



REPORT

To: Development Committee

01 October 2009

From: Head of Economic Development

DV101-F
Public Activity Report
August 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 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
- Government initiatives

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 Shetland Hamefarin 2010

Community groups are putting together projects and day events for local areas, to integrate with the Hamefarin Programme of Events. Quarterly newsletters are being produced to inform Hamefarers of events and developments, and also to provide contact details and information on arranging travel and accommodation; it is anticipated that newsletters will become more regular as the event draws nearer. Officers from EDU are keeping interested groups and committees in Shetland informed of developments and helping to co-ordinate and arrange event plans.

3.2 Vessel Maintenance Facility Study

A study brief has been finalised and an advertisement has been produced for publication in relevant journals. A list of suitable potential consultants who may be invited to tender has been identified in consultation with other Council officials. It is anticipated that adverts and invites will be progressed before the end of September.

3.3 New Business Start-ups

Newly-released figures from the Committee of Scottish Clearing Bankers show a quarterly increase in the number of new business start-ups in Shetland. The second quarter of 2009 saw 19 new business starts, compared with 14 for the first quarter. Taken as six-monthly figures this represents a slight drop in the number of new business starts from the same period in 2008 - 33 in the first six months of 2009 compared to 39 in the same period in 2008, a drop of 15.4%.

Comparing six-monthly figures for 2008 and 2009, the highest growth was seen in Inverclyde, where starts were up by 2.9%; the largest fall was South Ayrshire which saw starts fall by 42.2%. Nationally, business start-ups in the first six months of the year fell by 22.4% between 2008 and 2009.

3.4 SSMO

3.4.1 Key Message

The Shetland Shellfish Management Organisation is entering a key phase in terms of the long-term sustainable management of the Shetland Inshore Fishery. An application has been made to the Scottish Government for a follow-on Regulating Order with the second stage consultation on the draft order to be advertised in September. Outstanding objections to the draft order will trigger a Public Inquiry and subsequent risk to the delivery of a new Order in January 2010.

3.4.2 Why are SSMO Doing This?

Shetland Shellfish catching sector is worth £4.5 million to the Shetland economy.

Inshore fishing is the cornerstone of economic sustainability for Shetland's communities.

Good management results in sustainable long-term fisheries supporting fishermen and processors.

Shetland has an opportunity to be a leader in Inshore Management through the application of the Regulating Order and the expertise within Shetland to contribute to its success and long-term goals

The renewal of the Regulating Order will allow Shetland to work towards Marine Stewardship Accreditation defining Shetland as a sustainable fishery.

Accreditation along with a quality and marketing project will deliver an opportunity to market a high quality accredited wild caught product from the Shetland Isles.

The Shetland Shellfish Management Organisation is a fisheries management organisation which used the available tools to ensure that fishermen and processors have the resources available to sustain their businesses whilst maintaining stock levels.

Accreditation is not just about potentially adding value it is about sustaining current markets and accessing new ones for the longer term.

Without a management tool in place there will be no restrictions on shellfish catching within the six mile limit which will result in an open access fishery for any UK licenced vessel using unrestricted gear.

Licensing is just one of the tools which is used to manage the inshore fishery, there are other measures including closed periods, minimum landing sizes and gear restrictions. All of these combined help to ensure long-term sustainability.

Shetland is currently one of the only areas in the UK which is showing a stable scallop stock which is a useful measure of the Regulating Order's success.

3.4.3 What is Next?

Following the conclusion of the Regulating Order application process a decision will be on whether to grant a three-year order. This would allow Shetland time to review progress with Inshore Fisheries Groups and plot out a future management plan.

During those three years we will be working to gain Marine Stewardship Accreditation, defining Best Practice and ensuring that quality and marketing issues are explored and addressed. Most importantly, however, we will be managing the fishery to ensure its long-term viability.

3.5 Fetlar Working Group

The Development Officer is now in place for Fetlar Development Ltd and is based in the Fetlar Hall. This means that meaningful work can begin on the Fetlar Development Plan. Unfortunately it is unlikely that the application for ERDF funding for the Berthing Face element of the Breakwater project can stand because the Council will only be verifying its Capital Programme in November. On a brighter note some new residents have been attracted into Fetlar so the population has increased.

3.6 Round Britain and Ireland Race

Shetland's sponsorship for the race was announced at a press day in the Royal and Western Yacht Club in Plymouth. The Convener and the Head of Business Development attended on behalf of the Council to make a presentation about the sponsorship and to demonstrate the new Shetland Marinas website, which will host details of the race. News of the sponsorship made most of the targeted yachting publications thereby raising the profile of Shetland as a yachting destination.

3.7 Shetland Food Festival

The event has been finalised and will cover the period 2-11 October. The main focus for the festival will be the combined Producers' Market and Food Theatre Demonstrations at Clickimin Centre, the latter which will this year feature sessions based on the 'Ready, Steady, Cook' theme. Eighteen eateries throughout Shetland are taking part which will involve offering special dishes through the festival using local, Shetland produce. Special guests are chefs George McIvor, ex-chair of the Master Chefs of Great Britain and Andrew Wilkie, head chef at Ballathie House Hotel, Perthshire.

3.8 Shetland Events And Festivals Strategy

Following a competitive tendering process, the contract to research, develop and prepare an events and festivals strategy for Shetland has been awarded to Haley Sharpe Design Limited. Haley Sharpe Design Limited provides a comprehensive range of management consultancy services to the tourism, leisure and arts industry in the UK and has significant experience of auditing festivals and events. The submission was made in association with Dr Iain Skewis who was active in Shetland in a previous role with Highlands and Islands Development Board and was part of the team which researched and prepared 'A National Events Strategy for Wales'. An initial meeting to discuss the brief and detail the approach to the work to be undertaken will be held on 8 October. The work will involve wide consultation with those involved with events and festivals held in Shetland.

3.9 Promote Shetland

Following a competitive tendering process, Shetland Amenity Trust (SAT) has been awarded the Promote Shetland contract. The contract period is initially for 2 years with an option to extend within this timeframe. The Trust bid incorporates staff currently employed by VisitScotland and 3 in-depth meetings have been held with SAT regarding the contractual arrangements and work required as part of the roll-out of the service. SAT staff have also had initial external meetings with staff at Loganair and Glasgow City Marketing Bureau as part of the initial phase of developing the service. A meeting between EDU and SAT staff took place on 29th September with Ben Carter, Head of Strategic Partnerships with VisitScotland in connection with how Promote Shetland links with VisitScotland. The service will be based within office space in the Shetland Museum and Archives building.

3.10 Filming Projects

The EDU was involved in arranging an initial visit to Shetland for the filming work completed on 17 September by a Norwegian film crew in connection with a TV drama. The filming went exceptionally well and feedback from the visiting Norwegian crew has been universally positive regards the experience in Shetland. The 2009 Shetland Film Festival (Screen Play) incorporated a session which allowed continued progress to be made on the possibility of a dramatisation of Ann Cleeves' 'Raven Black' being shot in Shetland whilst 2 other solid enquiries for feature films are in-hand.

4.0 Government Initiatives

4.1 LEADER Programme

To date the Local Action Group (LAG) has awarded £487,798 to 25 projects. So far there has only been one award under Convergence Funding with one application expected. The £650,000 LEADER budget is rapidly reaching its conclusion as far as approvals are concerned. It is now a priority to identify suitable projects to benefit from the £1.49 million convergence budget. In all 53 potential projects have been considered by the LAG.

4.2 Scottish Rural Development Plan – Rural Priorities

By the end of the fifth round of decision taking in September 2009, 51 Shetland projects had received grants totalling £4,504,077 under the Rural Priorities scheme. 22 projects have been rejected, which means that the approval rate is 70%. This rate is disappointing given that the scheme has a two-stage approval process which should limit the number of projects that fail at decision taking stage. The rate also serves to demonstrate that the approval system is not suitable to the type of agri-environment project that is undertaken in Shetland, which score low under the system. By contrast the Orcadian project success rate is 92%. It is now clear that most areas of Scotland are experiencing issues with this scheme and that the civil servants are seeking ways to ease the bureaucracy of the scheme without impacting on the aims of the scheme.

4.3 Business Gateway

The period covered in this report is from 01 August 2009 until 11 September 2009. This was a generally quiet period for new enquiries, which is not unusual in the summer months. During this 6 week period 18 new enquiries were received and advised from the following sectors:

Services – 5
Aquaculture – 3
Food and Drink – 2
Engineering – 1
Creative Sector – 1
Voluntary Sector – 1
Renewable Energy – 1
Accommodation – 1
Tourism – 1
Crafts – 1
Seafood – 1

Of all the clients seen, 8 were interested in starting a new business. 10 have been referred to the national information services available in the Business Gateway, 6 have been referred to Train Shetland to participate in a short training course and 7 are meeting or have met a business adviser. Application forms have been issued to 8 clients. One client is considering their next steps before deciding on which business gateway service to use. Only one enquiry was ineligible for the financial assistance that they were seeking.

5.0 Financial Implications

5.1 There are no financial implications arising from this report.

6.0 Policy and Delegated Authority

6.1 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).

6.2 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.

6.3 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.

7.0 Recommendations

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

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

Report No: DV101-F

Appendix

Appendix 1 - Grant approvals for May, June July and August 2009.



Shetland Islands Council

We are pleased to attach details of 97 grant awards made from 01 May – 31 August 2009. The value of the grants approved is £296,955.00. 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
A J & K A Sinclair	Fertiliser and Heifer Rearing Grants	£343.00
A J R Robertson	Fertiliser Grant	£113.00
A J Copland	Fertiliser Grant	£146.00
Alastair Laurenson	Fertiliser Grant	£297.00
Alice C Beatty	Fertiliser Grant	£56.00
Andrew Smith	Fertiliser & Lime Grants	£669.00
Brian Leslie	Fertiliser Grant	£756.00
Brian Leslie	Fertiliser Grant & Heifer Rearing Scheme	£1,350.00
Bruce Jamieson	Fertiliser Grant	£207.00
C & M Laurenson	Fertiliser Grant & Bull Purchase Scheme	£3,652.00
C R H & A Eunson	Lime & Fertiliser Grants	£838.00
CG & J M Sandison	Fertiliser Grant	£270.00
D & G Nicolson	Lime & Fertiliser Grant	£851.00
Ellis Robertson	Fertiliser Grant	£282.00
ER & ST Balfour	Arable Crops Grant	£690.00
Frances Gray & J A Fraser	Fertiliser Grant	£59.00
Frank Tulloch & Partners	Fertiliser Grant	£756.00
GM & M A Johnston	Fertiliser Grant	£169.00
Hoganess Croft	Fertiliser Grant	£141.00
Hubert Moar	Bull Purchase Scheme	£1,940.00
Ian Jeromson	Lime, Fertiliser and Arable Crop Grants	£2,437.00
J & A Sinclair	Fertiliser and Heifer Rearing Grants	£2,472.00
J W & J Henderson	Fertiliser and Heifer Rearing Grants	£494.00
J Williamson	Fertiliser Grant	£197.00
J.A.J Johnson	Fertiliser Grant	£395.00

John Jamieson	Fertiliser Grant	£81.00
John Peterson	Fertiliser Grant	£81.00
John Sandison	Fertiliser Grant	£367.00
K Hay	Fertiliser Grant	£135.00
K J Anderson	Fertiliser and Heifer Rearing Grants	£482.00
Laurence Anderson	Fertiliser Grant	£27.00
M C Sutherland	Fertiliser Grant	£135.00
M Williamson	Fertiliser & Arable Crops Grants	£1,015.00
Malcolm Symington Glebe Farm	Lime & Fertiliser Grants	£391.00
Maurice A Anderson	Fertiliser Grant	£34.00
Max E Jamieson	Fertiliser Grant	£578.00
Messrs A G Flaws	Fertiliser Grant	£1,157.00
Messrs A G Flaws	Heifer Rearing Scheme & Bull Improvement Grants	£2,500.00
Mr D G Nicolson	Fertiliser Grant	£87.00
Mrs A Symington – New Farm	Fertiliser & Heifer Rearing Grants	£470.00
Nancy R Williamson	Fertiliser Grant	£47.00
Neil Coutts	Fertiliser Grant	£148.00
P & J L Brown	Fertiliser Grant	£282.00
Peter Anderson	Fertiliser Grant	£313.00
Peter Coutts	Fertiliser & Heifer Grants	£676.00
R Leask	Fertiliser Grant	£256.00
Stephen Anderson	Lime & Fertiliser Grants	£668.00
Thomas Laurenson	Fertiliser, Arable Crops & Heifer Rearing Grants	£648.00
Tingwall Livestock Ltd	Lime & Fertiliser Grants	£795.00
Trebister Farm	Fertiliser Grant	£729.00
W P Hughson	Fertiliser Grant	£59.00
WB & K A Mouat	Fertiliser Grant	£135.00

