



REPORT

To: Development Committee

05 March 2009

From: Development Officer

DV029-F Broadband and Telecommunications

1.0 Introduction

- 1.1 This is a brief 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 I presented a report to the Development Committee on 13 November 2008 regarding telecoms provision in Shetland. I was requested at that meeting to present subsequent update reports every second cycle. At the Development Committee meeting of 22 January 2009 (Min Ref 08/09), the Vice Chairperson requested an update on Lord Carter's UK Government Report "Digital Britain" to be reported to this meeting.

4.0 Lord Carter Report

- 4.1 At the end of January Lord Carter presented an interim report called "Digital Britain". The UK Government report covers a number of issues relating to the future of digital technologies and broadband.
- 4.2 The report is broad ranging and includes proposed Government targets and objectives relating to telecoms networks (including fibre optic, mobile and wireless), digital TV, digital rights, licensing and digital radio amongst many others.

4.3 Most relevant to Shetland is the proposed Universal Service Commitment (USC) to supply broadband to all homes in the UK. At the moment there is a Universal Sector Obligation (USO) to provide telephony to all UK homes but no mandatory requirement to provide broadband. The report proposes a minimum speed of 2 Mbps by 2012. This news is welcome but somewhat slower than the public would expect and by 2012 this level of broadband may well be considered to be too slow.

4.4 The full report is likely to be published in the summer.

5.0 Vidlin/Fetlar Broadband Project

5.1 At the Development Committee meeting of 22 January 2009 it was agreed to proceed with the pilot project to establish wireless broadband networks in Vidlin and Fetlar. The project is proceeding as planned and as part of the planning phase, meetings with both communities will be happening within the next two weeks.

6.0 Community Broadband in other areas

6.1 The Communications Consumer Panel (CCP) recently published a report on local initiatives on next generation broadband in communities in the UK. The report highlighted a number of community and business led projects to supply broadband to areas where either there was no service or poor service.

6.2 Many of the schemes are being planned in partnership with either the local council or the relevant Regional Development Agency.

6.3 A growing number of areas feel that they are unlikely to have their future broadband requirements met by the large telcos (BT, Virgin etc) so they have taken the initiative to provide the infrastructure themselves.

6.4 Many of the areas highlighted are urban population centres but many are small remote communities. One small community in Cumbria are doing preparatory work for a fibre optic network to service their area (approx 1000 households). I contacted them for more information and they plan to lay fibre using local contractors who are prepared to install fibre optic cable much cheaper than previously thought possible. The community cooperative that is deploying the network believe they will see a return on their investment due the network being (reasonably) future-proof and therefore allowing for a long repayment term.

6.5 Many of the projects have involved the Community Broadband Network (CBN) which is a commercial umbrella organisation which provides information and support for communities wishing to develop better broadband. Most of the projects they have developed have been in the north of England but they are also involved in assisting a project to supply fibre optic networks in Scotland.

7.0 Financial Implications

7.1 There are no financial implications arising from this report.

8.0 Policy and Delegated Authority

8.1 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).

8.2 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

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

9.0 Conclusion

9.1 The future deployment of fibre networks is unlikely to mimic the deployment of the copper network we have at the moment. It is probable that many smaller, locally controlled, networks will develop over the UK as areas decide on the right solution for them

9.2 In Shetland we need to develop a strategic long term plan to ensure that we have the telecoms infrastructure required for a healthy economy.

10.0 Recommendations

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

Our Ref: MS/JJ RF/1038
Date: 23 February 2009

Report No: DV029-F



REPORT

To: Development Committee

05 March 2009

From: Services and Technologies Officer

DV032-F

Renewable Energy Update Report - November 2008 to February 2009

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 November 2008 - February 2009.

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 wind test mast is to be erected on site around the first week of March. Bird study data should be completed by the end of March and will signify the suitability of the site.

There are a number of viable options being worked on by the project team surrounding the ownership and financing of the project, the distribution of power and heat along with the technical aspects of integrating the wind power and the grid back up. All are being drawn together and a full report on this will most likely be brought to the Council through the Infrastructure Committee.

3.2 Fair Isle Electricity Company

The Fair Isle Electricity Company have been granted £24,828 towards the major refurbishment of the 60kW wind generator on the island. This will extend the life of the wind turbine it is hoped for another 5 years. The 60kW machine has been in operation since 1982 but has had several major overhauls including the gearbox replaced. Once back in operation the turbine will reduce the amount of expensive diesel required to maintain the supply on the island and increase the revenue to the scheme through ROCs. (This update entry is subject to the approval of funding)

The Fair Isle Electricity Company have had a review undertaken by Econnect Ltd on the electricity scheme. The review identifies areas where improvements could be made to the scheme to better utilise valuable wind energy. This includes the use of energy storage as is now used on Foula and the island of Eigg to supply 24 hour power. The scheme in Fair Isle is still a pioneering set up but advances have been made in control technology and grid management, which could benefit the service on the island. The desire of the Fair Isle Electricity Company is to extend the life of existing infrastructure as long as practical, whilst looking to the medium and long term when the turbines will have to be retired and replaced with new equipment. Representatives of the Fair Isle Electricity Scheme are in contact with the Economic Development Unit and Community Energy Scotland.

3.3 Cradle to Cradle Islands Project

The funding of the Cradle to Cradle Islands (C2CI), Interreg IVB project, was approved by the EU.

C2CI will be able to provide a budget of 75,990 Euro match funding towards projects in Shetland and also allow knowledge exchange between regions. The C2CI project will be able to assist in the implementation of the renewable energy strategy in Shetland and support research and demonstration projects in the renewable energy sector.

3.4 Shetland Renewable Energy Strategy

Independent consultants Anderson Solutions were successful in their tender to produce a renewable energy strategy for Shetland. The work of interviewing stakeholders is underway and once this first stage of information gathering is complete, it is intended that an industry panel will be held to focus on renewable energy and in particular the Renewable Energy Strategy for Shetland.

3.5 Foula Electricity Scheme

The new micro hydro scheme in Foula has been operational over several winter months now. This has proven to be very successful in reducing the amount of diesel used on Foula and has maintained 24 hour power on the island. The solar panels are also now beginning to contribute to the energy mix with the increase in daylight. An official hand over of phase 1 of the scheme from the contractor to the Foula Electricity Trust, will happen later this month.

A planning application is being worked on for Phase 2 of the project. This involves a lot of detailed analysis and collation of environmental data, which is being undertaken by specialists, Aquatera in Orkney. This work will produce an environmental statement to be used as part of the planning application for erecting several small wind turbines on the island. Adding these wind turbines to the energy mix on Foula will make the system sustainable and reduce the use of fossil fuels to a minimum on the island. Importantly it will also increase the amount of electricity available to each household.

3.6 Marine Renewables Initiative

A small working group has been looking at how to best prepare Shetland for the opportunities in marine renewable energy. EDU and HIE Shetland made a fact finding visit to Orkney last November to understand what developments were underway there. There have been discussions with business in the technology and energy production side of the marine renewables sector.

The group aim to bring potential sites around Shetland to a stage where they are developer ready and will be attractive to companies looking to set up wave or tidal projects in the area. The approach is very much aligned with the recently developed marine spatial plan for Shetland, which has already been praised by companies interested in developing projects in the waters around Shetland.

It is clear that without an interconnector to the UK national grid, the opportunities for developing marine renewables around Shetland are going to be very limited. It is important though, that if permission is granted for an interconnector via the Viking Energy project in 2014, we are ready for business in Shetland on the marine renewables front. As well as generating and exporting power, the potential economic benefits of a service sector to the marine renewables industry would be significant. Shetland harbours are ideally located to provide this service, particularly Scalloway, located nearest to the best wave resources to the west of Shetland.

3.7 Renewable Energy Transport Initiative

A renewable energy transport project is being drawn up by ZETRANS, HIE Shetland, Shetland Islands Council and Community Energy Scotland. The project is looking at a number of technologies and different transport users to take part in a demonstration project, where renewable energy is used to power vehicles. It is hoped to use existing renewable energy infrastructure where possible and from the results provide a picture of what could be achievable in terms of a future for green transport in Shetland. Once a proposal has been agreed then funding opportunities will be sought to make it happen. The results of a recent study produced by the PURE energy centre on the conversion of internal combustion engines to run on hydrogen, as well as the possibilities of electric vehicles running on green energy are being considered.

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: 23 February 2009

Report No: DV032-F



REPORT

To: Development Committee

05 March 2009

From: European Officer

**REPORT NO: DV025-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 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. Following consultation with local community planning partners, the Shetland CPP submitted a funding bid of £972,484 for 11 ERDF/ESF projects under the theme of 'improving access and communication'.

The outcome of both applications should be known shortly. The next ERDF/ESF application round will open in late June.

3.2 European Fisheries Fund (EFF) 2007-2013

Funding was recently announced for two Shetland projects:

Lerwick Fish Traders - £420,000

Rossyew Ltd - £738,000

The Scottish Government are planning another 3 application rounds this year.

To date, there has been little progress in getting EFF Axis 4 up and running. Axis 4 has a focus on sustainable development of fisheries communities and the Scottish Government are proposing 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. The total Axis 4 funding available for the H&I's is £1.2 million.

3.3 Interreg IVB North Sea Programme 2007-2013

The Council and the PURE Energy Centre are partners in a 3 year project under the Interreg North Sea Programme, entitled "Cradle to Cradle Islands" which aims to develop energy responsible and sustainable solutions for island environments. Our involvement in the project will assist in feasibility studies and research and demonstration projects in areas such as marine renewables, community renewables, and hydrogen.

4.0 Conference of Peripheral Maritime Regions (CPMR) Activities

- 4.1 The Council has been participating in the CPMR's Aquamarina Group which was established to monitor developments in EU Maritime Policy. At the next meeting on 03 March in Brussels, Dr Lorraine Gray from the NAFC will give a presentation on the Shetland marine spatial plan. This will be a good opportunity to share and promote Shetland's knowledge and expertise in this field to a European audience.
- 4.2 The CPMR Fisheries Intercom Group, Chaired by Councillor Josie Simpson, last met in December and agreed that it would be beneficial to seek a meeting with Mr Fokian Fotiadis, the Commission's Director General for Maritime Affairs and Fisheries, to update him on fisheries issues particularly in light of the forthcoming consultation on the Common Fisheries Policy.
- 4.3 The North Sea Commission is proposing to carry out a maritime policy pilot project, focussing on marine spatial planning. This will provide another opportunity for Shetland to share the work it has done in this field.

5.0 Current and Future Policy Issues

5.1 EU Green Paper Consultation on Territorial Cohesion

The Council has sent off a response to the above consultation which was endorsed at the last Development Committee meeting. The consultation provided an opportunity to highlight that areas, like Shetland, with specific territorial features and challenges, do require special consideration and special EU policy measures.

The Council also coordinated the response on behalf of the CPMR North Sea Commission, and gave input into responses from COSLA and the H&I's European Partnership.

5.2 Scottish Fisheries Council Communities Sub-Group

Under the umbrella of the Scottish Fisheries Council, the Scottish Government have established a Communities Sub-Group which is chaired by Councillor Josie Simpson and comprises representation from stakeholders in the fishing industry with an interest in communities issues.

The group has had 2 meetings to date and its remit is to develop a framework of support for fishing communities with a focus on addressing the socio-economic issues facing fisheries areas.

5.3 Common Fisheries Policy

In Spring 2009, the European Commission will issue a consultation document on the reform of the Common Fisheries Policy. After the public debate a proposal will be developed with a view to a reform coming in to effect from 2013. As with the previous reform in 2002, SHOAL will look to engage in the consultation process on behalf of Shetland's fishing industry.

