

MINUTE

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Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 27 August 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
B L Fullerton	F B Grains
I J Hawkins	R S Henderson
J H Henry	A J Hughson
W H Manson	C H J Miller
R C Nickerson	F A Robertson
G Robinson	J W G Wills
A S Wishart	

Apologies

C L Smith
F A Robertson (for lateness)

In Attendance (Officers):

D Clark, Chief Executive
N Grant, Head of Economic Development
D Irvine, Head of Business Development
M Smith, Economic Development Officer
N Henderson, Principal Officer – Marketing
S Spence, European Officer
J Riise, Head of Legal and Administration
C Albutt, Senior Assistant Accountant
G Smith, Network Analyst
L Adamson, Committee Officer

Also:

I Napier, NAFC Marine Centre

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 her husband had a loan from the Shetland Development Trust (SDT), and as she was not a Trustee of the SDT she would leave the Chamber following the discussion on Agenda Item 17.

Mrs I J Hawkins declared an interest in Agenda Item 19.

Mr G Robinson declared in interest in Agenda Item 15, as Chairperson of Shetland Childcare Partnership.

Dr J W G Wills declared an interest in the items relevant to the SDT as he had a business loan from the SDT, and also potential interests in agenda items 1, 3, 7, 12 and 13, as a member of Shetland Tourism Association, being a commercial tourism operator.

Minutes

The minutes of the meetings held on a) 11 June 2009, and b) 22 June 2009, having been circulated, were confirmed on the motion of Mr A T J Cooper, seconded by Mr J G Simpson.

Members' Attendance at External Meetings

None.

68/09 Public Activity Report - June and July 2009

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

Public Funded Eateries

In response to a question, the Head of Economic Development confirmed that the actual cost of each premises would be taken into account in the individual strategies to be submitted by the catering establishments. In response to a question as to where the Café at Mareel would fit into the Review, the Head of Economic Development advised that this would be discussed further with SCT.

Audit of Inshore Fishing Fleet

In response to a question, the Chairperson confirmed that local fishermen would have input into the Audit.

First Time Shareholders Scheme State Aid Update

The Chairperson advised that he would be attending a meeting in Edinburgh next week where he hoped that a conclusion could be reached on this matter, and he would report back on progress.

Business Gateway

In response to concerns that the requirements associated with staff undertaking the Business Premier Adviser course could impact on services provided, the Head of Economic Development advised that the situation would be managed to ensure there was no reduction in service to the public, and he reassured Members that there would be significant benefits from staff completing the training. It was noted that with the implementation of Single Status in October, staff would be working an additional 3 hours per week.

Sumburgh Airport Improvement Project

In response to questions from Mr R C Nickerson regarding an earlier proposal for a 'Welcome to Shetland' Gateway at the Junction at Sumburgh Airport, the Head of Economic Development advised that he was not aware of this project on any current agenda, but agreed to reconsider the proposal.

69/09 Fisheries Related Developments and SHOAL Activities

The Committee noted a report by the European Officer/Dr Ian Napier, NAFC Marine Centre (Appendix 2).

Mrs B L Fullerton said that she appreciated the report being presented to Committee highlighting the pressures and problems facing the fishing industry. Mrs Fullerton referred to page 3 of the Appendix which illustrated the changes in gross income relative to Shetland whitefish vessels, and said that the continual decrease in gross earnings had prompted her to consider whether the Council was doing enough to be proactive, rather than reactive, to the needs of the industry. She also questioned whether the wider effects of the issues facing the industry had been fully explored, and the associated effects on the economy and the population, and suggested the need for research to be undertaken into the socio-economic effects on the future of fishing in Shetland, which could be used as evidence to influence decisions.

The Chairperson commended the work undertaken by Dr I Napier at the NAFC. He advised that Shetland had been the first area to highlight the problems caused by the agreement reached in Brussels last year, and that Shetland has been more proactive on the issues facing the industry than any other area in Scotland. The Chairperson added that he had been invited to Brussels to present a paper on the socio-economic aspects of a future Common Fisheries Policy and would also be attending the Scottish Fisheries Council meeting in Edinburgh.

