

MINUTE

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Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 11 June 2009 at 10am

Present:

J G Simpson	L Angus
L F Baisley	J Budge
A J Cluness	A T J Cooper
A T Doull	A G L Duncan
F B Grains	I J Hawkins
R S Henderson	J H Henry
A J Hughson	W H Manson
C H J Miller	F A Robertson
G Robinson	C L Smith
A S Wishart	

Apologies

B L Fullerton	R C Nickerson
J W G Wills	

In Attendance (Officers):

N Grant, Head of Economic Development
D Irvine, Head of Business Development
M Smith, Economic Development Officer
M Henderson, Services and Technologies Officer
S Spence, European Officer
K Moreland, Marketing Officer
L Coutts, Area Economic Development/Tourism Officer
B Robb, Management Accountant
I Johnson, Temporary Assistant Accountant
L Adamson, Committee Officer

Also:

N McDougall, Financial Controller - SDT
S Keith, Project Manager - SDT

Chairperson:

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

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

Mrs C H J Miller advised that as she was not a Trustee of the Shetland Development Trust she would leave the Chamber following the discussion on Agenda Item 10. Mrs Miller also declared an interest in Agenda Item 8, as she could be a potential beneficiary of the scheme. She would take part in the discussion but would take no part in a vote.

Mrs I J Hawkins, Mr G Robinson and Mr A S Wishart declared an interest in Agenda Item 6.

Mr A G L Duncan declared an interest in Agenda Item 12.

Minutes

The minutes of the meeting held on a) 26 February 2009, and b) 30 April 2009, having been circulated, were confirmed on the motion of Mrs I J Hawkins, seconded by Mr J G Simpson.

Members' Attendance at External Meetings

Mr J G Simpson reported on his attendance at the CPMR Fisheries Intercom Group and from a meeting with the Director General of Fisheries and Maritime Affairs, in Brussels on 8/9 June.

In response to questions from Members regarding the Common Fisheries Policy, Mr Simpson explained that further detail was awaited on proposals for regional management. He advised that the review of the Common Fisheries Policy was not due until 2012, and that another issue for Shetland was the difficulties with the Cod Recovery Plan.

[Mr W H Manson attended the meeting].

48/09 **Public Activity Report**

The Committee noted a report by the Head of Economic Development (Appendix 1), and updates were provided on the following:

Drydock/Shiplift

In response to a question from Mrs C H J Miller, the Head of Economic Development confirmed that the proposed drydock would not be solely for Sullom Voe, but could be a Shetland wide facility.

Johnsma's Foy

Mrs Miller noted that the website to promote the Johnsma's Foy had been launched on 20 May, and commented that this was very short notice for visitors to make arrangements to travel to Shetland for the event. The Head of Economic Development agreed, but advised that the event had been publicised in promotional brochures and on other web domains.

Changes to State Aid Reference Rate

In response to a question from Mr A G L Duncan, the Head of Economic Development explained that Council policy was to base all Council lending on the European Reference Rate to ensure State Aid compliance, which was currently 2.2%.

First Time Shareholders Scheme State Aid Update

In response to a question from Mrs I J Hawkins, the Head of Development reported that Brodies had advised that there had been no further update from the Commission. It was reported that Members take every possible opportunity to raise this issue directly with the Commission.

Events Strategy

Mr G Robinson noted the reference to the proposal to engage professional, independent consultants to prepare a document, and he suggested that EventScotland and Shetland Arts should take this forward and there should be scope for sharing costs. The Head of Economic Development explained that from an economic development perspective it was very important that an Events

Strategy was produced as the Strategy would highlight the monetary and other benefits from supporting local events.

Business Gateway

Mr A J Hughson said he welcomed the involvement of Shetland College in providing training for new applicants, and questioned whether approval of assistance could be conditional on the requirement to undertake training. The Head of Business Development explained that this could hinder individuals from seeking assistance and considered it better to be optional but to encourage further training.

Scottish Rural Development Plan – Rural Priorities

In response to a question from Mr W H Manson, the Head of Business Development advised that Shetland had benefited from over £2.5 million through the SRDP, however he explained that funding was much tighter now than had been at the start of the programme. He went on to say that unless the Government inputs further funding into the SRDP there be little scope for support during the latter years of the programme unless for higher quality projects.

