



## **REPORT**

**To: Development Committee**

**13 November 2008**

**From: Development Officer**

### **DV061-F Broadband and Telecommunications**

#### **1.0 Introduction**

- 1.1 This is an information report to update members on progress regarding telecoms and broadband provision.

#### **2.0 Link to Corporate Priorities**

- 2.1 The activities reported in this document aim to fulfil our commitments in the Corporate Plan to deliver a sustainable economy and supports the aims contained in the Economic Development Policy Statement (2007-2011).

#### **3.0 Background**

- 3.1 On 21 October 2008 I presented a report to the Development Committee [Minute Reference 27/08] regarding telecoms provision in Shetland. I was requested at that meeting to present a subsequent update report to this meeting.

#### **4.0 Update**

- 4.1 In October, we successfully arranged a meeting with BT, THUS, Faroese Telecom and HIE.
- 4.2 The purpose of the meeting was to explore possible collaborative projects, which could assist the telecoms providers to offer improved (or new) services in Shetland.
- 4.3 The meeting (in the most) was positive with the delegates keen to explore the possibilities. Discussion centred on the development plans each company had for Shetland.

- 4.4 BT had delegates from Wholesale and Network divisions as well a representative from BT Scotland. They explained that Shetland telephone exchanges would be upgraded as part of its 21<sup>st</sup> Century Network (21-CN) project. This is a rolling program of upgrades to all exchanges in the UK so that they all incorporate a single standard of telecoms. It is expected that Shetland will be upgraded towards the end of the project due to the increased cost of upgrading remote exchanges and the comparatively small financial return from a rural population. No timetable for upgrade has been established. BT is currently leasing fibres on the Faroese Cable (Shefa Cable). They plan on connecting to the cable to facilitate the roll out of 21-CN.
- 4.5 When asked if there was the possibility of speeding up the process and rolling out 21-CN in Shetland as early as possible, they explained that this would be unlikely. The upgrade programme encompasses the whole of the UK and urban environments have priority due to the higher return on investment. In order for Shetland to get 21-CN it would require the upgrading of equipment throughout the North of Scotland. Upgrading exchanges in Shetland alone would not be possible because the high speed links would only be as fast as the slowest part of the network. There is also no business case for BT to make any improvements in the interim (i.e. upgrade remote exchanges that don't have full broadband). BT explained that the only way that the upgrading process can be speeded up is to build a robust business case for the investment. At this time we (Shetland) have no evidence that there is likely to be a significant increase on demand for high-speed data links.
- 4.6 THUS currently operate microwave links from Shetland to the mainland. In recent months they have expanded their network (mostly radio links) across Shetland as part of the Pathfinder project. Their high capacity network is now far ranging. They see economic benefits of connecting to the Faroese fibre optic cable (Shefa cable). The problem they face, is getting a connection from the cable station in Maywick to Lerwick where their PoP (digital exchange) is located. Discussion at the meeting took place to see if BT could provide a fibre link from the exchange in Sandwick to Lerwick. BT explained that when 21-CN is rolled out in Shetland then their fibre link (from Sandwick to Lerwick) would be fully utilised for that purpose. It would also require a large investment in equipment to make the link to the Shefa cable. If a connection was made it still would not suit THUS requirements.
- 4.7 With the meeting drawing to an end and little or no progress being made discussion on whether or not establishing a PoP in Lerwick followed. BT said that there was scope to putting equipment in the Lerwick exchange which would provide an Ethernet link (as outlined in the Analysis Mason report) which would mean that companies in Shetland could access 'leased line' services at a much reduced price. At the moment leased line services are operated on a distance tariff, which is based on distance to a PoP. The closest PoP is in Aberdeen so operating costs to any business in Shetland makes using these services unviable. It was agreed that this option will be explored further but it is unlikely that these services would be available until after the 21-CN upgrade.