Dr Napier said that there was perhaps a need for more information on the current state of the industry and more ability to make predications on what might happen in the future. He said that the industry tends to be reactive, and would benefit from a greater capacity to monitor and assess the wider effects on the economy.

During the discussion, Mr L Angus said that with the effort being made by SHOAL, and by Mr J Simpson being the Chairperson of the Fisheries Intercom Group for the CPMR, he questioned what more could be done by the Council in terms of political pressure.

Dr J W G Wills referred to the final paragraph on Page 13 of the Appendix, which read, "These impacts pose a serious and immediate threat to the economic viability of at least some vessels in the Shetland whitefish fleet", and stated that the Council had to take notice of these comments. He said that the current situation was the distressing effects of well intentioned conservation measures which could now ruin some of the Shetland boats, and suggested that the priority has to be for more focus and pressure to achieve the original conservation ideas previously identified in Shetland.

Mrs B L Fullerton moved that the Committee explore the possibility of carrying out a socio-economic study into the effects of the current and future regulations on the fishing fleet in Shetland, and that the work should be carried out by EDU staff. Dr J W G Wills seconded.

70/09

Economic Development Unit Revenue Management Accounts
Support Ledger and Reserve Fund
For the Period 1 April 2009 to 30 June 2009

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

71/09

Scope for New Shetland Agricultural Strategy

The Committee considered a report by the Agricultural Development Officer (Appendix 4), and approved the recommendations contained therein on the motion of Mr L Angus, seconded by Mr G Robinson.

Mr R C Nickerson referred to the Scope for the new Agricultural Strategy attached as Appendix 1, and proposed that the penultimate bullet point should include reference to the social and health aspects of maintaining our rural communities. Referring to Section 3.5 in the report, he commented that he would urge the agricultural industry to get involved in the creation of the new Strategy.

Mrs I J Hawkins commented that she had noted the references in the report that the agricultural community were not fully supportive of a new Strategy, and added that she would favour the Strategy to be a clear and concise document. Mr A T J Cooper said it was important for the consultant to engage well with the industry, and that during the appointment process weight should be given to the consultant's approach to engage with the industry.

During the discussion, Mr J Budge suggested the appointment of a Council representative to represent the agricultural industry at national level, and proposed Mr A T J Cooper as Chairperson of the Agriculture Panel.

Mr A G L Duncan recorded his appreciation of the grants provided by the Council to the agricultural industry, and that he would like to see this continue into the future.

[Mrs C H J Miller left the Chamber].

72/09

Interest Rate Policy

Proposed Amendment to Default Rate of Interest

The Committee considered a report by the Project Manager (Appendix 5), and approved the recommendations contained therein on the motion of Mr W H Manson, seconded by Ms L F Baisley.

Mr A T J Cooper suggested that the Policy should include a definition of the standard interest rate.

In response to a question, the Head of Economic Development explained that the amended interest rates would only apply to investments which were defaulting on repayment, and would be applied to investments which were already in default but would apply only from this date onwards.

[Mrs Miller returned to the Chamber].

73/09

Sustainable Transport Demonstration Project

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

During the discussion, it was suggested that horse drawn transport and marine transport should be included in the project.

Mr A S Wishart declared an interest in this item due to the references in the report to Viking Energy. He said that this was basically a research and development project and a symbol of the community looking ahead, and he considered that

horse drawn and marine transport could be included. Mrs I J Hawkins commented that she had been surprised by the number of references to the Viking Energy project in the report.

Mr R C Nickerson moved that the Committee approve the recommendation in the report. Mr G Robinson seconded.

74/09 **IMPACT: Indigenous Music Promotion**
Advancing Cultural Tourism
ERDF Atlantic Arc Project

The Committee considered a report by the Head of Business Development (Appendix 7).