52 Shetland Agricultural Business Scheme Grants were awarded for a total of £31,876.00.

MARKETING DEVELOPMENT PROGRAMME GRANTS			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Michael Rae	Grant towards the cost of creation of 35 page ebook for sale via company website	£844.00	£422.00
Shetland Wind Power Ltd	Grant towards the cost of stand space at All Energy Exhibition & Conference 2009 & promotional material	£13,946.00	£6,973.00
Shetland Wind Power Ltd	Grant towards the cost of promotional materials and website	£5,683.00	£2,841.00
Herculean Industrial Products	Grant towards the cost of design and build of company website; professional product photography	£3,730.00	£1,865.00
Hillside Brae Self Catering	Grant towards the cost of design and build of company website	£2,380.00	£1,190.00
Brekka Lodge	Grant towards promotional material for new self catering property	£3,358.00	£1,679.00
Hillside Brae Self Catering	Grant towards the cost of advertising and professional photography	£344.00	£172.00
Hillside Brae Self Catering	Grant towards the cost of copy writing for new website	£460.00	£230.00
JHB Ltd	Grant towards the cost of creating a new website	£4,734.00	£2,367.00
Kurvenbau Ltd	Grant towards the cost of attending 2 key industry meetings	£1,194.00	£597.00
Ocean Nets Ltd	Grant towards the cost of website development and e-commerce	£4,708.00	£2,354.00
Text-Isles	Grant towards the cost of a promotional material, exhibiting at Country Living 09 and creating a website	£5,200.00	£2,600.00
Nielanell	Grant towards the cost of promotional materials and creating company website	£4,300.00	£2,150.00
Ninian	Grant towards the cost of exhibiting at Country Living Christmas Fair	£2,555.00	£766.00

14 Marketing Development Programme Grants were awarded for a total of £26,206.00 towards total project cost of £53,436.00.

DISCRETIONARY DELEGATED SCHEME			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Foula Electricity Trust	Grant towards the cost of the environmental impact assessment, planning permission, alteration of the Trust Deed and subsequent election.	£37,000.00	£22,000.00
Bod Ayre Products Ltd	Grant towards the cost of Commissioning an Industrial CASE PhD student to analyse seaweed in laboratory conditions.	£66,294.00	£23,000.00
Bridge End Outdoor Centre Trust	Grant towards the cost of Installation of a Wind to Heat Energy Turbine.	£33,331.00	£7,667.00
Burra Public Hall	Grant towards the cost of the Installation of a Wind to Heat Energy Turbine.	£75,075.00	£7,508.00
Muckle Roe Public Hall	Grant towards the cost of Installation of Wind Turbine.	£38,789.00	£4,604.00
Shetland Rural Development Advisers	Grant towards the cost of the initial set-up of SRDA and its subsequent advisory provision in Shetland.	£46,821.00	£23,410.50
Skeld Public Hall	Grant towards the cost the cost of installing a 20kw wind turbine to heat the hall.	£73,849.00	£7,385.00
Voluntary Action Shetland	Grant towards the cost of research in order for VAS, HIE, SIC and other public sector partners to effectively target support for social and community enterprises.	£40,000.00	£5,500.00
Shetland Arts Development Agency	Grant towards the cost of undertaking research into the Hansel of Light project.	£23,250.00	£7,750.00
Old Haa Trust	Grant towards the cost of redesign and reprint of Trust brochure.	£2,090.00	£1,045.00
Ninian	Grant towards 12 months stall presence at Covent Garden Market, London.	£36,6000	£12,000.00
Whalsay Learning Centre	Grant towards the cost of conducting a Skills Audit of the adult population of Whalsay, including a commuter survey and a childcare needs assessment.	£11,900.00	£2,000.00
NAFC Marine Centre	Grant towards the cost of funding a study into the biology of and fishery of megrim.	£170,794.00	£15,000.00
RNLI Aith Lifeboat Station	Grant towards the cost of installing a 20kW wind turbine and heating system at the Aith Lifeboat Station.	£85,043.00	£4,347.00
Unst Church of Scotland	Grant towards the cost of installing a 10kW wind turbine and heating system at St John's Church in Baltasound, Unst.	£46,126.00	£4,941.00
Pony Breeders of Shetland Association	Grant towards the cost of the Shetland Pony Festival 2009.	£18,400.00	£9,200.00

18 Discretionary Delegated Scheme Grants were awarded for a total of £157,357.00 towards project cost of £1,134,762.00.

DISCRETIONARY DELEGATED SCHEME – EFF Match Funding Grants			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Shetland Seafood Quality Control Ltd	Grant towards the cost of funding pilot projects adding value to local seafood products.	£172,437.00	£25,000.00
Lakeland Unst Freshwater Limited	Grant towards the cost of purchasing water heating boilers for the Quoys hatchery at Haroldswick, Unst.	£92,715.00	£4,636.00
Lakeland Unst Freshwater Limited	Grant towards the cost of purchasing freshwater loch nets for sites in Unst and Fetlar.	£14,964.00	£748.00
Lakeland Unst Freshwater Limited	Grant towards the cost of purchasing an oxygen injection system for the Quoys Hatchery at Haroldswick, Unst.	£30,652.00	£1,532.00
Lerwick Port Authority	Grant towards the cost of installing three power outlets at the Morrison Dock.	£69,000.00	£3,450.00

5 EFF Match Funding Grant was awarded for a total of £35,366.00 towards project cost of £379,768.00.

Rural Shop Improvement Scheme			
Organisation	Purpose of Grant	Project Cost	Amount Granted
J & A Goudie T/A John Goudie	Grant towards the cost of new refrigerated and freezer display units.	£3,118.00	£1,559.00
Eid Community Co-operative	Grant towards the cost of installing an extractor fan unit.	£1,030.00	£515.00
Messrs C G Williamson	Grant towards the cost of a replacement Chill.	£3,158.00	£1,579.00
Messrs C G Williamson	Grant towards the cost of replacement windows.	£3,364.00	£1,682.00
Robertson & Read	Grant towards the cost of refurbish kitchen and internal and external works.	£16,500.00	£8,250.00
Skerries Co-op	Grant towards the cost of supply and installation of new fuel pumps.	£16,630.00	£8,315.00

6 Rural Improvement Scheme Grant was awarded for a total of £21,900.00 towards project cost of £43,800.00.

FISHERIES GENERAL ASSISTANCE GRANTS			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Shetland Fisheries Training Association	Grant towards the cost of providing training allowances and equipment to students undertaking the SVQ Level 2 Marine Vessel Support (Fishing).	£15,040.00	£10,000.00

1 Fisheries General Assistance Grant was awarded for a total of £10,000.00 towards project cost of £15,040.00.

TOURISM FINANCIAL ASSISTANCE GRANTS			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Burravoe Pier Trust	Grant towards the cost of building a toilet and shower block with disabled access and laundry facility; and to develop 4 serviced caravan sites and a designated camping area in Burravoe, Yell.	£57,000.00	£14,250.00

1 Tourism Financial Assistance Grant was awarded for a total of £14,250.00 towards project cost of £57,000.00.



REPORT

To: Development Committee

01 October 2009

From: European Officer

REPORT NO: DV095- 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 and enhancing links with European affairs 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

The Council submitted 3 funding applications to the last round:

- ESF application for £85,500 towards the cost of establishing the Shetland Business Growth Training Scheme – a scheme aimed at increasing and developing workforce skills within local SMEs.
- ERDF application for £266,700 towards the cost of establishing the Shetland Business Energy Efficiency Scheme – a scheme aimed at encouraging local SMEs to adopt renewable energy technologies into their business operations.
- Re-submitted ERDF application for £300,000 towards the cost of a berthing facility in Fetlar – the Scottish Government requested that the previous application be withdrawn since the project did not start within the timescales indicated (Spring 2009) when the previous application was made in October 2008.

These applications will be considered mid-November and recommendations made to the Programme Monitoring Committee meeting on 9 December 2009.

3.2 European Fisheries Fund (EFF) 2007-2013

Members will be aware from media reports that three Shetland companies were successfully awarded funding at the latest round of approvals during July. Total funding of £860,636 has gone into 3 aquaculture projects.

Shetland Islands Council has accepted a seat on the Scottish Government's EFF Project Assessment Committee (PAC). The remit of the PAC is to consider EFF applications for assistance and making recommendations to the Cabinet Secretary for Rural Affairs and the Environment. The first meeting of the PAC will be on 7 October to consider applications submitted up to the end of July, with announcements on awards due at the end of October.

4.0 Conference of Peripheral Maritime Regions (CPMR) Activities

4.1 Fisheries Intercom Group

The CPMR Fisheries Intercom Group, chaired by Councillor Simpson, met in Brussels 8-9 June. The focus of the meeting was to prepare initial reactions to the European Commission's consultation paper on a new Common Fisheries Policy in advance of a meeting with Mr Fotiadis, the European Commission's Director General for Fisheries and Maritime Affairs, on 9 June. Representatives from the Group had a useful session with Mr Fotiadis and his colleagues from the EU's Fisheries Unit and had the opportunity to put forward the following points in relation to what a reformed CFP should deliver for peripheral maritime regions:

- Greater stability and greater economic viability resulting in stable and viable fishing communities and healthy and sustainable fish stocks.
- Viable employment opportunities for maritime communities with increasing numbers of new entrants being attracted to join the industry to earn a regular and worthwhile income.
- Recognition that many coastal communities depend on fishing and its ancillary activities for their livelihood and sustainability and there are often no alternative employment opportunities.
- A reformed CFP should effectively balance the social, economic and environmental elements of fishing.
- The CFP should be sufficiently flexible and adaptable to take account of differences and be responsive to changes within the fishing industry.
- More and better information to underpin the management system, including information on the social and economic effects of the fishing industry on fishing communities.

- A 'one-size-fits-all' approach is not appropriate.
- More regional and local management.
- Greater flexibility in state aid regulations for the fisheries sector.
- A more positive image for fishing.

Councillor Simpson also highlighted to Mr Fotiadis and his team the difficulties Shetland is experiencing with the current EU cod recovery plan.

4.2 Aquamarina Group

The Council continues to participate in the CPMR's Aquamarina Group which is closely monitoring EU developments of an Integrated Maritime Policy.

Councillor Simpson participated in the last meeting on 18 June in Brussels and chaired the afternoon session on the Green Paper Review of the Common Fisheries Policy with European Commission representatives from the Maritime Affairs Unit in attendance.

4.3 North Sea Commission General Assembly

The General Assembly meeting took place in north Holland from 25-26 June. The Council's Convener was re-elected as a Vice-President of the organisation.

Shetland's resolution on the difficulties with the EU's cod recovery plan gained the support of NSC members and has been sent to Commissioner Borg in the Maritime Affairs Unit. It will also be submitted to the CPMR General Assembly meeting in October for wider approval.

While at the General Assembly, the Convener had an opportunity to have a one-to-one discussion with Joe Borg, the EU's Fisheries and Maritime Commissioner, and stressed the need for a speedy conclusion to the outstanding fisheries state aid cases.

The NSC are embarking on an ambitious project to take the lead in developing an EU strategy for the North Sea region, similar to what has been done for the Baltic Sea region. It was considered that a North Sea strategy could have the following benefits:

- Greater visibility for the region in Europe
- Strategic consensus for the area
- Focus on key issues
- Clear responsibilities
- Commitment on implementation
- Possible influence on the re-distribution of regional and structural funds after 2013

This will be a major piece of work involving many stakeholder interests.