- 4.8 The telecoms providers are keen to cooperate whenever and wherever they can. There seems to be scope for working together but commercial sensitivities and different agendas exist. A follow up meeting was requested by the delegates to ensure that investment can be structured to ensure that financial returns can be maximised.
- 4.9 It is clear that there is little scope for directly influencing BT on their roll-out of 21-CN. Their investment schedule is entirely based on the business case to do so. To that end I have been in discussion with Stuart Robertson at HIE about the possibility of working on a joint research project with HIE on establishing broadband requirements across the whole Highlands and Islands area.

## **5.0 Scope for Future Work**

### **5.1 Community Broadband**

- 5.1.1 In my previous report I explained that there is a pressing need and desire within Shetland's outlying communities for better broadband coverage. Exchanges that only have EA services (512kbps) provide basic broadband, which falls short of peoples expectations. As previously reported, BT have no plans to upgrade exchanges before the rollout of 21-CN. This could be many years away.
- 5.1.2 I have been working with THUS and Shetland Broadband on scoping a possible wireless solution. The project is at a very early stage. I will submit a further report to the Development Committee when the project is ready.

## **6.0 Financial Implications**

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

## **7.0 Policy and Delegated Authority**

- 7.1 The subject of this report relates to Economic Development Policy Number 15 "Establish robust broadband services to businesses, organisations and homes in Shetland (Development Committee Minute Reference 01/08, SIC Minute Reference 55/08).
- 7.2 In accordance with Section 11.0 of the Council's Scheme of Delegation, the Development Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision including:
- Economic Strategy
  - Europe
- 7.3 As this is an information report, there is no requirement for a decision to be made.

## **8.0 Conclusion**

- 8.1 Broadband is a critical element of population retention and may hold the key to encouraging more businesses and people to come to Shetland.
- 8.2 Every effort should be made to encourage the telecoms companies to provide a high level of services in Shetland.

## **9.0 Recommendations**

- 9.1 I recommended that the Development Committee notes the content of this report.

Our Ref: MS/JJ  
Date: 05 November 2008

Report No: DV061-F



## **REPORT**

**To: Development Committee**

**13 November 2008**

**From: Services and Technologies Officer**

**DV062-F**

**Renewable Energy Update Report- September to October 2008**

### **1.0 Introduction**

- 1.1 This renewable energy update report is being presented to Development Committee as a means of communicating with Members key activities being dealt with by the Economic Development Unit in the period September - October 2008.

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

- 2.1 The activities reported in this document aim to fulfil our commitments in the Corporate Plan to deliver a sustainable economy and supports the aims contained in the Economic Development Policy Statement (2007-2011).

### **3.0 Renewable Energy Update**

#### **3.1 Energy Recovery Plant - Wind Power Project**

The Economic Development Unit approved funding of £8,750 towards the installation of an anemometer mast to measure accurately the wind regime at the energy recovery plant, wind turbine site. This work is important for approaching wind turbine manufacturers and securing warranties on machines as well as assessing their performance. This funding also covers some additional bird study work required to make a robust environmental assessment of the site. The bird study work should be completed by the end of March and a report made on bird activity, to be used in preparing an environmental assessment of the site.

The Economic Development Unit ,as part of the project team, have been involved in investigating possible sources of external funding for the project. The Council's Energy officer has contacted UK representatives of the EU schemes relating to energy to identify the most appropriate funding sources. Possible funding sources will be reported in future updates.

### 3.2 Shetland Composites

Shetland Composites were granted £12,054 towards their project to develop a heating system powered by renewable energy, for domestic properties.

Shetland Composites have teamed up with Oxford University to design, build and test a heating system that will aim to provide a cost effective renewable energy solution for heating homes and in the process tackle the issues of fuel poverty. This will be of particular value to houses in rural areas. The project is awaiting a decision on LEADER funding to complete the funding package. On securing the funding the project will run over the next two years.

It is hoped that if successful an off the shelf solution can be available to customers and manufactured in Shetland.