Mr R C Nickerson said that he supported this project, as it was good value for money with inward investment and involves significant major partners. Mr R C Nickerson moved that the Committee approve the recommendation in the report, and Mrs C H J Miller seconded.

Mr A T J Cooper commented that it was important that the artists and performers receive the benefits from the project, rather than the providers of the venue.

[Mr F A Robertson attended the meeting].

75/09 **Structure for Implementing Shetland Renewable Energy Strategy**

The Committee considered a report by the Head of Economic Development (Appendix 8).

The Head of Economic Development referred Members to the proposed Delivery Model for the Strategy set out on page 5 of the report, and clarified that the Shetland Renewable Energy Forum owned the Strategy, and would drive it forward. He advised that the actions had been broken down into areas, to be taken forward by specific groups with the appropriate skills and knowledge.

Mr A S Wishart requested that his interest in this item be recorded, due to the references in the report and the Strategy relating to the Viking Energy project. Mr W H Manson and Mr A T J Cooper also declared an interest.

The Committee approved the recommendations in the report on the motion of Mr G Robinson, seconded by Mr A J Cluness.

76/09 **Telecommunications**

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

Mr A S Wishart said that as telecommunications was a very complex and fast moving industry, he had some concern with the proposal to set up a Shetland based telecoms company at this stage. He questioned the reliability of the Faroese cable and the technical issues with the proposal to unbundle the exchanges, but said that the proposal for a joint project with a provider gave some form of comfort, and therefore on the proviso that the project was fully explored he would be content for it to proceed.

The Economic Development Officer said that the Shetland based telecoms company would explore the options for better telecommunications locally, and how to best work with the established telecommunication providers.

The Economic Development Officer reported that connection to the Faroese fibre cable would result in a much more robust connection to the outside world because it would result in Shetland having two fibre connections along with the two existing microwave links.

During the discussion, Dr J W G Wills said that it was vital for Shetland businesses to have a reliable telecommunications infrastructure in place, and he supported the proposals in the report to examine the possible options for Shetland. Mr L Angus said that he agreed with Mr Wishart's plea for some caution, and for the proposals in the report to be investigated thoroughly. Ms L F Baisley said that she also supported the proposals in the report, but added that it was vital that the benefits were spread to the whole of Shetland.

Mr G Robinson commented that the project would ultimately improve telecommunications in Lerwick, however he stated that it was important that the services to the rural areas of Shetland were also improved.

Mrs B L Fullerton stated that mobile phone coverage throughout Shetland would make a huge difference, and moved that the Committee approve the recommendations in the report. In seconding, Mr A T J Cooper reported that there was currently a window of opportunity for Government and Scottish Government support for projects to improve Broadband in peripheral areas, and said that the submission of a creative solution for Shetland could receive financial support.

Mr W H Manson commented that lessons could be learned from Faroe and similar communities on how to successfully establish full mobile phone coverage.

77/09

Shetland Business Growth Training Scheme

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

Mr A J Cluness said that this was an excellent scheme, aimed to improve training for Shetland businesses, and accordingly moved that the Committee approve the recommendations in the report. Mr A T J Cooper seconded.

Mr A S Wishart said that the scheme should be promoted to local businesses. In response to a suggestion, the Head of Business Development confirmed that reference to the training providers would be included in the details of the scheme.

78/09

Whalsay Fish Processors Limited – Proposal for Recruitment of Director

The Committee considered a report by the Head of Economic Development (Appendix 11), and approved the recommendations contained therein on the motion of Mr A J Cluness, seconded by Mr A S Wishart.

In response to questions from Members, the Chairperson confirmed that the Director was being appointed to protect the Council's investment, and the Head of

Economic Development confirmed that the Directors of Whalsay Fish Processors Limited were content with the proposal.

