors 4.4. First-time visitors equalled the average mark of 4.5 given by residents, but return visitors were lower, with an average of 4.2.

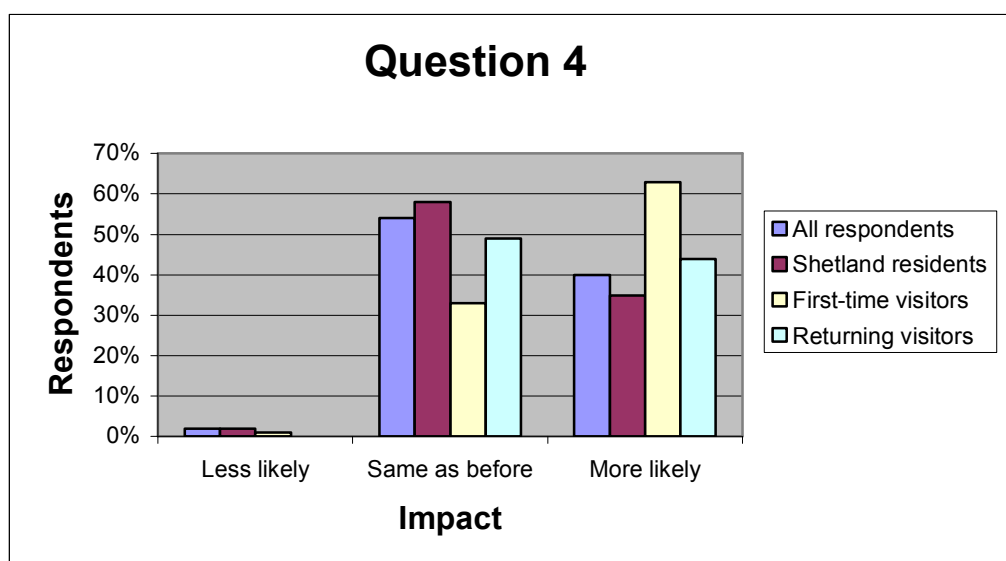


### 4.0 Impact

- 4.1 Respondents were next asked what impact the Flavour of Shetland event would have on their purchasing habits regarding Shetland produce.
- 4.2 The questions asked if respondents were more or less likely to purchase Shetland crafts, food and drink or music in the future. On average only 2% of respondents said that they would be less likely to purchase any of the above items in the future, although this fell to 1% for first-time visitors and 0% for return visitors.
- 4.3 Proportionally, more first-time visitors replied that the event had had a positive impact on their purchasing habits – 55% said that they would be more likely to purchase Shetland crafts, 64% said that they would be more likely to purchase Shetland food and drink and 70% said they would be more likely to purchase Shetland music. This clearly shows that the event is achieving its stated aim of positively showcasing Shetland culture and products.
- 4.4 Return visitors also recorded a positive impact on their purchasing habits, with 60% more likely to purchase food and drink. The same figures for crafts and music were 29% and 43% respectively.

## Appendix I

- 4.5 The purchasing habits of residents were proportionally the least affected by the event, with an average of 58% saying that their buying habits would remain the same (rising to 63% for Shetland crafts). Although this is to be expected, and it can be assumed that there is already a reasonable uptake of Shetland products among residents already, there was a positive impact recorded – 27% of residents said that they would be more likely to purchase Shetland crafts, 39% more likely to purchase Shetland music and 40% more likely to purchase Shetland food and drink.
- 4.6 On average, 40% of all respondents said that they would be more likely to purchase Shetland products in the future. This figure rises to 44% for return visitors and 63% of first-time visitors, but falls slightly to 35% for residents. Overall, and as with previous years, food and drink were the most favoured items, with craft products the most likely to have the same level of demand as before.
- 4.7 The impact figures for visitors recorded in this evaluation show a greater proportion of visitors positively affected by this event than last year, and a comparable number of residents. This shows that Flavour of Shetland continues to have an impact, and that the market for Shetland products can continue to grow into the future.



## Appendix I

### 5.0 Analysis of Comments

5.1 Question 5 asked respondents to supply comments on anything that had particularly impressed them about the Flavour of Shetland event, and question 6 asked for anything that had disappointed them. Out of 388 completed questionnaires, 246 (63%) returned comments to question 5 and 105 (27%) returned comments to question 6. The comments were, predictably, varied in subject and tone. The following section will provide an overview of comments returned for both questions.

#### 5.2 Impressed

##### Food & Drink

15% of the comments received for question 5 were about the food and drink available. Most were general – a number merely said “Food” – but some were specific about what had impressed them:

“Great to have Valhalla Beer on tap.”

“Fresh seafood platter at the Olive Tree.”

“The quality & variety of available cooked food.”

Some comments also looked favourably on the price of food and drink, which has been an issue with some respondents in previous years:

“Good beer prices.”

“Cheap drink.”

##### Music

The music at Flavour of Shetland seems to have been the element of the event that impressed respondents the most. 30% of comments related to the music showcased in the entertainment marquee:

“It was great to see so many of Shetland’s good bands in one weekend.”

“Quality of music very, very impressive, particularly younger groups.”

“The live music was excellent and added to the brilliant atmosphere.”

“The music has been very enjoyable.”



## **Appendix I**

### Stalls

Other than the food and drink stalls, the other retailers on the pier also attracted some positive comments:

“Service provided by stall holders.”

“Quality of all items.”

“Range of stalls.”

### Activities

A number of respondents stated that they had been impressed with the activities available at the event, particularly those laid on for children:

“Children’s activities – excellent.”

“Excellent children’s entertainment.”

“Cheeko the clown.”

“Brilliant children’s activities.”

Positive comments were also received about the cookery demonstrations.

### General

Most comments were general in nature and referred to the atmosphere or the organisation of the event, rather than any specific element:

“All the hard work which has obviously gone into organising the event.”

“Good atmosphere and good seeing everyone!”

“Good atmosphere; friendly + balance of locals + visitors.”

“Lots to see and do. Something for everybody.”

“Attended by all ages – all enjoying it. Great atmosphere.”

“Great for families. A lot of thought gone into the organisation.”

## **5.3 Disappointed**

Although there were fewer comments returned from those who had been disappointed with some aspect of Flavour of Shetland, these comments tended to be more specific about what they were referring to.

## Appendix I

A recurring topic was the issue of space on the pier, given the large crowds which the event attracted:

“Not enough room in the children’s tent.”

“Not enough room in the beer tent.”

“Lack of space.”

“Very crowded. The tents should be spaced out right along the pier.”

The large crowds also led to other problems experienced by some respondents:

“Long queues for food.”

“Too much noise in the beer tent so music couldn’t be heard.”

“Not enough chairs.”

“More bar staff required at busy periods.”

There were also comments about the toilet facilities which served the event:

“The distance of toilets from the main tent.”

“No toilets on the pier!”

In general, there were no complaints about the quality of what was on offer, such as music or food and drink, although some felt there had been omissions:

“No seafood barbeque.”

“Not enough kid’s activities.”

“Range of food using Shetland recipes v. limited.”

“No food to buy to cook later.”

“Would have liked more range – especially jewellery.”

Others felt that the opening times were an issue:

“Many craft & food outlets closed at 7pm on Thursday.”

“Children’s events finished too early.”

## Appendix I

“Tent should be open later at night.”

“Bar open later...”

In summary, the main points respondents addressed in this question were:

- Lack of space (and seating) during busy periods
- Long queues during busy periods
- Lack of toilet facilities on the pier
- Closing times of stalls, activities and the entertainment tent

### 6.0 Suggestions

- 6.1 The final question asked respondents for their suggestions as to what they would like to see included in a future event, or for any other comments on Flavour of Shetland. This section will examine the most frequently received suggestions.

#### Organisation

A number of respondents suggested that the closing of the entertainment tent between the hours of 5pm and 7pm on Friday for the prize-giving event was a mistake, as there were a large number of people who would have been keen to use the tent at that time, including some from outside Lerwick who may have left the event upon seeing that the main tent was closed. It was suggested that that the ceremony should take place at another location, with the Lerwick Boating Club and the Town Hall both mentioned.

The opening hours were also commented on, with many respondents keen to see the event continue later into the night, with the stalls and bar open later. Others are keen to see the event expand, with more stalls, more seated areas, a larger entertainment tent and more activities. Displays from the smaller museums and a traditional music/dancing tent were also suggested.

#### Activities

There were requests for “more activities” in general. In particular, many would like to see more activities for children such as fishing trips, raft races and face-painting. Other respondents would like to see the return of the craft demonstrations which were a feature of Flavour of Shetland in 2006.

#### Stalls

“More stalls” and “more variety” were the most common comments aimed at the stalls on the pier. Some respondents would like to see a

## Appendix I

“farmer’s market”-style approach, with fresh homemade food available to buy.

### Layout

It was also suggested that the layout of the entertainment tent be changed, as the large round tables were felt to take up too much room which led to a cramped entertainment space during the busier periods of the weekend. A larger entertainment tent was also suggested.

As with previous years, there were several comments which called for the provision of toilets on the pier and for more seated areas outside the main tent.

## **7.0 Conclusions**

- 7.1 Once again, there has been a largely positive response to Flavour of Shetland from the respondents of this survey. The levels of purchasing, levels of satisfaction from the key elements of the event and the positive impact on perception of Shetland goods were all comparable with the impressive results from the surveys carried out in 2005 and 2006, despite fewer responses to the survey. This, combined with the increased turnout for the event, shows that Flavour of Shetland continues to successfully carry out it’s stated intention of providing a dynamic summer showcase for Shetland culture and produce.
- 7.2 Shetland residents continue to be the largest audience for this event, and an average rating of 4.5 out of 5 for all elements of the event shows that it continues to find favour with locals. Visitors are also appreciative of the event, with over half of all non-residents saying that they would be more likely to buy Shetland produce or music in the future as a result of this event.
- 7.3 There are some aspects of the layout which have been mentioned in previous surveys and remain an issue with some respondents. The lack of toilet facilities on the pier, with the nearest being the Esplanade public toilets, is a recurring issue, as is the lack of available seating inside the event. Another common problem raised was the lack of space, but this can be ascribed to the increased number of visits the event received this year (an increase of 16% from 2006). These are issues which it is difficult to resolve, as the layout of the event is constrained by the limited space available on the pier itself.
- 7.4 Other concerns included a perceived lack of variety in the children’s activities and the closure of the entertainment tent for two hours on Friday evening for the prize-giving ceremony, which was felt to be unnecessary. The price of food and drink, which was previously a much-voiced concern, does not seem to have been an issue this year. On the whole comments received were positive and supportive.



## **REPORT**

To: Executive Committee

23 October 2007

From: Research Assistant

### **DV-041-F Flavour of Shetland 2007 Evaluation Report**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to evaluate the Flavour of Shetland event held on the Victoria Pier in Lerwick from Thursday 21 to Sunday 24 June 2007, as part of the Johnsmas Foy celebrations. As in previous years, it was agreed that an evaluation process would be undertaken after the conclusion of Flavour of Shetland, to assess the benefits of investing in such event. Another report – DV040 – examines future development options for Flavour of Shetland.
- 1.2 Although it is difficult to quantify all the impacts of such an event, the surveys of visitors and businesses attending Flavour of Shetland provide an overview of the short-term, and possible long-term, impacts. The results also provide valuable guidance for the planning of future events.

#### **2.0 Background**

- 2.1 After the success of the Flavour of Shetland event staged during the 2005 Island Games, a similar event was conceived to annually accompany the Johnsmas Foy. The Foy is intended to be Shetland's summer festival. The format of the event will remain similar year after year but will carry an annual theme – the theme of the 2007 Foy was fishing heritage.

### 3.0 Link to Council Priorities

- 3.1 The project links to part 4.1 of the Council's Corporate Improvement Plan which commits the Council to "invest in the Marketing Service and the development of the Shetland Brand, linking that to products with the aim of adding value to the economy".
- 3.2 This report has links with "Celebrating Shetland's Cultural Identity" which is a priority in the Council's corporate plan.
- 3.3 FOS specifically links into the following Council priorities as set out in the Corporate Plan:
- Marketing Shetland
  - Skills development
  - Economic diversification
  - Our cultural identity

### 4.0 The Flavour of Shetland Event

- 4.1 Flavour of Shetland was held over four consecutive days from Thursday 21 June to Sunday 24 June 2007 on the Victoria Pier in Lerwick and was open from 11am to 11pm from Thursday to Saturday, and from 11am to 9pm on Sunday. The underlying aims of the event remain to strengthen the confidence of local producers and further develop Shetland's reputation as a source of high quality music, food and crafts and as a visitor destination. Each year Flavour of Shetland seeks:
- To provide a quality-focussed annual event which appeals to visitors and Shetlanders
  - Foster positive associations with Shetland products
  - Celebrate Shetland's unique heritage and culture
- 4.2 The co-ordination and planning of the event was carried out by staff from SIC Economic Development Unit (EDU). Contractors were hired to provide marquee maintenance, security, A/V services and electrical maintenance.
- 4.3 The event consisted of one large entertainment marquee, a smaller marquee for children's activities and retail stalls for crafts, food and drink. There were also cookery demonstrations and storytelling sessions. A Viking parade took place on Saturday afternoon. Each element is briefly described below:
- 4.4 **Entertainment marquee:** consisted of a bar at one end operated by a local members club along with one Shetland business. At the other end was a stage area for musical performances managed by Atlantic Edge Music. The remaining area held tables and chairs.

The music, a mix of traditional and contemporary styles, generally consisted of half-hour performances on the hour from 11am till 5.30pm. In the evening there were four performances from 7pm till 11pm. The music was provided by Shetland performers, with the exception of one visiting artist who also performed at another Johnsmas Foy event. BBC Radio Scotland also broadcast the Tom Morton Show live on Thursday from 2pm-4pm. The show included performances from three local artists.

- 4.5 **Catering facilities:** six catering businesses were present on the pier. One was a mobile snack bar and the other businesses used stalls provided. The catering businesses were located on the west (landward) end of the pier.
- 4.6 **Stalls for local produce and crafts:** 18 stalls were operated by local businesses. Four of these stalls sold food produce, the remainder sold a wide range of products including textiles, jewellery and crafts. There was also an information stall run by the RSPB and a First Aid station. These stalls were located on the north side of the pier.
- 4.7 **Children's activities:** these provided entertainment for children and were organised by SIC Community Learning and Development. A marquee was open three times a day which featured performances, traditional craft activities, face-painting, a library corner, a rowing challenge, puppet theatre and soft play.
- 4.8 **Storytelling:** stories of Shetland folklore were provided by Davy Cooper of the Shetland Storytelling Society. The 30-minute sessions took place from 1.30pm to 5.30pm each day. Storytellers from the Western Isles, Ireland and the Highlands, who were in Shetland as part of a transnational storytelling festival, joined in some of the sessions.
- 4.9 **Cookery demonstrations:** these featured Master Chefs George Mclvor and Colin Bussey cooking a variety of seafood recipes using local produce. Local guests Glynn Wright and Ruth Henderson also added to the programme. Students from Shetland College Hospitality Department assisted all the chefs during their preparation and demonstrations. The 30-minute sessions were available at hourly intervals between 12.30pm to 6pm over the whole weekend.
- 4.10 **Viking Parade:** All nine Jarl Squads from throughout Shetland took part in the Viking Parade held on Saturday from 2.30pm. Accompanied by the Lerwick British Legion Pipe Band and Lerwick Brass Band, the squads marched from Fort Charlotte, along the Esplanade and onto Commercial Street from Church Road. The Jarl Squads congregated around the Market Cross singing the three traditional Up Helly Aa songs.

## 5.0 Cost of the Event

- 5.1 The event was originally budgeted at £100,000. This budget was met out of the Marketing budget RRD 5039, specifically set up for Flavour of Shetland. The estimated budget for the event was slightly over what had originally been approved, but there were sufficient funds in Marketing budget RRD 5031 to cover this.
- 5.2 The event generated income by charging vendors for their stall sites. From these charges the event generated income of £4,456.50. Expenditure is broken down as follows:

	£
Equipment	39,129.17
Entertainment & Activities	24,584.69
Safety and Security	12,774.45
Waste Management	312.37
Publicity and Promotions	11,515.10
Operational Costs	20,276.07
Fees	1,540.00
Income	(4,456.50)
<b>TOTAL</b>	<b>£105,675.35</b>

## 6.0 Policy and Delegated Authority

- 6.1 This report has been prepared in accordance with the following Economic Development policies (Economic Policy Statement – Executive Committee 9 December 2003 [34/03]; Shetland Islands Council 17 December 2003 [161/03]):
- 2.1.2: Improving and maintaining the quality of goods, services and “visitor products” that add value to the economy.
- 2.1.4: Encouraging an active partnership approach to develop and enhance the marketing of Shetland and its produce.
- 3.2.3: Strengthen Shetland’s image as a distinctive holiday destination.
- 6.2 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in section 10.0 of the Council’s Scheme of Delegation approved by the Council on 28 March 2007.

