

MINUTE

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Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 22 January 2009 at 10am

Present:

J G Simpson	L Angus
J Budge	A T J Cooper
A T Doull	B Fullerton
F B Grains	R S Henderson
J H Henry	W H Manson
F A Robertson	C L Smith
A S Wishart	

Apologies

L F Baisley	A J Cluness
A G L Duncan	I J Hawkins
A J Hughson	C H J Miller
R C Nickerson	G Robinson
J W G Wills	

In Attendance (Officers):

N Grant, Head of Economic Development
N Henderson, Principal Officer - Marketing
M Smith, Economic Development Officer
S Spence, European Officer
T Coutts, Research Officer
B Robb, Management Accountant
R Macleod, Committee Assistant
L Adamson, Committee Officer

Also:

N McDougall, Financial Controller - SDT
W Grant, Project Manager - SDT

Chairperson:

Mr J G Simpson, Chairperson of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

Mr J Budge and Mr A T Doull advised of an interest in agenda Item 9, as members of the SLMG Ltd., however they would take part in the debate. Mr W H Manson declared an interest in Item 9, as he had until recently been a Director of SLMG Ltd., and he would take no part in the debate.

Mr L Angus, Mrs B L Fullerton and Mr J H Henry declared a non-pecuniary interest in agenda Item 1 as Members on the Board of the NAFC Marine Centre, and advised that they would take part in the debate.

Minutes

The minute of the meeting held on 13 November 2008, having been circulated, was confirmed on the motion of Mr A T J Cooper, seconded by Mr J G Simpson.

Members' Attendance at External Meetings

Mr J G Simpson Boat Show, London – 14/15 January

Mr J G Simpson Scottish Fisheries Council, Edinburgh – 19/20 January

01/09 NAFC Marine Centre Funding

The Committee considered a report by the Head of Economic Development (Appendix 1).

The Head of Economic Development summarised the main terms of the report.

Mr L Angus reported on the individual services carried out by the NAFC Marine Centre (NAFC) and Shetland Seafood Quality Control Ltd. (SSQC), advising on their importance and value to Shetland. Mr L Angus moved that the Committee approve the recommendations in the report. Mrs B L Fullerton seconded.

Mr A T J Cooper said he supported the proposals, however his concern was that the NAFC could and should be applying for ESF funding, as with new courses being developed and courses being modified, effort should be made to secure ESF funding from January 2010. Mr L Angus said that he fully agreed, and would include Mr Cooper's suggestion into his motion, and this received the support of his seconder.

During the discussion Mrs B L Fullerton said she welcomed the long awaited SUMs funding for Shetland. Mr W H Manson advised that the bulk of SUMs related to the engineering function, which had previously been carried out by both the NAFC and Shetland College, however it had recently been agreed that the function would best be carried out solely by the NAFC. The Head of Economic Development advised that half of the SUMs income was related to the cadet programme. He clarified that as it is not possible for the NAFC to receive funds directly from the Scottish Funding Council, the Council and Shetland College receive the funds on behalf of the NAFC.

In response to a question from Mr A S Wishart in respect of Section 5.3, the Head of Economic Development clarified that the rent, repairs and insurance costs to the sum of £626,055 would be in addition to the proposed funding requirements for 2009/10, with the majority of the grant and costs being from an Economic Development cost centre from the Reserve Fund.

02/09 SIC Response to EU Green Paper on Territorial Cohesion

The Committee considered a report by the European Officer (Appendix 2), and approved the recommendation contained therein on the motion of Mr A T J Cooper, seconded by Mrs B L Fullerton.

03/09 Economic Downturn Support Measures

The Committee considered a report by the Agricultural Development Officer (Appendix 3).

The Head of Economic Development summarised the main terms of the report.

In response to a question from Mr A S Wishart, the Head of Economic Development advised that he was aware that the Scottish Government were now progressing with a national scheme, however it was prudent that Shetland should press ahead with the scheme to ensure that Shetland businesses receive support. Mr A T J Cooper congratulated staff on responding so quickly to the recent EC initiative, and moved that the Committee approve the recommendations in the report. Mr L Angus seconded.

04/09

Environmental Action Team – Appointment of Representative

The Committee considered a report by the Head of Business Development (Appendix 4).