### 3.3 Cradle to Cradle Islands Project

The Economic Development Unit approved £25,000 funding to become partners in the C2CI (Cradle to Cradle Islands) project, part of the Interreg IVb North Sea Program. If successful in its bid for EU funding, this project will be able to provide match funding and knowledge exchange between regions. The C2CI project will be able to assist in the development of a renewable energy strategy in Shetland and support research and demonstration projects in the renewable energy sector.

A separate report is presented to this committee to approve a further £35,000 towards this project partnership.

### 3.4 Shetland Renewable Energy Strategy

The EDU, in partnership with HIE Shetland and the Shetland Renewable Energy Forum, have undergone a tendering process to commission an independent consultant to research and facilitate the development of a renewable energy strategy and action plan for Shetland. The result of this work will help provide direction and assist with investment decisions in the development of this sector.

Tenders have been received and assessed. However, the work was not commissioned, as it was decided to ask for proposals to be resubmitted and strengthened, to ensure the work meets the required specification.

### 3.5 Foula Electricity Phase 2

The EDU and Community Energy Scotland have been assisting Foula Electricity Trust in the development of Phase 2 of the electricity scheme. At this stage work includes obtaining planning permission for wind turbines on Foula. A site visit from planning officers is scheduled this month and work on the Environmental Statement is underway in consultation with SNH. It is a priority that this planning permission is approved early in the new year, so a funding package can be secured.

In order to qualify for funding from Lottery and Community Energy Scotland money, the Foula Electricity Trust will have to elect a further two islanders to the Trust. This will mean the Foula Electricity Trust will consist of two Shetland Islands Councillors and three islanders.

Based on legal advice, the Foula Electricity Trust deed will have to be altered to allow a further two trustees to be elected.

The Development Committee are asked to note the proposed changes to the composition of the Foula Electricity Trust.

### 3.6 LEADER Applications

The EDU have handled 6 applications for LEADER funding in relation to renewable energy projects. Five projects are from groups looking to install wind to heat projects. RNLI Aith Lifeboat station, Bixter Hall, Westsandwick Hall, Hillswick Hall and Bridge End Outdoor Centre. The other application is from Shetland Composites.

These projects will all be considered at the Shetland Local Action Group meeting on the 27 November 2008.

## **8.0 Financial Implications**

8.1 There are no financial implications arising from this report.

## **9.0 Policy and Delegated Authority**

9.1 This report has been prepared in relation to the Main Aim of the Economic Development Policy Statement 2007-2011, "to improve the quality of life of Shetland residents by promoting an environment in which traditional industries can thrive and innovate alongside newer emerging industries". The Policy Statement was approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (55/08).

9.2 In accordance with Section 11.0 of the Council's Scheme of Delegations, the Development Committee has delegated authority to implement decisions within the remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision, including:

- Economy
- Europe

As this is a report for information, there is no requirement for a decision to be made.

## **10.0 Recommendations**

10.1 It is recommended that the Committee notes the contents of this report.

Our Ref: MH/JJ  
Date: 05 November 2008

Report No: DV062-F





## **REPORT**

**To: Development Committee**

**13 November 2008**

**From: European Officer**

### **REPORT NO: DV057-F UPDATE ON EUROPEAN ACTIVITIES**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to update Members on current European issues and activities.

#### **2.0 Link to Corporate Priorities**

- 2.1 Maintaining links with Europe is a key component of the aims to achieving a sustainable economy as identified within Shetland Islands Council's Corporate Plan 2008-2011.

#### **3.0 Funding Streams**

##### **3.1 Highlands & Islands Convergence Programme 2007-2013**

Shetland Islands Council has submitted an application for £300,000 of ERDF funding towards a pier/small berth facility for Fetlar. The outcome of the application should be known around February 2009.

The Convergence Programme also makes provision for Community Planning Partnerships (CPPs) in the H&I's to submit a bid for a share of ERDF/ESF funds for their area. CPPs must submit a plan of proposed projects showing a thematic or geographic approach to community regeneration. Funding will come from ERDF Priority 3 – enhancing peripheral and fragile communities – and ESF Priority 1 – increasing the workforce. . Work is continuing on the preparation of Shetland's bid which is due for submission shortly.