## 7.0 Survey Results

- 7.1 Two surveys were carried out by SIC Economic Development Unit to ascertain the impacts of Flavour of Shetland. The first was a survey of visitors to the event, conducted via a questionnaire available in the entertainment tent during Flavour of Shetland. The second was a survey of vendors who had operated on the pier. This survey was carried out via phone, e-mail, post or interview.



- 7.2 The Visitor Survey report is attached as Appendix I. The Vendors Survey report is attached as Appendix II. The most relevant results of each survey are presented below:

### **Visitors Survey**

- 7.3 Of the 388 completed questionnaires received over the four-day period, 77% were from Shetland residents, 12% were first-time visitors to Shetland and 11% were returning visitors.
- 7.4 When asked what they had purchased at the event 92% of visitors said that they had purchased food and 90% had purchased drink. 8% had purchased CDs from performing artists and 31% had purchased craft products.
- 7.5 When asked if they had attended the activities on the pier, 16% said that they had attended the storytelling sessions and 38% attended the seafood demonstrations. 29% attended the children's activities.
- 7.6 Respondents were asked to rate various aspects of Flavour of Shetland with a score out of 5. The average rating for each aspect is shown below:

Quality of food available	4.3
Quality of drink available	4.6
Quality of crafts on sale	4.3
Quality of music on stage	4.6
Storytelling sessions	4.3
Cookery demonstrations	4.5
Children's activities	4.2
Viking parade	4.4
Overall event	4.6

### **Vendors Survey**

- 7.7 Out of the 23 businesses present at Flavour of Shetland, 15 responded to the survey.
- 7.8 40% of vendors achieved higher levels of sales than they had expected, with another 47% responding that their sales met their expectations. 13% of vendors said that their sales had been below expectations.
- 7.9 33% of respondents felt that they could not have achieved the same level of sales without the Flavour of Shetland event, with 67% saying that to achieve the same sales in the same period would have been more difficult and more expensive without the event. 86% of respondents said that they had made contacts that could lead to future sales, and 80% said they would wish to be involved in a similar event in the future.

## **8.0 Impact of the event**

- 8.1 The intention of this event was to generate both immediate benefits, in terms of a high attendance at the pier and high turnover for the stallholders, and long-term benefits, principally through promoting Shetland and its culture, produce and music. While the surveys of vendors and visitors indicate a very positive immediate impact, in terms of visits to the event and sales made, at this stage it is not possible to accurately measure the long-term economic benefits of the event. However, the surveys do indicate the likelihood of long-term impact through satisfaction with and raised awareness of the produce on offer.

### **Immediate Impact**

- 8.2 Unfortunately, it is not possible to get an accurate figure for the total income generated by stallholders. This is due in part to the number of stallholders who did not respond to the survey, and also to the number of respondents who were either unwilling or unable to give an answer to that question. However, from the responses that were received, it is possible to calculate a rough average.
- 8.3 The average for all food retailers (both caterers and those among the craft stalls) was £3,900, while for craft retailers it was £967. The average for all respondents was £1,500. These are gross turnover figures for the businesses and do not take into account the cost of hiring the stall, wages or stock. The turnover from the bar in the entertainment tent is not included in these figures.

### **Long-term Impact**

- 8.4 The two surveys suggest that the event has had a positive effect on those who attended, and that this could have long-term economic benefits for Shetland businesses.
- 8.5 86% of those who responded to the vendors survey said that they had made contacts that could lead to future sales. While many of these were individual customers, a number of vendors reported repeat business at their stalls over the weekend. Others have reported interest from local customers who were previously unaware that their business existed. A number of stallholders have taken manufacturing orders and others have reported potential business from Up Helly Aa squads.
- 8.6 Visitors to the event were asked what impact the Flavour of Shetland event would have on their purchasing habits, i.e. would they be more or less likely to purchase Shetland crafts, food or music in the future? Overall, 40% said that they would be more likely to purchase the above products, with only 2% saying that they would be less likely.

- 8.7 Proportionally, first-time visitors to Shetland were the most affected by the event, with 63% saying that they would be more likely to buy Shetland products in the future, and 70% saying that they would be more likely to purchase Shetland music. The buying habits of return visitors were also positively affected, with 44% saying that they are now more likely to purchase Shetland products, compared to 35% of residents.

## **9.0 Conclusions**

- 9.1 There has been a very positive response from visitors to Flavour of Shetland 2007. Levels of satisfaction recorded by those who responded to the survey were very high, and consequently the buying habits of those who attended seem to have been positively affected.
- 9.2 The impression given from the vendors survey is a very positive one. Two-fifths of all stallholders achieved sales in excess of what they had been expecting, and a third believed that the event was the only way in which they could have achieved such sales. The stallholders were also highly impressed with the organisation of the event, especially the support available from those on the pier. A very large proportion made contacts which they believed would lead to extra business in the future. Almost all would wish to be involved in future events.
- 9.3 The main short-term benefits from the event have been increased turnover and visibility for a number of Shetland businesses, and the promotion of Shetland culture and produce. While it is impossible to judge accurately what the long-term benefits will be, the surveys show that the event has had a positive effect on the buying habits of those who visited the event, and the contacts made by stallholders during Flavour of Shetland look likely to lead to increased business in the future.
- 9.4 The Flavour of Shetland 'brand' continues to be synonymous with high-quality music, food and products. The results of the research undertaken for this evaluation show that this event has been a great success in terms of promoting Shetland and that the successful promotion of Shetland in this way can have lasting positive effects.

## **10.0 Recommendations**

- 10.1 This report is for information only.

Date: 12 October 2007  
Our Ref: RF 1110

Report No: DV-041-F



## **Appendix II**

### **Vendors Survey**

#### **1.0 Introduction**

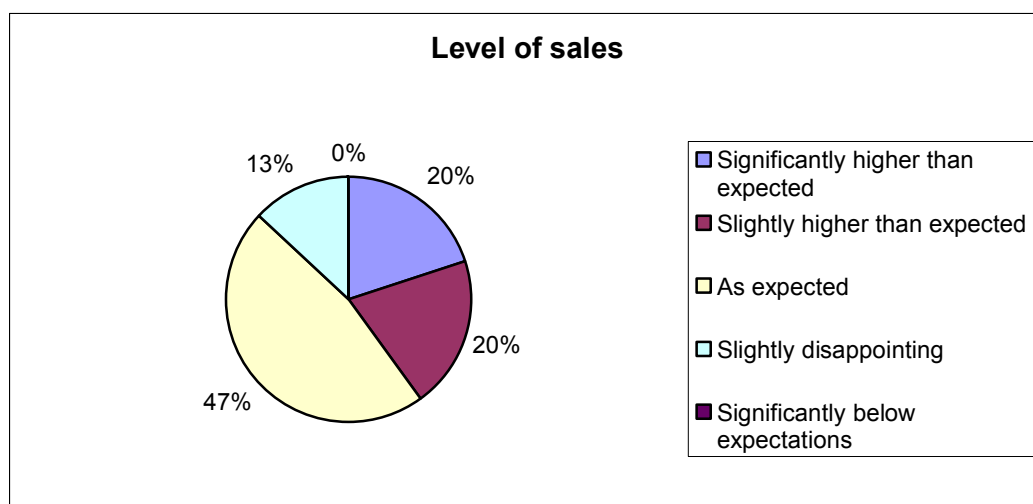
- 1.1 A survey of 23 stallholders was conducted by SIC Economic Development Unit following the Flavour of Shetland event held from Thursday 21 to Sunday 24 June 2007. Surveys were carried out by telephone, post and e-mail. Participants were assured of confidentiality and that no individual business would be identified. Of the 23 stallholders contacted after the Flavour of Shetland event, 15 responded to the survey.
- 1.2 The questionnaire used as the basis of the survey comprised 15 questions. As with previous Flavour of Shetland surveys, the questions addressed stock, sales, contacts made, satisfaction with the event's organisation and desire to be involved in any similar event. The participants were also asked what prompted them to become involved in the event and how it compared with the previous Flavour of Shetland event.

#### **2.0 Survey Results - Statistics**

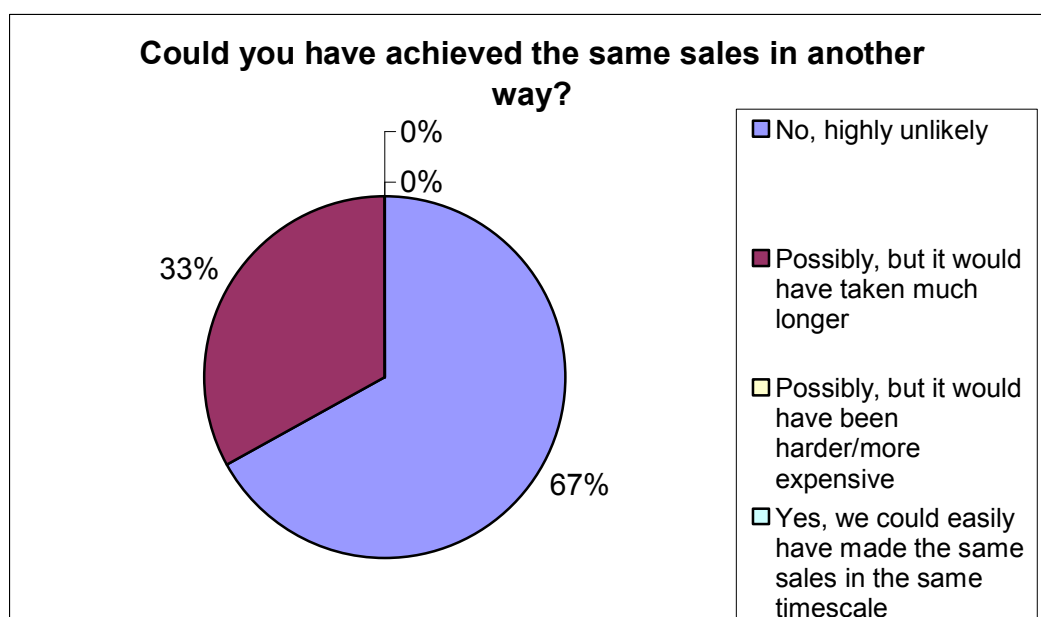
##### Stock and sales

- 2.1 Just under half of all respondents (47%) developed new products for the event, and the majority of respondents (80%) produced or bought in extra stock specifically for it.
- 2.2 Vendors were asked if the level of sales at the event had met their expectations. One-fifth (20%) of all respondents achieved slightly higher sales than they expected, and the same amount replied that they had achieved a significantly higher level of sales than they expected. Another 47% of respondents achieved sales which met their expectations, meaning 87% of all respondents were satisfied with their sales. Of those who were disappointed with their sales 13% found them slightly disappointing. No respondents achieved sales which were significantly below expectations.

## Appendix II



- 2.3 When asked if they could have achieved the same sales in another way, the responses were:



- 2.4 33% of all respondents felt their sales were limited by the stock they had available.
- 2.5 Overall, 67% of vendors stayed open beyond 6 pm. While some craft stalls found that this was not worthwhile, with some feeling that their products were “not suited to late-night opening” or that people were “looking but not buying”, most found that staying open after 6pm made a significant contribution in terms of turnover and making contact with potential customers. Vendors reported that the area of the pier where stalls were based remained busy until around 8pm, and, in contrast to

## Appendix II

some reports made in previous years, a relatively high level of sales was achieved. Those who did not stay open after 6pm were asked if this was something they would consider, but all said that they were happy with their decision, citing the long working day, other commitments or a feeling that late night customers would not be interested in purchasing their products.

- 2.6 It is difficult to give a figure for the overall value of sales achieved at the event, due to a number of responses not being received, and a number of those who did respond being unwilling or unable to answer the question about approximate turnover. However, from the responses received to that particular question, it is possible to come up with an average value of sales for food and craft stalls. For food stalls, the average values of sales was £3,900; for craft stalls the average was £967.
- 2.7 The next question asked vendors to estimate the split of sales to visitors and to Shetland residents. Of those who estimated a figure, 20% thought the split was roughly 50:50. Only one respondent estimated that most of their sales were to visitors. All other businesses said the majority of sales were to Shetland residents. Taken as an average, it seems that 62% of sales were to locals and 38% to visitors. Some reported the split between locals and visitors to be as much as 80:20 in favour of locals.
- 2.8 The spread of sales over the four days was, once again, variable. The split between respondents who claimed sales were evenly spread over the four days and those who claimed they were not was roughly 50:50. Of those who said that the days were mixed, their descriptions of the level of business for each day generally follow a particular pattern: Thursday – steady; Friday/Saturday – very busy; Sunday – slow. Most respondents agreed that Saturday was the busiest day (described by one respondent as “crazy”), at least in terms of footfall, although others declared Thursday or Friday to be their busiest days in terms of turnover.

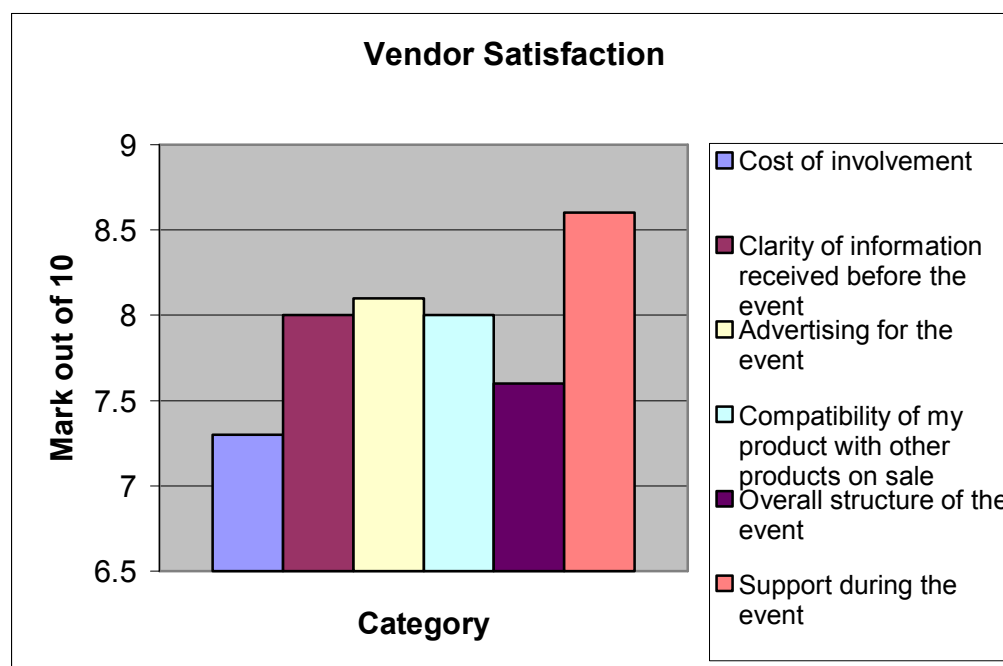
### Trade contacts

- 2.9 When asked about contacts made during the event 86% all of respondents said they had made contacts in the course of the four days that could lead to future sales. Most of these were individual customers who expressed an interest or took leaflets/business cards. Many vendors reported repeat custom at their stalls, and others reported that their business had come to the attention of interested locals who had previously been unaware of their existence, and in that regard the event offered crucial local exposure. Other respondents have taken manufacturing orders and have had enquiries from Up-Helly-Aa squads.

## Appendix II

### Organisation of the event

2.10 For Q9, stallholders were asked to rate different aspects of the organisation of the event on a scale of one to 10, where one was very dissatisfied and 10 was very satisfied. The overall average satisfaction with the organisation of the event was 8. The average rating for each category was:



### 3.0 Survey Results – Comments

3.1 Vendors were also asked in Q9 to comment on their response to the organisation of the event. Below are some of the comments received:

“It would have been of more benefit if the consumable food stalls (ice cream, coffees, etc.) had been kept separate from craft sales stalls. Long queues at these food stalls led to people not being able or willing to get to craft stalls that were located beyond foodstuffs/drinks.”

“Organisation is good; support during event is good. Cost for small trader is quite high.”

“Yet again the positioning of the craft stalls was terrible...craft stalls need to be a part of the event and not tucked away at the back, research needs to be done and looking at other venues off the Island would be a benefit.”

“As a new crafter just starting out costs are too high which leads to sharing stalls and then not having sufficient room to display.”



## Appendix II

“This event is one of the best I exhibit at throughout the UK. The stand and information is fantastic and organisation too.”

The element of the event which most respondents took issue with in this question was the layout of the stalls. Some felt that the layout did not lead to a good “flow of visitors” meaning that fewer potential customers stopped at individual stalls to browse. Others felt that queues for stalls selling consumable items impeded potential customers from being able to access their stalls. A number of respondents also felt that the information packs for participating vendors could have been sent out earlier.