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: 23 February 2009

Report No: DV025-F



REPORT

To: Development Committee

05 March 2009

From: European Officer/Dr Ian Napier of NAFC on behalf of SHOAL

**REPORT NO: DV026-F
SHOAL UPDATE ON DEVELOPMENTS IN FISHERIES MANAGEMENT AND
REGULATION IN 2009 AND THEIR IMPLICATIONS FOR THE SHETLAND
FISHING FLEET**

1.0 Introduction

- 1.1 The purpose of this report is give Members an update on fisheries management measures for 2009 and SHOAL's role in supporting the local fishing industry. Contained within Appendix 1 is an assessment of new fisheries management measures, including the End-Of-Year Fisheries Agreement as agreed by European Fisheries Ministers in December 2008, the resulting implications for the Shetland whitefish fleet, and proposed action by SHOAL.

2.0 Link to Corporate Priorities

- 2.1 This report is relevant to Shetland Islands Council's Corporate Plan 2008-2011 Priority Action for a Sustainable Economy through supporting traditional industries, such as fisheries. It also supports the Priority Action for a Sustainable Environment.

3.0 Background

- 3.1 Shetland Oceans Alliance (SHOAL) was established in 2000 as a partnership between the Shetland Islands Council and the Shetland Fishermen's Association 'to promote the sustainable long-term future of Shetland's fishing industry'. SHOAL has played an important role on behalf of the Shetland fishing industry in lobbying and making representation at national and European levels on fisheries matters, including participating in the review of the Common Fisheries Policy (CFP) during 2002/03 and is anticipating playing a similar role in the next review of the CFP which is due to commence Spring 2009.

4.0 Financial Implications

4.1 There are no financial implications arising from this report.

5.0 Policy & Delegated Authority

5.1 This report is relevant to the main aim of the Economic Development Policy Statement 2007-2011 which is 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". Fisheries is an identified policy area for action. 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).

5.2 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

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

5.3 This report is for information therefore no decision is required.

6.0 Conclusion

6.1 Despite the renewed optimism within the whitefish industry during recent times, the local industry remains under severe pressure from a variety of fisheries management measures as explained at Appendix 1. SHOAL will have an active and important role to play on behalf of the Shetland fishing industry in making representation as appropriate.

7.0 Recommendation

7.1 Members are asked to note this report and Appendix 1, attached.

Our Ref: SJS/R4/10/6 & R4/35
Date: 20 February 2009

Report No: DV026-F

Developments in Fisheries Management and Regulation in 2009 and Their Implications for the Shetland Fishing Fleet

Introduction

The Shetland whitefish fleet is currently faced with a complex series of new management measures and management systems, resulting from the annual end-of-year fisheries negotiations in Brussels and other recent agreements, and from the Scottish Government's efforts to implement the terms of these agreements. Much of the detail of the new management measures and systems remains unclear and this is causing considerable uncertainty amongst local fishermen.

This report summarises the main recent agreements and the measures being developed to implement them, and their potential impact on the local whitefish fleet.

Cod Recovery Plan

A new cod recovery plan was agreed by European Fisheries Ministers in November 2008 to provide a medium term framework for setting cod quotas and fishing effort. The principle objective of this plan is to reduce the fishing mortality rate of cod – the proportion of the cod stock caught each year (including discards) – to 0.4. This represents a significant change from previous targets which aimed to increase the cod stock to a specified size.

The plan provides for fishing mortality to be reduced by 25% in 2009, and 10% each year thereafter until the target is reached. The primary means of achieving these targets will be to reduce the level of fishing effort (i.e. the amount of time that boats can spend fishing).

The principle implication of the cod recovery plan is that European fishing fleets that catch cod will have to reduce their fishing effort in 2009 by 25% from the average level over a three year reference period (2004-2006 or 2005-2007). However, the plan also allows for fishing vessels to 'buy back' additional effort by adopting cod avoidance or cod conservation measures (similar to the Conservation Credits scheme operated in Scotland in 2008). If fleets fails to achieve the target 25% reduction in fishing mortality during 2009 then the balance will be rolled forward into subsequent years.

In Scotland, the required reductions in fishing mortality will be implemented through the Conservation Credits II scheme (described below).

End-of-Year Fisheries Agreement

A range of management measures were agreed by the European Fisheries Ministers at their end-of-year negotiations before Christmas. For the North Sea many of the measures agreed reflected the outcome of the preceding EU-Norway negotiations.

Proposed West of Scotland Closure

From Scotland's perspective the end-of-year negotiations were dominated by the European Commission's proposal to close West Coast whitefish and Nephrops (prawn) fisheries. The European Fisheries Ministers rejected this proposal, although they did agree some very stringent management restrictions for these fisheries. These will have little direct impact on the Shetland fishing fleet.

Quotas

Whitefish

As has been widely reported, it was agreed to increase the quota for cod in the North Sea by 30%. However, quotas for the other main species of importance to the local

whitefish fleet were either cut (haddock by 13%, whiting by 9%, saithe by 7%), or remained unchanged (monkfish and megrim).

(The 30% increase in cod quota may appear paradoxical alongside the 25% reduction in cod mortality required by the cod recovery plan. The principle, however, is to reduce the total amount of cod being caught, while allowing fishermen to land more of what they do catch; “land more – catch less”. The net result should be to reduce the amount of marketable cod being discarded).

Pelagic Species

There was good news for the Shetland pelagic fleet with a 33% increase in the mackerel quota (mackerel accounts for about 75% of the value of landings by the Shetland pelagic fleet). However this is offset to some extent by cuts in the quotas for herring (16%) and blue whiting (58%).

Discarding and High Grading

The EU-Norway negotiations agreed a number of measures intended to substantially reduce the discarding of fish in the North Sea, especially cod. This was a particular concern of Norway which pressed the EU to adopt a complete ban on discarding, as Norway already has. However, such a ban is not possible under the current Common Fisheries Policy.

These measures included the 30% increase in cod quota, but a ban was also agreed on ‘high-grading’. This is the (alleged) practice whereby a vessel dumps legally sized but less valuable size grades of fish in order to expend its quota on landing larger (and more valuable) size grades. Under the agreed measure fishing vessels will not be allowed to discard fish which they are legally entitled to retain on board.

It is not yet clear how this measure will be implemented or enforced. The principle concern for the local fishing fleet is that it could force them to land fish for which there is no market at all (e.g. small saithe), and that it could distort local markets.

Conservation Credits II

Conservation Credits II (CC2) is the programme by which the Scottish Government intends to implement the 25% reduction in cod mortality required by the Cod Recovery Plan, and is a development of the Conservation Credits scheme piloted in

2008. Under CC2 fishing vessels will receive a basic allocation of fishing effort (days at sea; less than in 2008) and will have options to 'buy back' additional effort by adopting various cod conservation measures.

The optional Real Time Closures and Seasonal Closures that were a feature of the 2008 Conservation Credits system (boats received additional effort if they agreed to avoid fishing in these areas) are continued in 2009 but are now mandatory.

The details of the CC2 scheme are being worked out, and interim measures have been put in place for the first three months of the 'effort year' (February – April). During this period boats may opt to receive a basic allocation of 40 days or (if they use a 120mm cod-end) 85% of the average number of days that they used during a historical reference period (2004 to 2007). The various buy back options are summarised below.

Effort Allocations (Feb-Apr)

	Days	% of ref. period effort
Basic Effort Allocation	40	85%
Buy Back Options:		
Avoid Amber Areas ¹	2	5%
Use Eliminator Trawl ²	6	15%
Use Orkney Trawl ²	5	12%
Use >130mm cod-end	2	5%
Maximum Effort Allocation	48	105%

Notes

¹ Amber (or Avoidance) areas will be areas identified (from landings and VMS satellite vessel tracking data) as having relatively high catch rates of cod.

² The 'Eliminator' and 'Orkney' trawls are cod avoidance trawls that are designed to release more cod while retaining species such as haddock, by using very large meshes in parts of the net.

The Scottish Government intends to consult with the fishing industry about how the Conservation Credits II scheme will operate for the rest of the year (i.e. from May 2009 to January 2010). There is no guarantee that effort for the rest of the year will be allocated at the same rate as for the first quarter.

Implication for the Shetland Whitefish Fleet

The Shetland whitefish fleet is faced with a complex series of management restrictions and options in 2009. As a result of the Cod Recovery Plan requirement to reduce cod fishing mortality by 25% in 2009 the majority of the more active local fishing vessels are facing a cut in their basic allocation of fishing effort. Although in theory vessels can 'buy back' additional effort to offset this cut considerable uncertainty remains about the potential effects of these options and how practical it may be for local vessels to adopt them.

For example, opting to avoid 'amber areas' would require vessels to avoid relatively large (and changing) areas around Shetland, but the exact size and location of these areas remains unknown. Some fishermen may decide that the additional effort that can be gained will not compensate for the losses that avoiding these areas might cause.

The second major unknown is how cod avoidance trawls (the 'Orkney' and 'Eliminator' trawls) might affect the catches of local vessels. Although intended to reduce catches of cod while retaining species such as haddock, these gears are virtually untested in Scottish fisheries (short trials of these net designs were carried out on Scottish vessels in 2008 but the full results have yet to be published), and there is very little information available to fishermen on which to base their decisions. What data is available, however, suggests that as well as catching less cod they also catch fewer of the high-value monkfish and megrims that make up an important component of many local vessels' catches. Thus, although vessels can 'buy back' some effort by adopting one of these nets, they might lose more than they gain through a reduced catch of monkfish, etc.

The third major unknown is what effort allocation and 'buy back' options will be available after the end of April.

The fourth major uncertainty is over whether or not the management measures proposed under the Conservation Credits II scheme will actually achieve the target 25% reduction in cod mortality during 2009 and how this reduction will be measured and demonstrated to the European Commission. If, at the end of the year, the Scottish fishing fleet is judged not to have achieved this target then it is likely to face further restrictions in fishing effort in 2010 and beyond.

In addition to the measures being implemented under CC2, the local whitefish fleet is facing significant cuts in quotas for species such as haddock, whiting and saithe, that account for a significant proportion of their catches. A crude analysis carried out by the NAFC Marine Centre suggests that the majority of local boats may be worse off in 2009 than in 2008, with any gains from the increased cod quota being offset by cuts in other species and by losses of fishing effort.

Under current proposals some local vessels stand to suffer substantial cuts in effort. This primarily affects newer vessels that lack a track record during the 2004-2007 reference period.

There is also uncertainty over the implications of the ban on high grading.

Public Inquiry

The Scottish Government recently announced an 'Inquiry into the Future of Fisheries Management' with the aim of developing models for managing Scotland's fisheries that would provide alternatives to the Common Fisheries Policy. The inquiry is to be carried out by an independent panel chaired by Alan Campbell (ret'd Chief Executive, Aberdeenshire Council). Other panel members are: David Symes (University of Hull); Prof Ian Boyd (St Andrews University); Kjartan Hoydal (North East Atlantic Fisheries Commission); and Sandy West (Don Fishing Company). The inquiry will last for one year, but no details have yet been given of how it will be carried out.

The results of the inquiry are intended to feed into the forthcoming review of the Common Fisheries Policy (to be completed in 2012). The European Commission is expected to publish a Green Paper in the near future, setting out options for the future of the CFP.