5.0 Current and Future Policy Issues

5.1 Common Fisheries Policy

The European Commission has produced a Green Paper consultation document outlining its proposals for reforming the Common Fisheries Policy. The consultation runs until 31 December 2009. The CFP has a major influence on Shetland's fishing industry and therefore any changes to it will be highly significant. It is important that the Council maximises the opportunities available to it to participate in debates and forward its views as part of the review process.

There are several forthcoming events which Council representatives intend to take part in to discuss a future CFP:

- Scottish Fisheries Council Communities Sub-Group meeting in Edinburgh on 9 September, chaired by Councillor Simpson.
- A Scottish Government workshop at the NAFC Marine Centre on 25 September.
- An event organised by the Region of Brittany on "The Future of the CFP" in Brussels on 29 September. Councillor Simpson, as Chair of the CPMR Fisheries Intercom Group, will present a paper on the balance between sustainability of fish stocks and socio-economic needs of maritime regions.
- At the CPMR Annual General Assembly in Gothenburg on 2 October Councillor Angus will chair a session on the CFP.
- SHOAL intends making a robust written submission to the CFP consultation.

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:

- 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: 21 September 2009

Report No: DV095-F



REPORT

To: Development Committee

01 October 2009

From: Research Assistant

DV-097-F Flavour of Shetland 2009 Evaluation Report

1.0 Introduction

- 1.1 The purpose of this report is to evaluate the Flavour of Shetland event held on the Victoria Pier in Lerwick from Thursday 25 to Sunday 28 June 2009, as part of the Johnsmas Foy celebrations. As in previous years, it was agreed that an evaluation process would be undertaken after the conclusion of Flavour of Shetland, to assess the benefits of investing in such event.
- 1.2 Although it is difficult to quantify all the impacts of such an event, the surveys of visitors and businesses attending Flavour of Shetland provide an overview of the short-term, and possible long-term, impacts. The results also provide valuable guidance for the planning of future events.

2.0 Links to Corporate Priorities

- 1.1 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) to continue to develop Shetland as a tourist destination through development of high quality products and services and to enable individuals to achieve their full potential.

3.0 Background

- 2.1 After the success of the Flavour of Shetland event staged during the 2005 NatWest Island Games, a similar event was conceived to annually accompany the Johnsmas Foy. The Foy is intended to be Shetland's summer festival.

4.0 Flavour of Shetland 2009

- 4.1 Flavour of Shetland was held over four consecutive days from Thursday 25 June to Sunday 28 June 2009 on the Victoria Pier in Lerwick and was open from 11am to 11pm from Thursday to Saturday, and from 11am to 7pm on Sunday. The underlying aims of the event remain to strengthen the confidence of local producers and further develop Shetland's reputation as a source of high quality music, food and crafts and as a visitor destination. Each year Flavour of Shetland seeks:
- To provide a quality-focussed annual event which appeals to visitors and Shetlanders
 - Foster positive associations with Shetland products
 - Celebrate Shetland's unique heritage and culture
- 4.2 The co-ordination and planning of the event was carried out by staff from SIC Economic Development Unit (EDU). Contractors were hired to provide marquee maintenance, security, A/V services, electrical maintenance and other support services.
- 4.3 The event consisted of one large entertainment marquee, a smaller marquee for children's activities and retail stalls for crafts, food and drink. There were also bannock-making demonstrations and storytelling sessions. A Viking parade took place on Saturday afternoon. Each element is briefly described below:
- 4.4 **Entertainment marquee:** consisted of a bar at one end operated by Valhalla Brewery. At the other end was a stage area for musical performances. The remaining area held tables and chairs. The music, a mix of traditional and contemporary styles, generally consisted of half-hour performances on the hour from 11am till 5.30pm. In the evening there were three performances from 7pm till 11pm. The music was provided by Shetland performers, and this included the launch of a CD by Shetland band Fullsceilidh Spellemanslag.
- 4.5 **Catering facilities:** four catering stalls were present on the pier. One was run as a collaboration between Seafood Shetland, Shetland Aquaculture and local chef Glynn Wright; the others were run by Shetland businesses. The catering stalls were located on the west (landward) end of the pier.
- 4.6 **Stalls for local produce and crafts:** 18 local businesses displayed and sold products from the stalls provided. Two stalls sold food produce, the remainder sold a wide range of products including textiles, jewellery and crafts. There was also a First Aid station. These stalls were located on the north side of the pier.
- 4.7 **Children's activities:** these provided entertainment for children and were organised by SIC Economic Development Unit (Thursday to

Friday) and SIC Education and Social Care (Saturday to Sunday). The children's activities included craft activities, face-painting and soft play, as well as performances by visiting children's entertainer, Cheeko the Clown.

- 4.8 **Storytelling:** stories of Shetland folklore were provided by Davy Cooper of the Shetland Storytelling Society. The 30-minute sessions took place from 1.30pm to 5.30pm each day.
- 4.9 **Cookery demonstrations:** Bannock-making demonstrations were given by Margaret Stuart and Wilma Couper. Margaret Stuart also set up a stall with traditional cookery artefacts and sold copies of the Shetland cookery book *Cookery for Northern Wives*.
- 4.10 **Viking Parade:** Eight Jarl Squads from throughout Shetland took part in the Viking Parade held on Saturday from 2pm. Accompanied by the Lerwick Brass Band, the squads marched from the Gilbertson Park, down Gilbertson Road, along North Road and Commercial Road to the Esplanade, then onto Commercial Street from Church Road. The Jarl Squads congregated around the Market Cross singing the traditional Up Helly Aa songs.
- 4.11 The daily breakdown of visitors to Flavour of Shetland 2009 is as follows:

Day	Visitors
Thursday	7,000
Friday	11,000
Saturday	16,000
Sunday	<u>4,000</u>
Total	<u>38,000</u>

5.0 Survey Results

- 5.1 Two surveys were carried out by SIC Economic Development Unit to ascertain the impacts of Flavour of Shetland. The first was a survey of visitors to the event, conducted via a questionnaire available in the entertainment tent during Flavour of Shetland. The second was a survey of vendors who had operated on the pier. This survey was carried out via e-mail and postal questionnaires.
- 5.2 The Visitor Survey report is attached as Appendix I. The Vendors Survey report is attached as Appendix II. The most relevant results of each survey are presented below:

Visitors Survey

- 5.3 Of the 319 completed questionnaires received over the four-day period, 73% were from Shetland residents, 16% were first-time visitors to Shetland and 11% were returning visitors.

- 5.4 When asked what they had purchased at the event 89% of visitors said that they had purchased food and drink and 37% had purchased craft products.
- 5.5 When asked if they had attended the activities on the pier, 88% said that they had attended the musical performances on stage, 16% said that they had attended the storytelling sessions and 37% attended the cookery demonstrations. 29% attended the children's activities and 41% attended the Viking parade.
- 5.6 Respondents were asked to rate various aspects of Flavour of Shetland with a score out of 5. The average rating for each aspect is shown below:

Quality of food available	4.6
Quality of drink available	4.6
Quality of crafts on sale	4.7
Quality of music on stage	4.7
Storytelling sessions	4.6
Cookery demonstrations	4.5
Children's activities	4.4
Viking parade	4.7
Overall event	4.6

- 5.7 While the survey returns were largely positive about the event, a number of comments were received from respondents which suggest a number of problems. In particular, the lack of space at the event, which leads to large queues and precludes numerous areas for seating appears to be an issue, as is the lack of on-site toilet provision. More details can be found in the full visitors survey report (Appendix I).

Vendors Survey

- 5.8 40% of vendors achieved higher levels of sales than they had expected, with another 40% responding that their sales met their expectations. 20% of vendors said that their sales had been below expectations.
- 5.9 50% of respondents felt that they could not have achieved the same level of sales without the Flavour of Shetland event, with 50% saying that to achieve the same sales in the same period would have been more difficult and more expensive without the event. All respondents said that they had made contacts that could lead to future sales, and all said they would wish to be involved in a similar event in the future.

6.0 Impact of the Event

- 6.1 The intention of this event was to generate both immediate benefits, in terms of a high attendance at the pier and high turnover for the stallholders, and long-term benefits, principally through promoting

Shetland and its culture, produce and music. While the surveys of vendors and visitors indicate a very positive immediate impact, in terms of visits to the event and sales made, at this stage it is not possible to accurately measure the long-term economic benefits of the event. However, the surveys do indicate the likelihood of long-term impact through satisfaction with and raised awareness of the produce on offer.

Immediate Impact

- 6.2 Unfortunately, it is not possible to get an accurate figure for the total income generated by stallholders. This is due in part to the number of stallholders who did not respond to the survey, and also to the number of respondents who were either unwilling or unable to give an answer to that question. However, from the responses that were received, it is possible to calculate a rough average for craft retailers, which was calculated as £1,343. These are gross turnover figures for the businesses and do not take into account the cost of hiring the stall, wages or stock.

Long-term Impact

- 6.3 The two surveys suggest that the event has had a positive effect on those who attended, and that this could have long-term economic benefits for Shetland businesses.
- 6.4 All of those who responded to the vendors survey said that they had made contacts that could lead to future sales. While many of these were individual customers, a number of vendors reported repeat business at their stalls over the weekend. Others have reported interest from local customers who were previously unaware that their business existed, and some have reported notable increased online sales.
- 6.5 Visitors to the event were asked what impact the Flavour of Shetland event would have on their purchasing habits, i.e. would they be more or less likely to purchase Shetland crafts, food or music in the future? Overall, 50% of visitors to the events said that they would be more likely to purchase the above products, with only 3% saying that they would be less likely.
- 6.6 Proportionally, first-time visitors to Shetland were the most affected by the event, with 67% saying that they would be more likely to buy Shetland food and drink products in the future, and 63% saying that they would be more likely to purchase Shetland music. The buying habits of return visitors were also positively affected, with 51% saying that they are now more likely to purchase Shetland craft products, compared to 38% of residents.

7.0 Financial Implications

7.1 The event was originally budgeted at £70,000. This budget was met out of the Marketing budget RRD 5039, specifically set up for Flavour of Shetland.

7.2 Income and expenditure is broken down as follows:

Equipment	35,354
Entertainment & Activities	9,337
Safety and Security	6,863
Waste Management	583
Publicity and Promotions	7,831
Operational Costs	14,767
Fees	418
Income	<u>(4,818)</u>
TOTAL	<u>70,335</u>

7.3 The event generated income by charging vendors for their stall sites and the bar. From these charges the event generated income of £4,818.

7.4 Staffing costs from Economic Development Unit to organise the event are estimated at £15,000.

8.0 Policy and Delegated Authority

8.1 This report has been prepared under Economic Development Policy number 5, "Continue to develop Shetland as a tourist destination, through development of high quality products and services" which was approved by the Development Committee on 24 April 2008 (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

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

8.2 This report is being presented to the Executive Committee for information.

9.0 Observations

- 9.1 Assessing the outcomes of Flavour of Shetland would be easier if objectives were set for what could be achieved. The Marketing Service of the Economic Development Unit will draw up a set of objectives to measure the performance of next year's event.
- 9.2 Flavour of Shetland may function as an appropriate venue for the promotion of national and local public health campaigns; for example the "Drink Better" campaign.

9.0 Conclusions

- 9.1 There has been a very positive response from visitors to Flavour of Shetland 2009. Levels of satisfaction recorded by those who responded to the survey were very high, and consequently the buying habits of those who attended seem to have been positively affected.
- 9.2 The impression given from the vendors survey is a very positive one. Two-fifths of all stallholders achieved sales in excess of what they had been expecting, and half believed that the event was the only way in which they could have achieved such sales. The stallholders were also highly impressed with the organisation of the event, especially the support available from those on the pier. All vendors made contacts which they believed would lead to extra business in the future, and all would wish to be involved in future events.
- 9.3 The main short-term benefits from the event have been increased turnover and visibility for a number of Shetland businesses, and the promotion of Shetland culture and produce. While it is impossible to judge accurately what the long-term benefits will be, the surveys show that the event has had a positive effect on the buying habits of those who visited the event, and the contacts made by stallholders during Flavour of Shetland look likely to lead to increased business in the future.
- 9.4 The Flavour of Shetland 'brand' continues to be synonymous with high-quality music, food, craft and culture. The results of the research undertaken for this evaluation show that this event has been a great success in terms of promoting Shetland and that the successful promotion of Shetland in this way can have lasting positive effects.