- 3.2 Vendors were asked if there was anything about the event that they think worked particularly well. Contrary to a number of responses received for Q9, one element of the event which was praised was the layout of the stalls:

“Layout was better - more browsing.”

“Layout was good - central location.”

Perhaps the following comment best illustrates the split between those who praised the layout and those who took issue with it:

“The layout of the event was better this year; however, I felt that the dead ends in the craft area didn't attract people who last year were just wandering, they had to purposefully come down every row and at busy times they couldn't get past the first stands. I felt that the bairn's area and food tent were in a fantastic position as it drew people the whole way down the pier.”

Most of the comments received in answer to this question were general in nature – e.g. “Whole thing”, “General organisation”, etc. – but a small number were specific:

“Stewarding was very good - tent was vacated quickly.”

“All-day music was a good, lively attraction (good timetable).”

“Café Consulate at the bar on Friday.”

- 3.3 As part of the question above, vendors were also asked if there was anything about the event that should be changed or improved in the future. There was a general consensus among respondents that, for any future event, the layout of the stalls could be improved, particularly as regards the placement of certain vendors:

“I would prefer if a different layout was used next year where continuous flow of traffic could move past all stands. I also wouldn't

## Appendix II

have the ice-cream stands in the craft area as this was causing severe congestion all throughout the day.”

“Ice-cream queues blocked entrances to two stalls on Saturday afternoon and other busy times.”

“Ice-cream van should be separate from craft stalls. Queues blocking stalls.”

“Textiles + ice-cream do not mix.”

“No dead ends - better flow needed.”

“Event needs to be one complete circuit, don't make stalls separate.”

The layout and placement of stalls were the main concerns among stallholders, and were mentioned by almost all respondents. Another area which was felt could be improved was toilet provision, an issue which crops up in every evaluation survey of this event:

“Toilets - should be portaloos specifically for stall holders to use during the event. Make things easier.”

- 3.4 In Q13 vendors were asked how this event compared to the previous Flavour of Shetland event. While most respondents were positive and agreed that the event was as good if not better than the previous year's event (“Every bit as good as last year”; “It was a better event”), once again there were comments about the layout, and there were also mixed feelings about staging the Flavour of Shetland during a weekend where there was already a lot of activity in Lerwick town centre:

“I felt the carnival being on the same weekend was just too much, so many people were complaining that the town was just too busy and they abandoned trying to get to the pier and went home.”

“Carnival and Viking parade added another level of interest (question whether this is suitable - perhaps too many people).”

“Busier - word of mouth - huge crowds.”

“Sales were up - layout was fairer.”

“Layout was better - craft stalls could be nearer entrance.”

“...craft stall layout needs to be reassessed/designed.”

“Smoother running - learned from before.”

“Layout was better last year.”

## Appendix II

- 3.5 In Q14, vendors were asked what prompted them to become involved in this year's Flavour of Shetland event:

"Good showcase – promotion."

"The sales achieved in previous years and the chance to reach customers who may not come to our shop as well as to test new products before exhibiting them on the mainland."

"I had some new products which needed feedback which worked out perfectly."

"Alternative outlet."

"After trading for more than a year I thought I could take the challenge but I have learned a few lessons from this one."

- 3.6 Finally, respondents were asked if they had any further comments to make which had not been covered by the previous questions:

"More info about insurance; explanations about opening times – when you can and can't go on."

"I would like to say a huge thank you to everyone who organised this event, especially Nicola. It is a fantastic event and I hope that it continues for many years to come."

"Craft stalls down in number – reflected in sales."

"Large crowds – can the bar/pier cope?"

### 4.0 Observations

- 4.1 Looking at the statistics above, Flavour of Shetland 2007 compares favourably with the events in previous years. High levels of satisfaction with sales (see 2.2) and the organisation of the event (see 2.10) are all comparable to similarly high levels in 2006. Indeed, while proportionately less vendors achieved higher sales than they expected (40% in 2007 as compared to 51% in 2006) this may be due to the fact that the expectations of most vendors were raised by better than expected sales in the previous two events.
- 4.2 The average level of turnover achieved (see 2.6) by food vendors also compares well to (£3,900 in 2007 compared to £3,907 in 2006) but the average turnover achieved by craft stalls was lower (£967 in 2007 compared to £1,098 in 2006). This may be due in part to large crowds on the pier who were not necessarily there to browse the craft stalls. This figure may also be affected by the number of vendors who did not respond to the survey or to this particular question.

## **Appendix II**

- 4.3 When asked if there was anything they would change or improve about the event, a large majority of vendors agreed that the layout, and in particular the placement of certain food vendors, needs to be looked at. Some felt that the layout of stalls, with some forming “corridors”, helped with the “arcade” feel on the craft section, but most saw this as an impediment to creating a natural flow of browsers past each stall. As there was praise for the layout, this suggests that the problem was one which was dependent on the placement (and viewpoint) of individual stallholders. There was a general agreement, though, that the placement of food vendors among craft stalls needs to be revised. Due to the volume of visitors to the pier, queues for food stalls in that section were seen to be blocking off the entrances to certain stalls and further impeding the flow of browsers, while some vendors were concerned about visitors damaging delicate textiles and other craft products with confectionery such as ice-cream and sweet drinks. Other concerns raised included toilet provision on the pier for stallholders, and a general concern about the sheer volume of visitors the pier received, especially in the entertainment tent.
- 4.4 In the answers to Q14 (“What prompted you to become involved in Flavour of Shetland?”) it is interesting that most vendors responded with answers relating to marketing, showcasing, promotion and feedback. While this event can be seen as a quick way to make money, with a large and accessible customer base and uncomplicated overheads, most vendors seem to be taking a “longer view” and see the event as a way of raising awareness and developing their business and products. Future impacts and development have become a priority, which reflects a general shift in emphasis in the creative sector in Shetland.

### **5.0 Conclusions**

- 5.1 Flavour of Shetland remains a very successful, and highly appreciated event in Lerwick’s summer calendar. High levels of satisfaction have been recorded by those who responded to this survey, and the event is an important showcase for many vendors, particularly very small or new craft producers for whom the exposure and experience can be very valuable.
- 5.2 Concerns over the layout and placement of stalls should be taken into account, however, when planning future events. It is important that local producers are able to take advantage of the opportunity to directly interact with potential customers. This is the best way to ensure that Flavour of Shetland continues to successfully achieve the aim of being a valuable showcase for Shetland products and culture.



## **REPORT**

To: Executive Committee

23 October 2007

From: Agricultural Development Officer

### **REPORT NO: DV046-F SHETLAND RURAL DEVELOPMENT SCHEME**

#### **1.0 Introduction**

- 1.1 Two Schemes, the Agricultural Grant Scheme (AGS) and the Potato, Vegetable and Horticulture Scheme (PVHS) currently funded by Shetland Islands Council and operated by the Economic Development Unit have been examined by DEFRA and SEERAD officials, and the Economic Development Unit have been informed that in their current un-notified form these Schemes do not comply with State aid legislation. This has meant that the Schemes have to be notified to the EC.
- 1.2 With guidance from DEFRA and SEERAD, the two former Schemes have been amalgamated into one unified Scheme, called the Shetland Rural Development Scheme. This new scheme has been submitted to DEFRA and SEERAD, passed in turn to the EC, and thereby accepted by the EC under the terms of block exemption.
- 1.3 This report recommends that the former AGS and PVHS be replaced by the EC-approved Shetland Rural Development Scheme.

#### **2.0 Links to Corporate Priorities**

- 2.1 The Shetland Rural Development Scheme contributes to Strengthening Rural Communities in Shetland, and Agriculture.

### **3.0 Background**

- 3.1 Since the late 1980's Shetland Islands Council's Economic Development Unit have operated two complementary agricultural grant Schemes, the Agricultural Grant Scheme (AGS) and the Potato, Vegetable and Horticulture Scheme (PVHS).
- 3.2 The AGS acted as a means by which the Crofters Commission's historically anomalous Crofters Commission Agricultural Grant Scheme (CCAGS) might be addressed – under CCAGS, only tenant crofters were eligible automatically for grant assistance, while owner occupiers (which account for circa 35% of Shetland's croft holdings) were excluded from access to grant assistance. Under the terms of the AGS, crofters and farmers in Shetland ineligible for assistance under CCAGS could apply for similar levels of assistance from the Council. This assistance could be provided for activities such as fencing, field drainage measures, access road provision, and work on steading buildings.
- 3.3 The PVHS was a more specifically focused Scheme which sought to address the decline in crops grown in Shetland. The Scheme provided stimulus in the form of grant assistance towards specific potato and vegetable machinery, buildings and equipment, thereby encouraging farmers and crofters to grow crops.
- 3.4 Following recent scrutiny by DEFRA and SEERAD officials of the Animal Health Scheme, the Council's Economic Development Unit were informed that the two Schemes, while not in principle breaking State aid legislation, did in practice need to be brought to the attention of the EC through the official channels.
- 3.5 The Agricultural Development Officer took the opportunity afforded by this requirement to merge the two Schemes together into one unified Scheme that mirrored the still extant CCAGS, while retaining the approach that the Council Scheme would only be available to those farmers and crofters unable to access CCAGS.
- 3.6 The Agricultural Development Officer, in close consultation with DEFRA and SEERAD, drafted a Shetland Rural Development Scheme (see Appendix 1). DEFRA submitted this to Europe and from 1 October 2007 the Shetland Rural Development Scheme was cleared to operate with the official sanction of the EC.

### **4.0 Proposals**

- 4.1 The Shetland Rural Development Scheme will be operated by the Council's Economic Development Unit in place of the former AGS and PVHS from 1 November 2007. The costs incurred by this (see 5.0 Financial Implications below) will be funded by the Economic Development Unit.

4.2 A small number of changes to the terms of the original two Schemes have been made. These changes are made in order that the Council's Scheme reflects the Crofters Commission equivalent Scheme. These are as follows:

- Grant will be paid at 50% of all costs (material & labour), where in the past 50% grant was paid on material costs only;
- All farmers and crofters in Shetland will be eligible for assistance under the Scheme, where in the past under certain circumstances the Council decreed that applicants would only be eligible if they operated a full-time unit;
- Maximum grant for steading work increases from £20,000 per annum to £25,000 per annum;
- Applicants will be expected to keep grant-aided items in good condition for 10 years from time of implementation, rather than the 5 years expected previously;

## **5.0 Financial Implications**

- 5.1 The 2007 budgets for the AGS and PVHS were £42,000 and £16,000 respectively. This combined £58,000 budget will be allocated to the Shetland Rural Development Scheme.
- 5.2 It is not expected that the changes made in the course of combining these prior Schemes into one integrated Scheme will lead to a significant increase in expenditure under the new Scheme. Any increase in expenditure will be covered from elsewhere within the Agricultural budgets, specifically the Agricultural General Assistance Grant (RRD11332402): 2007 budget = £315,500.

## **6.0 Policy and Delegated Authority**

- 6.1 The Economic and Development policies adopted by the Committee on 9 December 2003 [Min Ref 34/03] and by the Council on 17 December 2003 [Min Ref 161/03] contain the following relevant policies:
- 2.5.3.1 "Supporting the retention and promoting the sustainable growth of key rural industries including agriculture"
- 3.1.2.1 "Generate improved product quality and greater efficiency of production in all agricultural sectors"
- 6.2 The Executive Committee has delegated authority to make decisions on all matters within its remit, as described in section 10.0 of the Council's Scheme of Delegations, approved by the Council on 28 March 2007. In this instance, as this report recommends changes to existing Schemes, the Committee will need to make a recommendation to the Council.

## **7.0 Observations**

- 7.1 The benefits of this integrated Scheme are far-reaching across the Shetland agricultural sector; this Scheme is at the grass-roots level of stimulating economic development in agriculture, providing the basic foundations upon which individual agricultural business plans are based.

## **8.0 Conclusions**

- 8.1 The AGS and PVHS have individually performed a vital role in supporting the agricultural community in Shetland.
- 8.2 The Shetland Rural Development Scheme will continue and build upon this important work in a legally sanctioned fashion.

## **9.0 Recommendations**

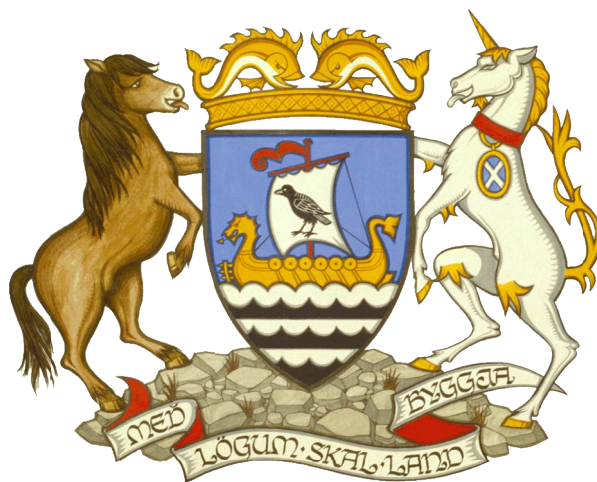
- 9.1 I recommend that the Executive Committee recommends that the Council approves the integration of the former AGS and PVHS into the Shetland Rural Development Scheme, to be operated as before by the Council's Economic Development Unit.

Our Ref: JD/JJ  
Date: 12 October 2007

Report No: DV046-F



# Shetland Rural Development Scheme



## Guidance notes for applicants

## **Section One**

### **Aims and Objectives of Scheme**

Shetland Rural Development Scheme (SRDS) is designed to provide assistance towards improving the infrastructure of crofting and eligible small / medium scale agricultural businesses operating in Shetland.

By aiding and developing agricultural production of crofting and similar scale agricultural businesses, the principle aim of SRDS is to sustain the economic basis and way of life, and so help retain population in a particularly fragile, remote and vulnerable area.

In order to comply with State Aid regulations the measures detailed in this guidance are in accordance with Article 4 of Commission Regulation 1857/2006.

The objectives of SRDS are as follows:

- To reduce production costs
- To improve or redeploy production
- To improve quality
- To preserve and improve the natural environment, hygiene conditions and animal welfare standards.

SRDS assists with the provision of facilities for the wintering of livestock and storing winter fodder, which helps contain the cost of production by reducing waste and the resultant need to import additional fodder with its very high associated transport costs. SRDS also promotes improved grassland management through the establishment of appropriate fencing and ditching to facilitate mosaic grazing patterns that are environmentally harmonious, in the best interests of animal welfare, and which therefore ensure the quality of produce without an associated increase in production. SRDS assists with the provision of facilities for the more efficient and sustainable production of vegetables. SRDS provides assistance to local non-profit making training providers, with the aim that where demand exists in the agricultural community for training it can be provided readily and to an appropriate standard – this helps existing farmers and crofters, but also helps to encourage newcomers and youngsters to become involved with agriculture. While by no means exhaustive these examples are indicative of the outcome and benefit of support provided by the Scheme.

### **Duration of Scheme**

The Scheme will open on 1 October 2007, and will run until 31 March 2012.

### **Annual Budget**

An annual budget of £60,000 (Sixty Thousand Pounds) will be assigned to the Scheme.

### **Selection Process for Scheme**

The Scheme is designed to be non-competitive in nature – for full details of eligibility and what is expected of applicants and their projects, see Sections Two (Eligibility for Assistance) and Three (Eligible Works) of these Guidance Notes.

## Section Two

### Eligibility for Assistance

#### Q1 As a crofter or farmer in Shetland, am I eligible for assistance?

Yes, provided you are applying for assistance for an agricultural holding you either own or are a tenant of within the defined boundaries of the County of Shetland, and the operation you are seeking to undertake is one assisted under the terms of the Scheme (see Appendix 1).

If you are eligible for assistance from the Crofters Commission under their Crofting Counties Agricultural Grants (Scotland) Scheme (CCAGS), it is expected that you will in the first instance approach CCAGS for assistance.

An application for assistance under SRDS will **only** be considered when accompanied by proof that the applicant is **not** eligible for assistance under CCAGS.

#### Q2 Is there a maximum limit for assistance?

The maximum grant assistance provided per individual business in any financial year will not exceed £3,000 for non-building work, or £25,000 for steading building work.

#### Q3 What is a business?

A business means any one agricultural business involved in the primary production of agricultural products being undertaken by a crofter or farmer whether as an individual or in association or partnership with others.

A Common Grazing Committee may also qualify as a business where work is undertaken on a common grazing.

A business must also be classified as a small or medium sized enterprise (SME) in line with Annex 1 of Commission Regulation 70/2001 (as amended). In summary, an SME:

- Has fewer than 250 employees;
- Has either an annual turnover not exceeding 50 million euros, or a balance sheet not exceeding 43 million euros;
- Is not owned at a rate of more than 25% by other companies.