Action Being Taken

Working in partnership, the Shetland Fishermen's Association, the NAFC Marine Centre, the SIC Economic Development Unit and SHOAL:

- ◆ have held meetings with the Head of the Scottish Government's Marine Directorate, and other senior Scottish Government officials.
- ◆ have written to the Scottish Fisheries Secretary (Richard Lochhead) to make him aware of the difficulties likely to be caused by the proposed new management measures, and inviting him to visit Shetland at the earliest opportunity.
- ◆ have invited (through Alastair Carmichael MP) the UK Fisheries Minister (Huw Irranca-Davies) to visit Shetland to learn more about Shetland's fishing industry and the problems it faces.
- ◆ have analysed the potential impacts of the Conservation Credits II programme, and other new management measures, on the local whitefish fleet.
- ◆ will respond to the Scottish Government's planned consultation on the Conservation Credits II programme.
- ◆ will make a submission to the Scottish Government's Inquiry on Future Fisheries Management.
- ◆ will respond to the European Commission's Green Paper on the future of the Common Fisheries Policy.
- ◆ are developing information material on Shetland's fishing industry for use in lobbying, etc.
- ◆ will respond to other relevant consultations, etc.

Conclusion

The Shetland whitefish fleet is facing a period of considerable uncertainty, and possible cuts in fishing activity, as a result of new management measures and systems that have been, and are being, developed. SHOAL is working closely with the Shetland Fishermen's Association and the NAFC Marine Centre to represent the interests of the local fishing industry and to try and minimise the impacts of the new management systems.

Ian R. Napier, NAFC Marine Centre



Economic Development Unit January Grant Awards

We are pleased to attach details of 30 grant awards made from 01 January – 31 January 2009. The value of the grants approved is £71,560.47. For more information on these grant aid schemes, please contact the Economic Development Unit on tel. 744940.

SHETLAND AGRICULTURAL BUSINESS SCHEME (SABS)		
Organisation	Purpose of Grant	Amount Granted
K J Anderson	Towards 1.2 tonnes of fertiliser & 4 x heifer	£56.40
J & A Sinclair	Towards 36.2 tonnes fertiliser and 4 heifers	£2,029.00
A S Halcrow	Towards 1.3 tonnes fertiliser	£58.50
J A T Irvine	Bull purchase scheme	£948.46
D Anderson	Towards 12 tonnes fertiliser	£540.00
M J Manson	Towards 1 tonne fertiliser	£47.00
Allison Duncan	Towards 9.5 tonnes of fertiliser	£428.00
Charles Alan Priest	Towards 1 tonne of fertiliser	£49.00
LA & EL & WS Gifford	2 x heifer rearing	£200.00
W Johnson	Towards 3 tonnes of fertiliser	£141.00
W P & F J Garrick	Towards 7.2 tonnes of fertiliser	£338.00
Andrew G Thomson	Towards 2.85 tonnes of fertiliser	£139.65
Ronald M Irvine	Towards 22.2 tonnes of fertiliser and towards 1 x bull purchase scheme	£2,513.00
C E Williamson	Towards 1 tonne of fertiliser	£47.00
A J Williamson	Towards 9.5 tonnes of fertiliser.	£447.00
Margabell Irvine	Towards 0.2 tonnes fertiliser	£9.40
George A Peterson	Towards 3 tonnes fertiliser	£141.00
A & D Hunter	Towards 20 tonnes fertiliser and 5 heifers	£1,440.00
John A Thomson	Towards 1 tonne fertiliser and 1 heifer	£149.00
J & A Nicholson	Towards 6.6 tonnes fertiliser and 1 heifer	£410.20
A Jamieson & Son	3 x heifer rearing scheme	£300.00
J & M Fullerton	Towards 1.8 tonnes of fertiliser	£81.00

22 Shetland Agricultural Business Scheme Grants were awarded for a total of £10,512.61

AGRICULTURE GENERAL ASSISTANCE GRANTS

Organisation	Purpose of Grant	Project Cost	Amount Granted
SCFWAG	For the provision of additional advisory support for RDC-RP applications	£2,701.36	£2,701.36

1 Agricultural General Assistance Grant was awarded for a total of £2,701.36 towards project cost of £2,701.36

MARKETING DEVELOPMENT PROGRAMME GRANTS

Organisation	Purpose of Grant	Project Cost	Amount Granted
Bon Accord Accountancy Ltd	Towards the cost of website re-development & digital marketing	£2,560.00	£1,280.00
J & D.S Halcrow	Towards the cost of creating a website to promote chalet accommodation out with Shetland	£2,005.00	£1,002.00
Easterhoull Chalets	Towards the cost of designing and printing company stationery	£679.00	£339.00
Veer North	Towards the cost of designing and printing booklet; Advertising & publicity of exhibition in Denmark; Insurance; Shipping displays to Denmark & Travel for one person to Denmark	£13,388.00	£6,694.00

4 Marketing Development Programme Grants were awarded for a total of £9,315.00 towards total project cost of £18,632.00

FISHERIES GENERAL ASSISTANCE GRANTS

Organisation	Purpose of Grant	Project Cost	Amount Granted
Shetland Seafood Auctions Ltd	Towards the cost of upgrading electronic auction hardware and software to enable buyers to purchase both whitefish and farmed seafood on a broadband platform	£105,000.00	£21,000.00
Shetland Shellfish Management Organisation	Towards the cost of Shetland Shellfish Inshore Fishery Project - Phase One	£7,578.75	3,031.50

2 Fisheries General Assistance Grants were awarded for a total of £24,031.50 towards project cost of £112,578.75

CREATIVE INDUSTRY DEVELOPMENT			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Global Yell	Towards the cost of developing a Centre for Creative Industries.	£130,163.00	£25,000.00

1 Creative Industry Development Grant was awarded for a total of £25,000.00 towards project cost of £130,163.00



REPORT

To: Development Committee

05 March 2009

From: Head of Economic Development

DV031-d1
Public Activity Report
January and February 2009

1.0 Introduction

- 1.1 This activity report is being presented to Development Committee as a means of communicating with Members the current project and potential business activities being led by the staff in Economic Development.

Following a request at the last Development Committee on 22 January 2009 (Min Ref 16/09), the Activity Report has been divided into two separate reports – one for public viewing which contains general information which can be considered in public, and one for non-public viewing which will contain sensitive information. This is the public version.

- 1.2 The report gives updates in the following areas:

- Ongoing project work
- New project enquiries
- Government initiatives
- January grant awards

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 Ongoing Projects

3.1 Hamefarin 2010

Progress on the Hamefarin 2010 events is ongoing. The Hamefarin Committee has ensured a strong level of community engagement, and recently met with representatives from Shetland's various history groups to discuss events to be laid on for Hamefarers.

The Hamefarin Book, a history of Shetland immigrants, is currently being compiled in preparation for publication in 2010, and website content continues to be reviewed and updated.

3.2 Islands Year of Culture 2011

This project has originated from the Highlands and Islands Conveners' Group, and subsequently endorsed by the Highlands and Islands Convention, where the merits of a co-ordinated programme of cultural events for Scottish Islands has been discussed with the Government. It has been agreed that the Islands Year of Culture will take place in 2011 and that Shetland will have the lead role in co-ordinating the project. The Head of Business Development will be lead officer and the first meeting of all the island co-ordinators should have taken place on 03 March. Once the structure and financing of the project has been worked out, Shetland's cultural contribution will be arranged.

3.3 Fetlar Working Group

Good progress is being made on all the main issues that the Group is dealing with. The Fetlar Development Plan is being revised. Applications are being completed to fund a development officer. Renewable energy projects are being considered. A promotional website will be completed in the next few weeks. Broadband upgrading is expected to take place this summer and a decision will be taken soon on the best way to proceed with housing development. All this combined with the Council's decision to proceed with the new breakwater and berthing area in 2009/2010 has lifted the spirit of the community and, for example, there is evidence of residents considering their own housing improvements.

3.4 London Boat Show 2009

The EDU once more co-ordinated a Shetland presence at this event, as part of the Sail Scotland stand. Overall visitor numbers were down by some 6% on last year to 110,000. This may be partly attributable to the global economic recession but also to underground railway maintenance and Docklands Light Railway breakdowns. One hundred and fifteen good quality enquiries directly relating to Shetland were logged. Not all of these related to sailing but also to the likes of walking holidays, trout and sea angling or other areas of specific interest such as lighthouses. Two of the enquiries were from families who are seriously considering re-locating to Shetland. All these enquiries will

be followed up and a full feedback report for information will be prepared for the Development Committee meeting in April.

3.5 Move to Solarhus Building

The move date of Economic Development Services to the Solarhus building has been further delayed, as repairs to leaks in the building's drains have proven more difficult to repair than originally envisaged, and repair work is ongoing. A new move date has not been set but I would be optimistic that the move will take place before the end of the financial year.

3.5 Childcare Strategy

A short-life working group has been put together to develop a new strategy on childcare. The cross departmental group has been tasked to review the situation regarding childcare and propose a new strategy.

A report is currently being prepared and will be presented to both the Services Committee and the Development Committee in due course.

The Economic Development Unit will propose, as part of the report, a financial support scheme for the sector.

3.6 Shetland in Statistics

Research work has begun for Shetland In Statistics 2009. The booklet is expected to be published in autumn 2009, due to the late-year publication of some data.

3.7 Drydock/Shiplift Research

A full study brief is soon to be prepared in consultation with industry representatives, following which suitable consultants will be identified and invited to tender for the research project.

4.0 New Project Enquiries

4.1 Between 09 January and 13 February 2009 23 initial enquiries were considered at the New Projects Meeting. These projects are enquiries that are not eligible for the more routine support schemes. The new projects related to the following sectors:

Services - 8
Tourism and Heritage - 5
Creative Sector - 2
Manufacturing - 2
Aquaculture - 1
Leisure - 1
Agriculture – 1
Fish Marketing – 1

Food and Drink – 1
Training - 1

Of these projects 7 were new business start-ups. 8 projects have received or are receiving business-planning advice. 11 are providing more information or are submitting applications for assistance. 4 projects were either not eligible for assistance or did not wish to take up the assistance that was being offered. For example, businesses that are offered support through loans may choose to borrow from a bank instead. The system for handling new projects should be superseded by the Business Gateway support mechanism. It is important to understand that HIE provides some of the services referred to here.

5.0 Government Initiatives

5.1 First Time Shareholders Scheme State Aid Update

We expected to receive from the European Commission in January an update on the 75 first time shareholder grants currently under investigation by the Commission, however, nothing as yet has been received. We have now asked the UK Government to put pressure on the Commission to respond.

5.2 LEADER Programme

A report on the LEADER programme appears on the agenda for this meeting.

5.3 Scottish Rural Development Plan – Rural Priorities

An update on the Rural Priorities part of the Scottish Rural Development Plan will be provided for the next meeting of the Committee.

5.4 UK crisis scheme for aid of up to 500,000 Euro per business

At the 22 January 2009 meeting of the Development Committee Members agreed to the recommendations of report DV018 to submit a 'Shetland Temporary Business Support Scheme' to access the temporary measures offered by the Commission, including de-minimis assistance of up to 500,000 Euro to businesses in difficulty as a consequence of the global economic crisis.

We were subsequently informed that schemes to access this measure could only be submitted by the member state, being the UK. The UK crisis scheme for aid up to 500,000 Euro was authorised by the Commission on 05 February 2009.

To qualify for aid under the UK scheme businesses must be able to demonstrate that their difficulties are a direct result of the global economic crisis and that they were not in difficulty before 01 July 2008.

Also, the UK scheme cannot be applied to businesses engaged in Fisheries or Primary Agriculture production. [Min. Ref.: 03/09]

6.0 Financial Implications

6.1 There are no financial implications arising from this report.

7.0 Policy and Delegated Authority

7.1 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).