10.0 Recommendations

- 10.1 This report is for information only.

Date: 21 September 2009
Our Ref: RF 1110

Report No: DV-097-F

Appendix I

Flavour of Shetland 2009 – Survey of Visitors

1.0 Introduction

1.1 As with previous Flavour of Shetland events questionnaires were made available in the entertainment tent so that those who attended could give their thoughts as to what was on offer, how it had been presented and how future events could be staged. The questionnaires were on offer at tables in the main tent and respondents could enter a prize draw by filling out the questionnaires and handing them in.

1.2 The questionnaires asked each respondent:

- whether they were a resident, a returning visitor or a first-time visitor;
- what they had purchased or attended at the event;
- how satisfied (1-5) they were with various aspects of the event;
- how the event affected their attitude towards buying Shetland produce in the future;
- if the selection of food was sufficient for those with special dietary requirements;
- what in particular was impressive or disappointing about the event;
- what they would like to see at a future event.

1.3 In total 319 completed questionnaires were handed in over the five-day event, excluding duplicate and spoiled returns. The returns by day are as below:

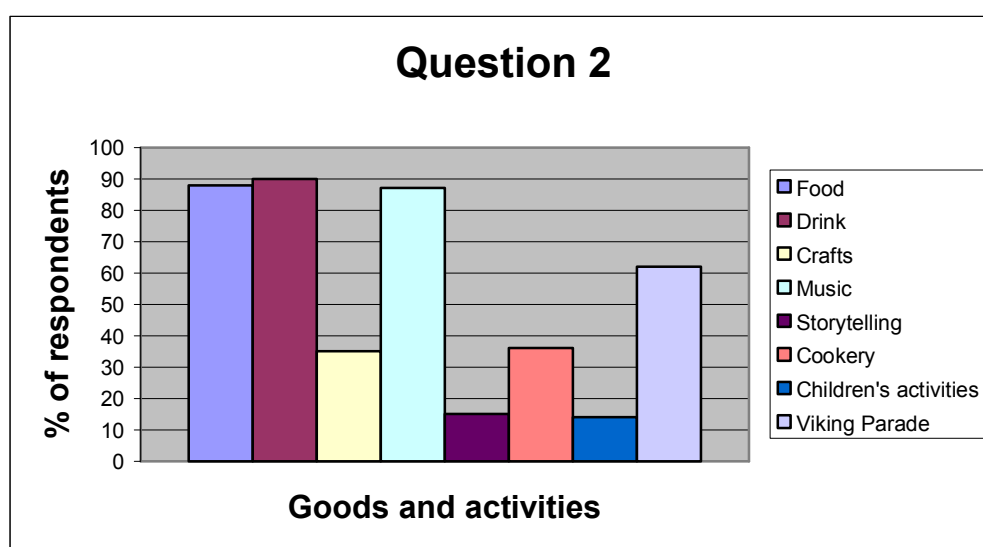
Day	No. of returns	% of respondents
Thursday	81	26
Friday	72	23
Saturday	82	26
Sunday	82	25

2.0 Characteristics of respondents

2.1 The first question asked respondents if they were a Shetland resident, a first-time visitor or a return visitor. Out of the 319 complete responses, 73% were residents of Shetland, 16% were first-time visitors to Shetland, and 11% were returning visitors.

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- 2.2 In the second question, respondents were asked if they had purchased any food, drink or crafts at Flavour of Shetland. 89% of respondents replied that they had purchased food and drink, while 35% of respondents claimed to have bought Shetland craft products from the stalls.
- 2.3 Also in Q2, respondents were also asked if they had attended the various events, activities and demonstrations on the pier. 87% of respondents said that they had attended the music performances on stage, 36% attended the cookery demonstrations and 62% attended the Viking parade on the Saturday afternoon. The storytelling sessions were attended by 15% of respondents, and the children's activities by 14%.



- 2.4 The results above refer to all respondents. The figures were further broken down into visitors and residents to see if any notable variations occurred. Most figures remained relatively constant when applied to visitors and residents. The most notable exception was those who purchased crafts – 30% of residents purchased crafts compared to 49% of visitors. The only other notable variations were in cookery demonstrations, where 38% of residents attended compared to 29% of visitors, and in attendance at the Viking Parade, where 59% of residents attended compared to 72% of visitors.

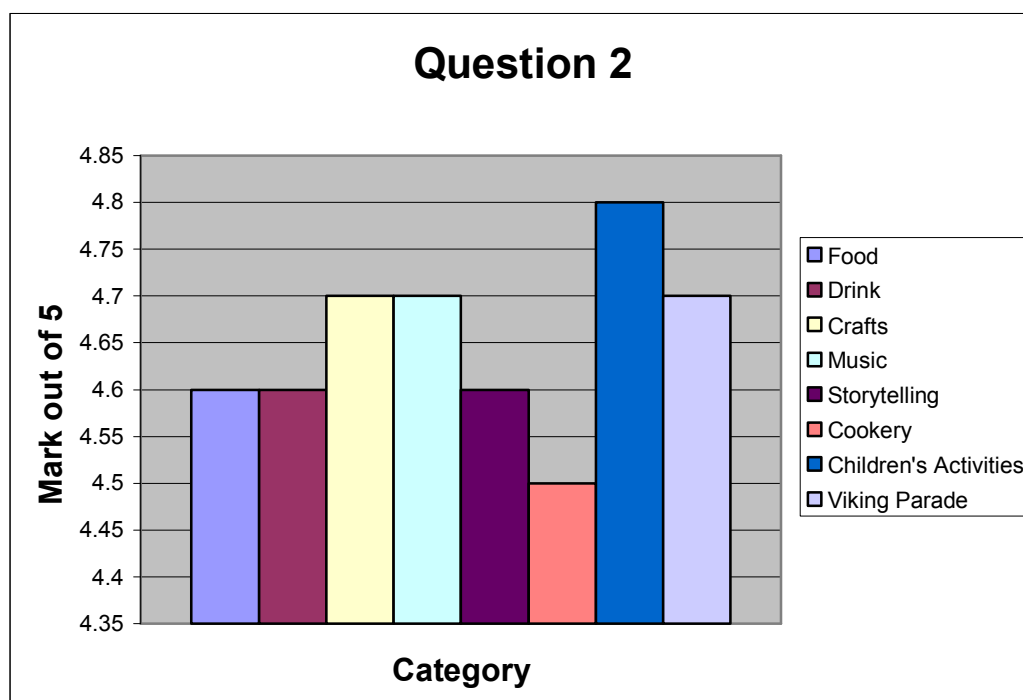
3.0 Satisfaction

- 3.1 Respondents were asked to indicate how satisfied they were with various aspects of Flavour of Shetland. They were asked to circle a number from 1 (dissatisfied) to 5 (satisfied) to show how they had responded to the food and drink, crafts on sale, music on stage, and the demonstrations and activities available.
- 3.2 All aspects of the event received a high satisfaction rating. For food and drink, the average mark out of 5 from all respondents was 4.6. For

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crafts on sale the average mark was 4.7, and for music on stage it was 4.7 again.

- 3.3 For the demonstrations and activities the average mark remained high, with cookery demonstrations receiving an average mark of 4.5 and storytelling sessions scoring 4.6. Children's activities and the Viking parade scored average marks of 4.8 and 4.7 respectively.



- 3.4 The satisfaction levels were broken down into residents and visitors. There were no notable variations in scores from this. The highest mark received was 5.0 for children's activities from visitors. The lowest mark was 4.5 for cookery demonstrations from visitors.
- 3.5 Lastly in question 2, respondents were asked to rate from 1 to 5 how satisfied they were with the overall event. The average mark from all respondents to this question was 4.6. This total did not change when broken down into visitors and residents.

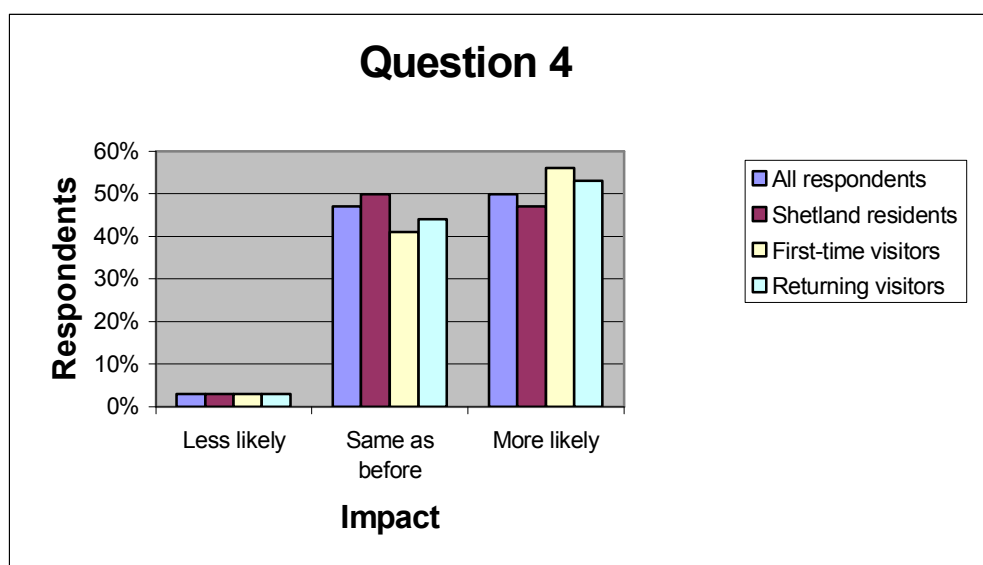
4.0 Impact on Buying Habits

- 4.1 Respondents were next asked what impact the Flavour of Shetland event would have on their purchasing habits regarding Shetland produce.
- 4.2 The questions asked respondents if they would be more or less likely to purchase Shetland crafts, food and drink or music in the future because of Flavour of Shetland. Of all respondents 41% said that they would be more likely to purchase Shetland craft products in the future, and for both food & drink and music 54% of respondents would be

Appendix I

more likely to purchase Shetland products in the future. Overall only 3% of respondents said that they would be less likely to purchase Shetland products in the future.

- 4.3 These figures were broken down into residents, first-time visitors and returning visitors. When applied to residents, 38% said that they would be more likely to purchase crafts, 51% would be more likely to purchase Shetland food and drink and 50% would be more likely to purchase music.
- 4.4 When this question is applied to visitors, 38% of first-time visitors said they would be more likely to purchase Shetland crafts, compared to 67% would said that they would be more likely to purchase food and drink and 63% would be more likely to purchase Shetland music. Of returning, 51% would be more likely to purchase crafts, 52% would be more likely to purchase food and drink and 57% would be more likely to purchase music from Shetland.



- 4.5 Those who said that they would be less likely to purchase Shetland products in the future amounted to less than 4% in all categories. In some categories this figure drops to zero.

5.0 Analysis of Comments

- 5.1 Respondents were asked in question 6 to comment on anything that had particularly **impressed** them about Flavour of Shetland. In total, 223 comments were received out of 319 questionnaires. As with previous surveys of this kind, favourable comments tend to be general in nature rather than focussing on specifics. Examples of comments received are reproduced below:

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“Extremely well organised, enough seating, bins, kept clean at all times despite the crowds, fantastic acoustics for all live music. Great range of food - especially the seafood stall.”

“Family orientated, something for everyone. Sunshine!”

“As usual the musical talent in Shetland.”

“We enjoy everything about this particular event and are always pleased with what we see.”

“Unexpected diversity among fellow attenders; good weather.”

“The weather; the sound engineering at the music tent; the music - diversity of musical talent in Shetland.”

“The truly amazing set-up - so professional; everybody must have worked so hard - it shows. Well done.”

“The range & standard of music, the standard of food and how well the stalls dealt with the queues.”

“Margaret's croft house interior and Wilma's bannock making demonstrations.”

“Friendliness of stall holders; wonderful music.”

- 5.2 As noted above, favourable comments tended to be general, often one-word answers – e.g. “Food”, “Music”, “Weather”. Out of the comments received, 29% referenced the food and drink available on the pier and 17% referenced the musical performances.

- 5.3 In question 7 respondents were asked to comment on anything that had particularly **disappointed** them about Flavour of Shetland. A total of 109 comments from 319 questionnaires were received. A representative selection of comments are reproduced below:

“Unable to plan an evening on pier as unsure of 'getting in' (busy).”