**Q4 What other criteria must I satisfy to qualify for assistance?**

Assistance will only be granted to eligible agricultural businesses which meet the following standards:

**Hygiene and Animal Welfare** : It is a condition of grant that improvements carried out satisfy all statutory requirements and observe the latest Codes of Practice (Animal Welfare, Food and Animal Hygiene), control of pollution (PEPFAA, Groundwater Directive), Transport (Welfare of Animals in Transit) and generally adhere to Good Farming Practices. Moreover, it is expected that recipients of grant assistance will comply with any Animal Health schemes operated by Shetland Islands Council.

**Skill and Competence** : The skill and competence of applicants will be assessed by comparing the quality of the operation undertaken against the technical specifications for that operation as set out in the Standard Cost Literature (issued by the Scottish Executive, and available for download from the Crofters Commission website at: [http://www.crofterscommission.org.uk/documents/060512StandardCostBooklet\\_000.pdf](http://www.crofterscommission.org.uk/documents/060512StandardCostBooklet_000.pdf)). It is appropriate to buy in specialist skills if an applicant does not have the ability to undertake the work themselves.

**Market Outlets** : Produce from crofting and small-scale agriculture in Shetland has a well-defined identity due to its traditional production methods. Marketing of livestock has changed little over the years, and continues to be through local markets or local marketing initiatives. While no assistance is provided by SRDS in the marketing of produce, it is a condition under the Scheme that proposals for non-traditional agricultural operations (i.e. soft fruit or horticultural enterprises, excluding the planting of annual plants) will be assisted only if they are supported by a business plan which identifies market outlets for produce from the proposed development. It remains open to Shetland Islands Council to seek confirmation from the market outlets you have identified in your application.

## Section Three

### Eligible Works

#### Q5 What type of work is eligible for assistance under the Scheme?

A list of operations eligible for grant is provided in Appendix 1.

#### Q6 What rate of grant assistance will be provided?

The rate of grant will be set at 50% of eligible costs, as Shetland is designated by the EU as a Less Favoured Area (LFA).

#### Q7 How is the eligibility of the work for grant aid assessed?

A grant will only be available if you can demonstrate that the project meets one or more of the following objectives:

- To reduce production costs
- To improve or redeploy production
- To improve quality
- To preserve and improve the natural environment, hygiene conditions and animal welfare standards.

Appendix 3 provides some examples of how works undertaken can meet Scheme objectives.

The proposed operation will also have to be justified on agricultural grounds. It is the applicant's responsibility to demonstrate the agricultural need for the proposed operation. A site visit to visually inspect the site of the proposed works may be made by Shetland Islands Council Economic Development Unit officers. It is expected that the proposed operation will be technically sound, and will comply with all relevant statutory measures designed to ensure this (see Section Five, Applicant's Responsibilities, Q23) – failure to meet relevant statutory responsibilities may result in a delay or non-payment of grant assistance. Furthermore, it is expected that the proposed operation will be demonstrably not in excess of the market rate for a like operation – see Q8 following in these Guidance Notes.

**NB – replacement items:** Support will **not** be available for applications which are solely intended to replace existing improvements and which are intended to serve the same purpose as the original. However, grant can be provided where it is a first time improvement, where an improvement is an integral part of a larger project, or where a substantive upgrade is involved.

**Q8 How can the work be carried out?**

You can either do the work yourself or arrange to have the work done by a contractor. Labour and material costs are to be claimed on an Actual Cost basis, which will be measured against Standard Costs, and where Actual Costs are found to exceed Standard Costs, grant will be paid upon the Standard Cost figure for the works undertaken. Where work is to be undertaken by a contractor, it is expected that the applicant will follow normal procurement rules and obtain 3 independent quotes for the work in question.

All work must be carried out to the specifications set out in the Standard Cost leaflet. However, suitable alternatives can be considered where it is demonstrated that the material used and design proposed are fit for the intended purpose.

**NB** - For details of where to see the Standard Costs leaflet, see Section Two, Q4 of these Guidance notes.

**Q9 Is it possible to combine SRDS assistance with other forms of grant aid?**

No. Applicants for assistance under SRDS may not apply for grant aid under any other publicly-funded grant schemes for all or part of the same work.

**Q10 Do I need to obtain prior approval before starting work?**

Yes. Grants will not be paid should you incur costs or start work before receiving our written authority to do so.

## Q11 How do I obtain prior approval?

In order to be considered for grant assistance you will need to complete an application form. A copy of the application form is included in Appendix 5. Further application forms are available from the Shetland Islands Council Economic Development Unit (EDU) offices, 6 North Ness, Lerwick, or online on the Council website [www.sic.gov.uk](http://www.sic.gov.uk).

The grant application must be submitted to the EDU offices who will carry out an assessment of your application to determine the following:

- The need for the project for which grant aid is sought;
- The viability of your business and the project;
- The all round sustainability of your project and farm business including the existence of normal market outlets for the product(s) concerned;
- That you comply with the specified statutory minimum standards regarding the environment, hygiene and animal welfare (this may need to be externally verified);
- That you possess adequate occupational skill and competence or intend to appoint persons with those skills and competences to undertake the project.

### NB

1. The investment must **NOT** be solely for the purpose of increasing production capacity;
2. Investments which are simply to replace an asset will **NOT** be eligible;
3. You must demonstrate that the investment meets **one or more** of the criteria set out in Question 7 of these Guidance Notes.

## Q12 What happens next?

Once your application for prior approval has been received, a member of staff from the Council's EDU may visit you to discuss your proposals in more detail.

### **If you are successful –**

You will receive a letter of offer and a claim form from the EDU. Your letter of offer will state what grant you will receive and any special conditions attached to it. The grant subsequently claimed should not exceed the amount set out in the letter. **Applications for grant aid must be approved before costs are incurred and/or the work started.**

Timescales for claiming grant will be included in your letter; you will normally be expected to complete the work within 12 months of the date of offer. The offer of grant will be withdrawn if the work is not completed and a claim form submitted within these deadlines.



**If you are unsuccessful –**

You will receive a letter explaining why from the EDU.

**Q13 Can I request a change to my offer of grant after it has been issued?**

Yes. However, any request to vary the offer of grant must be made in writing to, and confirmed in writing by the EDU.

**Q14 What assistance is available for organic production?**

Where organic materials are used in investment in land management operations the full cost of the materials used can only be claimed if the applicant is registered with an approved organic body. If you are not registered with an approved organic body your claim will be restricted to the value of non-organic alternative inputs.

## Section Four

### **Claiming Grant**

#### **Q15 How do I claim grant?**

A claim form will be enclosed with your written letter of offer. Once work has been carried out the claim form must be fully completed and submitted to the EDU offices (see Appendix 4 for contact details), who will carry out an assessment to determine that it meets the following conditions:

- Eligible costs are incurred by the legal occupier of the business applying for assistance;
- Claims made on an actual cost basis are accompanied by original receipted invoices;
- Claims made on a Standard Costs basis are at the rates set for the Scheme.

A site visit to visually inspect the works may be made by EDU officers. Upon satisfactory completion of the assessment, we will issue a final grant payment providing all the conditions of the Scheme have been met.

Where works fail to meet the required standards, you will be notified in writing, and will be allowed 28 days to complete any remedial work and resubmit your claim.

#### **Q16 What receipted invoices and other supporting documentation am I required to submit with my claim under actual costs?**

These are detailed in Appendix 2.

#### **Q17 Do I need to submit supporting invoices where the grant is claimed on Standard Costs?**

Supporting invoices are not normally required where grant is claimed wholly on Standard Costs.

#### **Q18 How are the grant payments issued?**

All payments are now paid directly through bank accounts. You will need to provide your bank details in your claim form.

**Q19 Can I have my grant aid paid directly to a contractor or supplier?**

No. In order to process your claim for grant assistance, EDU require fully receipted invoices showing that payment for goods or services has been made in full.

**Q20 How does Value Added Tax (VAT) affect my claim?**

If your business is not registered with Customs and Excise for VAT purposes, grant will be paid on the full cost of the eligible works including VAT, where appropriate. If your business is registered for VAT purposes, grant will be paid exclusive of VAT.

**Q21 How long will it take for my grant claim to be processed?**

If your claim is not selected for inspection we will normally make payments within 42 days of receiving a valid claim. If your claim is selected for inspection we will normally make payments within 90 days.

## Section Five

### **Applicant's Responsibilities**

#### Q22 What are my responsibilities in terms of participation in the Scheme?

##### 22.1 Continuing Agricultural Use

All items purchased or constructed with the assistance of grant aid must remain in use for the purpose for which the grant was approved, which is normally 10 years (or for their useful life if this is less than 10 years and correct maintenance has been carried out).

##### 22.2 Retention of Assets

Where a grant recipient disposes of assets that have been the subject of a grant within 5 years of receipt of that grant, we would normally expect you to repay the whole amount of grant with interest.

##### 22.3 Insurance

The responsibility for the design and execution of the works and any liability arising therefrom lies solely with you. It is advisable for you and your contractor to be insured against all risk of injury, damage or loss arising from whatever cause in the course of the work. Any additional expense which may be incurred because of failure to insure or inadequate insurance will not be eligible for grant.

##### 22.4 Provision of Accurate Information

You are responsible for ensuring that all information provided in support of an application/claim is accurate in all material respects. Failure to do so will result in the recovery of any grant paid plus interest.

**NB** – where it is discovered that any condition has been breached there will be discretion to recover all or part of the grant with interest. Where it is established that any information provided in support of the claim is materially false or misleading, this will result in the refusal of assistance or the recovery of all grant paid plus interest, and may also invoke legal proceedings.

#### Q23 What are my statutory responsibilities?

Approvals, regulations and notifications must be complied with before grant is claimed. These may include, but are not limited to: Planning Permission; Building Warrant / Certificate of Completion; Building regulations; Fire Certificate; Health & Safety; SSSI; AONB; Natura 2000; National Nature Reserve; Ancient Monument; Listed Buildings;

Public Rights of Way; Conservation Areas; ESA / RSS; SEPA regulations; etcetera.

**NB** – this list is not exhaustive, and it is the applicant's responsibility to ensure that all relevant regulations are complied with.

**Q24 What if my croft/farm lies within a Site of Special Scientific Interest (SSSI)?**

In SSSI's separate arrangements apply. You will have received a list of "operations likely to damage" (OLD's) for the site when it was notified as a SSSI. If you wish to apply for grant for a proposal included in the OLD list you must notify Scottish Natural Heritage (SNH) at least 4 months before you intend to begin work. Any other consents required for the proposal should be obtained before notifying SNH. In the majority of cases SNH will be able to consent to the operation. If you carry out an OLD without SNH's consent this will breach the Standards of Good Farming Practice. Compliance with these Standards is a condition of SRDS and current Agri-Environment Schemes, and breach may result in any SRDS (or Agri-Environment) payments being restricted/recovered. Where SNH refuses consent to your operation they are obliged to offer a management agreement to compensate for any loss of income from a genuine proposal. This compensation will exclude any restriction of SRDS or Agri-Environment payments that would have been made had the operation been carried out without SNH's consent. SNH local staff will be happy to discuss your proposals.

**Q25 What if my croft/farm lies within a National Nature Reserve (NNR)?**

You will have agreed with SNH how the NNR should be managed for primacy of nature conservation in a Management Agreement. This agreement will govern your proposals and SNH local staff will be happy to discuss any uncertainties that you may have.

**Q26 Are there any Regulations concerning any change of use of croft land?**

Yes. The Environmental Impact Assessment Regulations have been in place since February 2002. This means that crofters and farmers now must seek written approval from Scottish Executive Environment and Rural Affairs Department (SEERAD) before converting unused land (e.g. ploughing of land not cultivated in the last 15 years) to intensive agricultural use if these works are likely to have a significant effect on the environment.

For further details please contact the local SEERAD office or the EIA Uncultivated Land website – [www.scotland.gov.uk/agri/eia](http://www.scotland.gov.uk/agri/eia)

## **Section Six**

### **Freedom of Information**

#### **Freedom of Information (Scotland) Act 2002**

In accordance with the Freedom of Information (Scotland) Act 2002, Shetland Islands Council EDU may be required to make any application for grant available for public scrutiny. In submitting a grant application and supporting documents, please let us know if there are any elements of it which would prejudice substantially your commercial or other interests if they were made public. Please note that there may nevertheless be a public interest in publishing the material submitted.

## Items Eligible for Grant

### 1.1 Principle Categories of Eligible Operations

#### Operation

- Erection or improvement of agricultural buildings and facilities for the housing and sheltering of over-wintered livestock.
- Works associated with agricultural buildings, including yards, hard standings, dungsteads, slurry stores and silos (excluding grain silos).
- Investment in land management including the initial grassland improvement works for the restoration of degraded land and the control of those weeds listed in the UK Weeds Act 1959 [Creeping Thistle (*Cirsium arvense*), Spear Thistle (*C. lanceolatum*) Curly Dock (*Rumex crispus*), Broadleaf Dock (*R. obtusifolius*), and Ragwort (*Senecio jacobaea*)] and other non-avian or non-mammalian infestations, such as leatherjackets (*Tipula palidosa*).
- Arterial drainage and field drainage including under drainage, hill drainage and ditching which leads to a 25% reduction in water use.
- Provision or improvement of facilities for the organised feeding of out-wintered livestock including permanently fixed troughs and feed barriers, and associated concrete bases.
- Provision or improvement of equipment for the handling and treatment of livestock.
- Planting of shelter belts and provision of fences, hedges, walls, gates or stock grids.
- Provision or improvement of amenities including water supplies, mains electricity connection or supply; and supply and installation of an electricity generator.
- Provision of electrical equipment.
- Provision or improvement of access tracks to land improvement areas, roads, bridges, culverts or boat-slips.

**NB REPLACEMENT ITEMS:** Support will **not** be available for applications which are solely intended to replace existing improvements and which are intended to serve the same purpose as the original.

## Appendix 1

### Items Eligible for Grant in accordance with Article 4 of Commission Regulation 1857/2006

#### 1.2 Additional Information on Eligible Operations

##### **Agricultural Buildings (Relates to Operation No.1)**

Investment is eligible where this relates to the construction of permanent buildings for agricultural livestock, including all the usual buildings for keeping livestock and storing crops produced on the unit. Buildings for general service purposes and buildings for other kinds of livestock kept for the production of meat, milk, wool, hides or eggs can also be supported. The provision of facilities for sheltering out-wintered livestock are eligible.

All improvements must be durable and not flimsy or makeshift. Buildings must comply with British Standards where these are appropriate, and assuming normal use and maintenance continue to benefit the agricultural business for a minimum of 10 years. Plastic clad structures for horticulture or livestock are eligible, providing the structure satisfies the structural requirements for the particular site. The plastic cladding to the frame is not normally eligible for assistance. The structure must satisfy all other aspects such as welfare, ventilation, escape etc.

Also included are ancillary works such as demolition works, pen divisions, feed barriers, water supplies including storage cistern, trough, bowl, nipple drinkers etc, electrical wiring to light points, switches, sockets and starter switches etc, the provision of rainwater disposal system to the building, aprons, screen walling, amenity planting and penning where necessary.

Size of steadings – assistance will be limited to the size and type of steadings suitable to the actual or potential needs of the holding assessed by the Agricultural Officer, but the total land held by the applicant may be taken into account. Seasonal or grazing lets are **not** to be taken into account.

It is difficult to be wholly prescriptive on a minimum size, but it is reasonable to argue that on a value for money basis a minimum size of croft building can be considered. This being the case, we would not be over-equipping many crofts or farms if we were to assist a general purpose building with dimensions 5m by 6m providing a floor area of 30 square metres (based upon an average souming or stock carry of 2 cows and 10/15 sheep). On an active croft with a souming or stock carry of 5/6 cows and 100 sheep, with a modest suite of agricultural machinery, a building providing a floor area 120 square metres would be considered adequate. However, to accommodate the larger crofts and farms and for particularly active crofters we should be flexible enough to consider an applicant's proposals for a larger building. In such cases it would be for the applicant to make a clear case for a building that would exceed this size.

The building must be on the croft or holding. In doubtful cases documentary evidence may be sought.



### Items Eligible for Grant

#### **Slurry stores and related equipment (Relates to Operation No.2)**

The provision of roofed and unroofed silos (excluding grain silos) and other works associated with agricultural buildings including: yards; hard standings; dungsteads; and slurry stores are all eligible. Stores for all grain to be used on the holding are eligible.

Investments relating to items constructed post 1 September 1991 are covered by the Control of Pollution (Silage, Slurry and Agricultural Fuel Oil) Regulations 1991, and will be deemed to meet the minimum standards. Investments to bring items in line with the 1991 Regulations will **not** be eligible for funding, because the grant can only be used to fund items necessary to comply with recently introduced regulatory or statutory requirements. Where the facilities are being improved from the minimum standards to above the minimum standards then grant aid may be considered.