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 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.

7.3 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.

8.0 Recommendations

8.1 It is recommended that the Committee note the contents of this report.

Our Ref: NG/JJ A09
Date: 25 February 2009

Report No: DV031-F

Appendix

Appendix 1 - Grant approvals for January 2009

DRAFT Job Profile

Shetland Islands Council
Economic Development Unit
Business Development Service

Post Title: LEADER Programme Co-ordinator

The LEADER Programme Co-ordinator is responsible for delivering the aims and objectives of the LEADER 2007- 2013 Business Plan for the Shetland Islands Local Action Group (LAG). Reporting to the Head of Business Development, the postholder will act largely on their own initiative to ensure that eligible Shetland projects benefit fully from LEADER and the associated Convergence Funding initiatives.

The specific tasks of the LEADER Programme Co-ordinator are:

- Managing the application process for LEADER funding including dealing with initial enquiries, issuing Potential Project Forms, issuing full Application Forms, issuing and processing claim forms and assisting applicants at every stage of the application and claim process.
- Working with the Secretariat to ensure the effective running of LAG meetings.
- Preparing documentation and financial reports for LAG agendas and ensuring that papers are issued timeously.
- Assuming a lead role in the LAG meetings held every 8 weeks.
- Continuous monitoring, review and annual update of the LEADER Programme ensuring consistence in recording and information provision.
- Developing, updating and amending the LEADER computerised database, financial record systems and paper files.
- Preparing monthly, quarterly and annual returns to the Scottish Government including funding claims for the LAG.
- Issuing applications for LEADER funding to Project Managers in the Economic Development Unit for technical appraisal and assessment against eligibility criteria, including State Aid regulations.
- Issuing claims for LEADER funds to be processed by the administration section of the Economic Development Unit.
- Liaising with match funding bodies as necessary.

- Managing of the LEADER Programme budget totalling £2.14 million.
- Acting as the main access point for all LEADER Programme enquiries including administration and financial matters.
- Promoting the LEADER Programme to all sections of the community who are not familiar with the Programme, including; making presentations, writing promotional material, holding workshops, issuing press statements and updating the LEADER website.
- Encouraging a balance of activity across the LEADER actions identified in the Business Plan to help achieve the targets and outcomes specified in the Business Plan and by the Scottish Government.
- Attending LEADER seminars and training events on the Scottish Mainland.
- Keeping up-to-date with LEADER guidelines.
- Networking with LAGs and LEADER coordinators from other areas to learn measures of best practice.
- Corresponding with the Scottish Government to exchange information and keep up-to-date with changes in operational changes.

From time to time the Council may require the post holder to undertake LEADER Programme related duties outside those specified above.

PERSON SPECIFICATION

Shetland Islands Council
Economic Development Unit
Business Development Service

Post Title: **LEADER Programme Co-ordinator**

	Essential	Desirable
Personal Features/Qualities	Analytical and focused approach	
	Vision, energy and initiative	
	Self discipline and personal motivation	
	Capacity to work under pressure and to strict deadlines	
Relevant Experience	3 years working in a Local Authority, Local Enterprise Company in economic development or social enterprise projects	Previous LEADER related work
Education	Educated to degree level in subjects such as Economic Development, Community Work or Business Administration	
Skills, Knowledge and Abilities	Excellent communication skills – written, oral and presentation	Knowledge of the SRDP and other associated Scottish Government Programmes
	Previous experience of using Access databases	
	Knowledge of the Shetland Economy	
	Ability to prioritise workload	
	Knowledge of information systems and information technology	
	Knowledge of the Shetland Economy	



REPORT

To: Development Committee

05 March 2009

From: Head of Business Development

DV028-F

An Update on LEADER and the future co-ordination of the Shetland Programme

1.0 Introduction

- 1.1 The Shetland LEADER Programme for 2007-2013 was established during 2008 along with a Local Action Group (LAG) that has responsibility for making decisions on applications for funding and overseeing the strategic direction of the Programme. The LAG has decided that a dedicated co-ordinator is necessary to administer the LEADER programme. There are different options for hiring or recruiting a co-ordinator and all can be paid for from the LEADER programme at no expense to the Council. While the cost of the LEADER co-ordinator will not fall on the Council, the addition of a new post to the Economic Development Unit's establishment still has to be approved by the Council.

2.0 Links to Council Priorities

- 2.1 As reported to the Executive Committee on 04 September 2007 [Min Ref: 32/07], the Scottish Government has asked Local Authorities to act as the lead partners for administering the LEADER funding programmes for the period 2007-2013. This work links well with the delivery of the aims of the Corporate Plan 2007 – 2011. In particular the effective operation of the LEADER programme will “Encourage enterprise and sustainable economic growth” and “Improve access and extend opportunities”.

3.0 Background

- 3.1 The LEADER funding programme is an integral part of the Scottish Rural Development Plan (SRDP) along with such measures as Rural Development Contracts – Rural Priorities and the Less Favoured Areas Support Scheme. In addition to LEADER funding, the Highlands and Islands has been awarded an extra allocation of “Convergence” funding which is to be delivered as part of the LEADER programme through LAGs, each of which have a Business Plan in place to cover the period of the programme until 2013. A Shetland LAG has been operational since the late 1980’s and has been involved in delivering the three previous LEADER programmes along with the first year’s activity of the current programme. It comprises representation from Council services, HIE, community and voluntary sector groups, other public agencies and elements of the business sector, particularly agriculture. The programme rules require that the LAG is composed of at least 50% non-government partners and has a 50/50 gender balance. Shetland’s LAG is closely associated with the Community Regeneration Partnership under the Community Planning Partnership. This arrangement helps to ensure that LEADER is integrated into the overall policy framework for rural development in Shetland. In total the budget for the Shetland LEADER Programme for 2007 -2013 is £2.14 million.
- 3.2 The particular themes selected for the Shetland LEADER business plan are **Revitalising Communities** (eg. development of community facilities, energy and recycling projects, rural transport initiatives, childcare provision and remote access to IT provision etc.) and **Progressive Rural Economy** (eg. tourism activities, agricultural diversification projects, new technology, renewable energy etc.). Funding is also targeted at specific groups and areas. Women and Young People are standard LEADER targets across the EU and must be included in every area’s Business Plan. In addition the Shetland LAG has included micro and small businesses, self-employed and social areas as target groups. The priority areas are the established Initiative at the Edge areas being the North Isles and Northmavine along with the small outer isles of Skerries, Fair Isle, Foula and Papa Stour. Other priority areas on the Mainland are Walls and Sandness, Firth and Mossbank, and Staneyhill.
- 3.3 To qualify for support projects have to demonstrate how they will assist one or more of the target groups or areas, fit in with either of the programme’s themes and a range of other secondary outcomes specified in the Business Plan or by the Scottish Government. All projects must be innovative in nature.
- 3.4 An added complication is that, because the LEADER Programme is effectively made up of funding from 2 sources (LEADER and Convergence), there are differing rates of grant support for projects. Since the mainstream LEADER funding has been matched at source by the Scottish Government, grants of up to 50% of eligible costs can be awarded and these have to be matched by a minimum of 5% from the applicant. The remaining 45% of the funding can be sourced from

the applicant and other private and public sector sources. This is a reasonably flexible arrangement and has worked well in the past. On the other hand Convergence funding is much less flexible because it does not include any Scottish Government match funding. Any project must still have an input of 5% from the applicant, however Convergence funding can then support 35% of the remaining eligible costs, which must be matched by other public funding for 65% of the remaining eligible costs. What this means is that Convergence funding is really only attractive for supporting lower risk projects and is probably more relevant for public sector projects where there is a better chance of obtaining the match funding.

- 3.5 For the past 18 months the EDU and Shetland Development Trust staff have co-ordinated the LEADER Programme along with their routine work. One member of staff has done most of the coordination with others being involved in grant assessments and administration. Staff have also spent a considerable amount of time liaising with Scottish Government officials and other area LAGs in establishing the local programme and understanding all the administrative and reporting requirements.
- 3.6 The LAG is also likely to assume administrative responsibility for the European Fisheries Fund's Axis 4 community related programme and the "Community" priority currently in the SRDP's Rural Development Contracts scheme. This will mean more time having to be spent to service the LAG's requirements and maintain separate administrative and reporting mechanisms for the different funding sources.
- 3.7 At the time of preparing this report 40 potential projects have been considered by the LAG and 14 projects have been approved at a total of £198,313.

4.0 The Need for a Whole Time LEADER Coordinator

- 4.1 When the EDU became responsible for the Lead Role to administer the LEADER programme in 2007 it was assumed that the co-ordination work could be done on a part-time basis. After more than a year of very intensive activity it is now known that the reality is somewhat different from the expected situation. Rather than the part time scenario that was predicted the person dealing with LEADER Co-ordination is working with LEADER work on every working day and the LEADER workload will increase as the monitoring programme intensifies and other funding streams are introduced into the LAG's remit. The amount of time needed to co-ordinate the programme is high due to the increased level of detail in this particular LEADER programme attributable to the Government's requirement that LEADER contributes to the overall SRDP outcomes. While LEADER had been around for a while, it has never been delivered as part of a wider Government programme and this has meant that the Civil Servants involved are all new to dealing with LAGs and administering an EU programme through third parties. There has also been a lot of confusion at Government level around complementarity with other rural funding streams. Increasing the amount of detailed outcomes in

programmes means that more time has to be spent with clients advising them on how best to complete applications and make returns. At the moment this is not being fully achieved due to workload constraints on existing staff. Apart from dealing with applications for funding and organising the LAG meetings more time than previously realised is required to attend meetings outside Shetland with the Scottish Government and other LAG Coordinators. The Programme's monitoring arrangements mean that monthly, quarterly and annual reports have to be prepared and all successful applicants have to make quarterly returns.

- 4.2 While EDU staff have spent a considerable amount of time to date liaising with the Scottish Government and other LAGs on the background work required to get our local programme up and running, a stage has been reached that a dedicated person is now required to co-ordinate the day-to-day running of the programme otherwise our efforts are likely to be disjointed and lead to a poor service. The LAG has requested that the EDU either appoints a member of staff dedicated to working with LEADER, arranges a secondment from another public agency or puts part or all of the work out to tender. It should be understood that even with a dedicated coordinator EDU staff will still have to provide some technical guidance, assess applications and provide administration and financial support.
- 4.3 All other Scottish Local Authorities that are acting as Lead Agencies for LAGs have either recruited or are in the process of recruiting dedicated staff to work with LEADER and the related funding streams.
- 4.4 Apart for the need to ensure an effective LEADER service another compelling reason for engaging a dedicated worker is that the EDU will be assuming responsibility for the Business Gateway from 1 April 2009. Operating the Business Gateway means that there are roles and responsibilities being added to the existing duties of most staff with a heavy emphasis on training during the first year of operation.

5.0 Service Options

- 5.1 The three options introduced above include recruitment, secondment and contracting. Any of these could achieve the outcome of better co-ordination and it is considered prudent to keep all these options open as we proceed. Further details of the options are set out below. Whichever option is agreed, the post will be filled according to existing Council policies and procedures

5.2 Recruitment

A draft job profile showing the tasks that need to be undertaken by a LEADER Coordinator is attached as appendix 1. The job profile has yet to be evaluated but an estimated salary, based on the experience of other Scottish Councils, is around £25,000 basic salary (equivalent to AP4 or AP5) + £3,000 for National Insurance + £1,500 for Islands Allowance + £500 for recruitment costs + £5,000 for equipment. This comes to an initial cost of £10,000 and then £29,500 a year. The post

would be for a fixed term period of 3 years with no guarantee of an extension. By the end of the 3 year period the funding available under the Programme should be largely allocated and the nature of the post may be different. Recruiting a member of staff means that the new employee can be trained to do the work under the close supervision of experienced staff within the operational structure of the EDU. One drawback is that, unless someone with skills in this field can be recruited, it may take some months for the employee to get up to speed with the job. Another is that, while the post will be paid from the LEADER programme, recruiting will increase the establishment of the Council at a time when savings are being requested. A third is that, once recruitment has taken place, it is very difficult to use any of the other options without breaching a contract of employment.