“There isn't really a dance floor for dancing.”

“There has to be more than fish and mussels for the taste of Shetland. What's happened to Shetland lamb, Shetland beef etc.”

“The pier just not big enough for this brilliant w/e.”

“The good weather has meant more people - it just hasn't been big enough for all people attending.”

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“Surprised about gates being closed given the capacity of the pier. Long queues to get in.”

“Not that much food available.”

“No toilets (on site); need to queue after 9pm to get back.”

“Lack of choice for food - fish, seafood or chinese!!”

“Lack of loos on pier.”

5.4 Comments expressing disappointment with certain aspects of the event were more detailed in nature than comments received for the previous question. Out of all comments, the main issues highlighted were the lack of variety among the food outlets (26% of all comments) and the lack of toilet facilities (16%). Also prominent were comments relating the lack of space on the pier, including long queues and lack of seating (19%).

5.5 Lastly in this questionnaire, respondents were asked if there was anything which they would like to see included in a future Flavour of Shetland event. 148 comments were received from 319 questionnaires. A selection of comments are reproduced below:

“Portaloos on da pier.”

“More toilets, possibly on the pier, and possibly more stalls which do support local food.”

“More seating! More space to dance please.”

“More food outlets.”

“Just a bigger range really, more food stalls and more craft stalls.”

“Bigger tent + cold beers + cheaper food.”

5.6 The issues raised in the comments received for question 8 are broadly the same as those received for the previous questions. A wider range of food (16%) and more toilets on the pier (14%) were the main issues highlighted.

6.0 Observations

6.1 Evaluations of previous Flavour of Shetland events have shown the levels of visitor satisfaction to be very high, and the same is true of the 2009 event. All aspects of the event scored highly for visitor satisfaction, and in terms of impact the event has had a positive effect on the buying habits of visitors (particularly first-time visitors to Shetland) who claim to be more likely to buy Shetland products in the future.

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- 6.2 Looking to future events, it is possible to address some of the negative issues raised by respondents to this survey. The variety of food available, for example, can be addressed at the planning stages of Flavour of Shetland 2010. However, issues such as large queues (exacerbated this year by good weather over the weekend), toilet provision and lack of seating are difficult to address. Addressing these issues will require either an overhaul of the layout (more space for seating, for example, will mean less space for stalls) or options for alternate venues, given the physical constraints of the existing location on Victoria Pier.

7.0 Conclusions

- 7.1 Flavour of Shetland remains an effective and successful showcase for Shetland products, and has retained a reputation for high quality over a number of years. Visitor satisfaction levels are very high, and the event has a positive impact on the perception of Shetland products among residents and visitors to Shetland alike.
- 7.2 There remain a number of logistical problems regarding provision for visitors, specifically seating and toilet provision. It is important that solutions are found as the event attracts a large number of visitors, particularly during good weather, and large crowds exacerbate the problems caused.

Appendix II

Vendors Survey

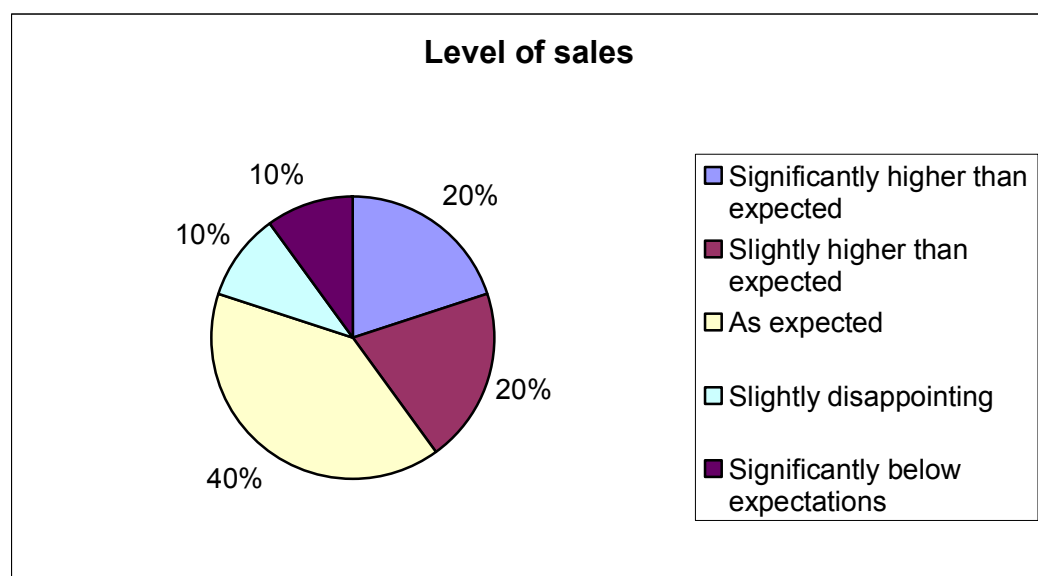
1.0 Introduction

- 1.1 A survey of stallholders was conducted by SIC Economic Development Unit following the Flavour of Shetland event held from Thursday 25 to Sunday 28 June 2009. Surveys were carried out by postal and e-mail questionnaires. Participants were assured of confidentiality and that no individual business would be identified.
- 1.2 The questionnaire used as the basis of the survey included questions addressing stock, sales, contacts made, satisfaction with the event's organisation and desire to be involved in any similar event.

2.0 Survey Results - Statistics

Stock and sales

- 2.1 Almost two-thirds of respondents (60%) developed new products for the event, and the majority of respondents (90%) produced or bought in extra stock specifically for it. 70% of all respondents felt their sales were not limited by the stock they had available.
- 2.2 Vendors were asked if the level of sales at the event had met their expectations. 20% of respondents replied that the level of sales they had achieved was significantly higher than had been expected, and a further 20% replied that sales had been slightly higher than expected. 40% responded that sales had been as expected, while 10% said that sales were slightly disappointing, and 10% said that sales were significantly below expectations.



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- 2.3 When asked if they could have achieved the same sales in another way, 50% of respondents said that it was highly unlikely they could have matched the level of sales they achieved at the event. 50% said that achieving the same level of sales may have been possible but would have taken much longer.
- 2.4 Overall, 70% of vendors stayed open beyond 6 pm. While some craft stalls found that this was not worthwhile, with some feeling opening late was “not really worth it sales wise” or that “almost everyone at the pier was at the bar and music”, others reported reasonable levels of custom until later in the night. Those who did not stay open after 6pm were asked if this was something they would consider, but all said that they were happy with their decision, most feeling that late night customers would not be interested in purchasing their products.
- 2.5 It is difficult to give a figure for the overall value of sales achieved at the event, due to a number of responses not being received, and a number of those who did respond being unwilling or unable to answer the question about approximate turnover. However, from the responses received to that particular question, it is possible to come up with an average value of sales for craft stalls. Based on estimated figures received, the average turnover for craft stalls was £1,343. For the reasons noted above, these aggregated figures should be treated with caution.
- 2.6 The next question asked vendors to estimate the split of sales to visitors and to Shetland residents. Of those who estimated a figure, 50% estimated that most of their sales were to locals, and 20% estimated the split to be roughly 50:50. All other businesses said the majority of sales were to visitors. Taken as an average, it seems that 59% of sales were to locals and 41% to visitors, which is commensurate with survey results from previous years.
- 2.7 The spread of sales over the four days has in previous years been variable. This year 50% stallholders said that sales had been evenly split over the 4 days of the event. Of those who said that sales had not been evenly split, most said that Saturday was their busiest day.

Trade contacts

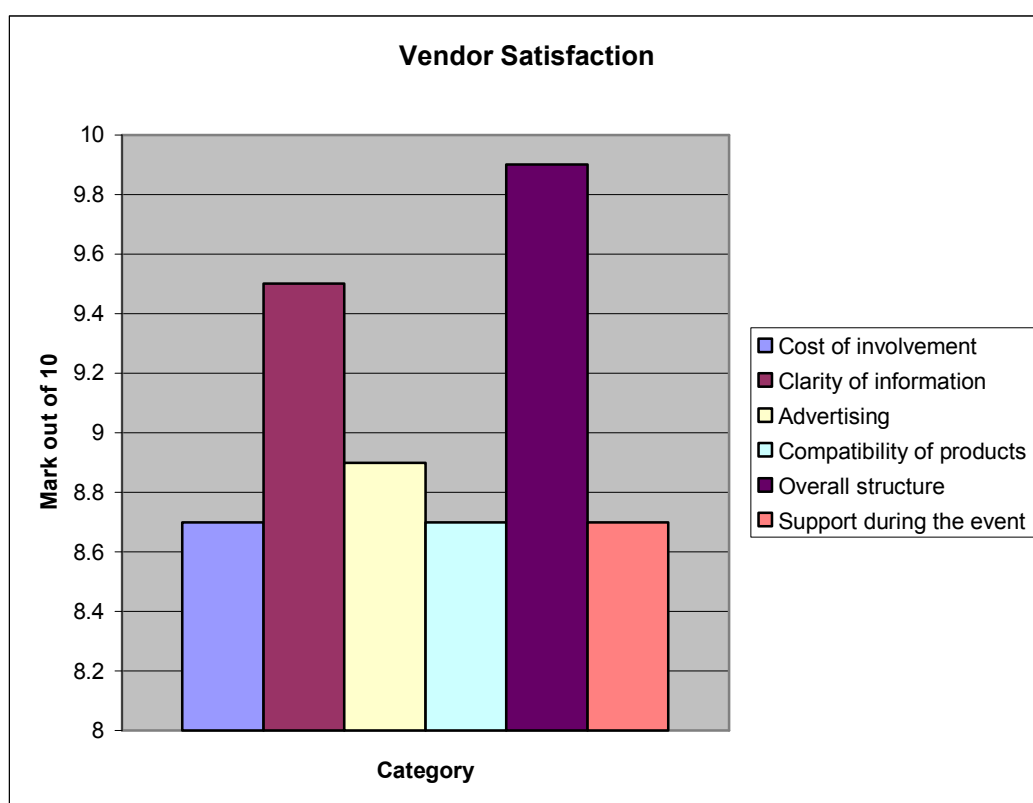
- 2.8 When asked about contacts made during the event, all respondents said they had made contacts in the course of the four days that could lead to future sales. Most of these were individual customers who expressed an interest or took leaflets/business cards. Many vendors reported repeat custom at their stalls, and others reported that their business had been highlighted to interested locals, and in that regard the event offered crucial local exposure. Others reported notably increased sales online since the event.

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Organisation of the event

2.9 For Q9, stallholders were asked to rate different aspects of the organisation of the event on a scale of one to 10, where one was very dissatisfied and 10 was very satisfied. The overall average satisfaction with the organisation of the event was 9.1.

2.10 The average rating for each category was:



2.11 Respondents were asked to add comments on the organisation of the event. Below is a selection of comments received:

“The layout was not so good this year with a bottle neck because of the position of the stand in the middle of the craft stands.”

“Would have been better if the middle stands were double sided so customers walking around were not looking at the back of a tent.”

“Very pleased.”

“I was very impressed by the event.”

2.12 Stallholders were asked whether or not, if the Flavour of Shetland event was held again, they would wish to be involved. 100% of respondents said that they would wish to be involved in a future event.

Appendix II

3.0 Survey Results – Comments

- 3.1 Vendors were asked if there had been any other advantages or disadvantages to their business as a direct result of participating in Flavour of Shetland. The following is a selection of comments received:

“I would anticipate further orders nearer Christmas from people who took my card.”

“The huge numbers of people visiting the pier meant that it was a great showcase for my work and helped raise my profile.”

“It’s also a great chance for me to meet the other craft producers.”

“Our profile has been maintained in Shetland and the 4 new products we had on display at the Foy [have] been sought after.”

“Shetland Dairies and Voe Bakery donated their products for the demonstrations – a lot more folk will be baking their own bannocks and supporting local produce.”

- 3.2 Respondents were asked to comment on what they thought worked well with this year’s event:

“Overall organisation was excellent as usual.”

“The outdoor tables were a great addition.”

“The tannoy system announcing the craft stalls.”

“The structure of the craft tents.”