If there is a change to the farming system, e.g. from straw bedding to cubicles, the investment could be considered for grant aid.

#### Low volume umbilical slurry irrigation systems

Fixed equipment such as pumps and pipes are eligible for grant, but associated mobile elements such as hoses, reelers and applicators are considered to be routine agricultural machinery items for the disposal of slurry and as such are not eligible.

Earth bank silage pits and earth bank slurry lagoons could, in theory, be grant aided provided they meet all necessary regulations and codes of good agricultural practice. However, in practice it is almost impossible to construct either structure to a standard that would be acceptable to SEPA. Where earth bank structures proposed, guidance must be sought from SEPA. Advice on silage and slurry store facilities may be obtained from SEPA.

#### **Investment in land management (Relates to Operation No.3)**

Grant is available for the initial grassland improvement works for the restoration of degraded land, which is intended to bring about distinct and durable improvement in the quality of permanent pasture. Before approving applications, checks will be carried out to ensure that the investment is justified on both agricultural and cost-benefit criteria. The necessary works may include ploughing, cultivation, herbicide sprays, suitable grass seed mixtures and appropriate amounts of lime and fertilisers as required to create a new sward. Application of fertiliser must be determined by implementation of nutrient budgeting schemes to prevent over-application of nutrients. Soil analysis is eligible for grant aid as part of an acceptance scheme, but will not exceed 12% of the approved project costs. Improvement of virgin, unenclosed hill will **not** be eligible for assistance.

## **Items Eligible for Grant**

### **Investment in Ditching and Field Drainage Systems (Relates to Operation No.4)**

To help prevent soil degradation, grant assistance is available for the excavation of new ditches and regrading of existing ditches. Installation of new pipe or tile under-drainage systems on previously improved, enclosed land, and the improvement or intensification of existing pipe or tile under-drainage systems is eligible for assistance. The installation of suitable permeable backfill above the new drains to improve the permeability of the drain trench is also eligible. The cost benefit criteria will be taken into account in relation to the quantity of infill used. In cases of doubt you should consult EDU.

Eligible ancillary works include subsoiling, mole drainage, provision of gravel-filled mole channels or gravel-filled narrow trenches where the work is an integral part of installing a new under-drainage system and provided that permeable infill is placed above the new pipe drains to act as a connection to the soil treatment works, the provision of any ancillary structures required for effective land drainage, including drain outlets, inspection chambers, silt traps and inlet grids, and drainage pumps, culverts and simple access bridges, high pressure water jetting to remove ochre in certain circumstances when carried out in association with the installation of a new under-drainage system.

Arterial drainage and field drainage including under drainage, hill drainage and ditching which leads to a 25% reduction in water use is eligible for assistance, in accordance with article 7(c) of Article 4 of Commission Regulation 1857/2006.

Works ineligible for grant include maintenance work and routine replacements of all descriptions including: the pitting and rodding of drains, jetting and the repair of pipes, culverts or other associated structures, mole drainage, subsoiling, gravel-filled mole drainage or gravel-filled narrow trenches not associated with a new under-drainage system or associated with a new under-drainage system installed without permeable infill, repeat subsoiling, moling, gravel-filled moling or gravel slotting, piping and filling ditches for land reclamation.

The cost of any necessary field exploration may be eligible for grant as part of an acceptable scheme, but will not exceed 12% of the cost of the approved project.

It is your responsibility to consult and obtain any necessary wayleaves or other permissions that are required and to comply with any statutory requirements which may apply to the proposed works. Providing it is for the benefit of your agricultural business, work under this item may be eligible even if it is to be carried out on land outwith the business.

All claims for grant on field drainage, including ditching, must be accompanied by a plan – drawn to scale – of the completed work. Plans should be of a suitable scale, preferably 1:2500. Drain layout must be plotted accurately showing the size and length of each drain laid, and the exact position of junction boxes, inspection chambers etc. The cost of providing the plan is eligible for grant. You may be required to expose short sections of the work at your own expense to allow inspection.

## **Items Eligible for Grant**

### **Provision of improvement of equipment for the organised feeding of livestock (Relates to operation No.5)**

Provision or improvement of equipment for organised feeding of livestock can be eligible providing it is associated and fixed to an existing facility and has no facility for any mobile use, whether on croft or not.

Eligible items include permanently fixed troughs, feed barriers, concreted or hardcore hardstandings, feed rings, and calf/lamb creeps. In some circumstances eligible facilities may be more appropriate on a township basis.

### **Cattle Crushes (Relates to Operation No.6)**

This could be eligible providing it is fixed (bolted) in one location, and preferably is an integral part of a new handling system (but can also be part of an existing handling system). In exceptional circumstances, portable/demountable crushes may qualify as part of a handling system.

### **Mobile Stock Handling Facilities (Relates to Operation No.6)**

The purchase of a set of pens that can be dismantled and re-erected would not constitute sufficient justification for grant; however, in a situation where a mobile system is clearly required on a unit with parcels of land at a distance from one another they could be considered as such a system could reduce movements of sheep with associated benefits to animal welfare. Inclusion of such a system in an application would have to be supported by a justification that clearly shows the benefits of a mobile system over and above a fixed location system on a unit that can justify the capital investment. In the majority of cases the pens should not be the only item being funded; they should contribute towards more wide-ranging improvements to the system of husbandry as a whole.

All investments that include mobile equipment will be considered on a case-by-case basis. The case for a mobile handling system would be strengthened if an applicant is able to identify suitable fixed locations for use.

In addition to the above, mobile handling systems must be able to demonstrate one or more of the following:

- Animal welfare/environmental benefits (e.g. reduced movements of sheep)
- Better efficiency of production (e.g. lambs can be drawn for slaughter more frequently leading to premium weights and grades being more regularly achieved).

### Items Eligible for Grant

#### **Fencing, Dykes, Hedges, Gates and Shelterbelts (Relates to Operation No.7)**

Fencing may be eligible for grant where it forms an essential part of a project, contributes to animal welfare, biosecurity, crop protection, or traditional field boundaries. Only the most cost effective appropriate type of fencing will be eligible.

As with other types of expenditure, assistance is **not** available for replacement fencing.

The establishment of an affective hedge or shelterbelt for the protection of livestock or crops essential ancillaries such as protective fencing and ditching, and windbreaks for horticultural business are eligible. Ineligible items include commercial forestry. Shelterbelts and hedges must be designed to fulfil the required agricultural purpose.

For wall and dyke improvements including flag fencing, recognisable sections not less than 5 metres in length must be substantially rebuilt. The existing materials or additional materials from old walls may be used in the restoration work. Substantial rebuilding may include setting the upper courses and copingstones of drystone dykes in cement mortar. Comprehensive pointing of a drystone dyke or wall for the first time or comprehensive repointing operations are only acceptable when this is common practice in the area, keeping in mind the amenity consideration. Piecemeal repointing or minor repairs are **not** eligible.

#### **Amenity Services (Relates to Operation No.8)**

Assistance can be given for connection for the supply of water and electricity to agricultural outbuildings, where an agricultural need is clearly demonstrated.

Domestic supplies are **not** eligible.

#### **Electrical Equipment (Relates to Operation No.9)**

This item covers the provision of electrical equipment designed for a specific agricultural purpose and required to promote or complete the production stages of a commodity. Eligible items include: fans for grain and hay drying; electrically powered augurs, bruisers, mixers etc; sheep shearing equipment, including clipper heads; portable generators required to power eligible equipment.

An electrical certificate must be submitted with any claim for grant aid on an electrical installation.

## **Items Eligible for Grant**

### **Roads, Bridges and Culverts (Relates to Operation No.10)**

Eligible items include:

- The construction of a new road or bridge where none existed before. Making roads from native soil or subsoil without the addition of other materials may be eligible where site conditions are considered satisfactory. Where conditions are less than satisfactory the use of geo-textile to stabilise the sub-base may be necessary;
- The substantial upgrading of an existing road, which must include the addition of new materials to a suitable depth over the whole surface;
- Grouting and coating with bituminous emulsion and chippings where this is part of making up a new road or improving an existing road;
- Work on an existing road designed to improve drainage by altering the level of the surface, providing grips, or strengthening steep slopes with more suitable materials, e.g. coated macadam or concrete. Such work would only be approved in those places where it is really necessary;
- Widening roads and constructing bridges and culverts;
- Where there is a danger or hazard to persons or stock as a result of works being done under this operation, safety and protective fences or walls of a permanent kind can be provided as part of the works eligible for grant under this paragraph, as are consequential works such as the re-erection of fences and walls.

The cost of constructing a new road can be disproportionate to the agricultural income of the croft or farm, and other investments that may take place on the holding. Normally roads are justified where the absence of an access to carry out an agricultural activity on the land would render such activity difficult/impossible. Associated bridges and culverts should be designed and constructed to suit the needs of the agricultural business, in accordance with good civil engineering practice. Boat slips (where the applicant's holding borders the sea) that are required to improve the welfare and handling of stock may also be eligible.

Roads, bridges, culverts and boat slips that serve a domestic purpose will **not** be eligible.

### **Investment in Access Tracks to Land Improvement Areas (Relates to Operation No.10)**

Eligible works comprise the formation of tracks or the hardening of an earth road to give access to previously treated land improvement areas. Such tracks may be constructed on the existing ground surface or excavated subsoil without the addition of any other materials where site conditions are considered to be satisfactory. Works may include bulldozing, blasting rock, levelling, consolidating and ancillary drainage work.

Access tracks should be constructed to the minimum standards needed to fulfil their intended agricultural purpose.

### Items Eligible for Grant

#### 1.3 Specific Restrictions

#### **Mobile Equipment**

Mobile equipment is **not** generally eligible; exceptions are where the equipment is essential and integral to the project, i.e. the project could not go ahead without this equipment or the project could not function or operate properly without this equipment. The item must not be the only item being funded, but must contribute to a wider project aim. The equipment should provide value over the economic life of the project – a minimum of 5 years.

#### **Additional Conditions – mobile equipment**

- The serial numbers of any equipment must be retained along with any documentation relating to its use;
- The applicant must retain a register of all equipment;
- The equipment must be available for inspection;
- The applicant must advise if there is intended change to the stated use of the equipment.

#### **Purchase of Production Rights, Animals, Land or Plants**

The purchase of production rights, animals, land or plants (or the planting of plants) are not eligible investments.

#### **Investment in Milk, Pigs and Poultry**

Limitations will be applied on assistance given per business for dairy, pig and poultry production, consistent with the scale of agricultural activity, as follows:

**Dairy production** – assistance will **not** be given for work that will result in any milk quota being exceeded.

**Fattening/breeding of pigs** – assistance is limited to work related to the provision or upgrading of a maximum of 300 fattening pig places in one business. A business must have sufficient cereal cropping land to produce 35% of its pig feedstuff requirements, even if it does not actually produce the feedstuff. Assistance will **not** be given to intensive non land-based pig fattening units.

**Poultry and egg production** – poultry includes all domestic fowl, turkeys, ducks, geese, game birds etc for the production of meat or eggs. Assistance may be given only where the number of birds does not exceed 1,000. If the number of birds exceeds 1,000, assistance will **not** be given at all.

## **Items Eligible for Grant**

### **Second-hand Equipment**

EU regulations specify that the purchase of second-hand equipment may be regarded as eligible expenditure when the following four conditions are met simultaneously:

1. A declaration by the seller of the equipment confirms its exact origin and the equipment has not already been the subject of national or Community assistance;
2. The purchase of the equipment represents a particular advantage to the project or is made necessary by exceptional circumstances, i.e. no new equipment is available on time, threatening the execution of the whole project;
3. Reduction of the costs involved as compared with the cost of the same equipment purchased new, while maintaining a good costs benefit ratio;
4. The equipment acquired must have the necessary technical and/or technological characteristics consistent with the requirements of the project.

The application should contain the necessary documentation to show these regulations have been complied with.

### **Invoice Requirements in Support of Grant Claims**

The following guidelines will help to avoid delays in processing claims for payment caused by the submission of incorrect or incomplete supporting documents.

All claims with actual costs should be supported by properly receipted invoices. In order to be acceptable an invoice should show the following:

- The suppliers name and address;
- The customers name and address;
- A detailed statement of services involved or goods supplied, separately costed and including VAT where appropriate;
- The date of supplying the goods or services;
- The total amount due for payment by the customer;
- Where appropriate, the net amount actually paid by the customer giving details of discount, credit or hire charges etc, which fully explain the difference between the amount due and amount paid;
- The signature or business stamp of the person receiving payment on behalf of the business which issued the invoice;
- The date and method of payment.



## Appendix 3

### Examples of how works undertaken can meet Scheme Objectives

1. To reduce production costs;
2. To improve and redeploy production;
3. To improve quality;
4. To preserve and improve the natural environment, hygiene conditions and animal welfare standards.

Operation	Description	Outputs	Objectives
Agricultural buildings – Operation No.1	Stock housing	% reduction in waste of fodder concentrates. % reduction in vet bills. Longer grazing period – number of days. % reduction in mortality rate.	1, 3, 4
	Erection of polytunnel	Improved quality. Greater range of crops (provide examples). Extended growing season.	2, 3
	Crop storage	% reduction in waste. Improved quality. Reduce need to buy in feeding.	1, 2, 3, 4
Land management – Operation No.	Drainage which leads to a reduction of at least 25% of previous water	Improved quality of home grown fodder. Less soil compaction. Earlier working of soil.	1, 2, 3, 4
Land management - Operation No.	Weed control e.g. Dock or ragwort spp.	Improved grazing quality. Longer grazing period – days. Improved health. % reduction in vet bills.	4
Feeding of out-wintered stock - Operation No.	Outdoor feed area	Improved liveweight gain %. Savings in labour – man-hours. Higher survival rate of calves and lambs %.	1, 4
Provision of electrical equipment – Operation No.	Electrical equipment	Savings in man-hours. Improved welfare of stock and staff.	1, 2, 3

## **Appendix 4**

### **Shetland Rural Development Scheme Contact Details**

The Shetland Rural Development Scheme is operated by the Economic Development Unit of Shetland Islands Council. All correspondence relating to the Scheme should be addressed to:

Economic Development Unit  
Shetland Islands Council  
6 North Ness Business Park  
Lerwick  
Shetland  
ZE1 0LZ.

Telephone - 01595 744940



## **SHETLAND RURAL DEVELOPMENT SCHEME** **2007/08**

### **APPLICATION FORM FOR PERSONS INELIGIBLE** **FOR SEERAD/CC GRANT**

<b>SRDS/</b>
--------------

Please complete in Block Capitals

Title	Forename(s)	Surname

Address	Telephone Number
	E-mail Address
	VAT No. (If not registered please state "not registered")

HOLDING(S) TO BE DEVELOPED		STATUS
Agricultural Code No.	Name of Holding	Tenant/Owner/Occupier

#### **Project Details**

**DESCRIPTION OF WORK PROPOSED** (Please refer to SRDS Guidance Notes. Attach extra sheets if required)

**NB – include explicit details of how this project will meet published SRDS Objectives**

--

MATERIALS	ESTIMATED COST £

Expected Date of Commencement:		Completion Date:	
--------------------------------	--	------------------	--

**DECLARATION:**

- (i) As the legal occupier of the above agricultural holding(s) I hereby apply to Shetland Islands Council for grant assistance towards the above development.
- (ii) I have read and fully understand the conditions attached and agree to abide by them.
- (iii) I confirm that the proposed development work is not eligible for SEERAD or CCAG assistance.

**Signed:**

**Date:**

**NOTES**

1. This scheme is prepared pursuant to block exemption 1875/2006 Chapter 2 Article 4 "Investment in agricultural holdings". Aid provided under this scheme is not limited to specific agricultural products, and therefore the scheme is open to all sectors of agriculture.
2. For a full and comprehensive description of the scope, parameters and conditions of the Scheme, please see the SRDS Guidance Notes. A brief outline of the more salient points follows hereafter.
3. Shetland is currently designated by the EU as a Less Favoured Area, and therefore qualifies for a gross aid intensity of 50% of eligible investments.
4. This scheme is only open to applicants that satisfy the current legal definition of SME size and turnover.
5. Applicants will only be eligible for grant assistance provided the proposed development pursues one or more of the following objectives:
  - To reduce production costs
  - To improve or redeploy production
  - To improve quality
  - To preserve and improve the natural environment, hygiene conditions and animal welfare standards
6. Aid will **not** be granted for an investment which has as its objective an increase in production for which no normal market outlets can be found.