5.3 Secondment

It is known that some Local Authorities have arranged secondments of experienced staff from the Enterprise Company in their area. Just like recruitment, secondment opportunities need to be advertised. Secondment is only feasible if you know that the person to be seconded possesses the skills and experience that is required so that they can be effective from the start. It is a much more flexible arrangement than recruitment, can be arranged for shorter periods and could eventually lead to a recruitment. The main drawback is that the person seconded continues to be employed by another entity and may not be focused fully on the job to hand. From the cost angle, secondment would save the £5,000 cost of recruitment but the annual expense would be around the same as for recruitment.

5.4 Contracting

The secretarial function of running the LAG committee meetings has already been contracted out to the private sector successfully. Contracting out the whole LEADER coordination function would be possible if an organisation with the requisite skills and experience tendered for the work. It would also be possible to contract out part of the LEADER Coordination function. For example project monitoring would be relatively straightforward to contract out. There is no doubt that contracting out the whole LEADER Coordination function is very appealing providing that the contractor can deal with all the issues that arise. The main drawback with contracting out the whole coordination function is that there are still a number of non routine matters that arise and are therefore difficult to specify. Such extra work would lead to additional costs that would be difficult to predict. It would also be more difficult for a contractor to coordinate the technical activities that have to remain in the EDU. The Council, as Lead Partner, would still be the main programme contact for the Scottish Government and would be required to liaise on certain matters such as the Service Level Agreement. This option is also likely to be more expensive than the other two. Private sector day rates would probably begin at £200.00. Contracting is therefore more of an option for parts of the service rather than the whole LEADER Coordination function.

6.0 Proposal

- 6.1 It would appear that the best way to make progress is to explore all secondment possibilities within the Council and with other public agencies such as HIE. If this route proves unsuccessful then a member of staff should be recruited. At the same time those parts of the LEADER Coordination that can be out sourced practically should be considered for contracting out.

7.0 Financial Implications

- 7.1 The direct costs of seconding, recruiting or contracting all or part of the LEADER Programme Coordination function will be met from the LEADER and related funding streams. Any indirect costs will be attributed to budgets in the EDU without leading to an increase in overall Council expenditure.

8.0 Policy and Delegated Authority

- 8.1 This report has been prepared under Economic Development Policies number 26 "Support community enterprises engaged in economic activities" and number 27 "Enable individuals to achieve their full economic potential". These policies were approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (55/08).

- 8.2 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

- 8.3 As the subject of this report involves the recruitment of a temporary employee the Committee can make a decision on the recommendation.

9.0 Conclusion

- 9.1 The LEADER Programme along with future components will make an important contribution in the development of development projects in Shetland over the next 5 years. Making full use of these funds and to do so according to the specified standards will require a high level of co-ordination. If the EDU is to continue coordinating these funding streams using existing staff only then there will be an adverse impact on other development activities in the EDU. The LAG would like the Council to seek additional resources for this work and that is the recommendation of this report.

10.0 Recommendation

10.1 I recommend that the Committee approve additional resources being sought by the Head of Business Development to coordinate the LEADER Programme through secondment, recruitment and/or contracting as proposed in paragraph 6.

Our Ref: DI/KLM/RF1185
Date: 23 February 2009

Report No: DV028-F

Analysis of Administration expenses

Appendix 2

	£
7000 Management Salaries	170,697
7002 Staff Mileage Costs	2,969
7006 Management Salaries Employers N.I.	15,070
7007 Management Salaries Employers Pensions	18,855
7225 Adverts	426
7305 Public Relations Costs	2,590
7325 Banking Charges	263
7350 Business Travel	6,297
7360 Accommodation While Away on Business	3,515
7370 Taxis, transport and meal costs incurred	3,972
7450 Travel to Training	1,133
7460 Training Fees	2,379
7470 Accommodation While Away on Training	643
7480 Incidentals Incurred While Away on Training	493
7500 Telephone, Fax, ISDN Charges_b	491
7501 Stationery and Sundry Office Equipment	1,798
7503 Postage and Carriage	263
7504 Photocopier Charges	42
7505 Computer & Electronic Equipment Maintenance	7,327
7506 Computer Software	250
7505 Computer Maintenance	656
7509 Refreshments	115
7510 Other General Office Costs	1,498
7511 Minute Taking/Admin Services Costs	13,915
7515 Rechargeable Expenses	449
7520 Memberships/Subscriptions	1,004
7650 Sponsorships	18,745
7655 Fisheries Training Programme	2,950
7700 Computer Risk Insurance	525
7722 Professional Indemnity Insurance	5,513
7723 Travel Insurance	378
7724 Directors and Officers Liability Insurance	1,365
7725 Commercial Insurance	2,694
8000 Depreciation charge for year	9,711
7510 Disallowed VAT	36,828
Total	335,818

7250 Legal Fees	£
Legal Fees re: General Matters	1,187
Legal Fees re: M G Smith	430
Legal Fees re: General Matters	707
Legal Fees re: General Matters	994
Settlement of Legal Fees - MFV Fear Not (In Sequestration)	-245
Legal Fees re: SDT v T Ratter	10
Legal Fees re: E & W Anderson Partnership	484
Legal Fees re: M G Smith Debt Recovery	1,769
Legal Fees re: General Matters	1,740
Legal Fees re: M G Smith Debt Recovery	267
Legal Fees re: Pure Shetland Lamb Litigation	1,735
Legal Fees re: Shetland Seafood Auctions Ltd	4,800
Legal Fees re: General Matters	1,500
Legal Fees re: Global Yell Ltd	636
Legal Fees re: General Matters	1,980
Legal Fees re: General Matters	900
Legal Fees re: Project Limpet/No Catch	1,710
Legal Fees re: Audit Letter	196
Legal Fees re: Anderson Shellfish Debt Recovery	172
Legal Fees re: Anderson Shellfish Debt Recovery	567
Total	21,538

7252 State Aid Defence - Legal Fees	£
Legal Fees re: State Aid Investigation	1,246
50% Recharge of Legal Fees re: State Aid Investigations	-623
Legal Fees re: State Aid Defence	774
50% Recharge of Legal Fees re: State Aid Defence	-387
Legal Fees re: State Aid Investigations	3,000
50% Recharge of Legal Fees re: State Aid Investigation	-1,500
Legal Fees re: State Aid Investigation	7,961
50% Recharge of Legal Fees re: State Aid Investigation	-3,981
Copy of Edited Register for Shetland	43
Legal Fees re: State Aid Investigation	24,550
50% Recharge of Legal Fees re: State Aid Investigation	-12,275
50% Recharge for Copy of Edited Register for Shetland	-21
Legal Fees re: State Aid Investigation	12,038
50% Recharge of Legal Fees re: State Aid Investigation	-6,019
Legal Fees re: State Aid Investigation	6,700
50% Recharge of Legal Fees re: State Aid Investigation	-3,350
Total	28,156

7300 Due Diligence /Consultancy	£
Final 50% Tourism Impact Assessment	5,549.00
50% Recharge of Costs for Tourism Impact Assessment	-5,190.00
Final 25% Recharge of Tourism Impact Assessment Costs	-2,774.50
Shetland Halibut Co Ltd - Report	6,500.00
End of year accrual	5,000.00
50% Recharge of Fees re: Hay Group Consultancy	-3,090.00
50% Recharge of final Hay Group expenses	-370.59
50% Recharge of Final Invoice re: Hay Group Consultancy	-4,602.11
50% Recharge of Legal Fees re: Hay Group Consultancy	-3,090.00
Bod Ayre Ltd - Ending 29/2/08	940.13
Bod Ayre Ltd - Ending 30/11/07	972.86
Bod Ayre Ltd - Ending 31/01/08	1,115.78
Bod Ayre Ltd - Ending 31/12/07	1,539.59
Bod Ayre Ltd to 30 Sept 07	1,091.12
Bod Ayre Ltd to 31 Aug 07	2,014.90
Bod Ayre Ltd to 31 Jul 07	1,727.65
Bod Ayre Ltd to 31/3/08	2,227.85
Bod Ayre Products Ltd - Ending 31 Oct 07	945
EDU Grant for Visitor Accom Survey	-9,830.00
Expenses Charge	218.51
Fees Evaluating/Grading - 1st Invoice	6,180.00
Fees Evaluating/Grading - 2nd Invoice	6,180.00
Fees Evaluating/Grading - Final Invoice	9,204.23
Fees/Expenses for Analysis	750
Final Expenses Charge	522.68
L Odie Knitwear - Ending 29/2/08	464.53
L Odie Knitwear - Ending 31/01/08	1,748.90
L Odie Knitwear - Ending 31/12/07	1,613.26
Laurence Odie ending 31/3/08	356.42
Review of Millgaet Media Ltd	7,075.32
Visitor Accommodation Research	9,830.00
Total	44,820.53

7009 Graduate Placement costs	£
Graduate Placement Salary Costs	5,428.64
Graduate Placement Salary Costs	6,519.11
Graduate Placement Salary Costs	6,305.48
Jul 07 - Graduate Placement Salary Costs	4,744.23
Aug 07 - Graduate Placement Salary Costs	4,716.33
Sept 07 - Graduate Placement Salary Costs	2,993.46
Oct 07 - Graduate Placement Salary Costs	1,924.02
Nov 07 - Graduate Placement Salary Costs	1,924.02
Dec 07 - Graduate Placement Salary Costs	1,924.02
Jan 08 - Graduate Placement Salary Costs	1,924.02
Graduate Recharge Dec 07-Jan 08	1,375.00
Feb 08 - Graduate Placement Salary Costs	1,924.02
Mar 08 - Graduate Placement Salary Costs	1,924.02
Total	43,626.37

7100 Rental	£
Office Rent 21/4-20/7/07	5,170.00
Rent 21/7-20/10/07	5,170.00
Office Rent 21/10/07-20/1/08	5,170.00
Rent 21/01-20/04/08	5,170.00
Rent 21/4-20/7/08	5,170.00
Total	25,850.00

7125 Service charges	£
Maintenance/Cleaning 2007/08	2,488.01
EDU Mgt/Admin 2007/2008	6,985.92
Total	9,473.93

7320 Professional Accounting Fees	£
1J912560 Audit Fees ended 31 Mar 07	7,500.00
1J912583 Fee for Services Jul 07-Mar 08	9,568.00
2256930 Payroll Service Charge to 31/3/08	786.24
574 Pension Admin Charge to 31/3/08	573.74
Total	18,427.98