“The security folk were always checking we were OK and didn’t need anything.”

“The layout is the best there has been since this event started.”

“The staff were brilliant.”

- 3.3 Respondents were asked if they had any further comments on how the event could be improved or any changes they would like to see:

“Would be nice to see some newer crafts to compliment those that always do this event.”

“More food choices.”

“It would be good to have more space for the whole event. On the Saturday the crowds were pushing up past our stall so it was hard

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for folk to get to us. It's nice and central on the pier but maybe the event is getting too big now?"

"More food outlets as many people commented to us that they were going off the pier for food as there wasn't enough choice. This meant that some would have probably not returned and also that the in out flow of people increased."

"Not much variation in food stands – maybe due to expensive washout last year?"

3.4 Lastly, respondents were asked to comment on how best Shetland and Shetland products could be showcased in the future:

"Would be worthwhile considering a group stand at some trade fairs i.e. Spring fair/autumn fair at the NEC Birmingham."

"Have a purpose built mobile unit which could be situated on harbour area for renting out to local food producers (for a week at a time?) for them to cook/serve/sell to visitors local fresh produce. [This] unit could also be used for agricultural shows/events and off island events."

"The [Flavour of Shetland] website was OK, but maybe could be expanded in future to include pages for the craft makers with photos of their work."

"Maybe it would be good to have a regular, small scale event that would benefit tourists and locals all summer."

4.0 Observations

4.1 Looking at the statistics above, some aspects of Flavour of Shetland 2009 compare favourably with the events in previous years. High levels of satisfaction with the organisation of the event (see 2.10) are an improvement on already high levels in 2008 and 2007. The level of satisfaction with sales achieved was much higher than in 2008, when just 41% of vendors responded to say that they were satisfied with their sales. This year 40% said that their sales were higher than expected, while 40% achieved sales as good as they expected. This increase in sales is mainly due to the better weather experienced this year than in 2008. Most vendors on site have previously operated stalls at Flavour of Shetland.

4.2 The average turnover achieved by craft stalls (£1,343) was lower than 2008 (£1,707) but higher than 2007 (£967). The fluctuations in craft turnover appear to be due to a small number of craft stalls taking large individual orders which have affected the overall average. This figure is also affected by the number of vendors who did not respond to the survey or to this particular question.

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- 4.3 Most stallholders believed that it would be difficult or impossible to replicate the sales they did achieve without the Flavour of Shetland event, and none of the vendors who took part said that they would not wish to be involved in future events. This suggests that the event still offers significant benefits to stallholders and small businesses, in terms of sales, promotion and networking, which could not otherwise be achieved.

5.0 Conclusions

- 5.1 In previous years layout and facilities have been cause for complaint, and for some stallholders the layout of the pier continues to be an issue, particularly given the large crowds in such a restricted space. Given the number of stallholders and the restricted space available this is a problem which is difficult to resolve to the satisfaction of all vendors.
- 5.2 All vendors reported overall satisfaction with the event, and it continues to be an important date in the calendar for small local producers. From the survey results most vendors feel that the promotional and financial benefits would be difficult or impossible to replicate in the absence of Flavour of Shetland.



REPORT

To: Development Committee

01 October 2009

From: Services and Technologies Officer

**Report No: DV105-F
Renewable Energy Update Report – June 2009 to September 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 June 2009 – September 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 Marine Renewables Initiative

The NAFC Marine Centre has appointed a new Shetland Marine Energy Development Officer to take forward the marine renewable development project. Mark Wemyss will work closely with the Centre's project officer responsible for the Shetland Marine Spatial Plan to identify suitable sites for marine renewable energy projects in the islands.

Mark has a Masters degree in Marine Resource management, of which a large part was devoted to marine science and renewable energy, and he is currently submitting a PhD in Marine Renewables, which has mainly concentrated on modeling the potential deployment

opportunities for wave energy and tidal stream devices around the Scottish coast.

The project will have a number of benefits for Shetland, including raising its profile as a place to develop marine renewables, creating opportunities for attracting inward investment, as well as generating a supply of green energy and the potential to export power.

The project has secured funding from the European Interreg IVB Cradle to Cradle Islands project. This amounts to 50% of the £44,900 costs. HIE Shetland and EDU match this to make up the balance of funding.

The Development Committee will be updated as the project progresses.

3.2 Renewable Energy Strategy

The Shetland Renewable Energy Forum (SREF) was re-launched in August. At their first meeting the SREF launched the new Shetland Renewable Energy Strategy that has been drawn together over the last six months by independent consultants Anderson Solutions. The Shetland Islands Council Development Committee adopted the strategy at their last meeting of 27 August 2009 (Minute Reference 75/09) along with a structure for implementing the strategy. The EDU are working on a funding package for the SREF as well as a number of the projects that make up the key actions of the new strategy document such as the Sustainable Transport Initiative and a scheme for supporting businesses looking to invest in renewable energy technology.

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 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).

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 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.

6.0 Recommendations

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

Our Ref: MH/JJ E11
Date: 24 September 2009

Report No: DV105-F



REPORT

To: Development Committee

01 October 2009

From: Research Assistant

DV-098-F

Analysis – Impact of Upcoming Development Projects on Accommodation Provision in Shetland

1.0 Introduction

- 1.1 The purpose of this report is to provide information on the potential impact of upcoming large-scale capital projects on the accommodation sector in Shetland, specifically as regards the housing of incoming workers.
- 1.2 To illustrate this assignment, 13 proceeding and potential projects were looked at in terms of how many workers would be required on site at a given time in the calendar year. The projects were chosen on the basis of economic development significance and scale.

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 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.”

3.0 Projects

- 3.1 The most significant projects from a workforce perspective were determined as follows:

TOTAL – construction of gas processing plant
Anderson High School – new build
Mid Yell High School – new build

Mareel – construction
Viking Energy – construction of windfarm
Staney Hill Housing Development – 200+ new houses
Quoys Phase 3 – 34 new houses
Walls Pier – construction
Fetlar Pier and Breakwater – construction
Sumburgh Head Lighthouse– renovation
Fair Isle Bird Observatory – replacement
Whalsay/Laxo Ferry Terminal – replacement

4.0 Accommodation Impact

- 4.1 The projects above were looked at based on the number of workers involved in the construction phase, the length of construction time and any other significant issues. A table of this information is included as Appendix I. The total number of workers for each project was then compared against the current available bedspaces in Shetland, which has been determined as 2,573. This is attached as Appendix II.
- 4.2 From Appendix II, we can see that if each worker in each project requires accommodation from the existing local market in Shetland this will seriously impact the availability of accommodation over the next 5-6 years. The most serious impacts will take place from 2010-2015, when the number of workers on site during active projects will equal 20%-32% of available bed spaces.
- 4.3 This analysis is not intended as a literal demonstration of the potential impact on the accommodation sector. Rather this is illustrative of available accommodation against the potential influx of project workers. It is probable that for some projects other solutions will be found that will not impact on available bedspaces. For example, it is likely that the Fetlar Pier and Breakwater, Walls Pier and Whalsay/Laxo Terminal Redesign will be carried out by local labour. TOTAL are examining possibilities for accommodation of incoming workers that would not impact the local accommodation capacity.
- 4.4 Of the 2,573 bedspaces mentioned, 706 are described as being located in hotels, inns and serviced apartments, 336 are located in guesthouses and 300 are located in bed and breakfast accommodation. The remaining 1,231 are located in self-catering units and hostels.

5.0 Other Economic Impacts

- 5.1 An industrial multiplier analysis can determine further economic impacts from expansion in industrial sectors. The multipliers used here are taken from Shetland Regional Accounts 2003.
- 5.2 Type 1 input-output show the total change in the value of output in the economy due to a unit increase in demand for a particular sector's output. This is usually defined as the impact on suppliers. Shetland

Regional Accounts 2003 calculated the Type 1 multiplier for the construction sector as 1.266. This means that an increase in demand of £1,000 for construction output generates an additional £266 in the output of all sectors of the economy, as construction businesses increase their demand for inputs from other sectors.

- 5.3 Social Accounting Matrix (SAM) multipliers are defined similarly to Type 1 multipliers, with the exception that changes to household income and consequent spending changes are taken into account, thus measuring the full induced impact from economic change in the community. Using the same calculations as above, the SAM multiplier for construction is calculated at 1.516; a £1,000 increase in construction output equates to £516 of additional output in other sectors of the Shetland economy, including household expenditure.
- 5.4 Employment effect multipliers measure the amount of full-time equivalent employment generated in the Shetland economy as a result of an increase in output of a particular sector, taking into account inter-industry links. The construction sector has an employment effect multiplier of 22, calculated as an increase of 22 FTE jobs for every £1 million increase in construction output.
- 5.5 In order to calculate the effects of the above construction project (with the Viking Energy and Total Gas Plant projects removed so as not to obscure the effects of the remainder of the construction projects) a construction output figure of £129.1 million was arrived at. Using this figure the total increase in output in all sectors is as follows:
- Type 1 input-output multiplier: £34,340,600
 - SAM multiplier: £66,615,600

Applying the employment effect multiplier yields the following result:

- Employment effect multiplier: 2,840 FTE jobs
- 5.6 The above figures are cumulative totals for the period of construction of all the above projects (minus Viking Energy and the Total Gas Plant), which has been defined as 2009-2015. Annual multiplier effects (based on the timetable attached as Appendix I) are as follows:

Year	Type 1	SAM	Employment (FTE)
2009	£3,910,200	£7,585,200	323
2010	£7,421,400	£14,396,400	614
2011	£6,384,000	£12,384,000	528
2012	£5,133,800	£9,958,800	425
2013	£5,133,800	£9,958,800	425
2014	£3,830,400	£7,430,400	317
2015	£2,527,000	£4,902,000	209

- 5.7 As noted above, the Total and Viking Energy projects were removed from this exercise so as not to obscure the effects of the majority of

projects, given that the projected costs for the two projects reach £1.3 billion, and projects of this scale, size and complexity cannot be considered within the same accounting framework as smaller scale construction projects.

5.8 Due to a lack of information at the time of writing, the SHETL/SHEPD onshore work for the converter station has been included in terms of manpower but not in terms of budget.

5.9 A number of the projects looked at are at early stages of development and the details described here are subject to change.

6.0 Financial Implications

6.1 There are no direct financial implications from this report.

7.0 Policy and Delegated Authority

7.1 This report has been prepared under 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” which 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 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 the subject of this report is covered by existing policy the Development Committee does have delegated authority to make a decision.

8.0 Observations

8.1 Despite a national downturn there remains a great deal of economic activity in Shetland, particularly due to large-scale capital projects and public spending. This has the effect of increasing community and business confidence. The proceeding and planned projects detailed in this report represent a level of activity additional to the normal baseline for construction in Shetland.

8.2 The arrival of large numbers of workers in order to take forward capital construction projects will lead to an increase in economic output for a number of sectors. However, it will also place a strain on sectors which have limited capacity, in particular the accommodation sector. This will

have consequent negative effects on the tourism, food and drink and certain manufacturing sectors, as tourist numbers will be affected by decreased number of available bedspaces.

- 8.3 This analysis does not take into account the potential overcapacity of the Shetland construction sector workforce, as normal commercial activity (i.e. house building and other private contracts) taking place over the period discussed has not been analysed.
- 8.4 Early engagement with contractors on projects such as those listed above will be important to determine accommodation requirements for project workers. Engagement by officials at an early stage will help to develop solutions to accommodation issues. However, developing specific solutions will require inter-departmental consultation and proper consideration of strategic and policy issues.

9.0 Conclusions

- 9.1 The large number of construction projects will have economic benefits for Shetland but will also lead to capacity issues for some sectors. This situation must be monitored by the Council and relevant agencies to ensure economic benefits in some sectors do not lead to severe negative impacts on others.

10.0 Recommendations

- 10.1 This report recommends that:
 - a) the Committee notes the contents of this report; and
 - b) the Committee instruct the Economic Development Unit to monitor the impacts of current and upcoming capital projects and liaise with relevant agencies and local industry sectors where appropriate.