7. Aid will **not** be granted for milk replacement or sugar production.
8. The rate of grant will be 50% of eligible costs. Eligible costs will be taken as the current Crofters Commission Standard Costs rate, as this is the rate deemed appropriate by SEERAD for works undertaken in Less Favoured Areas. Material costs will not exceed that of the normal commercial rate prevailing at the time. All applications must be accompanied by estimates.
9. In the case of control of weeds and other infestations, the rate of grant will be 50% of material costs to a maximum grant of £18.50 per hectare. Control of avian and mammalian species will **not** be eligible for grant assistance. All applications in this instance must be accompanied by a letter from the Scottish Agricultural College indicating the extent of the area to be treated and the optimum period for spraying. This letter must refer to a map showing the area to be treated.
10. Applicants must ensure that the proposed development work is **not** eligible for CCAG or SEERAD assistance.
11. Payment of grant is, inter alia, subject to availability of finance. **If your proposals are acceptable you will receive a letter offering grant. Work must not commence before this letter is received by you.** Invoices dated prior to the date of the letter of offer will not be eligible for grant, with the exception of those for lime and fertiliser.
12. Maximum grant per applicant will be limited to £3,000 p/a. for non-building work. Maximum grant per applicant for steading building work will be limited to £25,000 p/a.
13. Applicants will be required to maintain development items in good order 10 years from the date of implementation.
14. Work must be completed and claim forms, together with **receipted original invoices**, (statements are not acceptable) submitted by the date stipulated on the letter of offer. The standard of work must be up to SEERAD/Crofters Commission Standard Cost Specification/statutory requirements where applicable, and the Council reserves the right to refuse grant payment for any development not complying with any of these standard.
15. Recipients of grant assistance from the Council must abide by the terms of animal health schemes operated by the Shetland Islands Council. Failure to comply with the terms of relevant operational animal health schemes will result in grant money being reclaimed by the Council and to disqualification from receiving future Council grant assistance.
16. The Council reserves the right to find out the amount of arrears of debt, if any, owed to the Council by applicants for assistance and to withhold payment of any assistance granted until such time as the arrears have been cleared or satisfactory arrangements have been made to clear such arrears.





## **REPORT**

**To: Executive Committee**

**23 October 2007**

**From: Marketing Officer**

**Report No: DV043-F**  
**London Boat Show 2008**

### **1.0 Introduction**

- 1.1 This report has been prepared for the Executive Committee to consider providing approval for the Economic Development Unit to fund the Shetland stand at the London Boat Show, 11-20 January 2008. The scale of the project is such that it is above the level of the Head of Community Economic Development's delegated authority.

### **2.0 Links to Council Priorities**

- 2.1 This project links to the priority of "Improvement of the Marketing of Shetland and Shetland Products" which is contained in the Corporate Plan.

### **3.0 Background**

- 3.1 In 2006, Shetland exhibited at the London Boat Show alongside Orkney as part of the Sail Scotland stand, to promote Shetland being the official sponsor of the Round Britain & Ireland Boat Race. During the show it became apparent that, when talking to boat owners who were interested in sailing to our islands, Orkney and Shetland were much more appealing as a boating destination when presented together as a combined package.
- 3.2 After some further discussion, it was agreed that a joint stand between Orkney and Shetland should be arranged for the 2007 London Boat Show. Space was applied for by the EDU and in September Orkney and Shetland were awarded a 6m x 6m stand by the show organisers. The stand partners were VisitOrkney, Orkney Marinas Ltd, Sail Orkney, Shetland Marinas Piers & Boating Clubs

Association (SMPBCA), VisitShetland, Lerwick Port Authority and the Economic Development Unit.

- 3.3 The 2007 London Boat Show attracted more than 160,000 visitors and proved highly successful for the Shetland/Orkney stand with more than 300 serious enquiries from boat owners who were interested in bringing their boats to Shetland.
- 3.4 Unfortunately, the Orkney partners have decided not to exhibit in 2008 due to other commitments being regarded as a higher priority. This means that there is a higher cost burden on the Shetland exhibitors.

#### **4.0 Proposal**

- 4.1 For 2008, Shetland has been allocated a slightly larger stand (7m x 7m). SMPBCA, VisitShetland, Lerwick Port Authority and Atlantic Airways have all expressed an interest in co-exhibiting as part of the Shetland presence.
- 4.2 Additionally, during the month of November, advertisements will be placed asking for relevant local businesses, wishing to co-exhibit on the stand, to contact the Economic Development Unit.
- 4.3 Confirmation of all stand partners will be complete during the month of November.
- 4.4 It is proposed that the Executive Committee considers the approval of the Economic Development Unit to fund the stand with the knowledge that recharges will be made to VisitShetland, Lerwick Port Authority, SMPBCA, Atlantic Airways and possibly local businesses.

#### **5.0 Financial Implications**

- 5.1 The total stand costs is £41,655, which is made up of stand costs of £32,440 and staffing costs of £9,215. The breakdown of costs can be seen in the table at 5.2 below;

The staffing costs are made up of two elements, the first being the costs associated with 7 individuals from the Shetland Cruising Panel ([www.shetland.marinas.com](http://www.shetland.marinas.com)) and the second the costs for 2 representatives of the Economic Development Unit attending the event.

Shetland Cruising Panel have been invited to represent Shetland due to their experience of sailing in/around Shetland and to/from Shetland, Scottish Mainland and the continent. They will be able to provide extensive knowledge and technical information.



## 5.2

	<b>COSTS</b>	<b>£</b>
	<b>Stand Costs</b>	
	Plasma Wall	8,540
	Floorspace	8,000
	Stand Rental	5,500
	Stand Graphics	3,500
	Installation & Dismantle	3,200
	Flooring	1,700
	Internet	1,000
	Electricity	1,000
	<b>Total Stand Costs</b>	<b>32,440</b>
	<b>Staffing Costs</b>	
	<u>Shetland Cruising Panel</u>	
Note 1	Travel	2,100
Note 2	Accommodation	2,450
Note 3	Day Rate	3,500
	SCP Staffing Costs	<b>8,050</b>
	<u>Economic Development Unit</u>	
Note 4	Travel	600
Note 5	Subsistence	565
	EDU Staffing Costs	1,165
	<b>Total Staffing Costs</b>	<b>9,215</b>
	<b>TOTAL REQUIRED</b>	<b>41,655</b>

	<b>Possible income</b>	<b>£</b>
Note 6	Visit Shetland	3,000
	Lerwick Port Authority	927
	SMPBCA	to be confirmed
	Atlantic Airways	to be confirmed
	Local Businesses	to be confirmed

Note 1 – 7 representatives @ £300

Note 2 – 6 representatives @ £70 per night for 4 nights (£1,680) and one representative @£70 for 11 nights (£770)

Note 3 – 7 representatives @ £100 per day. SCP are being asked to take time away from their work/families etc to represent Shetland at this event.

Note 4 - 2 representatives @ £300 each

Note 5 – 3 nights subsistence each for two EDU representatives.

Note 6 – Charges reflect the size of graphic space used on stand by each organisation.

## **6.0 Policy and Delegated Authority**

- 6.1 With regard to the Economic Policy Statement approved by the Executive Committee on 9 December 2003 (Min. Ref. 34/03) and by the Council on 17 December 2003 (161/03), the project helps to fulfil the following priorities:

“Improving and maintaining the quality of goods, services and visitor products that add value to the economy”

and

“Encouraging an active partnership approach to develop and enhance the marketing of Shetland and its produce.”

- 6.2 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations approved by the Council on 28 March 2007.

## **7.0 Observations**

- 7.1 This will be the third year of involvement at the London Boat Show for the Economic Development Unit. It is intended that the EDU maintain a presence at the show until the year 2010 when Shetland again hosts the Round Britain & Ireland Yacht Race.

## **8.0 Conclusion**

- 8.1 The show provides an ideal platform from which to promote the network of community owned marinas in Shetland to a very relevant market. It also serves as an ideal platform for raising the profile of Shetland and our events such as Flavour of Shetland, Tall Ships etc, to the tens of thousands of visitors who arrive daily.

## **9.0 Recommendation**

- 9.1 I recommend that the Executive Committee approves the Economic Development Unit to fund the Shetland stand at the 2008 London Boat Show.

Our Ref: KM/JJ  
Date: 12 October 2007

Report No: DV043-F



---

## REPORT

To: **Executive Committee**

**23 October 2007**

From: **Senior Adviser  
Economic Development Unit**

**Report No: DV045-F  
THE JOHNSMAS FOY**

### **1.0 Introduction**

- 1.1 This report reviews the Johnsmas Foy 2007. It follows the decision made two years ago<sup>1</sup> that the Council should support the Johnsmas Foy on an annual basis and, in partnership with other agencies, should allocate appropriate resources in order to enable it to be properly organised and promoted.
- 1.2 It is essential to acknowledge, at the outset, the valuable work undertaken by members of the Johnsmas Foy Steering Group and the staff and volunteers of all the public, voluntary and private organisations who collaborated to make the event in 2007 a success. Particular thanks are due to Mr Eddie Knight, who chaired the group until his retirement as a Councillor in May but who continues to take a strong interest in the event.

### **2.0 Link to Council Priorities**

- 2.1 The holding of an annual Johnsmas Foy may be expected to contribute significantly to the following Council priorities as set out in the Corporate Plan:
  - Marketing Shetland
  - Skills development
  - Economic diversification
  - Strengthening rural communities
  - Active citizenship
  - Achieving potential
  - Our cultural identity
  - Excellence

---

<sup>1</sup> Shetland Islands Council, 14 September 2005, Min. Ref. 149/05

Depending on the way in which the Johnsmas Foy develops, it has the potential to contribute to other priorities, including in particular those associated with the aim of 'looking after where we live'.

- 2.2 The Johnsmas Foy fits very well with the Shetland Cultural Strategy. For example, Aim 3.2 aims to 'exploit the potential of cultural activity to contribute to the economic regeneration of Shetland and promote widespread usage of and participation in these activities'. This section of the Strategy refers to the need to 'support environmental, economic and social regeneration led by cultural and creative enterprises' (3.2.1); 'encourage the Shetland population and visitors to the islands to value and participate in the diverse range of cultural facilities throughout the islands' (3.2.2); and 'place cultural factors at the heart of the marketing and promotion of Shetland' (3.2.3).

### **3.0 Background**

- 3.1 A report was presented to the Council meeting on 30 March 2005 that proposed the idea of a festival to be held annually in June and to be called The Johnsmas Foy. The rationale presented then for such an event is set out in Appendix 1. The aims were to:
- Continue the tradition of a midsummer event.
  - Continue to stimulate activity, not only in Lerwick but also right across Shetland.
  - Offer a showcase for Shetland, its culture and its produce.
  - Contribute to economic development, both directly through an expansion of tourist activity and indirectly through supporting many other forms of enterprise through development of well-regarded products and service (the crux of any brand) and through building community confidence.
- 3.2 The Steering Group has carefully considered the most appropriate framework for the Johnsmas Foy. The core is the sea and the maritime heritage that flows from it but there are many possibilities for annual themes. In 2006 it was 'a celebration of sail' and in 2007 it was 'fishing heritage'. The proposed theme for 2008 is 'Hanseatic Shetland'. Themes for later years are still under discussion and I have appended, for Members' interest, some of the ideas that have been brought forward. In any year, there needs to be strong support in terms of music, the arts and food.
- 3.3 The Steering Group consists of the relevant Council officials and representatives of the principal supporting organisations. A Councillor chairs the group and Eddie Knight occupied that position until May 2007. A replacement now needs to be appointed.

## 4.0 Review of 2007

- 4.1 The 2007 Johnsmas Foy began on Friday 15 June and ended on Sunday 24 June. The published programme contained around thirty events, including:
- the Skeld Festival of the Sea, organised by a local committee and featuring sailing and rowing events, exhibitions, music and dancing, craft and art stalls and a range of events for children
  - A Northmavine Foy; events at Fethaland included storytelling, 'living history' demonstrations and talks about the history of the area. Boats were dragged across the isthmus at Mavis Grind;
  - Three concerts given by the Scottish Chamber Orchestra, one by their string section, one by the wind section and one by the full orchestra
  - Visits by historic sailing craft, including the *Togo* and the *Lotos* in Lerwick and the *Joanna* at Skeld; the *Swan* was, of course, also involved;
  - The Bergen Races and the 1000-mile double-handed race
  - The *Flavour of Shetland* event on Victoria Pier (which is the subject of a separate report), featuring music, craft and food stalls, story-telling and children's activities
  - A country music concert
  - A service for fishermen and other seafarers lost at sea
  - A revival of the play, *It wis hard wark but...*, based on reminiscences of women who worked at the herring
  - Exhibitions of painting by Richard Wemyss and Jack Chesterman
  - The re-introduction of Lerwick's Summer Carnival
  - Talks in Lerwick and Baltasound on the fascinating link between Shetland and Bohuslän in south-west Sweden
- 4.2 One of the functions of the Johnsmas Foy is to raise awareness of what Shetland has to offer through exposure in the national media. We were particularly pleased that it was possible for an edition of BBC Radio 4's *The Food Programme* dealing entirely with Shetland food to be transmitted twice during the Foy. The programme reaches more than two million food enthusiasts each week and listeners heard about Shetland lamb (including the *vivda* process) and seafood. A recipe for pot roasted native lamb shoulder, seasoned with reestit mutton in a root vegetable barley broth, has featured on The Food Programme's website since the broadcast. Other broadcasts included an edition of *The Tom Morton Show*, transmitted live from Victoria Pier, and news items on BBC Television and Scottish Television.
- 4.3 A website has been in operation for the last two Foys, with the assistance of Shaw Marketing and we are generally pleased with its appearance, content and operation.
- 4.4 The feedback we have had for Johnsmas Foy events has been, as in past years, extremely encouraging. Events were generally very well-attended and there was praise for the quality of what was on offer. An important element of the Foy is the building of international links and it was good to see (for example) people at the Unst presentation on the

Swedish link swapping names and addresses with our Swedish guests with a view to following up some detailed aspects of the history of the connection. On a larger scale, the Scottish Chamber Orchestra were hugely impressed with the reception they had had and they have indicated a strong wish to return.

- 4.5 There seemed to be much less confusion than in previous years between the Johnsmas Foy (a Shetland-wide series of events) and the Flavour of Shetland (a four-day event on Victoria Pier that happens to coincide with the Foy). It appears that the Johnsmas Foy is beginning to develop its own identity and build a reputation. These things take time but that is exactly what we had hoped would happen.
- 4.6 It was, as in previous years, evident that the organisation of the Johnsmas Foy takes a significant amount of time and effort. We were fortunate, this year, to have additional support from a temporary member of staff, but she has now moved to Highlands and Islands Enterprise. In previous reports to the Council, I indicated that it would in due course be necessary to find additional resources to run the event and that point has been reached, if not passed. This report suggests that the Shetland Development Trust should consider whether it could assist in that respect.
- 4.5 Our overall impression is that the Johnsmas Foy 2007 made further progress towards the aims set out in paragraph 3.1 above. We are in no doubt that it has the potential to become a substantial event that will make a correspondingly greater impact. The Steering Group is proceeding with arrangements for 2008.

## **5.0 Proposals for 2008**

- 5.1 The dates for the 2008 event have been set and the event will be featured in next year's VisitShetland publicity material. They are Friday 20 to Sunday 29 June.
- 5.2 Within the theme of 'Hanseatic Shetland' we are working to establish a number of events around Shetland. We shall make appropriate approaches to ports with which Shetland had Hanseatic connections and we shall also be looking at ways in which the Hanseatic trade manifested itself in Shetland. The restored Hanseatic Böd at Symbister in Whalsay is one obvious focal point. We would hope to attract vessels from ports involved in the Hanseatic League and to encourage links with the communities concerned. We very much hope that the new museum and the rural museums can play a part. We shall also be considering the musical programme.
- 5.3 In view of the fact that Mr Eddie Knight is no longer a Councillor, it is necessary for the Council to appoint a replacement, who will chair the Steering Group.

## 6.0 Financial Implications

- 6.1 The original budget approved by the Council for the 2007 Johnsmas Foy was £50,000. However, we later refined this and reduced it to £42,329. The actual cost was £40,670, a further saving of £1,659. Other organisations also contributed, for example Shetland Arts Trust and the Highland 2007 programme. In some respects, the Council's contribution was 'seed money', most obviously in relation to the visit by the Scottish Chamber Orchestra; the Johnsmas Foy budget contributed £7,500, approximately 10% of the cost of the orchestra's visit.
- 6.2 Our budget predictions were more accurate in 2007 than in 2006. We spent a little more on publicity and promotion than forecast (£17,811 instead of £15,978) but rather less than anticipated on events (£22,531 instead of £25,650).
- 6.3. A proposed budget for the Johnsmas Foy 2008 is set out below. The overall figure proposed is the same as last year. It takes account only of the Council contribution to the Foy and ignores possible contributions from commercial sponsors or other agencies. A specific allowance has been made for the costs of event co-ordination and management and we shall look at ways of how this might best be arranged.