##### **3.2 LEADER Programme 2007-2013**

As was announced recently by the Scottish Government, Shetland has been awarded an allocation of £1.49 million from the LEADER Convergence fund plus an additional £20,000 of LEADER funds. This brings the Shetland LEADER Programme to a total of £2.14 million. LEADER is a bottom-up method of economic and community development in rural areas, encouraging new and experimental approaches. The Shetland programme is up and running and the Local Action Group have approved over £85,000 of funding to date. All projects must fit within the main themes of Revitalising Communities and Progressive Rural Economy for the benefit of young people and women.

### 3.3 European Fisheries Fund (EFF) 2007-2013

The UK Operational Programme was finally approved and opened for applications in September. Businesses in the catching, processing and aquaculture sectors are eligible for support, as are producers and industry bodies. The priorities for funding in the Scottish programme are innovation, fuel and other efficiencies, and added value, particularly in fish processing. Projects which deliver wider public benefits will take priority over those which solely benefit one individual. We are aware of several local projects currently applying for assistance.

Further clarity is awaited from the Scottish Government on the application of EFF Axis 4 which has a focus on sustainable development of fisheries communities. It is understood that Axis 4 funds will be applied for and delivered through LEADER Local Action Groups and will involve the creation of a local development strategy. Representatives from the Council have been invited to attend the Scottish Fisheries Council Communities Sub-Group on 6 November where further guidance on the application of Axis 4 is expected.

### 3.4 Interreg North Sea Programme 2007-2013

The Council was approached and has agreed to be a partner in a project application to the Interreg IVB North Sea Programme (also the subject of a separate report to today's Committee). The proposed project, entitled "Cradle to Cradle Islands", aims to develop energy responsible and sustainable solutions for island environments. Our involvement in the project will assist the work of developing a renewable energy strategy for Shetland and contribute towards other research and demonstrations projects in renewable energy. The PURE Energy Centre in Unst have also agreed to be a partner in the project.

## **4.0 Conference of Peripheral Maritime Regions (CPMR) Activities**

- 4.1 Councillor Angus recently attended the 36<sup>th</sup> CPMR General Assembly and has already provided an update from the meeting to Members. The focus of this year's meeting was on maritime policy, energy policy, and transport policy.

The meeting also gave an update on the conclusions of a consultation with members into the future of CPMR:

- Peripherality and maritime affairs are generally considered as the basis upon which to engage in EU affairs.
- The CPMR's emphasis should be on lobbying activities and on the following themes: regional policy and territorial cohesion; energy and climate change; transport; and cooperation within the EU.
- The role of the Geographical Commissions should be strengthened.
- Strong opposition to the CPMR fostering worldwide cooperation.
- The CPMR should not merge with any other organisations but remain independent.

- 4.2 The North Sea Commission held its Executive Committee meeting in Shetland on 16 October. There was good representation with 16 external members from the UK, Norway, Sweden, Denmark, and Netherlands, as well as several local individuals. The meeting discussed the following issues:

- Developing a project application to the Interreg North Sea Programme for a maritime policy pilot project in the North Sea region.
- Shetland to coordinate a response to the EU consultation on Territorial Cohesion on behalf of NSC members.
- An update was given on the EU's Energy and Climate Change complex package of proposals which was published in January 2008 and due to be voted on in December by the European Parliament. There were very short timescales in which to make amendments however the CPMR tabled many amendments on behalf of its members.
- Suggested actions to better promote the work of the North Sea Commission.

- 4.3 The Council has participated in meetings of the CPMR's Aquamarina working group which was established to follow developments in the EU maritime policy. The European Commission's Blue Book highlights a broad spectrum of issues and proposes a wide range of actions for developing a maritime policy over a two-year period. The Aquamarina group are holding a series of thematic meetings on all the issues covered in the Blue Book, but intend also to be a lobbying body where appropriate.