On the motion of Mr A S Wishart, seconded by Mr L Angus, the Committee nominated Dr J W G Wills as representative on the Environmental Action Team, in absentia.

05/09

Grant Assistance Approvals

The Committee considered a report by the Head of Business Development (Appendix 5).

The Head of Economic Development introduced the report and provided some explanation on the probable reasons for the falling number of grant approvals by the EDU, and advised that the report concluded that a broader new scheme should be drawn up. Mr L Angus moved that the Committee approve the recommendations in the report. In seconding, Mr A T J Cooper said that there should be a more proactive approach to engage with industry to make certain that what is being proposed meets with industry needs.

06/09

Shetland Community Regeneration Policy

The Committee considered a report by the Head of Business Development (Appendix 6).

Mr W H Manson said that he welcomed the Regeneration Policy. In referring to Section 5.1 of Appendix 1, Mr Manson explained that the workers involved in the Northmavine Initiative at the Edge (latE) project were considering how the project could be extended as there was no exit strategy in place. Mr Manson moved that the Committee approve the recommendation in the report but with the proviso that the individual projects would be funded for a period of 5 years. Mr Manson added that he was aware that there would be budgetary implications for this increase, but that the results would be worthwhile. Mr A T Doull seconded.

Mr A T J Cooper agreed with the proposal, and suggested that a mid-term review should be undertaken possibly at the 2-3 year stage, to ensure that the community was adhering to the Policy. In receiving the consent of this seconder, Mr Manson agreed to include the proposal into his motion.

07/09

Knitting Machine for Shetland College Textile Facilitation Unit

The Committee considered a report by the Research Assistant (Appendix 7).

Mr W H Manson reported that the Textile Facilitation Unit was well used by the textile industry, and the purchase of the machine would enhance the small but important industry, to develop both full and part-time work. Mr W H Manson moved that the Committee approve the recommendations in the report. Mrs B L Fullerton seconded.

In response to questions the Research Assistant explained that private individuals would provide their design to the operator and would be charged commercial rates to use the machine. The machine would allow the unit to operate on a more commercial basis to better serve the industry.

Mr A S Wishart advised that as Mrs C H J Miller had been unable to attend the meeting she had circulated an e-mail to Members regarding some of the proposals in the report, and he undertook to provide a copy to the Research Assistant.

During the discussion, Members debated the value of using Shetland wool to produce Shetland products, however it was noted that a Shetland design could be made from material from elsewhere as long as the product was marketable. In response to comments from Mr F A Robertson, the Research Assistant advised that one of the recommendations in the report was that the training programme would be more robust.

08/09

Community Broadband

The Committee considered a report by the Economic Development Officer (Appendix 8), and approved the recommendation contained therein on the motion of Mr L Angus, seconded by Mr R S Henderson.

Mr A T J Cooper advised that at a recent Fetlar Working Group it had been proposed that broadband connections should be installed at the three vacant properties in Fetlar, as this would be beneficial to market the houses with Broadband to encourage people to move to Fetlar.

Mr A T J Cooper enquired whether or not the forthcoming "Digital Britain" report by Lord Carter may have implications for the rollout of broadband in Shetland. The Economic Development Officer advised that there had been no confirmation of the content of that report. Mr Cooper requested that a report be prepared for Development Committee once the Lord Carter report had been published.

09/09

Shetland Abattoir Co-operative Ltd., and Shetland Livestock Marketing Group Ltd. – Abattoir and Meat Processing Facility, Scalloway

The Committee considered a report by the Head of Economic Development (Appendix 9).

(Mr W H Manson took no part in the debate on this item).

The Head of Economic Development provided a brief introduction on the two recommendations in the report.

In response to questions from Mr J Budge, the Head of Economic Development advised that the proposal would be that external expertise would be utilised to undertake the business review and development plan for the Shetland Livestock Marketing Group Ltd. (SLMG), to produce a structure for the SLMG, and to allow a report on the plan for the abattoir and meat processing facility to be prepared. He said that there was no guarantee that SLMG would be the operator of the abattoir facility, although they would appear to be the obvious choice. He added that it was difficult to look at the abattoir proposal without knowing what role the SLMG could take.