	£
Events	25,000
Publicity	18,000
Event co-ordination	7,000
Total	50,000

- 6.4 The proposed source of this funding is the Johnsmas Foy budget for which the codes are RRD5038: 1050, 1200, 1222, 1360, 1505 and 1760.

## 7.0 Policy and Delegated Authority

- 7.1 This report has been prepared in accordance with the following Economic Development policies (Economic Policy Statement – Executive Committee 9 December 2003 [34/03]; Shetland Islands Council 17 December 2003 [161/03]):
- Improving and maintaining the quality of goods, services and “visitor products” that add value to the economy.
  - Encouraging an active partnership approach to develop and enhance the marketing of Shetland and its produce.
  - Strengthen Shetland's image as a distinctive holiday destination.

- 7.2 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in section 10.0 of the Council's Scheme of Delegation approved by the Council on 28 March 2007. The established Steering Group should continue to advise on the content and organisation of the event.

## **8.0 Conclusions**

- 8.1 The Johnsmas Foy 2007 was a successful event. It is clear that an annual early summer festival, with a maritime theme at its core, has the potential to bring substantial benefit to Shetland. It should be an event that strengthens and builds confidence in the community and in our products and services. It should provide opportunities to promote particular categories of product. It adds to the attractions available to visitors. To the extent that it will assist in raising standards in products and services, it will help to support the work being done in building Shetland's reputation. That, in turn, will support the development of a Shetland brand. Although the event itself is focused on a period of less than two weeks, the benefits are of course year-round. In that context, it represents a wise investment. For 2008, it is intended that the Johnsmas Foy should run from Friday 20 June to Sunday 29 June. A Councillor needs to be appointed to the Steering Group.

## **9.0 Recommendation**

- 9.1 I recommend that the Executive Committee:
- a) Notes the success of the Johnsmas Foy in June 2007;
  - b) Notes the themes being discussed for future years, set out in Appendix 2
  - c) Approves the arrangements for the management and funding of this event set out in this report, subject to funding being available.
  - d) Approves the remit for the Steering Group, set out in Appendix 3.
  - e) Appoints a Councillor to the Steering Group; he or she will chair the Group.



**THE JOHNSMAS FOY: RATIONALE**

- Midsummer in Shetland is a very special time, with both local people and visitors enjoying the 'simmer dim' which of course provides more light and more scope for leisure activities than is available at any other location in the UK
  - There have been various midsummer events and carnivals in the past, but – much appreciated though they have been – these have been of a somewhat sporadic nature, with limited co-ordination and continuity
  - Johnsmas has very strong historic associations with both the annual Dutch herring season and the Haaf fishing, which of course are at the core of Shetland's heritage
  - Today, Shetland's culture and economy remains closely linked to the sea and it seems entirely appropriate that that connection should be properly recognized and celebrated
  - A midsummer festival on such a strong historical and contemporary theme could strongly reinforce efforts to sustain Shetland's society and economy. It could do so in a number of ways, but especially through:
    - The preservation of tradition and the development of pride in our heritage, our contemporary values and the things that make Shetland more special and more unique than we sometimes acknowledge
    - The enhancement of our confidence and reputation in all the aspects in which we excel, or might hope to do so, both within the community and in the eyes of those furth of Shetland
    - The raising of the standards of service and the quality and range of our products
  - There is already a major maritime event at midsummer, namely the Bergen-Shetland Races, and other significant events also tend to occur at that time, for example the North Sea Triangle Race in June 2005 and the Round Britain and Ireland Race in 2006
-

**Possible Themes for the Johnsmas Foy**

Year	Main Theme	Possible Sub-Themes	Possible National Theme
2007	Fishing Heritage		The Netherlands Sweden
2008	The Hanseatic League	Books and the sea	Germany Poland Other countries with Hanseatic trade links
2009	The Viking World	Viking expansion and settlement	Norway and Sweden
2010	Far from home	Hamefarin' Emigration The Merchant Navy Pictures and postcards	New Zealand South Africa Canada United States
2011	Crime and the sea	Smuggling Piracy Film and the sea	Denmark
2012	Sport and the sea	Yachting Rowing Sea Angling Sea poetry	England
2013	The science of the sea	Fishing today Weather and climate Science fiction	France
2014	Conflict at Sea	The Shetland Bus The Press Gang	Norway Netherlands Germany Spain
2015	Celtic Roots	Pictish culture Celtic connections today	Scotland, Ireland, France
2016	The World Beneath the Waves	Life in the sea Forces that shape the earth Marine Archaeology/Shipwrecks	Iceland Faroe
2017	Explorers and hunters	The voyage of the Diana (150 <sup>th</sup> anniversary of her return) Whaling	Greenland Canada Antarctica

## **JOHNSMAS FOY STEERING GROUP**

### **1. REMIT**

To advise and assist the Council's Lead Officer for Economic Development (or his nominee) and the Project Responsible Officer on all matters relating to the organisation of the annual Johnsmas Foy.

### **2. MEMBERSHIP**

1 Councillor

Appropriate Council officials

Representatives of Shetland Arts Trust, Shetland Amenity Trust and VisitShetland

Representatives of other organisations, co-opted as necessary

### **3. AUTHORITY AND REPORTING**

The Group is purely advisory and has no executive powers. Any proposals arising from the work of the group that depart from Council policy or from the delegated authority of the Lead Officer must be referred by report from the Lead Officer to the Executive Committee for decision.

### **4. ADMINISTRATION**

Administration will be provided by the Economic Development Unit.

### **5. GENERAL**

The Steering Group will meet as often as necessary.





## **REPORT**

**To:** Executive Committee

23 October 2007

**From:** Principal Officer - Marketing

### **DV40-F** **Flavour of Shetland – Development Options**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to present future development options for Flavour of Shetland and to request support for a preferred option.

#### **2.0 Background**

- 2.1 Flavour of Shetland (FOS) was first held in July 2005 as a complimentary event to the NatWest Island Games held in Shetland that year. The aim of the event was to extend the attraction and spectacle of the games to a wide audience.
- 2.2 This was achieved through a celebration and showcase of the best of Shetland in one location for the benefit of both visitors and local people, principally through food, drink, music, crafts, products and cultural activities with a Shetland origin or theme.
- 2.3 Following analysis of research, the event was considered highly successful and steps have been taken to systematically develop it on an annual basis, following a similar philosophy, with full Council approval. Appendix 1 outlines the current aim and objectives of FOS.
- 2.4 FOS is now well-established as a key summer event in Shetland, being held for the last 3 years on Victoria Pier, and a central element of the Johnsmas Foy.

- 2.5 It is managed and coordinated by the Economic Development Unit in conjunction with Shetland Development Trust and has enabled a high level of in-house competence in event management to be developed which has transferred well to other events.
- 2.6 The target dates for Flavour of Shetland 2008 are 19<sup>th</sup>-22<sup>nd</sup> June 2008. This is within the Johnsmas Foy which will take place between 19<sup>th</sup>-27<sup>th</sup> June.
- 2.7 It is likely that Flavour of Shetland or a similar themed attraction will play a major role in the Hamefarin' 2010 and Tall Ships 2011 events.

### **3.0 Link to Council Priorities**

- 3.1 The project links to part 4.1 of the Council's Corporate Improvement Plan which commits the Council to "invest in the Marketing Service and the development of the Shetland Brand, linking that to products with the aim of adding value to the economy".
- 3.2 This report has links with "Celebrating Shetland's Cultural Identity" which is a priority in the Council's corporate plan.
- 3.3 FOS specifically links into the following Council priorities as set out in the Corporate Plan:
- Marketing Shetland
  - Skills development
  - Economic diversification
  - Our cultural identity

### **4.0 Growth of the Event**

- 4.1 As an annual event, FOS has grown to be much more successful than could have been anticipated in 2005. This is largely due to the continued support by the Council which has allowed input of funding and personnel resource to develop it. This, in turn, has enabled FOS to attain a significant standing against other similar events held in Shetland and usually organised on a voluntary basis which have access to much more limited resources. Table 1 below shows the rapid growth in total attendance to date based on gate counts:

Table 1 – Flavour of Shetland Visits 2005-2007

Year	2005*	2006	2007
Attendance	30,000	36,000	43,000

\* The 2005 event was a 5 day event, 2006/2007 were 4 day events.

- 4.2 The FOS brand now appears to be well-known in the community, representing an event which seeks to foster pride and recognition in Shetland and deliver a positive experience against a programme of high-quality Shetland entertainment, food, drink and products.
- 4.3 FOS has also gained recognition outside Shetland as an event which is of interest to media with regular visits over the last 2 years from various media including the BBC's Olive Magazine and BBC Radio Scotland's The Tom Morton Show, the latter broadcasting live from the event on 21 June 2007.
- 4.4 A vitally important aspect of event management is event appraisal. This is a process which seeks to review all aspects of an event and to actively seek ways in which improvements can be implemented. Ongoing improvements to an event are essential to avoid stagnation and thus ensure sustainability. A key part of the FOS appraisal is questionnaire research which greatly assists in highlighting key areas of success and failure.
- 4.5 Although it is difficult to quantify all the impacts of FOS, an annual survey of visitors and organisations involved in the event is carried out which provides a useful overview of direct impact. This information provides valuable data which has subsequently been used to inform event planning.
- 4.6 While it is impossible to create an event which will universally satisfy all needs and wants, the research carried out in 2007 suggests that although the event was considered an overall success, there is particular concern from those attending and Economic Development Unit (EDU) staff over site congestion on Victoria Pier given the space available, range of attractions and large crowds attracted.
- 4.7 In this respect FOS has in many ways become a victim of its own success and, given the above, there is a problem in expanding the event in its current format. It proved exceptionally difficult for example, despite exhaustive efforts, to plan an acceptable site layout for 2007 and to implement potential improvements from the 2006 research.
- 4.8 Northern Constabulary are in favour of consideration being given to relocating the event due to its popularity and need to address public safety issues (see Appendix 2).
- 4.9 Report, DV-041 'Flavour of Shetland 2007 Evaluation Report which is being separately considered at this meeting provides an overview of the 2007 event based on the research exercise.
- 4.10 Future development options are now addressed.

## 5.0 Development Options for Flavour of Shetland

- 5.1 The development options considered within this report concern the existing Shetland summer event. There are a range of options for developing FOS outwith Shetland as either a stand-alone event in major cities or as a component of other large events such as the Edinburgh Festival or the Royal Highland Show. These are being given consideration separately.
- 5.2 Within Shetland there are 4 main options that can be considered for the future of the event within Shetland. These are:
- (a) To stop the event;
  - (b) Continue the event at the current site at a similar or reduced scale;
  - (c) Re-locate the event and develop outwith Lerwick;
  - (d) Re-locate the event and develop within Lerwick.
- 5.3 To stop the event - Whilst technically an option, it is not considered realistic given the significant progress which has been made in establishing FOS as a summer event and the opportunities for evolving it.
- 5.4 Continue the event at its current site – An agreement in principle has been granted by Lerwick Port Authority (LPA) for use of Victoria Pier in June 2008. The waterside venue is attractive but there is difficulty in enabling this to be fully appreciated given the required layout of marquees along the perimeter of the site. There is a restriction on available space which does not allow many of the issues highlighted through survey research to be actioned. Overcrowding and lack of space was a common complaint highlighted in the 2007 survey amounting to 32% of the comments made on what had been disappointing about FOS. LPA have confirmed that additional space cannot be made available due to the impact that this will have on other pier users at a busy time of year for port activities. The only way to create space is to eliminate some of the event but this will change the nature of the event and therefore will be contradictory to the ambition and obvious potential to develop it further.
- 5.5 Re-locate the event and develop outwith Lerwick – This is not currently considered a viable development option at present as it will introduce too many variables at a relatively early stage of the event's development. It is thus likely to affect overall quality and attendance. This option is however considered a possible future development.
- 5.6 Re-locate the event and develop within Lerwick - This is a preferred option by EDU. Lerwick is central and familiar as a location for large events. A larger site in this area will allow introduction of new innovative aspects of the event, effectively taking it onto another level. Consequently, this option is preferred by staff in the EDU.



5.7 A move to a larger site will principally address the problem of space and allow for most of the suggested changes to be implemented. It will be possible to place more emphasis on a Shetland showcase, for example potential introduction of:

- a dedicated Shetland food village area;
- an expanded entertainment capacity: a larger, dedicated, main entertainment tent along with a smaller dual purpose informal music sessions/drama tent;
- a separate bar tent/area;
- an expanded children's activity and learning area incorporating Shetland storytelling, drama, traditional song, dance and dialect and special performances;
- quiet Shetland storytelling area;
- a historical re-enactment area;
- enhanced Masterchef food demonstrations;
- a showcase of Shetland art.

5.8 Potential sites within Lerwick given outline consideration at this stage are Gilbertson Park, Clickimin, Seafeld and the North Ness. Considerations are detailed below:

- **Gilbertson Park/Seafeld/Clickimin South** - There are now only three pitches in Lerwick where senior football can be played - Gilbertson Park, Seafeld and Clickimin South. There is increasing pressure on these parks to fulfil all the fixtures, training and coaching into a short summer season with 10 leagues competing for pitch use. Weather cancellations shorten the season further and concerns have been stated over park conditions post-event. At Gilbertson Park there are also potential difficulties in locating the event in what is essentially a residential area.
- **Clickimin Athletics Park** – This is the athletics pitch which is enclosed by the running track and owned and run by Shetland Recreational Trust. The park is positioned in an area which has a reputation for events and is available at the projected event dates. Shetland Recreational Trust have been approached and are happy with the suggestion in principle.
- **North Ness** – The available spaces adjacent to the North Ness Business Park and Museum are effectively brown field sites. Significant remedial work to make them level and safe and thus convenient and appropriate for use will be required. There are also concerns over access to the area given the large crowds attracted to the event. There are also potential health and safety issues locating the event close to the fuel tanks located close by.

5.9 From an organisational point of view, the Clickimin sports pitch is the preferred venue since initial review suggests the following benefits for hosting FOS:

- the site provides a wide, flat, open space with easy public access and is located in a safe location;
- the site will allow the event site to be better planned enabling a much more effective layout to be achieved than is currently possible. Total area is 7,400m<sup>2</sup> (available space at Victoria Pier is 2,250m<sup>2</sup> );
- services are available on site – water, power, parking and staff support from Clickimin Centre;
- the site is 'health and safety' friendly;
- the onsite ring road provides excellent access for distribution of event supplies and for a potential shuttle bus service;
- the location is well known and would be easy to promote to potential visitor;
- there is availability of toilets at Lochside and within the Clickimin Centre. There is also sufficient space available for additional portaloos to be located on-site;
- the current use of the site and open access will ease pressure on the time and logistics required for site set-up and dismantle.

## **6.0 Financial Implications**

6.1 The approved budget for FOS for the last three years has been £100,000. It has been consistently possible to remain within a 10% variance of this. It is difficult to be precise but in relocating and expanding the event it is estimated that this could be in the order of an additional £30,000, which will be sourced from other marketing cost centres in the 2008/09 estimates process. However, confirmation of any future funding will be subject to funding availability and approval of the 2008/09 estimates.

6.2 Flavour of Shetland has an established budget RRD5039 which will continue to be used for the 2008 event.

## **7.0 Policy and Delegated Authority**

7.1 This report has been prepared in accordance with the following Economic Development policies (Economic Policy Statement – Executive Committee 9 December 2003 [34/03]; Shetland Islands Council 17 December 2003 [161/03]):

- 2.1.2: Improving and maintaining the quality of goods, services and “visitor products” that add value to the economy.
- 2.1.4: Encouraging an active partnership approach to develop and enhance the marketing of Shetland and its produce.
- 3.2.3: Strengthen Shetland’s image as a distinctive holiday destination.
- 7.2 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in section 10.0 of the Council’s Scheme of Delegation approved by the Council on 28 March 2007.

## **8.0 Observations**

- 8.1 In August 2007 the Planning Committee approved the Lerwick Draft Town Centre Action Plan 2007-2011. One of the implementation aims of this plan is to “support and encourage local events taking place in the town centre in order to encourage the idea the Lerwick is an exciting place to be”. Relocating FOS out with the town centre area would be contrary to this aim but it is not considered that this event alone will have a significant impact on the strategy at large.
- 8.2 It is not anticipated that relocation will have a significant effect on attendance since, in enriching it, it then becomes a more attractive event to visit. In addition, Clickimin is well known as an event venue, for example in hosting the Millennium Show, Ideal Homes Exhibition, Shetland Winter Craft Fair and Classic Car Show. Promotion of the event at a new location is not considered an issue given Shetland’s wide media coverage.
- 8.3 Locating the event outwith the town centre may have an impact on town centre business who report enhanced trading figures during Flavour of Shetland when located at Victoria Pier.
- 8.4 The Lerwick Mid-Summer Carnival was successfully re-established in 2007 as an annual event. It was held on the evening of Saturday 23 June. It added to the already large crowds which were measured at FOS on the other three days of the event.
- 8.5 The second Shetland Flag Day will be held during the Johnsmas Foy on 21 June 2008. This date coincides with the Saturday of Flavour of Shetland. A football match involving a Shetland select team and an opposition team of high profile is planned at Gilbertson Park and will link in well with celebrations.
- 8.6 The Shetland Rugby 7’s tournament is due to take place at the Clickimin North pitch over the proposed Flavour of Shetland weekend and will add to the occasion if the event is held at Clickimin.