- 4.4 The CPMR Fisheries Intercom Group – which Councillor Simpson chairs – is looking to have a meeting before the end of the year. There are several key issues on the horizon, including the recently launched EU Green Paper on Territorial Cohesion and a proposed Green Paper on reform of the Common Fisheries Policy, expected in the first part of 2009.

## **5.0 Current EU Policy Issues**

### **5.1 Proposed EU Maritime Policy**

Nicole Schaefer from the EU's Fisheries and Maritime Affairs Directorate, which has responsibility for maritime policy, visited Shetland from 14-16 June. The purpose of her visit was to learn more about Shetland's maritime environment and also the NAFC's Marine Spatial Plan project, while also briefing us on maritime policy developments. It was considered to have been a very useful exercise for all parties involved.

### **5.2 EU Green Paper on Territorial Cohesion**

An EU consultation on Territorial Cohesion has just got underway and the Commission are seeking views until 28 February 2009. The overall aim of cohesion policy is to reduce disparities among regions and assist regions which are lagging behind the more prosperous areas by supporting them in exploiting their economic potential. Cohesion policy is also the basis for determining regional policy funding and there has been an ongoing debate that a future cohesion policy needs to have a stronger territorial dimension to take account of those regions suffering from permanent and natural handicaps, such as islands and sparsely populated areas. The current consultation will aim to produce a common definition on territorial cohesion which is likely to be a key element in the defining of future EU cohesion policy. In addition to coordinating the North Sea Commission response to this consultation, the Council will make a direct response.

### **5.3 Common Fisheries Policy**

The European Commission intend to issue a consultation document on the reform of the Common Fisheries Policy in early 2009.

## **6.0 Financial Implications**

- 6.1 The financial implications arising from this report are potential travel and subsistence costs associated with attending forthcoming external meetings. These costs can be met from existing budgets.

## **7.0 Policy & Delegated Authority**

7.1 This report is relevant to three of the overall aims within the Economic Development Policy Statement 2007-2011 which was approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (55/08). The relevant aims are: encourage enterprise and sustainable growth; expand knowledge and build skills; and improve access and extend opportunities.

7.2 In accordance with Section 11.0 of the Council's Scheme of Delegations, the Development Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision including:

- Economic Strategy
- Europe

7.3 As this is an information report, there is no requirement for a decision to be made.

## **8.0 Conclusion**

8.1 This report provides an overview and update of current EU issues and activities.

## **9.0 Recommendation**

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

Our Ref: SJS/R4/10/6  
Date: 06 November 2008

Report No: DV057-F





## **REPORT**

**To: Development Committee**

**13 November 2008**

**From: Services and Technologies Officer**

**DV059-F**  
**European Partnership Working for Renewable Energy Projects**  
**Cradle to Cradle Islands, C2CI Project**

### **1.0 Introduction**

- 1.1 Shetland Islands Council, through the Economic Development Unit have signed up as partners in a project called “Cradle to Cradle Islands” (C2CI). An application has been submitted for European funding by the project leader, the Province of Fryslân, to the Interreg IVB North Sea Region Programme. If the application is approved this will allow access to 50% European match funding which can be used to develop a strategy for renewable energy in Shetland as well as research and demonstration projects in the sector of renewable energy. Shetland could benefit from external funding for local renewable energy projects and could also learn directly from progress being made in other small areas in the North Sea Region.
- 1.2 The Council has signed up as a project partner and provided a letter of intent that commits £25,000 of funding to the project. The letter stated that a further £35,000 will be committed to the project with the approval of the Shetland Islands Council’s Development Committee.
- 1.3 The Province of Fryslân approached the Economic Development Unit, inviting Shetland Islands Council to become partners in C2CI project. The tight timescale for applications meant a decision to commit to the project had to be made in fairly short notice by the end of September. The Economic Development Unit decided to use its delegated authority to commit £25,000 of funding and secure a partnership in C2CI with the proviso that a further £35,000 of funding would be committed if approved by the Council’s Development Committee of 13 November 2008.