<u>N/C</u>	<u>Name</u>	<u>Debit</u>	<u>Credit</u>
	1 Participating Interests/Licences	445,033.55	
	50 Medium Term Loan Note		
	60 Bonds Held	6,473,638.94	
	70 Cautious Managed Fund	1,018,053.60	
	80 Cash on Deposit		
	100 Boddam Abattoir	40,000.00	
	150 Investments on Hire Purchases	351,351.18	
	160 Capital Repayments of Items on Hire Purchases		904,348.62
	175 Bad Debt Provision - loans		9,835,266.96
	185 Amortisation of Quota		5,556,047.80
	250 Furniture and Fittings	53,883.10	
	275 Aquaculture Equipment	13,790.28	
	350 Accumulated Depreciation on Fixture and Fittings		57,962.04
	1010 Floating Dock Project Costs		
	1015 Fishmeal Plant Project Costs		
	1020 Cro-Lax Feed Barge Costs		
	1025 Proceeds of Sale of Assets		
	1030 Skerries Project Costs		
	1032 SCDT Set-up Costs	12,205.00	
	1035 HP Engine Costs	0.85	
	1045 Whitefish Quota	17,967,104.99	
	1050 Local Investments - Equity	3,024,463.08	
	1055 Local Investments - Funds Released	34,488,009.20	
	1056 Local Loan Investments - Repayment of Capital		20,856,859.50
	1060 Capitalised Interest on Loans	170,834.93	
	1100 Guarantee & Legal Inv Recharge Debtors (Debtors Control A/C)	51,173.07	
	1103 Prepayments	4,374.07	
	1104 Sundry Debtors	59,000.18	
	1105 Provision for Foreign Exchange Loss		
	1110 Tax Debtors	373,622.16	
	1125 Standing Orders Debtors		
	1130 Sequestration Debtor Provision		
	1160 Amount owed by SICCT (76)		
	1185 DO NOT USE		
	1187 Loan Arrears - Capital	1,472,950.31	
	1200 SDT A/c No. 00729654	1,607,836.73	
	1205 Account No. 6460-410.376.0 In Faroe		
	1210 Base Plus Account	1,084,893.86	
	1230 Petty Cash	149.15	
	1235 Sterling Equivalent of Foreign Currency held in Petty Cash	189.55	
	1240 SDT Credit Card		2,472.88
	1550 DO NOT USE - Public Authority Grants Received		
	2100 Creditors Control Account		117,474.38
	2109 Accruals		53,200.00
	2110 Deferred Income		
	2170 Amount owed to Shetland Charities		92,468.25
	2180 Amount owed by SLAP (D)		
	2200 Sales Tax Control Account		76,673.89
	2201 Purchase Tax Control Account	85,762.60	
	2202 VAT Liability		
	2320 Corporation Tax		434.75
	2700 Surplus Brought Forward		30,594,166.36
	2850 Grants Issued	149,767.79	
	3200 Profit and Loss Account		
	4000 Managed Fund Interest		
	4006 Dividends Received		123,614.71
	4009 Short Term Deposit Interest		85,698.08
	4100 Loan Interest - Paid		626,053.03

4105 Loan Interest - Capitalised		5,863.33
4110 Loan Interest - Rejected	1,701.98	
4150 Loan Interest Tax - Paid	73,144.81	
4160 Loan Interest Tax - Rejected		65.38
4200 Guarantee Interest - Paid		5,571.62
4300 Other Income - Interest		91,624.74
4310 Other Income - Sundry		
4320 Whitefish Quota Revenue		480,050.70
4350 Other Income - VAT	32,134.23	
4850 Skerries Recharge		
4900 Legal Fees Recovered		34,041.27
4901 Bad Debts Recovered		57,930.10
4902 Consultancy Fees Recovered		
4905 Management Fees		1,387.00
4950 Hire Purchase Repayments		25,711.09
4981 Lease Income - Boddam Abattoir		5,000.04
5000 Purchases to be Sold on Hire Purchase		
5005 Floating Dock Project Costs		
7000 Management Salaries_b	168,697.35	
7002 Staff Mileage Costs	2,968.63	
7006 Management Salaries Employers N.I.	15,069.92	
7007 Management Salaries Employers Pensions	18,855.22	
7009 Graduate Placement Salary Costs_b	43,626.37	
7050 Non-member Trustees Salary_b	14,404.09	
7051 National Insurance on Trustee Payments	1,186.58	
7055 Trustee Meeting Allowance	9,726.03	
7060 Trustee Mileage	3,006.75	
7090 Trustee Expenses	1,117.71	
7100 Office Rent_b	25,850.00	
7125 Service Charges	9,473.93	
7150 Office Rates	5,556.60	
7175 Electricity/Heating	1,378.67	
7200 Leaflets/Publications_b		
7210 Exhibition Costs/Marketing	199	
7225 Adverts	425.53	
7227 Distribution Costs for Marketing Material		
7240 Showcase Event Costs_b	31,500.13	
7242 EFTE Event Costs (rechargeable)	13	
7245 Seafood Project Event Costs	177.12	
7250 Legal Fees_b	21,538.33	
7251 Legal Fees (Rechargeable)	34,179.07	
7252 State Aid Defence - Legal Fees	28,155.60	
7275 Fund Manager Fees		
7300 Consultancy/Due Diligence Reports	4,084.50	
7305 Public Relations Costs	2,590.00	
7310 General Consultancy	35,736.03	
7315 Fish Farm Monitoring Costs		
7320 Professional Accounting Fees_b	18,427.98	
7325 General Banking Charges_b	262.92	
7350 Business Travel Other Than Training_b	6,296.60	
7360 Accommodation While Away on Business	3,515.05	
7370 Incidentals Occurred While Away on Business	3,972.30	
7400 Lease of Vehicle		
7410 Fuel		
7420 Vehicle Insurance		
7425 Vehicle Incidentals		
7430 Vehicle Tax		
7450 Travel to Training_b	1,132.80	
7460 Training Fees	2,379.00	

7470 Accommodation While Away on Training	643.26	
7480 Incidentals Incurred While Away on Training	493.3	
7500 Telephone, Fax, ISDN Charges_b	491.49	
7501 Stationery and Sundry Office Equipment	1,797.86	
7502 Additional Office Equipment		
7503 Postage and Carriage	263.27	
7504 Photocopier Charges	41.94	
7505 Computer & Electronic Equipment Maintenance	7,327.00	
7506 Computer Software	250	
7507 Cleaning Costs		
7508 Meeting Room Hire	655.95	
7509 Refreshments	114.5	
7510 Other General Office Costs	1,497.54	
7511 Minute Taking/Admin Services Costs	13,914.98	
7515 Rechargeable Expenses	448.93	
7520 Memberships/Subscriptions	1,004.48	
7600 Running Costs of SBIC Supported by SDT		
7650 Sponsorships_b	5,744.73	
7655 Fisheries Training Programme	2,950.00	
7700 Computer Risk Insurance_b	525	
7722 Professional Indemnity Insurance	5,512.50	
7723 Travel Insurance	378	
7724 Directors and Officers Liability Insurance	1,365.00	
7725 Commercial Insurance	2,693.54	
7850 Skerries Expenses		
7852 Hoove Expenses_b		
7854 Smyril Expenses	5,478.66	
7856 Norwegian Link Expenses	65,822.64	
7906 Exchange Rate Variance		
7910 DO NOT USE - Memberships/Subscriptions		
7990 Floating Dock Routine Costs		
8000 Depreciation		
8100 Bad Debt Write Off		
9998 Suspense Account		0.05
	<u>69,689,986.57</u>	<u>69,689,986.57</u>

2320		Name Corporation		Tax									
Type	Date	Acct	Ref	Detail	Debit	T/C	Value	Debit	Credit	V	B		
PI	19/06/2003	NLA N01	62600406	Paym ent for year end 02/03 Repa yment - 6260 0		0 TO	143,577.74	143,577.74		R	-		
BR	06/02/2004	1200	62600406	4060 4004		0 TO	113,258.95		113,258.95	R	R		
JC	31/03/2004	2320	JNLEOY20	Corpo ration Tax		0 TO	175,417.16		175,417.16	-	-		
PI	16/06/2004	NLA N01	62600406	Paym ent of Accou nt for Year 03/04 31 Jan 05 - Tax		0 TO	59,665.11	59,665.11		R	-		
BP	31/01/2005	1200	TX PYMT	Paym ent Tax		0 TO	200,379.36	200,379.36		R	R		
JC	01/04/2004	2320	JNLEOY33	Liabi ty		0 TO	23,633.00		23,633.00	-	-		
JC	31/03/2005	2320	EOYJNL10	Corpo ration Tax		0 TO	91,313.10		91,313.10	-	-		
JC	31/03/2005	2320	EOYJNL16	Corpo ration Tax		0 TO	383,929.35		383,929.35	-	-		
JD	31/03/2005	2320	EOYJNL19	To re- classi fy costs to the corre ct accou nts		0 TO	3,875.98	3,875.98		-	-		
JD	31/03/2005	2320	EOYJNL16	Corpo ration Tax		0 TO	383,929.35		383,929.35	-	-		
JC	31/03/2005	2320	EOYJNL19	Corpo ration Tax		0 TO	3,875.98		3,875.98	-	-		

JC	31/03/2005	2320 EOYJNL24	To bldg up surp y balan ces	0 T9	4.5		4.5	-	-
BP	03/02/2006	1200 TAX PYMN	Tax Install ment	0 T9	200,000.00	200,000.00		-	R
BP	03/02/2006	1200 TAX PMNT	Tax Install ment	0 T9	92,870.00	92,870.00		-	R
BP	31/07/2006	1200 62600406	Tax Paym ent	0 T9	143,851.00	143,851.00		-	R
JD	31/03/2006	2320 EOY11	Trans fer of Tax Paid	0 T9	66,303.95	66,303.95		-	-
BP	02/02/2007	1200 TAX PYMT	Tax Paym ent - 06/07 instal ment	0 T9	362,267.00	362,267.00		-	R
BP	27/07/2007	1200 TAX PYMN	Tax Paym ent - 06/07 instal ment	0 T9	238,944.69	238,944.69		-	R
JD	31/03/2006	2320 EOYKPMG3	To transf er tax paid on invest ment incom e	0 T9	33,686.00	33,686.00		-	-
JC	31/03/2006	2320 EOYKPMG4	To redu cate openi ng CT balanc e	0 T9	409,000.00		409,000.00	-	-
JC	31/03/2006	2320 EOYKPMG5	Exdm abod curse nt year tax chang e	0 T9	607,685.00		607,685.00	-	-

JD	31/03/2008	2320 EOYNPMG0	Prior year tax adjust ment	0 T9	19,614.00	19,614.00	-	-
BP	28/01/2008	1200 TAX PYMT	Tax Paym ent - 07/08 Instal ment	0 T9	250,000.00	250,000.00	-	R
BP	28/01/2008	1200 TAX PYMT	Tax Paym ent - 07/08 Instal ment	0 T9	45,098.11	45,098.11	-	R
JD	31/03/2007	2320 EOYNPMG0	Reall ocate tax paid on invest ment incom e & loan repay ments	0 T9	128,733.00	128,733.00	-	-
JC	31/03/2007	2320 EOYNPMG0	To recor d estim ated tax chang e for year	0 T9	536,000.00	536,000.00	-	-
JC	31/03/2007	2320 EOYNPMG1	Prior year tax adjust ment	0 T9	2,240.00	2,240.00	-	-
JC	31/03/2007	2320 EOYNPMG1	To calcul ate corpo ration tax calcul ation	0 T9	26,873.00	26,873.00	-	-
	287,227.75 DR						434.75	



REPORT

To: Development Committee

05 March 2009

From: Financial Controller, Shetland Development Trust

DV024-F

Shetland Development Trust Annual Accounts, for Year Ending 31 March 2008

1.0 Introduction

- 1.1 The purpose of this report is present to Members the Annual accounts for the Shetland Development Trust (SDT), for the year ended 31 March 2008 for approval. These are attached as Appendix 1. Also attached as Appendix 2, is an analysis of the administration expenses.