- 8.7 The Flavour of Shetland philosophy is used as a component in the wider EDU marketing strategy. For example the concept of local produce, good music and exemplary organisation was used at the Shetland Food and Drink Conference in February 2007, the Energy At The Edge conference in September and will be employed as part of Shetland's sponsorship of the Guild of Fine Food Writers dinner later this month.

## **9.0 Conclusions**

- 9.1 The aim of Flavour of Shetland is to create a focused summer festival which showcased Shetland and its culture, music and produce. The event does generate some immediate benefits but, principally, the aim is to focus on long-term economic benefits through raising the profile of Shetland.
- 9.2 The results of the research undertaken show to date that this event has been a great success in terms of promoting Shetland and fostering confidence. It is not possible to accurately measure the long-term benefits of the event. However, the surveys do indicate the likelihood of long-term impact through satisfaction with the produce on offer.
- 9.3 Research has shown that the principal issues of dissatisfaction are lack of space and overcrowding and that there are a number of areas which could be improved if sufficient space was made available.
- 9.4 There is a clear opportunity to evolve and expand FOS. This will not only enable a number of issues arising from survey research to be addressed but provide major benefits in building the capacity for future events in Shetland, notably the Hamefarin' in 2010 and Tall Ships Race in 2011.

## **10.0 Recommendations**

- 10.1 It is recommended that the Executive Committee approves expanding the Flavour of Shetland event in 2008 and locating it at the Clickimin Centre Sports pitch.

Date: 12 October 2007  
Our Ref: NHH/JJ RF/1110

Report No: DV040-F



**Aim:**

- *To strengthen Shetland's reputation as a high quality destination*

**Goals:**

- *To provide a quality-focussed annual event which appeals to visitors and Shetlanders*
- *Foster positive associations with Shetland products;*
- *Celebrate Shetland's unique heritage and culture*

**Objectives:**

- *Provide a showcase for food, drink and art and craft businesses;*
- *Provide a showcase for Shetland culture and music;*
- *Provide a forum to promote use of local produce*

**Resources:**

- *Utilise the very best quality, local produce, music and craft manufacturers*

**Control:**

- *Assess, monitor and act on all feedback received to continually improve the event*





## **REPORT**

To: Executive Committee

23 October 2007

From: Head of Business Development

### **DV042-F**

### **Requests For Funding to Complete Restoration of Belmont House**

#### **1.0 Introduction**

- 1.1 This report has been prepared for the Executive Committee to consider 2 separate applications from the Belmont House Trust for grant assistance to complete the restoration of Belmont House in Unst. The first application is for assistance towards a cost overrun incurred on Phase 2, Stage 1. The second application is for assistance to complete the funding package for Phase 2, stage 2. This will lead to the building being fully refurbished for letting in 2009. In total a sum of £75,253 is required from the Council's Economic Development Service. The report ends with a positive recommendation on the first application but concludes that a decision is deferred on the second application to ensure that the Belmont House Trust has explored all other possible funding options.

#### **2.0 Links to Council Priorities**

- 2.1 "Strengthening Rural Communities" is one of the priorities contained in the Corporate Plan to achieve sustainable economic development. This report demonstrates strong linkages with that priority.

#### **3.0 Background**

- 3.1 Following the formation of the Belmont House Trust in 1996, the trustees set about planning the restoration of the 18<sup>th</sup> century mansion that stands as a gateway to Unst. The project gained momentum in 1997 when the ownership of the building was secured by the Trust and emergency works began to prevent further deterioration of the house. In 2003 a full architect's survey set out a plan for restoring the building back to its original condition. Funding was sought and eventually secured to begin Phase 1 of the project, to make the building wind and water tight. Phase 1 cost £346,051.50 to complete, funded from the following sources:

	£
Historic Scotland	180,000.00
Shetland Enterprise	29,000.00
Shetland Amenity Trust	12,000.00
SIC, Community Development	33,000.00
SIC, Conservation Grant	20,000.00
SIC, Economic Development	42,000.00
Various Third Party Trusts	25,000.00
Belmont Trust	5,051.50
	<hr/>
Total	£346,051.50

Phase 1 was completed by the contractor, Shetland Amenity Trust, in September 2006.

- 3.2 The contract for Phase 2, Stage 1 began in November 2006. Again, the contractor was Shetland Amenity Trust. This part of the project aimed to restore the interior to a basic level before the more intricate finishing stage could begin. Phase 2, Stage 1 also included some external works, including harling. It was estimated that the contract for Phase 2, Stage 1 would cost £186,730 (including non standard VAT). Work concluded at the end of September 2007. As the contract progressed it became clear that unforeseen costs would lead to a cost overrun. The reasons for the eventual cost overrun of £48,253 are summarised in Appendix 1. With the cost overrun the total cost of Phase 2, Stage 1 comes to £234,983. The funding package for Phase 2, stage 1 is:

	£
Historic Scotland	65,000
Shetland Development Trust	60,000
Shetland Amenity Trust	60,000
Donations to Belmont Trust	1,730
Deficit	48,253
	<hr/>
Total	£234,983

Historic Scotland has agreed to fund £20,000 of the deficit, leaving a sum of £28,253 currently unfunded.

- 3.3 Work is now progressing to pull together a funding package that can take the project through to completion so that the Trust can put the business plan for letting Belmont House into effect. This part of the project is called Phase 2, Stage 2 and involves the work required to finish the interior, including fittings and furnishings, as follows:



	£
Interior Finishing	296,665
Back Porch/Paths	33,735
Fire Safety System	47,000
Heating System	31,000
Fixtures and Fittings	30,000
Contract Preliminaries	24,362
Contingencies	21,466
Professional Fees	72,521
VAT	35,251
	<hr/>
Total	£592,000

The proposed funding for Phase 2, Stage 2 is expected to be:

	£
Historic Scotland	250,000
HIE	150,000
Esmee Fairbank/Pilgrim Trusts	65,000
Gannocky Trust	80,000
SIC Economic Development	47,000
	<hr/>
Total	£592,000

Shetland Islands Council is being asked for a grant because HIE were unable to approve the full sum requested of it by the Belmont House Trust, which was £197,000.

### 3.4 Overall Project Cost Summary

By the time of completion the estimated cost of the Belmont House Restoration project is calculated to be £1,173,034, funded as follows:

	£
Historic Scotland	521,000
Shetland Enterprise/HIE	179,500
Private Trusts	167,000
Shetland Amenity Trust	72,000
SIC Community Development	33,000
SIC Conservation Grant	20,000
SIC Economic Development	116,253
Shetland Development Trust	60,000
Belmont Trust	4,281
	<hr/>
Total	£1,173,034

This assumes that the funding arrangements discussed in this report are approved. It is also important to understand that the Belmont Trust has contributed over £ 70,000 to the project through running costs and work in kind during the 10 years or so that the project has been in progress. It should also be noted that a Phase 3 project, to restore the Belmont House grounds back to original condition is being worked on.

The options for Phase 3 are centred more on voluntary work but there will still be costs of around £60,000 and the Belmont Trust is applying for grants etc from other funding sources to cover Phase 3.

#### **4.0 Proposal**

- 4.1 It is proposed that the Executive Committee considers awarding grants to the Belmont Trust to cover part of the cost overrun in Phase 2, Stage 1 defers taking a decision on the application for Phase 2, Stage 2 works for the reason explained in paragraph 7.3.

#### **5.0 Financial Implications**

- 5.1 The total of the two requests for assistance from the Economic Development Service, illustrated in paragraphs 3.2 and 3.3, amounts to £75,253. This sum could be funded from the Economic Infrastructure budget (RRD 1530 2402), which contains sufficient funds to cover the expenditure in this financial year.

Details of the Belmont Trust's business plan is provided in Appendix 2. Through this project the Trust aims to achieve a 4 star rating for Belmont House and the building will be marketed as high standard self-catering accommodation through the National Trust for Scotland. This type of accommodation is desirable at the upper end of the self-catering market where more affluent people plan holidays around staying in buildings that have historical significance and character. The business plan is based on a careful analysis of the market and, while there will be fluctuations, a modest profit should be possible in most years.

#### **6.0 Policy and Delegated Authority**

- 6.1 This project complies very closely with the Principles contained in the Council's Heritage Tourism Investment Programme 2007 – 2012, approved by the Executive Committee on 04.09.07 (Min. Ref. 29/07) and ratified by the Council on 12.09.07 (Min. Ref. 108/07). In particular:-

Value for Money – The project will make a significant contribution to heritage tourism through: attracting more visitors to a particular part of Shetland; widening the range of attractions on offer; contributing to the preservation of a valuable aspect of heritage; offering employment; and, contributing to a longer tourist season.

Long Term Viability – Belmont House can demonstrate that it will not require a subsidy for running costs.

Minimum Environmental Impact – The restoration of Belmont House will bring a derelict building into use as a valuable example of 18<sup>th</sup> century architecture serving as a landmark for visitors to Unst rather than a ruin.

Best Practice in Conservation and Heritage Management – This project has been planned and executed to the highest conservation standards.

Community Support – The project has proceeded with the full backing of the Unst community.

High Quality and Good Service - Historic Scotland requires that restoration projects are carried out to the highest standards. In addition the eventual marketing of Belmont House as 4 star self-catering accommodation will provide the only service of its kind in Shetland.

Links to Wider Strategic Objectives – This project helps to fulfil aspects of the Council's Corporate Plan, the Structure Plan, the Tourism Strategy and the Cultural Strategy.

- 6.2 With regard to the Economic Policy Statement approved by the Executive Committee on 9 December 2003 (Min. Ref. 34/03) and by the Council on 17 December 2003 (161/03), the project helps to fulfil the Marketing, Economic Diversification and Strengthening Rural Communities priorities.
- 6.3 The Executive Committee has delegated authority to make decisions on all matters within its remit, as described in section 10.0 of the Council's Scheme of Delegations, approved by the Council on 28 March 2007.

## **7.0 Observations**

- 7.1 The Belmont Trust has been extremely successful in attracting external funding for this restoration project. Assuming that the final phase progresses, at least 75% of the total cost of £1.15 million will have been sourced from outside Shetland. This fact in itself represents extremely good value for the public purse in Shetland as a lever for external money.
- 7.2 While every care is taken to estimate the cost of restoration projects, there is a very high risk that cost overruns will occur due to the problems that can be found on site once work begins. The risk of cost overruns is highest when parts of the building can only be uncovered and examined after the restoration work begins. With the final phase of restoration most of the work is about building on the earlier phase so there is not so much uncertainty and the risk of cost overrun should be lower.
- 7.3 When the Council considered the earlier report to fund Phase 1 of the Belmont House project on 14 September 2005, the decision to support was based on information that there would be no further requirement for Council investment in the project. It is regrettable that the funding package for the later stage of Phase 2 has not been achieved by the Belmont Trust. However, it is also necessary for the Council not to set a precedent for being a substitute funding source in such circumstances. The Belmont House should therefore be invited to

complete a search of other funding bodies including the Charitable Trust before more funding is requested from the Council.

## **8.0 Conclusion**

- 8.1 Restoration projects involving older buildings are extremely complicated and require the highest skill levels in all aspects of the work carried out. They are consequently very expensive projects. It is also essential that the people behind the project are dedicated to achieving the outcome without expecting fast results. With the approval of the funding package for the final phase of the Belmont House restoration project, the building can finally be completed to letting standard thereby realising the goals that the trustees have been working towards for over 10 years. A fully restored Belmont House would be a valuable asset for Shetland, from both an architectural attraction and accommodation perspective. That said, it is important that the Council avoids a situation where it becomes regarded as the first point of contact when the funding of heritage related projects becomes difficult. While it is acceptable for the Executive Committee to fund the overrun costs of Phase 2, Stage 1, it is equally inappropriate for a decision to be made on the application for Phase 2, Stage 2 until it is absolutely clear that all funding options have been explored.

## **9.0 Recommendation**

9.1 I recommend that the Committee:-

- a) approves a grant of £28,253 to the Belmont Trust towards the cost overrun associated with the completion of Phase 2, Stage 1 of restoring Belmont House; and,
- b) defers taking a decision on the application for Phase 2, Stage 2 until the Belmont House Trust has exhausted all other funding options, including the Charitable Trust.

Our Ref: DI/JJ RF/1104  
Date: 11 October 2007

Report No: DV042-F

**MICHAEL THOMSON FRICS**

Chartered Quantity Surveyor  
Chartered Valuation Surveyor  
Project Manager

10 Charlotte Street  
LERWICK  
Shetland  
ZE1 0JL

Tel: 01595 695555

Fax: 01595 694840

Email: michael@michaelthomson.co.uk

**Belmont Trust****Belmont House, Unst, Shetland.****Phase 2, Stage 1.****Projected Additional Costs.**

1. **Background:**
  - 1.1 The Belmont Trust awarded the contract for the Phase 2, Stage 1 Works at Belmont House to Shetland Amenity Trust on 15 November 2006.
  - 1.2 The Contract Sum is £174,136.96 plus non-standard VAT, a total of £186,730.83.
  - 1.3 The Contract Sum was negotiated in June 2006. At that time the envisaged start date was 03 July 2006.
  - 1.4 The project has overrun. The revised completion date is 31 August 2007. The main reason for the delay was working through the winter rather than through the summer and autumn. Many of the works have been weather dependent.
  - 1.5 There have been additional works as a result of defects/problems identified on "opening-up" the buildings. Also, some adverse site conditions were encountered.
  
2. **Additional Costs:** The projected additional costs in connection with the delay and with the additional works are as follows:
  - 2.1 Lime harl and lime wash. Works executed by Laing Traditional Masonry. Cost originally agreed at £25,000.00. Final cost is £31,500.53. Some of the additional cost was related to damage and delay caused by winter storms. The additional cost is, therefore £6,500.53
  - 2.2 Scaffolding. Due to the winter weather the scaffolding had to be encapsulated. The additional costs were £1,865.00 for the main

	house and £930.00 for the pavilions. The total additional cost is, therefore	£2,795.00
2.3	Existing windows/joinery repairs. The work in connection with existing windows, existing doors and staircases in pavilions was greater than allowance due to the poor condition encountered. The additional cost is	£5,911.00
2.4	Flagstones to basement. Found to be in a poor condition. All lifted and re-laid. Also shortage of suitable flagstones. Matching flagstones sourced from various buildings and outbuildings in Shetland. The additional cost is	£4,500.00
2.5	Forecourt walls. The existing masonry was in a poor condition. One section taken down and totally re-built. The additional cost is	£4,520.00
2.6	Main gate pillars. The two stone pillars at the main gate were taken down and rebuilt on new foundations. Also, the sections of stone walling behind the gate pillars had "slumped" and had to be rebuilt. The additional cost is	£5,980.00
2.7	New soakaway. There is a Building Standards requirement for a very large soakaway, which is massively bigger than that allowed for. The additional cost is	£3,190.00
2.8	Land drainage. Required to protect basement from winter ground water ingress. Excavate and install surface water drains along back of main house, around pavilions and flank walls. Fill drains with pebbles imported from Mainland. The additional cost is	£2,613.00
2.9	Preliminaries. There is a four-month extension of time. Time related costs are £2,261.52 and fixed costs are £1,000.00. The total additional cost is, therefore	£3,261.52
2.10	Sub-Total of Additional Costs	<b>£39,271.05</b>
2.11	Non-Standard VAT	£2,688.93
2.12	Total of Additional Costs	<b>£41,959.98</b>
2.13	Professional Fees 15%	£6,294.00
2.14	<b>Grand Total of Additional Costs</b>	<b>£48,253.98</b>

3. **Eligible/Non-Eligible Split:**

- 3.1 I assume all items except the new soakaway (and a share of the preliminaries) are eligible cost
- 3.2 The split is, therefore:

Eligible Costs	£	32,819.53
Preliminaries	£	2,972.53
	£	35,792.06
VAT	£	2,080.10
	£	37,872.16
Professional Fees 15%	£	5,680.81
Total:	£	43,552.97
Non-Eligible Costs	£	3,190.00
Preliminaries	£	289.01
	£	3,479.01
VAT	£	608.83
	£	4,087.84
Professional Fees 15%	£	613.17
Total:	£	4,701.01

**Michael Thomson FRICS**  
**Chartered Quantity Surveyor**

07 August 2007.