- 1.4 Feedback from the Programme Secretariat indicates that the proposed C2CI project is a good fit with the Programme objectives and should be successful in its bid for funding. If successful in its application to the Interreg IVB North Sea Region Programme, C2CI shall run from April 2009 to 2011. The Council's contribution of £60,000 shall be spread over this time frame and with matched funding from the EU shall give a total budget of £120,000. It is anticipated that the bulk of the Council's spend will be during the 2009/10 financial year.
- 1.5 The Pure Energy Centre have also signed up as partners in the C2CI project with their own bid for match funding for projects in the area of hydrogen and transport. The Shetland Islands Council being partners in the project will strengthen the bid from a Shetland perspective to the benefit of the Pure Energy Centre.
- 1.6 This report seeks the approval of the Council to commit a further £35,000 to the C2CI project.

## **2.0 Links to Corporate Priorities**

- 2.1 The corporate plan contains a number of policies that relate to the subjects discussed in this report, specifically:
- 2.1.1 **Priority Areas:**
- We will be world renowned for being clean and green islands, decreasing our CO2 emissions by 30% by 2020.
- 2.1.2 **Sustainable Economy: Renewable Energy**
- Seek to support the case for establishing a fixed interconnector to the UK mainland by 2012.
  - Seek to provide support in developing Viking Energy's proposals to the submission of the Electricity Act application.
  - Support 2 renewable energy projects in the marine environment and 4 in the terrestrial environment.
  - Consolidate the PURE hydrogen project in Unst and the integration of low-energy technology in local building standards for business projects.
- 2.1.3 **Sustainable Environment & Transport:** sustainable use of resources
- Reduce CO2 emissions from Council buildings and Council energy use by 6% by 2011.
  - Progress a wind turbine project to seek to turn wind power into electricity, heat and hydrogen.
- 2.1.4 **Sustainable Society:** Deprivation and Social Exclusion
- Reduce the number of households experiencing fuel poverty by targeting grant assistance, education and advice to those people most likely to be living in fuel poverty and campaigning for the control of fuel costs for those on lowest income.



#### 2.1.5 **Sustainable Organisation:** Living Within Our Means

- Ensure that services do not overspend their annual revenue budgets.

### 3.0 **Background**

3.1 The C2CI project takes its title and inspiration from the “Cradle to Cradle” concept that has been developed by designers Michael Braugart and William McDonough. They have developed a system whereby products, rather than just being designed to be less harmful to the environment, start by being designed as intelligent products and materials. The products emulate those systems in the natural world that do not create waste but are cyclical systems. In essence, natural systems largely operate on the energy of the sun, which interacts with the geochemistry of the Earth’s surface to sustain productive, regenerative biological systems. The aim is to design human systems that can approach the effectiveness of the Earth’s natural systems. The C2CI project hopes to apply this concept in addressing energy, water and resource issues on islands.

#### 3.2 **The Aim of the C2CI Project**

The overall aim is to make a substantial contribution to environmental sustainability and to stimulate economic profit of the North Sea Region by:

Applying the “Cradle to Cradle” concept to develop energy responsible and sustainable solutions for island environments.

Using islands as test areas where research institutes and businesses can experiment with new technologies, so that innovation will be accelerated.

Developing networks of governmental organisations, knowledge institutions, companies and other stakeholders to ensure long term transferability and dissemination of ideas and concepts.

#### 3.3 **Main Objectives of C2CI**

The objectives of the project aim at speeding up the development of new energy related technologies and strategies, increase their uptake and through partnership ensure their safe, efficient adoption.

Areas of renewable energy specific to Shetland include sustainable villages, renewable energy strategy and renewable demonstration projects and coastal industries.