Our Ref: TC/KLM
Date: 22 September 2009

Report No: DV-098-F

Appendix I – Estimated FTE Project Workers by Year

Project	2009	2010	2011	2012	2013	2014	2015
Total Gas processing plant	-	250	500	250	200	-	-
Anderson High School	-	-	40	120	120	80	40
Mid Yell High School	40	40	-	-	-	-	-
Mareel	40	40	-	-	-	-	-
Viking Energy	-	-	-	150	250	400	250
Sumburgh Head Development	12	12	12	-	-	-	-
Fair Isle Bird Observatory	10	10	-	-	-	-	-
Fetlar Pier and Breakwater	-	20	20	-	-	-	-
Whalsay Ferry Terminal Redevelopment	-	20	20	-	-	-	-
Walls Pier	-	20	20	-	-	-	-
Staney Hill Housing Development	-	-	60	60	60	60	60
Quoys Housing Development Phase 3	30	30	-	-	-	-	-
VE Converter Station	-	-	-	10	37	-	-
Total FTE Project Workers	132	442	672	590	667	540	350
Impact on bed spaces*	5%	17%	26%	23%	26%	21%	14%

* current bed spaces = 2,573 (p. 19, Shetland Visitor Accommodation Requirements for the 21st Century; Steve Westbrook, 2007)

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Project	Description	Location	Cost	Start Date	Duration	No. of Workers	Issues
TOTAL Gas Plant	Construction of a subsea gas hub at the Laggan field; two 18 inch pipelines, each 140km long, to Sullom Voe Terminal; construction of a gas processing plant at the terminal and a 234km pipeline from the terminal into the Frigg pipeline system leading into St Fergus.	Sullom Voe Terminal	£500m	April 2010	3 years	<p>500+ with accommodation also required for 20 executives and administrative staff.</p> <p>Special consideration will have to be given to the challenge of accommodating such a large number of workers. A camp or barge solution may be required. This will also involve significant support staff (cleaning, food preparation, etc.). A specially constructed settlement at a reasonable distance from the site is also an option.</p> <p>Private purchases in the local housing market are proposed for the executive and administrative staff.</p>	<p>Locating barge accommodation is complicated.</p> <p>Site preparation and civil engineering work can possibly be carried out by a Shetland-based workforce.</p>
Anderson High School	Construction of a new central high school in Lerwick to replace existing complex.	Lerwick (specific location to be confirmed)	£49m	Unknown. If Knab Road site is chosen January 2010; if new site is chosen summer 2011.	3.5 years, incorporating 2 years 'intensive building'	<p>Peak workforce of 120 is expected. 10+ managers will be required.</p> <p>Accommodation for incoming workers will have to be factored into the overall project.</p> <p>Managerial accommodation</p>	<p>Currently the project is 'on hold' while site options are considered. The sites in question are the existing Knab Road site and Clickimin.</p> <p>If a new site is chosen the start date will be</p>

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						is expected to come through private purchasing in the local housing market, and sold on after the project lifetime.	pushed back due to the project requiring a full site investigation and subsequent redesign process. The contract may also have to go through a re-tendering process. The construction project takes place in 7 phases, meaning certain specialist trades will only be involved during a particular phase.
Mid Yell High School	Construction of a new junior high school in Mid Yell to replace existing complex	Mid Yell	£7m	September 2009	12 months	NT Hooijgard are the contractors, and will a small number of on-site personnel will be arriving from Scandinavia. However, most of the work has been sub-contracted to Shetland firms. It is anticipated that the project will require no more than 40 labourers on site at any given time, with 14 anticipated the be contractors from Denmark.	Accommodation for incoming workers does not appear to be an issue, with local residents volunteering accommodation space.
Mareel	Construction of an entertainment venue incorporating stage,	North Ness, Lerwick	£12m	July 2009	18 months	At most 40 workers at any given time. Work being carried out by DITT.	No major issues regarding workforce.

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	cinema, exhibition and recording areas.						
Viking Energy	Construction of a community wind farm incorporating 150 turbines	Central Mainland	£800m	2011	5 years	The project is conducted in stages, with sites involving road laying, concreting, steelworking, etc. at different times. The number of workers will reach approximately 400 at the peak of site activity.	Currently the project hinges on a number of decisions being made at various stages. Planning permission and a decision on an interconnector cable must be made before a funding decision can be made.
Sumburgh Head Development Project	Renovation of Sumburgh Head Lighthouse as a tourist amenity and historic building, including office space, improved access and parking	Sumburgh Head	£3.9m	2009	3 years	Work being carried out by a team of 12 specialists from Shetland Amenity Trust	The work to restore the lighthouse building requires specialist skills which will be supplied by Shetland Amenity Trust.
Fair Isle Bird Observatory	Replacement of existing Fair Isle Bird Observatory with new construction	Fair Isle	£4m	Summer 2009	April 2010	Small number of workers. Synergie Scotland and A H Wilson hired as contractors.	The building is constructed in modular form and shipped to Fair Isle for the construction phase. Need for worker accommodation will be limited. Small amount of local sub-contracting involved.
Fetlar Pier and Breakwater	Construction of a sheltered berthing facility on Fetlar	Fetlar	£2.9	2010	2011	6-8 workers at most given times, increasing to up to 20 for certain stages.	The probability is that this project would use local labour. This project currently does not have an

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							approved place in the capital programme budget.
Whalsay Ferry Terminal redevelopment	Development and construction of a new ferry terminal in Whalsay	Whalsay	£20m	2010	2014	6-8 workers at most given times, increasing to up to 20 for certain stages.	<p>The probability is that this project would use local labour.</p> <p>This project currently does not have an approved place in the capital programme budget.</p>
Walls Piers	Construction of a pier for commercial use in Walls	Walls	£3.5	2010	2012	6-8 workers at most given times, increasing to up to 20 for certain stages.	<p>The probability is that this project would use local labour.</p> <p>This project currently does not have an approved place in the capital programme budget.</p>
Staney Hill Housing Development	Construction of 200+ houses.	Lerwick	Unknown	2011	2016	<p>The project is in the early stages of development and there is no information how construction will be phased, so the number of workers on site at any given time cannot be determined.</p> <p>However, if we assume the project will be commenced and completed over a period of 5 years, and a completion rate of 40 houses per year, an</p>	This project is at a very early stage of development and any information must be treated as speculation.

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						approximation of 60 labourers on site at any given time can be made.	
Quoys Phase 3 Development	34 new homes being completed with Whole House Ventilation and Heat Recovery systems as well as being connected to the Lerwick District Heating Scheme.	Lerwick	£3.8	2009	2011	Work is being carried out by local contractors Elphinstone and Howarth. This project would see approximately 20 labourers on site at any given time.	
Scalloway Health Centre	Building of new health centre building to improve current provision in Scalloway	Scalloway	£3.1m	Unknown	Unknown		The probability is that this project would use local labour. This project currently does not have an approved place in the capital programme budget.



REPORT

To: Development Committee

1 October 2009

From: Head of Economic Development

DV106-F Childcare Sector Financial Assistance Schemes

1.0 Introduction

- 1.1 The purpose of this report is to create two new financial assistance schemes to assist the childcare sector

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 aim contained in the Economic Development Policy Statement (2007-2011) to "...enable individuals to achieve their full potential."

3.0 Background

- 3.1 The combination of the economic value of childcare services to the wider economy and the fragility of current provision is the rationale behind the design of EDU interventions for the sector. If the childcare sector declines further there is a risk that parents find it difficult to return to the workforce and/or it may be difficult to attract families to employment opportunities in the islands.
- 3.2 To achieve our aim the proposed support is divided into two distinct forms:
- the first is support for childminders who provide childcare services in their own home; and
 - the second is support for private and third sector childcare providers operating in non-domestic premises.

4.0 Financial Support Schemes for Childminders

- 4.1 The first support mechanism proposed is financial assistance for childminders. This will take the form of a top-up grant paid monthly to childminders for a fixed period of time. The childminders who are likely to be eligible for support will be those who have committed to provide childminding services to working parents but for reasons outwith their control are temporarily unable to generate sufficient income to sustain their service.
- 4.2 The proposed financial support from EDU is split into two different schemes, one for established childminders and one for new-start businesses
- 4.3 The overall purpose of the childminder top-up scheme is to grow the capacity and number of childminders operating throughout Shetland. As discussed, the support is provided in the context of a decline in the number and total capacity within the childminding sector in Shetland, and therefore at minimum the support seeks to stem the decline in childminding capacity.
- 4.4 The economic rationale for support is not to provide direct employment within childminding businesses but to support indirect employment by enabling parents to access employment.
- 4.5 Details of the two schemes is attached as appendix 1.
- 4.6 Some details of the deliver mechanisms for these schemes have still to be finalised particularly the assessment and monitoring mechanisms, and this will be done by the Head of Economic Development, or nominee, in consultation with Executive Director of Education and Social Care. The delivery mechanisms will include that in the event of a refusal of any applicant that does not meet the eligibility criteria, applicants may request an appeal to the Development Committee.

5.0 Financial Support Scheme for Childcare Providers in Non-Domestic Premises

- 5.1 The second category of support proposed by EDU is support for childcare providers operating in non-domestic premises. This support is designed to provide a toolkit of mechanisms from which a tailored response can be compiled to best suit the needs of the provider and enable EDU to achieve its objectives. The providers who are currently offering at least half day provision, five days per week, and can support working parents are expected to be the potential beneficiaries of the support. Some discretion may be possible if local circumstances suggest that a provider which does not meet this criterion is key to the needs of working parents

- 5.2 The purpose of the support provided by EDU is to improve the sustainability of childcare providers in non-domestic premises in Shetland. The objectives of the support are to:
- support providers in non-domestic premises to improve their profitability and therefore the sustainability of the service; and
 - support providers to operate through temporary periods of uncertainty caused by variables outwith their control (for example the closure of a local employer which removes a significant number of children from their service).
- 5.3 The economic rationale for support is not to provide direct employment within childminding businesses but to support indirect employment by providing sustainable childcare which enables parents to access employment.
- 5.4 The support is not designed as a single scheme, but rather a toolbox of mechanisms which can be called upon to provide a tailored solution that best meets the needs of the enterprise in question. The EDU mechanisms proposed which can be used individually or in combination are:
- **Mechanism one:** a one-off revenue grant of up to £15,000 to support providers experiencing a temporary decline in profitability (can only be provided in conjunction with mechanism two);
 - **Mechanism two:** support for an intensive business review and planning exercise which seeks to establish how the enterprise might be differently structured or operated in order to enhance profitability and sustainability;
 - **Mechanism three:** support for professional development of the enterprise Manager (and Chairperson if appropriate) to enhance commercial skills and knowledge within the enterprise; and
 - **Mechanism four:** a 'spend to save' grant. Mechanism four is a grant of up to £15,000 to support providers to undertake a project which could permanently reduce their operational costs. For example, support to install a renewable energy heating solution which permanently reduces energy bills.
- 5.5 The first step in establishing which mechanism or package of mechanisms is most appropriate for a childcare enterprise will be an initial business review undertaken by EDU/Business Gateway. The purpose of this will be to an initial report on the strengths and weaknesses of the enterprise and priority areas of need. After this stage a package of appropriate support will be confirmed, which may include a more thorough and forensic business review undertaken under mechanism two.

- 5.6 The anticipated beneficiaries of the support are childcare providers who are either private enterprises or social enterprises and who are offering, at minimum, half day childcare five days a week.
- 5.7 The support offered by EDU is not designed to provide permanent gap funding to unprofitable enterprises. The goal is to support enterprises to become more sustainable so that they can offer a socially and economically important service to the Shetland community. This will be achieved by supporting the provider to undertake a step-change in its provision that enhances its profitability. A strong and sustainable enterprise can gain the confidence of parents within the community and can enhance its wider economic benefits.
- 5.8 Details of the proposed scheme is attached as appendix 2
- 5.9 All of these schemes will commence on 1 January 2010 and run for a period of 3 years and will be delegated authority schemes i.e. the Head of Economic Development or his nominee would have the delegated authority to operate these schemes in accordance with the schemes eligibility criteria.

6.0 Financial Implications

- 6.1 The amount of available funding through the childminders schemes is capped at £30,000. This will be funded from RRD 1564 2402 Childcare Grants.
- 6.2 The total amount of funding through the Support for childminders in Non-Domestic Premises is capped at £100,000. This will be funded from RRD 1564 2402 Childcare Grants
- 6.3 It is envisaged that there will be sufficient funds existing in this budget for calls on these schemes in the current financial year, as the schemes will become effective from the end of the calender year and total spend on both schemes will be restricted to £50,000 in this current financial year. Funding for future years will be subject to approval of future years budget provision.