2.0 Links to Corporate Priorities

- 2.1 This report links to the Council's Corporate Plan 2008-2011, which sets out a range of priorities to more effectively and efficiently organise the Council's business.

3.0 Background

- 3.1 The former Administration Regulations of the SDT defined the financial responsibilities of the General Manager in section 4.7

These included:-

- Preparing regular accounts, reporting thereon to Trustees, and preparing and publishing annual accounts of the Trust on behalf of the Trustees.
- Ensuring that the annual accounts of the Trust are audited after the end of the appropriate year, without undue delay.

- 3.2 The Administration Regulations still apply insofar as they relate to the Council as sole Trustee, however, the conduct of the Development Committee, even when acting on behalf of the Council as Trustee is also governed by the rules applying to all committees and Members in their capacity as Councillors.

4.0 Financial Implications

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

5.0 Policy and Delegated Authority

- 5.1 This report has been prepared in relation to the Economic Development Policy Statement 2007 – 2011. The Development Committee has delegated authority to implement decisions within its remit, for which the Council has approved the overall objectives. As the subject of this report is covered by existing policy, in accordance with Section 11 of the Council's Scheme of Delegations, the Development Committee does have delegated authority to make a decision.
- 5.2 In accordance with Section 11 of the Council's Scheme of Delegations, management of the SDT, on behalf of the Council as sole Trustee, is delegated to the Development Committee.

6.0 Recommendation

- 6.1 I recommend that the Development Committee note and approve the accounts of the SDT for the year ended 31 March 2008.

Our Ref: NM/JJ
Date: 23 February 2009

Report No: DV024-F

Shetland Development Trust

Annual report and accounts

31 March 2008

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Chairman's statement

I take pleasure in presenting the accounts of the Shetland Development Trust (SDT) for the period between 1 April 2007 and 31 March 2008, to the public, Shetland Islands Council and other interested parties.

The SDT has made significant investments into the whitefish industry; during this period, it has been extremely encouraging to see a renewed confidence in the sector. During 2007, alongside industry partners' we have also successfully launched the "Successful and Sustainable" action plan and strategy for Shetland seafood.

We have also committed to the development of a local multi-user community abattoir facility. Making this type of investment in Shetland's infrastructure will be a key step towards increasing the opportunities to enhance and add-value to our excellent meat products.

Throughout 2007/08 we have continued to actively support the Arts, Tourism and Culture sectors, and have invested in the restoration of Belmont House in Unst and SandsAyre Pier in Sandwick. We have also committed significant funds to the Shetland Amenity Trust to restore Sumburgh Lighthouse, to the Fair Isle Bird Observatory Trust (FIBOT), to rebuild a state of the art centre, and the proposed new Music and Film centre, MAREEL.

To date, the Trust has also given over £2 million (gross value) in surplus distributions to support organisations such as Community Opportunities for Participation in Enterprise (COPE) and North Atlantic Fisheries College. Both organisations provide an infrastructure for economic development, research and invest significantly in their people.

One our biggest ongoing challenges is to resolve our outstanding state aid issues and work with Government to ensure we minimize the potential damage any ruling from Europe may cause within the local community. Alongside the Shetland Islands Council, we are dedicated to exploring all avenues to ensure Shetland can invest our monies into the ongoing economic sustainability of the isles within the boundaries set by Europe.

The Trust's positive relationship with our clients, Shetland Islands Council and HIE Shetland has contributed to a successful year. We thank our staff for their continued dedication and look forward to building on our strong portfolio position to meet the challenges for 2008/09.

A key priority for the Shetland Development Trust in 2008/09 is to plan for the continued sustainable development of the Shetland economy within the new economic agenda set by the Scottish Government. We also continue to work towards delivering a "one stop shop" for economic development within our local community.

Officers, and some key assets of SDT will shortly be transferred into the Council, as part of a new and streamlined economic service. This will include managed bonds and substantial holdings of SDT Whitefish quota. The remaining loan and equity portfolios will continue to be managed and monitored for the remainder of their term.

Finally, we would like to take this opportunity to pay tribute to the late Cecil Eunson, Councillor and fellow Trustee, for all his dedicated work for the Shetland community.

JG Simpson
Chairman

5 March 2009

Trustees and advisers

Current trustees:	J Simpson	(Chairman) (re-appointed 30 May 2007)
	A Cooper	(Vice Chairman) (appointed 30 May 2007)
	R Eunson	(appointed 1 February 2006)
	J Henry	(re-appointed 3 May 2007)
	J Hutton	(appointed 1 February 2006)
	R Hunter	(appointed 1 February 2006)
	T Stove	(resigned 3 May 2007)
	A Doull	(appointed 3 May 2007)
	W Manson	(appointed 3 May 2007)
	F Grains	(appointed 3 May 2007)
	F Robertson	(appointed 3 May 2007)
	G Robinson	(appointed 3 May 2007)
	B Fullerton	(appointed 3 May 2007)
	I Hawkins	(appointed 3 May 2007)
	A Hughson	(appointed 3 May 2007)
	J Budge	(appointed 3 May 2007)
	A Duncan	(appointed 3 May 2007)
	R Nickerson	(appointed 3 May 2007)
	A Cluness	(appointed 3 May 2007)
	A Wishart	(appointed 3 May 2007)
	L Angus	(appointed 3 May 2007)
	C Smith	(appointed 3 May 2007)
	L Baisley	(appointed 3 May 2007)
	R Henderson	(appointed 3 May 2007)
	C Miller	(appointed 3 May 2007/resigned 24 September 2007)
	C Eunson	(appointed 3 May 2007/deceased 24 December 2007)
Principal address:	6 North Ness Business Park Lerwick Shetland ZE1 0LZ	
Bankers:	Bank of Scotland 117 Commercial Street Lerwick Shetland ZE1 0DN	
Solicitors:	Brodies 15 Atholl Crescent Edinburgh EH3 8HA	
Auditors:	KPMG LLP 37 Albyn Place Aberdeen AB10 1JB	

Statement of Trustees' Responsibilities

The Trust Deed, dated 8 January 1996, does not contain any specific requirements with regard to record keeping or the preparation of accounts. The trustees have decided that non-statutory accounts should be prepared and that generally accepted accounting practice in the United Kingdom should be applied. They have also decided that the non-statutory accounts should be audited. In the preparation of these non-statutory accounts, the trustees have decided to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the non-statutory accounts; and
- prepare the non-statutory accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The trustees have an implicit general responsibility under the Trust Deed for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the trustees of Shetland Development Trust

We have audited the accounts of Shetland Development Trust for the year ended 31 March 2008 which comprise the Revenue Account, the Capital Account, the Balance Sheet and the related notes. These accounts have been prepared for the reasons and under the accounting policies therein.

This report is made solely to the trustees, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the trustees those matters we have been engaged to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities on page 3, the trustees are responsible for the preparation of the accounts.

Our responsibility under the terms of our engagement letter dated 28 October 2008 is to audit the accounts having regard to International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts have been properly prepared in accordance with the accounting policies set out in note 2 to the accounts. We also report to you if, in our opinion, the chairman's statement is not consistent with the accounts, if the Trust has not kept proper accounting records, and if we have not received all the information and explanations we require for our audit.

We read the chairman's statement and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit having regard to International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In view of the purpose for which these accounts have been prepared, however, we did not evaluate the overall adequacy of the presentation of information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland).

Opinion

In our opinion the accounts for the year ended 31 March 2008 have been properly prepared in accordance with the accounting policies set out in note 2 to the accounts.

KPMG LLP
Chartered Accountants

5 March 2009

Revenue account

for the year ended 31 March 2008

	Note	2008	2007
		£000	£000
Income			
Local loan interest		656	771
Short term deposit interest		538	502
Dividends received		166	191
Whitefish quota rental income		479	536
Other income		14	10
Total income		1,853	2,010
Expenditure			
Audit, accountancy and tax fees		(18)	(23)
Trustees' expenses		(29)	(71)
Legal fees		(50)	(33)
Professional fees		(45)	(68)
Administration expenses	3	(392)	(450)
Sundry income (expenses)		-	3
Graduate placements/MBA sponsorship		(44)	(72)
Chargeable project costs		(75)	(143)
Fish farm monitoring		-	(50)
Shetland showcase costs		(32)	(44)
Total expenditure		(685)	(951)
		1,168	1,059
Taxation	4	(598)	(565)
Surplus for the year		570	494
Transferable to Shetland charitable bodies	11	(570)	(494)
Surplus carried forward		-	-

Capital account

for the year ended 31 March 2008

	2008	2007
	£000	£000
Amortisation of fish quota	(846)	(846)
Amortisation of fishing boat licence	(31)	(31)
(Increase) / decrease in provisions (net)	(1,620)	636
Depreciation of tangible fixed assets	(20)	-
New investments	5,089	6,643
Sale of fixed assets	(274)	-
Repayments of equity/loans	(3,028)	(4,713)
Impairment of current asset investment	(807)	(49)
Movements in working capital	(1,562)	(2,302)
	<hr/>	<hr/>
Deficit for the year	(3,099)	(662)
Balance brought forward	30,594	31,256
	<hr/>	<hr/>
Balance carried forward	27,495	30,594
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet

at 31 March 2008

	Note	2008 £000	2007 £000
Fixed assets			
Tangible assets	5	30	50
Intangible assets	6	12,014	11,888
Equity investments	7	1,657	2,295
		<hr/>	<hr/>
Total fixed assets		13,701	14,233
Loans to local industry	8	4,834	5,419
Current assets			
Debtors	9	101	105
Investment	10	7,072	7,492
Cash at bank		2,693	4,014
		<hr/>	<hr/>
		9,866	11,611
Current liabilities			
Creditors: amounts falling due within one year	11	(906)	(669)
		<hr/>	<hr/>
Net current assets		8,960	10,942
		<hr/>	<hr/>
Net assets		27,495	30,594
		<hr/>	<hr/>
Represented by:			
Capital account		27,495	30,594
		<hr/>	<hr/>

The financial statements were approved by the trustees on 5 March 2009 and were signed on their behalf by:

JG Simpson
Chairman of the Trustees

Notes

(forming part of the accounts)

1 Trust constitution

Shetland Development Trust is a public non-charitable trust and was constituted under a Deed of Trust registered in Edinburgh on 8 January 1996. The object of the Trust is to assist local businesses in the Shetland Islands. Financial assistance may include the purchase of equity, the provision of guarantees and the provision of loans and grants. The Trust has been funded by grants from Shetland Islands Council's Reserve Fund. Any net income after tax of the Trust is paid over to such charitable body or bodies in the Shetland Islands as the trustees shall determine.

The current trustees of the Trust are shown on page 2. The Trust Deed confers the power on the trustees to assume new trustees.

Details of the development, activities and achievements of the Trust during the year are given in the chairman's statement. Details of the Trust's investment policy are contained in a separate policy statement a copy of which can be obtained from the Trust's principal address shown on page 2.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

Basis of preparation

The trustees have decided that the accounts should be prepared in accordance with the terms of the declaration of trust applying generally accepted accounting practice for transactions where no specific provision is made in the declaration of trust.

The accounting concepts of "materiality", "accruals" and "going concern" have been considered in the application of the accounting policies. In this regard the materiality concept means that information is included where it is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the year in which they occur, not in the period in which cash is paid or received. The going concern concept assumes that the Trust will continue to operate for at least 12 months from the signing of the annual accounts.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives through the revenue account as follows:

Fixtures, fittings and equipment	-	4 years
Abattoir	-	5 years

Where evidence of impairment exists, the value of tangible fixed assets is written down accordingly with the corresponding charge being made to the capital account.