If this project is successful in securing European funding it would be able to assist in the work that comes out of the renewable energy strategy for Shetland which is currently being drawn together. It is envisaged that work under the sustainable villages heading could

include feasibility studies for the potential wind to heat projects that are being investigated for several Shetland villages. The coastal industries theme allows a look at more energy efficient fisheries and aquaculture sectors. The C2CI project aims to develop renewable energy strategies in Island areas and accelerate the uptake of sustainable energy use. This fits well with the aims of the Shetland Island Council.

#### **4.0 Financial Implications**

- 4.1 The Council contribution of £35,000 would come out of existing approved budgets within the Economic Development Unit and the money would lever in match funding. The contribution will come from RRD1526 2402 (Renewable Energy Projects Grants). The £25,000 already committed has also been coded to RRD1526 2402, the bulk of which is expected to be spend during 2009/10 as is the £35,000 which is the subject of this report. This is subject to this funding being approved in the 2009/10 budget setting process.

#### **5.0 Policy and Delegated Authority**

- 5.1 This report has been prepared under Economic Development Policy number 18, "Support research and development projects in renewable energy across the isles, in homes, businesses and community organisations" which was approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (Min Ref 55/08).
- 5.2 In accordance with Section 11 of the Council's Scheme of Delegations, the Development Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision, including:

Economic Strategy  
Europe

As this subject of this report is covered by existing policy the Development Committee does have delegated authority to make a decision.

#### **6.0 Conclusion**

- 6.1 It is the aim of the Economic Development Unit to support the renewable energy sector in line with Council Policy and assist in the drawing together of a renewable energy strategy for Shetland. The funding secured by the C2CI project will benefit Shetland in implementing its strategy. Progress on the C2CI along with other renewable energy projects will be reported back to future meetings of the Development Committee.

## **7.0 Recommendations**

- 7.1 I recommend that the Development Committee note the contents of this report and approves a further £35,000 to be used as match funding for the C2CI project.

Our Ref MH/JJ RF/1222  
05 November 2008

Report No: DV059-F





## **REPORT**

**To: Development Committee**

**13 November 2008**

**From: Interim Head of Economic Development**

**DV063-F**  
**Old Scatness Broch – Request for funding**

### **1.0 Introduction**

- 1.1 This report concerns a request for grant funding from the Shetland Amenity Trust for the development of the Old Scatness Broch site over the next 2 years, the total sum requested is £233,141.

### **2.0 Links to Council's corporate Plan**

- 2.1 Section 2 of the Council's Corporate Plan, Sustainable Economy, Tourism, sets out the following objectives: (1) Promote Shetland as a tourist destination. (2) Support people involved in products for the tourism sector. The development of the Old Scatness site into a world-class heritage attraction will support these objectives.

### **3.0 Background**

- 3.1 The Development Committee considered a report from myself at its meeting on 24 April 2008 in which I proposed that a 3 year funding package be offered to Shetland Amenity Trust for the development of the Old Scatness Broch site to complete the interpretation of the archaeological finds, enable the site to continue to operate as a visitor attraction, and develop detailed plans for a year round visitor attraction (Ref report number DV013).

- 3.2 However it was agreed that only the first year of funding for 2008/9 being £148,340 be provided. It was further agreed that future years funding would not be considered until the Economic Development Unit and Shetland Amenity Trust had provided “a 3 year strategic business plan on the costings of all its projects including those that are aspirational” (Min ref 03/08).
- 3.3 A revised Heritage Tourism Investment Programme 2008-2011, detailing the principles and priorities for developing heritage sites in Shetland, and 3 year action plan was presented to the Development Committee on 2 October 2008, and adopted (Min ref 42/08)
- 3.4 The Shetland Amenity Trust Corporate Plan 2008-2011 is appended to this report, the Old Scatness Broch Feasibility study and options appraisal and all other appendices are accessible from coins.  
[www.shetland.gov.uk/coins](http://www.shetland.gov.uk/coins).