Mrs B L Fullerton stated that she had considerable concerns regarding the request from SLMG for £25,000 for the production of a business review and development plan, when the proposed abattoir and meat processing facility at Scalloway had not been agreed as the way forward, planning permission had not been granted and no funding was in place. She added that the proposal for the facility to be located at Scalloway was totally unacceptable, and was strongly opposed by the community. She proposed that alternative locations for the facility should be considered. The Head of Economic Development clarified that the funding to SLMG was to look at the Group's options for the future, and not specifically to consider their part in the abattoir facility. Mrs Fullerton commented that the report referred to developing the facility at Scalloway, and therefore the recommendations appeared to be linked together.

In response to a question from Mr A S Wishart, the Head of Economic Development advised that it was possible that an unconnected third party could in effect operate the abattoir facility.

Mr R S Henderson moved that the Committee defer a decision on this report for one cycle, to allow a clearer picture on the proposals for the facility to be located at Scalloway. Mrs B L Fullerton seconded.

Mrs F B Grains said the report had been presented ahead of time, and she had concerns that the SLMG was requesting funding when they may not be the operator of the facility. Mr Budge referred Members to the introduction in the report, which he said defined that the requests from the Shetland Abattoir Co-operative Ltd. (SACL) and SLMG were two separate issues, and to Section 3.6 where it reads "... SLMG have requested assistance to assess their trading position and future options". He said that there was no reference to SLMG operating the abattoir, and Members should bear in mind that the requests were not linked together. Mr J Budge moved as an amendment, that the Committee approve the recommendations in the report. Mr A T Doull seconded.

Mrs Grains commented that Section 4.2 would read that the projects would be linked and Mr L Angus said that the issue was the references in the report to the "abattoir and meat processing facility at Scalloway". Mr Angus said that he would not like to see pressure put on the Planning Service from any decision taken today, however the location for an abattoir needs to be decided at an early course by the Planning Service, and resolution to the opposition from the community. Mr Wishart said that the report, with respect, did appear to confuse the issues, and two separate reports would have prevented the unease, however he could appreciate the need for SLMG to consider their options for the future. He added however that Members had received verbal assurance from the Head of Economic Development that the funding for SLMG's business plan was separate from the proposals for the abattoir at Scalloway.

[Mr L Angus left the meeting].

The Head of Economic Development apologised for any confusion, and said that the intention was to secure a level of funding to SLMG for a proper analysis of their position and future options to be undertaken, and the work was required regardless of the proposal for an abattoir facility at Scalloway.

Mr A T J Cooper referred to Mr Henderson's motion and explained that SACL had only recently submitted the planning application for an abattoir at Scalloway to the Planning Service, and with the 13 week period to consider the application, Members could not assume that a decision on the application could be reported at the next cycle of meetings. Mr Cooper proposed that Mr Henderson should clarify whether his motion to defer a decision was until such time as the Planning Board had considered the application.

Mr Cooper then referred to Mr Budge's amendment to approve the recommendations in the report, and went on to say that there were divisions within the agricultural community, and when considering the sustainability of SACL, SLMG needs to sign up and agree to what is being proposed. Mr Cooper proposed that Mr Budge's amendment should be amended to include the requirement that two thirds of the SLMG members sign up to the proposals, to give it more credibility. Mr Budge said that it could be difficult to give such an assurance, and reiterated that SLMG's request for funding was completely separate from SACL's proposals at Scalloway.

(Mr C L Smith gave notice of a further amendment).

In response to a question from Mr Henderson, the Chairperson clarified that the decision on the funding request from SLMG could have been agreed through delegated authority, however as this was a sensitive issue he had asked that a report be prepared to Committee to allow Members to make the decision on whether or not to grant funding. In response to a question from Mr Cooper, the Head of Economic Development clarified that there would be no State Aid issues as it would be done under de minimis.

Following summing up, voting took place by a show of hands, and the result was as follows:

Amendment (Mr J Budge)	6
Motion (Mr R S Henderson)	5

Mr C L Smith referred to Section 3.6 in the report, and said that he had some unease that SLMG were requiring an assessment of their trading position and future options, and he moved as an amendment that SLMG be asked to provide 50% of the funding requested, which would be half of up to £25,000. In seconding, Mrs B L Fullerton said that with the 235 SLMG members the funding would not be a significant amount from each member. She added that this would give a sign of the industry's support, and would enable the Economic Development Unit and the Council to support the outcome of the business plan with an easier mind.