49/09

Broadband Update

The Committee noted a report by the Economic Development Officer (Appendix 2).

Mr L Angus stated that BT's response was unacceptable not to link to the cable to deliver faster Broadband in Shetland, and he proposed that a high level meeting should be arranged with BT, involving Shetland's MSP. Mr A T J Cooper explained that meetings between BT and T Scott, MSP had so far been unproductive. Mr Cooper advised that along with the Economic Development Officer, he would be attending a meeting with representatives from BT to debate broadband and how to improve broadband provision in Scotland, and would report back to Committee.

In response to comments from Mr W H Manson, the Economic Development Officer confirmed that one of the issues would be that BT would be compelled to allow other telecommunication suppliers to use the network should the cables be linked together.

50/09

Renewable Energy Update Report – March 2009 to May 2009

The Committee noted a report by the Head of Economic Development (Appendix 3).

Mr A T J Cooper advised of a Marine Energy development project discussed at yesterday's meeting of the Harbour Board. Members had agreed that the work would be undertaken at the NAFC Marine Centre in Scalloway, but that infrastructure required could be located where it was required by the industry.

51/09

Shetlandmarketing.org

The Committee noted a report by the Principal Officer – Marketing (Appendix 4).

The Marketing Officer advised that the new Shetlandmarketing.org website was being launched today, and he gave a presentation to Members on the content of the website. He advised that the website was a tool for local businesses to improve

their marketing efforts, with assistance being available through the MDP scheme and the Business Gateway. The website also includes information on marketing resources and local case studies.

Mrs C H J Miller referred to Section 4.3 in the report, and said that the first sentence should be changed to read, "Success in this involves encouraging Shetland businesses and organisations to understand their target customers better".

Mr A T J Cooper commented that the report of the successful case study which had been included on the website should inspire other businesses to consider optimising their marketing effort.

In response to a question from Mr A S Wishart, the Marketing Officer explained that the Shetland Brand logo was restricted to regional promotions and tourism. He added that it is intended for the Council's Marketing Service to host a roadshow around Shetland later in the year which will explain the background to the Brand, where the Brand project is just now, and how local businesses can engage with its principles to help with their own promotion and therefore the wider economy of Shetland.

52/09

Update on European Activities

The Committee noted a report by the European Officer (Appendix 5).

In response to a question from Mrs I J Hawkins regarding the lack of funding available for infrastructure-type projects through the ERDF/ESF Programme, the European Officer explained that this programme was half the size of the previous programme, with more funds being targeted to new Members States rather than the existing Member States. The current programme has much less support for infrastructure projects with the focus being on jobs and growth in line with the Lisbon Agenda, and the programme also aims to encourage green initiatives. Mr A J Cluness said that as there was not a large amount of money in the programme it was unlikely that there would be any significant assistance for larger projects.

Mr A T J Cooper reported that there had been some expectation at the previous Monitoring Committee that there could be further funding for larger infrastructure projects however any additional funding would not be significant. He was aware that a scheme was being developed to assist renewable energy initiatives for social housing. He advised that there was concern in the Highlands and Islands, that the UHI and HIE as recipients of structural funds had not organised match funding.

Mr J G Simpson commented that there was a significant amount of work involved with the European projects, and he commended the effort being made.

[Mr G Robinson and Mr A S Wishart left the meeting].

53/09

Review into Potential Subsidies of Catering Facilities – Discussion Paper

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

In response to a request from Mr A G L Duncan, the Head of Economic Development advised that it was not possible to provide further detail on the six establishments involved in the review as the information had been provided in

confidence. Mr Duncan referred to Section 5.2 of the report, and said that he would support the option for establishments to be franchised out, or for other private sector involvement.

Mr L Angus said that it was entirely inappropriate for the Council to be competing with the local catering trade, and that in his opinion the review was well overdue. He said that should the establishments wish to continue to provide catering facilities then they should consider franchising.

Ms L F Baisley said she considered it unfair that private catering establishments had to compete with Council funded facilities, and she noted from the report that Shetland was the only Local Authority who subsidised catering facilities. Ms Baisley said that she would hope that the option to franchise out could be done without significant job losses. She added that in her opinion some catering establishments were under pricing, which would also need to be addressed during the review.