#### 4.0 Proposal

- 4.1 I request that the Development Committee consider whether sufficient appropriate information on Heritage development plans has been provided by the Economic Development Unit and Shetland Amenity Trust, and if so, consider the provision of £233,141 of grant funding to the Amenity Trust for the development of Old Scatness Broch site over the next two years. This will enable the Amenity Trust to complete the interpretation of the archaeological finds, enable the site to continue to operate as a visitor attraction, and develop detailed plans for a year round visitor attraction.
- 4.2 A description of the project and costs, based on opening to the public from May to September is detailed as follows:

**Table 1.**

	<b>2009/10</b>	<b>2010/11</b>
Visitor Co-ordinator	£27,531	£28,219
Staffing (Guides/Living History) wages	£59,952	£61,440
Materials	£3,000	£3,000
Essential Interpretation	£90,000	£0
Marketing	£3,000	£3,000
<b>TOTAL:</b>	<b>£183,483</b>	<b>£95,659</b>
Historic Scotland	20,000	
Operational Income	£13,000	£13,000
<b>Amount Requested</b>	<b>£150,482</b>	<b>£82,659</b>

- 4.3 To be clear this proposal is for the funding of the Old Scatness Broch Project for the next 2 years, or up to the point at which a decision can be made on a full development of the site.

## **5.0 Financial Implications**

- 5.1 The Shetland Amenity Trust have requested that the funding is provided in 2 instalments as follows: 2009/10, £150,482, and 2010/11, £82,659. Any grant assistance for future years will be subject to the Revenue Estimates process for that year and subject to the availability of funds.
- 5.2 This grant is to be paid from RRD1631 2402. The funding of this budget will be met from the transfer of funds from the Shetland Development Trust when the SDT assets are transferred into the Council.

## **6.0 Policy and Delegated Authority**

- 6.1 This report has been prepared in accordance with the Economic Development Policy Statement - Policy 5 "Continue to develop Shetland as a tourist destination, through development of high quality products and services" which was approved by the Development Committee on 24 April 2008 (Min Ref 01/08) and by the Council on 14 May 2008 (Min Ref 55/08).

In accordance with Section 11.0 of the Council's Scheme of Delegations, management of the Shetland Development Trust, on behalf of the Council as sole Trustee, is delegated to the Development Committee

## **7.0 Observations**

- 7.1 The tourism industry is a growing contributor to the Shetland economy. Tourism requires good links, good accommodation, and good facilities and attractions. The Old Scatness Broch site is already of international significance and could be further enhanced along with its value to tourism from further development.
- 7.2 The Heritage Plan for Shetland report, 2006, estimated that the contribution of the heritage sector to Shetland's tourism product was in excess of £8million per annum and 230 jobs, with a potential contribution to the sector, if it were fully coordinated, of £15million and 370 jobs.
- 7.3 The Old Scatness Broch and Iron age Village has been developed over the last 12 years as one of Shetland's key visitor attractions. The site is currently open to the public for 5 months each year from May to September, and attracts approximately 10,000 visitors each year.
- 7.4 Over the development period of the site to date approximately £2.5 million has been spent of which over £1.5 million (60%) has been levered in from external sources.
- 7.5 Because the site is already a significant visitor attraction, it is important, in the short to medium term to keep it open and to offer visitors the best experience we can.

- 7.6 Should the project to fully develop the site not be pursued a decision would be required as to how the ongoing operating costs would be funded, beyond the next 2 years proposed in this report. It would appear unlikely that the site in its present form could be self-sustaining.

## **8.0 Conclusions**

- 8.1 This project presents the opportunity to develop a very unique and marketable piece of Shetland's historic and natural heritage in a way which could have significant impact on the tourism and cultural industries in Shetland. However the proposal contained in this report is for an interim stage in the development of Old Scatness and further significant funding would be required for the site to reach its full potential as a tourism attraction.

## **9.0 Recommendations**

- 9.1 I recommend that the Development Committee, acting as Trustee of the Shetland Development Trust, offer a grant of £233,141 to Shetland Amenity Trust, to be paid in two instalments of £150,482 in 2009/10 and £82,659 in 2010/11.

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