79/09

Appointment of Council Member to Promote Shetland Steering Group

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

Mrs I J Hawkins nominated Mrs B L Fullerton as the Council Member of the Promote Shetland Steering Group, and Mr A J Cluness seconded. Mrs Fullerton confirmed her acceptance of this appointment.

80/09

Project Ting – Feasibility for a Shetland Base in Edinburgh

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

The Principal Officer – Marketing briefly introduced the report.

Mr A S Wishart advised that his initial thoughts had been to reject the proposals in the report, however he now considered that there was some merit in the concept. He also questioned whether the projected budget would fund a good quality well appointed property in Edinburgh, and source suitable staff. Mrs B L Fullerton agreed with Mr Wishart's comments, and added that she did not consider a base in Edinburgh to be the best way to promote Shetland, and with current IT provision she suggested that the best means was through attendance at exhibitions and events. Mrs B Fullerton moved that the Committee reject the recommendation in the report. Mrs C H J Miller seconded.

During the discussion, some Members questioned whether a shop in Edinburgh was the best way to promote Shetland, but that the proposal should not be dismissed completely. The Committee discussed the need for a distribution facility on the mainland to store and distribute products in smaller quantities around Scotland, and that Shetland should continue to be promoted at exhibitions and events outside Shetland. It was also suggested that the remit for the proposed Food and Drink Development Officer could include promoting Shetland products, and that any outlet on the mainland should consider alternative locations other than Edinburgh.

Dr J W G Wills agreed that the proposals in the report should not be dismissed completely but that other means of promoting Shetland should also be investigated, including advertising Shetland at major stations and airports. Dr Wills moved as an amendment that the Committee defer the report until the next cycle for staff to review and revise the report. Ms L F Baisley seconded.

During the discussion, Mr A T J Cooper suggested that the issues of how best to promote Shetland, and the distribution and storage of goods of the mainland should be considered as two separate issues.

The Head of Economic Development advised that the contract had been finalised for the provider of the Promote Shetland service, and that promoting Shetland would be considered seriously when the successful candidate takes up post.

In referring to Dr Wills' amendment, Mrs Fullerton said that she would support the proposal that alternative methods of promoting Shetland should be considered, and she would therefore withdrawn her motion. This received the consent of her seconder. Mrs Fullerton proposed that the revised proposals should be submitted to Committee in November.

In response to a suggestion from Dr Wills, the Principal Officer – Marketing reported that investigations were currently taking place with transport distributors to advertise Shetland on delivery vehicles on the mainland.

81/09

Vessel Maintenance Facility Study

The Committee considered a report by the Research Assistant (Appendix 14).

Dr J W G Wills declared an interest in this item, as a user of ship repair facilities.

In response to a question from Dr Wills, the Head of Business Development advised that he would provide Members with the updated figures on the amount of lost business due to there being no drydock facility in Shetland.

The Committee approved the recommendations in the report on the motion of Mr R C Nickerson, seconded by Mrs B L Fullerton.

82/09

North Isles Child Care

The Committee considered a report by the Head of Economic Development (Appendix 15).

The Head of Economic Development summarised the main terms of the report, advising that the request for funding was to give the company financial stability for the remainder of this year, whilst it explores external funding for the provision of two purpose built facilities in Yell and Unst. He added that as insufficient information had been submitted it had not been possible at this time for the Council to provide commitment to longer-term funding arrangements.

Ms L F Baisley advised on the economic importance of North Isles Childcare to the North Isles, and she moved that the Committee approve the recommendation in the report. Mr G Robinson seconded.

During the discussion, some Members reported on the significance of childcare facilities being an influencing factor for people settling in particular areas, and it was suggested that EDU staff and the Schools Service should work together to consider using schools for nursery and childcare provision.

Mrs B L Fullerton commended the work done by EDU staff in supporting childcare in Shetland. She said that the Council had to consider childcare as a separate industry, and that nursery and childcare facilities should be available in rural areas and include the whole working day.