Ms A J Cluness said that Members should not decide in haste that franchising would be the best option, but it was necessary for each establishment to be considered carefully as a separate case, and that more information was required before any decisions could be made. Mr Cluness explained that one issue regarding costings associated with catering facilities was the requirement for two catering staff to be on duty at all times. Mr Cluness stated that he agreed with the statement in Section 5.3 of the report, and on the basis that all the options in Section 5.2 would be taken into account by the Head of Economic Development to progress the review, he would move the recommendation in the report. Ms L F Baisley seconded.

Mrs C H J Miller said that should franchising out be an option, she suggested that existing staff should be given the opportunity to purchase the franchise. Mrs Miller noted that the catering facility at Sellaness had not been included in the report, being a subsidised establishment. The Head of Economic Development advised that not all catering establishments that receive public sector funding had been included, however the Sellaness catering facility would be contacted as part of the review.

Mr W H Manson said he agreed with Mr Cluness' motion, and suggested that a separate report should be prepared on each catering establishment. Mr Manson said that where a catering facility was serving a community centre, where reductions were given to younger people a franchise could still require some subsidy.

Mr C L Smith referred to Shetland Recreational Trust's recent decision for the Café facility at Clickimin Centre to close, and said that should the café cease trading it would be less attractive for a possible franchise to take over. Mr Smith considered that the Café at Clickimin should be given the same opportunities as the other establishments involved in the review. The Head of Economic Development explained that the decision to close the Café at Clickimin was a reasonably recent decision, and that work had been ongoing on this report for several months. He added that whilst some solutions could be delivered in the short-term, others would ultimately affect the budgetary processes for next year. Mr A J Cluness suggested that the Head of Economic Development and the Recreational Trust discuss possible options for the café facility, however it was reported that it was the

Shetland Charitable Trust who subsidised the Clickimin Café, and therefore uncertain whether the Council should interfere.

In response to a question from Mr A J Hughson, the Head of Economic Development confirmed that the recent decision to implement Single Status would increase staffing costs for catering facilities where staff are linked to the Council's terms and conditions.

[Mr A G L Duncan left the meeting].

Mr L Angus reported that the Restaurant at the NAFC Marine Centre had ceased trading on three separate occasions, resulting in no catering facilities for students. Mr Manson said it was important that the restaurant should continue to operate to provide catering for students, as there were no other catering facilities in the immediate area.

The Head of Economic Development said that further discussions would take place with each of the catering facilities, and updates provided to each cycle, with a report presented to a future meeting outlining an appropriate recommendation for each establishment.

[Mr A Wishart and Mr G Robinson returned to the meeting].

54/09

Promote Shetland - Update

The Committee considered a report by the Principal Officer – Marketing (Appendix 7).

(Mrs Miller declared an interest, as her husband operates a tourism business).

Mrs C H J Miller expressed concern that the Tourism Information Centre at the Market Cross had been closed at weekends, and at some times during the week. She explained that one of the Centre's roles was to take bookings for tourism businesses in Shetland, and therefore the Centre was not fulfilling its contract. Mrs Miller said she was aware that the staffing issues were not the fault of the local office, and that she would welcome the introduction of Promote Shetland to take the lead role for tourism in Shetland. The Chairperson reported that recent closures of the Centre had been discussed specifically at a recent meeting with T Scott, MSP, and said that the Area Manager was doing an outstanding job in a very difficult situation.

In response to questions, the Head of Economic Development advised that office accommodation for Promote Shetland was available within the Museum and Archives, however it was possible that the successful co-ordinator could have suitable office space. He advised that the initial co-ordinator contract would be for a period of 2 years, and as sign off was required for each contract the service would be closely monitored.

Mr A S Wishart referred to the recommendation in the report, and moved that Mrs C H J Miller be appointed as the Council Member to become a member of the Promote Shetland Steering Group. Mr A J Cluness seconded.

Some discussion took place as to whether there could be a conflict of interest with Mrs Miller's appointment to the Group, due to her involvement in two tourism businesses, however Mrs Miller confirmed that she had a real interest in tourism in Shetland, and did not consider there would be any conflict.