Following summing up, voting took place by a show of hands, and the result was as follows:

Amendment (Mr C L Smith)	6
Motion (Mr J Budge)	5

10/09

Business Gateway

The Committee noted a report by the Head of Business Development (Appendix 10).

In response to questions from Mrs B L Fullerton, the Head of Economic Development advised that the proposal would be for the general advice to be provided by EDU officers, however specialists would have to be contracted in to provide certain business advice. There were ongoing discussions regarding the funding for the Business Gateway programme, however the proposals for operating the service were progressing on the basis that funding would be provided. He added that the Business Gateway Service would go live at the beginning of the Financial Year, and updates on progress would be reported to Committee.

11/09

Drydock/Shiplifting Facilities in Shetland

The Committee considered a report by the Research Assistant (Appendix 11).

Mrs B L Fullerton said that this was an excellent report and she supported the proposals, which would be good for Shetland. Mrs Fullerton accordingly moved that the Committee approve the recommendations in the report. Mr J H Henry seconded.

Mr A T J Cooper advised that the Sullom Voe Study includes proposals for zoning land around the terminal for development, and an area could be zoned for drydocking.

During the discussion and in response to a question from Mr C L Smith, the Research Assistant advised that local engineering companies had been consulted during the research for this report. Mr J H Henry reported that shiplifting facilities had recently been installed at MacDuff, and the Research Officer agreed that MacDuff would be worthwhile template to work from. Mr A S Wishart said that although similar previous studies had not been followed up, he was in support of this study to be undertaken. The Research Assistant advised that there could be some issues regarding sourcing local professional expertise for such a facility, however there were a number of options to be considered.

12/09

Shetland Research Projects

The Committee noted a report by the Principal Officer – Marketing (Appendix 12).

The Principal Officer – Marketing summarised the main terms of the report, and advised that the research had been very valuable and would be used significantly in the future.

13/09

Shetland.org Website Update

The Committee noted a report by the Principal Officer – Marketing (Appendix 13).

The Principal Officer – Marketing summarised the main terms of the report, and provided an update on the proposals to further promote the website.

Mrs B L Fullerton said that this was an excellent initiative, and she was pleased that the website had been so successful. Mr A T J Cooper commented that the website was a credit to the local web designers.

Shetland Islands Council as Trustee of Shetland Development Trust

14/09

Mareel, Cinema and Music Venue – Sounding Board Feedback Report #1

The Committee noted a report by the Head of Economic Development (Appendix 14).

The Head of Economic Development provided a brief update on the Mareel Project, advising that the Sounding Board had recently met with representatives from Shetland Arts and the Project team, and Shetland Arts would prepare a report on progress in due course.

In order to avoid the disclosure of exempt information, Mr J G Simpson moved, and Mr C L Smith seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of agenda items 15, 16 and 17.

(Representatives of the press and public left the meeting.)

15/09

SSG Seafoods (In Receivership) – Thompson Bros Salmon Ltd Share Offer

The Committee considered a report by the Project Manager, and approved the recommendation contained therein on the motion of Mr A T J Cooper, seconded by Mr W H Manson.

16/09

Activity Report – November 2008 – January 2009

The Committee considered a report by the Head of Economic Development, which provided the Committee with an update of existing investments, initiatives and other issues affecting the operation of the Trust.

Following a request from Mrs F B Grains, it was agreed that two separate activity reports would be presented to Committee, one containing general information which would be considered in public, and any sensitive information would be taken in private.

Mrs B L Fullerton said that she welcomed the progress with the Childcare Strategy.

The Head of Economic Development advised that the move to the Solarhus building had been delayed due to problems with the drains of the building, and it was now anticipated that the move would take place nearer to the end of February.

Mrs Grains commented that she welcomed the meeting between the EDU and COPE to discuss the Shetland Spring Water project.

17/09 **Note of the Tourism and Culture Panel – 19 November 2008**

The Committee noted the minute of the above meeting.

The Head of Economic Development advised of the proposal that the report “A Local Approach to Marketing” would be presented to Council in February.

18/09 **Note of the Agriculture Panel – 5 December 2008**

The Committee noted the minute of the above meeting.

19/09 **Note of the General Industry Panel (Skills Development) – 15 December 2008**

The Committee noted the minute of the above meeting.

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J G Simpson
CHAIRPERSON