Intangible fixed assets and amortisation

The costs of fish quota and the fishing boat licence are amortised over a period of 20 years, being their estimated useful lives. Where evidence of impairment exists, provision is made accordingly. Amortisation charges and any changes in provision are charged to the capital account. On the basis of industry advice, the trustees consider whether the carrying values of these assets are in excess of their recoverable amounts and require impairment.

Investments

Fixed asset equity investments are shown at cost. Provision is made where evidence of impairment exists and the investments are written down accordingly, the charge being made to the capital account.

Current asset investments are shown at the lower of historic cost and market value. Where market value is less than cost, the impairment difference is charged to the capital account.

Notes *(continued)*

Accounting policies *(continued)*

Loans to local industry

Loans to local industry are shown at the amount advanced less provisions for non-recovery. In the balance sheet the net amount is disclosed below fixed assets. Advances, repayment and changes in the provision for non-recovery are all charged to the capital account.

Interest and dividends receivable

All payments of interest on loans, share dividends and all other income of the Trust shall be credited to the Trust's revenue account.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either convertible into known amounts of cash at or close to their carrying values.

Taxation

The Trust is a discretionary trust for tax purposes, and as such the income of the Trust, after allowable expenses, is subject to taxation at the rate applicable to such trusts, currently 40%. The net income after tax of the Trust is paid, in accordance with the declaration of trust, to charitable bodies which are able to recover any tax deducted from such income distributions of the Trust.

Notes (continued)

3 Administration expenses

Total administration expenses for the year of £392,000 (2007: £450,000), are analysed as follows:

	2008 £000	2007 £000
Salary and related costs	228	244
Other costs	164	206
	<hr/>	<hr/>
	392	450
	<hr/>	<hr/>

4 Taxation

	2008 £000	2007 £000
Income tax:		
On income for the year	574	563
Adjustment in respect of prior years	24	2
	<hr/>	<hr/>
	598	565
	<hr/>	<hr/>

5 Tangible fixed assets

	Fixtures, fittings & equipment £000	Abattoir £000	Total £000
Cost			
At beginning of year	68	50	118
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	68	50	118
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	58	10	68
Charge for year	10	10	20
	<hr/>	<hr/>	<hr/>
At end of year	68	20	88
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2008	-	30	30
	<hr/>	<hr/>	<hr/>
At 31 March 2007	10	40	50
	<hr/>	<hr/>	<hr/>

Notes (continued)

6 Intangible fixed assets

	Fish quota £000	Fishing boat licence £000	Total £000
Cost			
At beginning and end of year	16,920	617	17,537
Addition	1,047	230	1,277
Disposals	-	(310)	(310)
	<hr/>	<hr/>	<hr/>
	17,967	537	18,504
	<hr/>	<hr/>	<hr/>
Amortisation and impairment			
At beginning of year	5,556	93	5,649
Amortisation charge for year	846	31	877
Release on disposal	-	(36)	(36)
	<hr/>	<hr/>	<hr/>
At end of year	6,402	88	6,490
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2008	11,565	449	12,014
	<hr/>	<hr/>	<hr/>
At 31 March 2007	11,364	524	11,888
	<hr/>	<hr/>	<hr/>

7 Equity investments

	Participating interests £000
Cost	
At beginning of year	7,162
Additions	950
Disposals	(120)
Transfers (to) / from loans	209
	<hr/>
At end of year	8,201
	<hr/>
Provisions	
At beginning of year	4,867
Provided in year	1,677
	<hr/>
At end of year	6,544
	<hr/>
Net book value	
At 31 March 2008	1,657
	<hr/>
At 31 March 2007	2,295
	<hr/>

Certain of the Trust's investments are held in the name of a nominee company.

Notes (continued)

7 Equity investments (continued)

The Trust's principal participating interests at the year end were as follows:

Companies	Country of registration	Principal activity	Class of shares held	Percentage of shares held
P/F Symril Line	Faroe Islands	Principal North Atlantic passenger and freight ferry link	DKK 100,000	19.5%
Shetland Aerogenerators Limited	Scotland	Renewable energy generation	8% cumulative redeemable £1 preference	100%
Kildrummy Technologies Limited	Scotland	Provision of project and business management systems, consultancy services and the provision of computer software products	£1 preference £1 Preference 'B'	100% 100%

8 Loans to local industry

	£000
<i>Cost</i>	
At beginning of year	15,254
Advances	2,475
Repayments	(2,908)
Transfer (to) / from equity investments	(209)
	<hr/>
At end of year	14,612
	<hr/>
<i>Provisions</i>	
At beginning of year	9,835
Released during the year (net)	(57)
	<hr/>
At end of year	9,778
	<hr/>
<i>Loans net of provisions</i>	
At 31 March 2008	4,834
	<hr/> <hr/>
At 31 March 2007	5,419
	<hr/> <hr/>

Notes (continued)

8 Loans to local industry (continued)

It is the trustees' policy to disclose information in respect of local investments made during a financial year. The capital advanced during the year in respect of such investments was as follows:

	£000
Lerwick Fish Traders	722
Nufish Limited	262
Mark Anderson & Partners LLP	340
Colin Hughson & Partners LLP	410
Gary Smith & Partners LLP	240
Tina Probert – Straight2it	7
Warren Probert – Straight2it	7
Kevin Hughson – K Hughson Repairs	15
Global Yell Limited	11
Green Island Organics	343
	<hr/>

9 Debtors

	2008 £000	2007 £000
Trade debtors	39	39
Other debtors	58	62
Prepayments & accrued income	4	4
	<hr/>	<hr/>
	101	105
	<hr/>	<hr/>

10 Investment

	2008 £000	2007 £000
Halifax Corporate Bond	6,139	6,474
Halifax Cautious Managed Fund	933	1,018
	<hr/>	<hr/>
	7,072	7,492
	<hr/>	<hr/>

Summary

	2008 £000
At beginning of year	7,492
Additions (including interest and dividends reinvested)	387
Impairment	(807)
	<hr/>
At end of year	7,072
	<hr/>

The historic cost of the investments at 31 March 2008 was £7,881,000 (2007: £7,492,000).

Notes (continued)

11 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amount payable to Shetland charitable bodies	662	319
Current taxation	60	179
Sundry creditors	117	118
Accruals and deferred income	67	53
	<hr/>	<hr/>
	906	669
	<hr/>	<hr/>

12 Contingent liabilities

The Trust has guaranteed certain loans granted to various local businesses by Shetland Charitable Trust. At 31 March 2008, the total value of loans guaranteed by the Trust was £464,000 (2007: £594,750).

13 Related party disclosures

Under the terms of the Trust Deed, the trustees are responsible for the Trust's activities and its finances. However, the trustees' approval of any investment which exceeds £250,000 requires the subsequent approval of Shetland Islands Council.

All of the current trustees are also members of the Shetland Islands Council with the exception of R Hunter, R Eunson and J Hutton. In the year to 31 March 2008, payments of £43,328 (2007: £22,143) were made to Shetland Islands Council in relation to various running cost recharges. At 31 March 2008, there was a net £79,000 due by the Trust to Shetland Islands Council.

J Henry, WH Manson, I Hawkins, A Duncan, S Cluness and A Wishart are also directors of Shetland Leasing and Property Development Limited. During the year ended 31 March 2008, the Trust purchased quotas and licences for £1,247,000 from this related party (2007: £nil).



REPORT

To: Development Committee

05 March 2009

From: Head of Economic Development

DV033-F
Mareel, Cinema & Music Venue
Sounding Board Feedback Report #2.

1.0 Introduction

- 1.1 The purpose of this report is to update Members on progress and costs on the Mareel project.

2.0 Links to Corporate Priorities

- 2.1 This report links to the Council's Corporate Plan 2008-2011 which sets out a range of priorities to more effectively and efficiently organise the Council's business.

3.0 Background

- 3.1 In October 2008, Development Committee agreed to the formation of a Sounding Board to monitor the Mareel project (Minute ref 44/08).

- 3.2 The membership of the board is:

- Development Committee Chairperson, Joseph Simpson
- Development Committee Vice Chairperson, Alastair Cooper
- Development Committee Member, Frank Robertson
- Head of Economic Development, Neil Grant
- Capital Programme Service Manager, Mike Finnie
- Executive Director of Education and Social Care, Hazel Sutherland

3.3 The remit of the board is:

- “to monitor the activity and spend on the Mareel project”
- “to consult on behalf of the Committee and Council regarding grant conditions to be applied...”
- “to provide a progress report on the Mareel project to each cycle of the Development Committee and Council. The content of the report will be appropriate for the report to be taken in public.”

3.4 The Sounding Board also reports to Services Committee each cycle.

3.5 The Sounding Board last met on 17th February 2009.

4.0 Activity/Progress

4.1 A combined Grant Offer Letter, for £6,155,000, has now been formally issued to Shetland Arts along with the Memorandum of Understanding between SIC, Shetland Arts, and the Shetland Charitable Trust for the Mareel project.

4.2 The following is provided as an update on the Mareel project provided by the Sounding Board.

4.2.1 Funding

4.2.1.1 Shetland Arts have secured £12.1m of funding for the project as detailed below:

Confirmed Funding

	£000'
Shetland Islands Council	5,190
Scottish Arts Council Capital Lottery Fund	2,120
HIE	965
Shetland Islands Council	965
European Structural Funds	2,822
	12,062

4.2.2 Contract/Specification

4.2.2.1 Shetland Arts have accepted DITT's bid to build the cinema and music venue, at a contract price of £10,022,019. Full closure of the contract with DITT is pending completion of land purchase from Shetland Leasing and Property Ltd.

4.2.2.2 The total project cost of the cinema and music venue is £12,062,203 which includes a £300,000 contingency. £1,094,911 of the project costs have been spent to date.

4.2.3 Project management

4.2.3.1 Shetland Arts have advertised for a project manager, and are currently in discussion with a possible candidate.

4.2.4 Other

4.2.4.1 GB Oils Fuel Storage tanks – HSE restrictions are still in place that would prevent the Mareel building from being occupied. However the modifications to the tanks agreed with HSE to lift the restriction are proceeding.

4.2.4.2 Negotiations are ongoing with Scottish Water regarding how the existing pump and pump house on the Mareel site can be accommodated.

5. Proposal

5.1 I propose that the Committee notes the work being done by the Sounding Board

6.0 Financial Implications

6.1 The Council has already approved this spend from the Capital Programme and SDT. There are no financial implications arising from the terms of this report.

7.0 Policy and Delegated Authority

7.1 The proposal that forms the basis of this report satisfies a number of policies, contained in the Economic Development Policy Statement 2007-2011 which was approved by Development Committee on 24 April 2008 (Min Ref 01/087 and by the Council on 14 May 2008 (Min Ref 55/08). This report has been prepared based on the following policies:

- 5. “Continue to develop Shetland as a tourist destination, through development of high quality products and services.”
- 16. “Support growth of businesses in the creative industries sector.”
- 27. “Enable individuals to achieve their full economic potential.”

7.2 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

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

7.4 In accordance with Section 11 of the Council's Scheme of Delegation, management of the Shetland Development Trust, on behalf of the Council as sole Trustee, is delegated to the Development Committee.

8.0 Conclusions

8.1 The Sounding Board will continue to engage with the project team and report back to the Committee each cycle.

9.0 Recommendations

9.1 I recommend that the Committee notes the content of this report.

Our Ref: NRJG/KLM
Date: 24 February 2009

Report No: DV033-F