Mr W H Manson referred to the composition of the Steering Group and noted that the balance was mainly from the public sector and suggested the need for more industry representation. During the discussion the Chairperson reported that the membership of the Steering Group had been agreed at a meeting of the Tourism Association, and it was therefore suggested that the Steering Group could address any imbalance in the membership.

55/09 **Tourism Financial Assistance Scheme**

The Committee considered a report by the Area Economic Development/Tourism Officer (Appendix 8).

Mr L Angus moved that the Committee approve the recommendation in the report. Mr G Robinson seconded.

Ms L F Baisley referred to the £100,000 budget for this scheme, and said that with the proposal to increase the maximum amount of grant available to £45,000 per project, this scheme could potentially only benefit two schemes should they require the maximum level of support. The Area Economic Development/Tourism Officer explained that historically most projects applying for a tourism grant were relatively small and did not require the maximum level of funding.

Mrs C H J Miller said she welcomed the additional funding to assist smaller businesses, but said that the main benefit for the tourism sector in Shetland would be initiatives and developments to extend the tourist season.

56/09 **Telecommunications**

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

In response to questions, the Economic Development Officer said he would expect it to be several years before higher capacity broadband was available throughout Shetland, however the proposed research would assist to improve local telecommunications. He referred to the Government's proposal for future broadband at 2Mbps by 2012, and advised that the Broadband Reach project already delivered 2Mbps. He added that the main issue for Shetland was to resolve the backhaul problem.

Mr A T J Cooper moved that the Committee approve the recommendation in the report. In response to questions from Mr Cooper, the Economic Development Officer advised that the research project should commence within 6 weeks. The research included land based and water based studies, and should be complete within 12 -18 months.

Mr W H Manson referred to the technical survey element of the research, to connect the SHEFA cable to the PoP in Lerwick, and said that he would support a political lever on BT to obviate the need for public expenditure and for BT to complete their link. The Economic Development Officer said that should the cables be linked up, he would expect BT to connect to the cable and provide the same solution. He added that there would still be value from the project, as it would

open up competition in the market place, and that two links to the Faroese cable were required for resilience purposes.

Ms L F Baisley seconded.

57/09

Seafood Development Project

Successful and Sustainable – A Strategy for Shetland Seafood

The Committee considered a report by the Head of Economic Development (Appendix 10).

Mr L Angus moved that the Committee approve the recommendations in the report. In seconding, Mr G Robinson said that the seafood industry was one of the few industry sectors to continue to support employment in rural areas.

Mrs C H J Miller commented that the Strategy for Shetland Seafood was excellent, and she suggested that the format should be mirrored by the agriculture industry.

[Mrs C H J Miller left the meeting].

Shetland Islands Council as Trustee of Shetland Development Trust

58/09

Mareel, Cinema and Music Venue

Sounding Board Feedback Report #4

The Committee noted a report by the Head of Economic Development (Appendix 11).

The Head of Economic Development reported that the project had moved to the construction phase. Members noted that the format for reporting progress would be altered for future reports.

In order to avoid the disclosure of exempt information, Mr J G Simpson moved, Mr C L Smith seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of agenda items 12 and 13.

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

59/09

Non-Public Activity Report – April and May 2009

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

60/09

Note of the Agriculture Panel – 30 April 2009

The Committee noted the minute of the above meeting.

05/09 – EID Update

Mrs L F Baisley reported that the 4th paragraph should be changed to read, “Ms L Baisley reported that foals born this year have to be electronically tagged however the Pony Breeders Society was seeking a derogation. She said that this further obligation could act as a disincentive to continue to breed ponies, and in turn diminish the image of Shetland to visitors”.

61/09 **Note of the General Industry Panel (Food and Drink) – 21 May 2009**

The Committee noted the minute of the above meeting.

Mr G Robinson suggested that a General Industry Panel should be arranged with representatives of the construction industry. However it was reported that meetings had been arranged between Members and representatives of the construction industry.

62/09 **Note of the General Industry Panel (Renewables) – 25 May 2009**

The Committee noted the minute of the above meeting.

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J G Simpson
CHAIRPERSON