83/09

Shetland Abattoir Co-operative Limited

The Committee considered a report by the Head of Economic Development (Appendix 16).

The Head of Economic Development referred Members to an amendment at Recommendation 8.1(iii), advising that the funds to be vired from Food and Drink Development Equity should read £45,525.

Mr F A Robertson said that he considered the proposals in report reflected a sensible and practical approach, and that in the long term the slaughterhouse at the marts site was an ideal location, while still utilising facilities at Laxfirth slaughterhouse. Mr Robertson moved that the Committee approve the recommendation in the report. In seconding Mr A T J Cooper highlighted that the work had to be completed by December 2010 to comply with the Temporary Framework assistance, and would be a tough onus on SACL to deliver in that timescale. He also referred to the condition that the Council had the ability to appoint a Director onto the Group, and suggested that in the early stages of the project the Director should have Project Management experience.

Mr A G L Duncan advised that he supported the proposal for a second slaughterhouse, however he had some concerns and issues requiring clarification. In response to questions, the Head of Economic Development advised that the proposals for meat hygiene standards and office accommodation had been approved, all equipment for the slaughterhouse had been included in the costings, and the business plan and project had been well put together by the industry involved. He clarified that Laxfirth slaughterhouse had been valued on the open market at £12,500, and it was a requirement that SACL should own the premises before grant funding could be provided to them for development of the premises. He confirmed that there was no legal requirement for members of SACL to contribute individually to the project, and advised that due to State Aid restrictions there would be a definite ceiling on Council contributions to this project.

Mrs I J Hawkins commented that she welcomed the report, and she supported the proposals for the slaughterhouse to be built near to the marts, and also to use Laxfirth. Mr G Robinson advised that he also supported the recommendation in the report. Mrs B L Fullerton referred to Mr Duncan's concerns and suggested any further issues should be discussed after this meeting, as with the required completion date of December 2010 it was important that the project was not delayed.

Mr Robertson referred to Mr Duncan's concern regarding equipment costs and confirmed that he had received assurance that all the equipment for the new slaughterhouse had been included in the projected costings.

Dr J W G Wills said that he agreed with Mr Duncan's suggestion that members of SACL should contribute towards the project, however he added that the application was well detailed, and Members would have to trust and accept the proposals.

Mr R S Henderson advised that he supported the recommendations in the report.

In response to a question from Mrs F B Grains, the Head of Economic Development confirmed that regular monitoring reports on the project would be presented to Committee.

Mr F A Robertson confirmed that he supported the suggestion that the Director should have project management expertise. The Head of Economic Development advised that this would be a Council appointment, to oversee the Council's investment.

Shetland Livestock Marketing Group

The Committee considered a report by the Head of Economic Development (Appendix 17).

Mr A T Doull advised that he was a partner in an agricultural business that was a member of SLMG, however he would take part in the discussion as a Member for the Shetland North Ward.

Mr A G L Duncan outlined his concerns regarding his earlier request to view SLMG's financial records at the EDU office, and advised that he had only recently been made aware that the documents were available, however due to other commitments he had not had the opportunity to scrutinise the papers.

Ms L F Baisley advised that she supported the proposals in the report. She said that it had been disappointing that the previous Marketing Manager had left SLMG, however this was an opportunity to build on an excellent natural project and she considered it to be the way to proceed. Ms Baisley accordingly moved that the Committee approve the recommendations in the report. Mrs C H J Miller seconded.

In response to comments from Dr J W G Wills, the Chairperson clarified that SDT's Financial Controller had thoroughly reviewed the business plan and the processes associated with this project.

Mr F A Robertson advised on the amount of work undertaken by SLMG staff and volunteers which had allowed the operations to continue for the benefit of the agricultural industry, and to pursue to attract buyers to come to Shetland to bid for the stock.

Mr L Angus outlined his concerns regarding the history of SLMG, advising that the company has never traded profitably and has relied on public subsidy, and stated that the company could not continue to be supported through public subsidy. Mr Angus said that he was not convinced that the proposals was the way forward in the long-term, however he was not aware of any other prospect for marketing Shetland livestock. He added that it was also disappointing that the financial records of SLMG had not been made available to Cllr Duncan at an earlier date.

Mr R C Nickerson referred to Page 24 of SLMG's Business Plan, and outlined his concern regarding the proposal that SLMG would own the three Brands, "Shetland Hill Lamb", "Shetland Island Lamb" and "Shetland Seaweed Lamb". He suggested that the Council should own the Brands, as with SLMG having the rights, no other organisation would be allowed to use them. The Head of Business Development advised that he had investigated this and there were State Aid issues associated with the SIC owning Brands used for commercial purposes. Mr J Budge advised that the three Brands had already been registered and belong to SLMG, and would therefore require no public funding.

In response to suggestions from Mr Duncan that marketing could be carried out by the new Food and Drink Development Section, and that sales should be undertaken by SACL, the Head of Economic Development explained that it was very important to recognise that these were two completely separate companies,

and that the marketing ability and detail in the product had to be carried out by staff who have experience and knowledge of the industry.

[Mrs C H J Miller left the meeting].

Shetland Islands Council as Trustee of Shetland Development Trust

85/09

Mareel, Cinema and Music Venue **Sounding Board Feedback Report #5**

The Committee noted a report by the Head of Economic Development (Appendix 18).

The Head of Economic Development introduced the report, advising that the project was had reached the construction phase. He reported that extra minor works had been necessary which included additional digging at the car park and modifications to the foundations due to the delay in the removal of the Scottish Water building, the works had incurred minor expenditure that should be recouped later in the project.

In response to questions from Mr G Robinson regarding the requirement for the large site hut, and the reasoning behind the budget of £3,000 for marketing at this early stage in the project, the Head of Economic Development advised that he would raise these questions at the next Sounding Board meeting, and would report back to Committee.

Dr J W G Wills requested that the next report should also include the effects on the business plan following the proposals that catering for such an enterprise should be franchised out if it is to provide a service of more than occasional catering.

In order to avoid the disclosure of exempt information, Mr J G Simpson moved, Mr A T J Cooper seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of agenda items 19 to 22.

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

[Mr R S Henderson and Dr J W G Wills left the meeting].

86/09

North Atlantic Shellfish Ltd. **Application for Financial Assistance**

The Committee considered a report by the Financial Controller, Shetland Development Trust.

Mr G Robinson advised that the business had gone from strength to strength, provides employment to local people, and always delivers in terms of assistance from SDT and the Council. Mr G Robinson accordingly moved that the Committee approve the recommendations in the report. Mr A T Doull seconded.

In order to avoid the disclosure of exempt information, Mr J G Simpson moved, Mr A T J Cooper seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of agenda items 19 to 22.

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

[Mr R S Henderson and Dr J W G Wills left the meeting].

86/09 **North Atlantic Shellfish Ltd.**
Application for Financial Assistance

The Committee considered a report by the Financial Controller, Shetland Development Trust.

Mr G Robinson advised that the business had gone from strength to strength, provides employment to local people, and always delivers in terms of assistance from SDT and the Council. Mr G Robinson accordingly moved that the Committee approve the recommendations in the report. Mr A T Doull seconded.

87/09 **Shetland Marine Limited**
Application for Loan Assistance

The report had been withdrawn.

Shetland Islands Council as Trustee of Shetland Development Trust

88/09 **Non-Public Activity Report – June and July 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.

The Head of Economic Development referred Members to Section 3.1 of the report, and advised that “Ocean Star” should read “Ocean Way”.

89/09 **Note of the General Industry Panel (Renewables) – 6 July 2009**

The Committee noted the minute of the above meeting.

90/09 **Note of the Agriculture Panel – 24 June 2009**

The Committee noted the minute of the above meeting.

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J G Simpson
CHAIRPERSON