7.0 Policy and Delegated Authority

- 7.1 This report has been prepared under Economic Development Policy number 27, "Enable individuals to achieve their full economic potential" which 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 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 the subject of this report is covered by existing policy the Development Committee does have delegated authority to make a decision.

8.0 Conclusions

- 8.1 Despite the importance of the sector it is widely believed that Current provision in Shetland is fragile. Evidence appears in the number of childminders in Shetland. Childminder numbers have reduced dramatically, down from 65 in 2000 to 24 in 2009.
- 8.2 The combination of the economic value of childcare services to the wider economy and the fragility of current provision is the rationale behind the design of EDU interventions for the sector. If the childcare sector declines further there is a risk that parents find it difficult to return to the workforce and/or it may be difficult to attract families to employment opportunities in the islands.

9.0 Recommendations

- 9.1 I recommend that the Development Committee:
- a) Approve the Financial Scheme for Childminders, contained in Appendix 1, and delegate authority to the Head of Economic Development or his nominee to operate this scheme, subject to future years budget approval.
 - b) Approve the Financial Support Scheme for Childcare Providers in Non-Domestic Premises, contained in Appendix 2, and delegate authority to the Head of Economic Development or his nominee to operate this scheme, subject to future years budget approval.

Our Ref: MS/NG/KLM
Date: 24 September 2009

Report No: DV106-F

Appendix 1

Financial Support for Childminders

- 1.1 The first support mechanism proposed is financial assistance for childminders. This will take the form of a top-up grant paid monthly to childminders for a fixed period of time. The childminders who are likely to be eligible for support will be those who have committed to provide childminding services to working parents but for reasons outwith their control are temporarily unable to generate sufficient income to sustain their service.
- 1.2 The scheme is sub-divided into two strands, one for established childminders and one for new-start childminders. It is proposed that both strands are funded by EDU for a time limited period of three years, after which an evaluation of the impact of the schemes can be undertaken.
- 1.3 The detail of each strand of the scheme is provided in the remainder of this chapter.

Objective of the Support

- 1.4 The overall purpose of the childminder top-up scheme is to grow the capacity and number of childminders operating throughout Shetland. The support is provided in the context of a decline in the capacity within the childminding sector in Shetland, especially in areas outside Lerwick, and therefore, at a minimum, the support seeks to stem the decline in childminding capacity.
- 1.5 The economic rationale for support is not to provide direct employment within childminding businesses but to support indirect employment by enabling parents to access childcare and therefore employment.

Description of Intervention

- 1.6 We have proposed two strands to the top-up support for childminders:
 - the first strand is a support mechanism for childminders in their first year of operation; and
 - the second strand is for established childminders who are experiencing a temporary downturn in business that may affect their ongoing viability.

Strand One: Year One Top-Up Assistance

- 1.7 The purpose of EDU support for new childminders is to give them time to attract customers and establish a stable income from childminding activities. One reason why it can take time to establish a childminding business is that it can take time for parents to change their behaviour. For example if access to childcare was previously problematic a parent may need time to feel confident that the new service can support their needs. Also, to a large extent it is a service that relies on reputation and word of mouth and this can take time to establish.
- 1.8 The support will be available to all new childminders in Shetland and will be provided in addition to start-up support and grants for new equipment and

adaptations which are already provided by the Shetland Childcare Partnership.

- 1.9 The grant will operate as a financial top-up in addition to earned income. The proposed measure for assessing the level of the top-up grant is the number of hours of service which a childminder is offering to parents per week. If a childminder is earning more than the proposed top-up figure for the hours that they operate then they will not receive assistance.
- 1.10 The level of top-up grant available is split into bands, according to their operating hours. This is presented in Table 3-1. The following example is provided to demonstrate the use of top-up grants:

Childminder A and Childminder B offer their services at £3.50 per hour per child. They both operate from Monday to Friday and between the hours of 3pm and 6pm, i.e. they offer their service for 15 hours per week. This service could support working parents with children of school age to remain in employment. If Childminder A currently cares for one child for three hours a day, five days per week they will receive an income of £52.50. The proposed scheme would enable them to top-up their income with a £33.50 weekly grant to bring their income to £86 per week. If Childminder B offers the same service at the same cost but has two children for five days per week their earned income would be £105 per week and they would therefore not be eligible for additional assistance.

Table Error! No text of specified style in document.-1: Proposed Top-Up Grants by Service Hours Offered

Number of hours available for childminding services per week	Top-up grant available to bring weekly childminding income to	Equivalent hourly income if minimum hours worked
Minimum of 15 hours, but less than 25 hours	£86	£5.73
Minimum of 25 hours, but less than 35 hours	£145	£5.80
Minimum of 35 hours	£205	£5.85

- 1.11 For those childminders offering fewer than 15 hours per week, no top-up grant will be available.
- 1.12 Key eligibility criteria include:
 - proof that each childminder is charging a market rate so that the public sector does not simply enable childminders to offer lower cost services;
 - the childminder must be willing and able to increase the number of children they care for; and
 - they must be prepared to deliver their service for at least 48 weeks per year.
- 1.13 Eligibility criteria are discussed in more detail later in this chapter.

Strand Two: Top-Up Assistance for Established Providers

- 1.14 The purpose of the second strand of assistance is to provide support to established childminders which enables them to continue operating when a prolonged period of insufficient demand might otherwise lead them to cease

trading. The scheme targets established childminders in peripheral areas. There is an expectation in childminding that cyclical periods of demand will exist, however in peripheral areas a downturn in demand could continue for a prolonged period of time.

- 1.15 The grant provided through this scheme will operate in a near identical way to the Year One Top-up Assistance. A top-up grant will be provided and the degree of support will be dependent on the number of hours that is offered to the market by the childminder. The grant will be available for a continuous period of up to 12 months. Discretion can be used to extend the support if exceptional circumstances apply.
- 1.16 The support will be available to established childminders operating outside of Lerwick and Scalloway. Childminders in these locations can access the year one support (Scheme One), however, the rationale for excluding childminders in these areas from scheme two is that childminders operating in areas where population is high and which are significant employment hubs should experience fewer challenges to their ongoing viability. Furthermore a childminder in these areas not securing sufficient business to trade in a sustainable way may be an indication of excess capacity in the childcare sector and the scheme must be careful not to support the provision of unnecessary supply.
- 1.17 However, it is proposed that within this pathway discretion can be used if a childminder operating in a centre of population and employment is experiencing exceptional temporary conditions and may as a result cease to trade. In this situation support may be limited to six months.
- 1.18 The level of top-up grant proposed for established childminders is the same as that for new start-ups (see Table 3-1). Similarly, for those childminders available for fewer than 15 hours per week, no top-up grant would be available.

Eligibility and Criteria for Support

- 1.19 The following criteria should be used to assess whether a new or established childminder qualifies for the grant assistance. The criteria also set guidelines for monitoring the use of the grant, and if certain circumstances occur, the grant support will be reviewed and may be withdrawn.

For Childminders Strand One and Strand Two

- 1.20 For both strand one and two the following criteria must be met for a successful application:
 - The childminder must be registered with the Care Commission;
 - The childminder must be charging a market rate for their services. Market rates in Shetland in 2009 are between £3.50 and £4.00 per child per hour;
 - The childminder must be prepared to offer their services for a minimum of 15 hours per week for 48 weeks per annum;
 - They must commit to offer their service for a minimum number of hours per week for a six month period. At the end of the first six months the

figure should be reviewed and a further agreement reached about the minimum number of hours for the remaining six months;

- The pattern of hours which they offer must be capable of meeting the needs of working parents and they must have the capacity and willingness to increase the number of children they currently care for;

1.21 The following criteria must be met to maintain grant support for up to one year (or beyond if exceptional circumstances apply):

- Each grant recipient must complete a weekly form specifying hours of operation, average hourly rate, income, number of enquiries for childcare services and the outcome of each enquiry;
- Each grant recipient must achieve the following Care Commission Inspection Gradings:
 - At least two of the four quality themes for childminders must be graded '4' or above; and
 - If any single theme is graded below '3' funding support will be reviewed and may be withdrawn;
- Each grant recipient must complete, if accessible, a minimum of six hours continuous professional development per annum (in addition to statutory training);
- Accounts must be submitted at their financial year end. Accounts should specify grant and childminding income separately.

1.22 The childminder must notify the delivery partner immediately when new business is secured which raises their weekly income above the minimum threshold for assistance. In addition, any change in circumstances which could lead to a change in the hours available should also be notified immediately. Any delay in notification may result in grant being withdrawn and grant monies already paid may be reclaimed.

For Strand Two, Established Childminders Only

1.23 For scheme two the following additional criteria must also be met for a successful application:

- The applicants previous Care Commission Inspection must have graded at least two of the four quality themes '4' or above, and no theme should have a score below '3';
- The applicant must submit their annual accounts for their most recent financial year and specify their income earned to-date in their current financial year;
- The applicant must be currently providing childcare services for a minimum of one child (excluding family members); and
- The applicant must be providing their service outside of Lerwick and Scalloway (discretion may be used by the delivery partner in exceptional circumstances).

Delivery Mechanism

- 1.24 It is anticipated that a delivery partner will be identified for both strands of the childminding scheme. The precise arrangement is yet to be confirmed.
- 1.25 The role of the delivery partner will include:
- promotion of the support available;
 - development of materials to deliver the schemes including an application form and a weekly return form;
 - review of and decision-making on applications for support;
 - monitoring and evaluation activities;
 - reporting to EDU on uptake of the scheme;
 - design and delivery of a process which can be used to withdraw support if conditions are not being met and can instigate any necessary action against fraudulent claims.
- 1.26 In communications about the schemes the purpose of each scheme, as defined by EDU, and the temporary nature of the scheme should be highlighted to all childminders considering an application.

Monitoring and Evaluation

- 1.27 As stated the delivery partner will be responsible for monitoring and evaluation activities. These will include:
- Spot-checking of weekly returns from childminders to highlight any potentially fraudulent claims;
 - After six months of receiving support each case should be reviewed to assess the gap between hours utilised and hours offered. If the grant has exceeded 50% of total income, a review should consider whether adjustments should be made to the agreed minimum number of hours supported by grant assistance, to better match supply to demand levels in the childminders locality.
 - The schemes are offered for a limited period of three years. Within this timeframe an interim review will be undertaken after 12 months to identify uptake, outputs and potential weaknesses or unintended consequences. Any proposed changes to the schemes as a result of the interim review will be implemented by month 18. After 30 months a full evaluation of success against objectives and value for money will be undertaken. This will be completed in time to decide whether or not there is value in continuing the support beyond three years.
 - One key indicator of success for both programmes will be the number of childminders operating in Shetland.

Potential Financial Implications

- 1.28 The budget available is capped at £30,000 in total for both strands of the scheme. This can be divided between the two strands as appropriate by the delivery partner. It is considered prudent to set a cap in year one to enable

a review of success against objectives to be undertaken before further funds are committed in years two and three.

1.29 It is not possible to accurately estimate the actual take-up of support. Some examples are provided below to enable some insight into how grants might be applied:

- Example one - Three new childminders start-up in the same year and each are prepared to offer a minimum of 35 hours per week (band 3) at a rate of £4 per child, per hour. However, they are unsuccessful in attracting any children until the end of month six, after which they each have two children full-time. The total grant that would be provided in this scenario would be almost £16,000.
- Example two - Five established childminders are available for a minimum of 25 hours per week (band 2) at a rate of £4 per hour, per child. They each currently provide a total of 30 equivalent hours of childcare services (this could be one child for 30 hours or three children for ten hours each). This would generate a weekly income of £120. A grant would be available to top this up to £145 per week. Two of the five decide the top-up grant is not sufficient for them to go through the application and monitoring process but the remaining three do. If the situation continues for 12 months the total grant cost of this scenario would be £3,600.

1.30 The pattern of utilisation of hours and therefore the level of grant required is unlikely to be as stable as the examples suggest. In reality the pattern of demand for top-up is likely to be highly variable for each childminder over the course of a year.

1.31 With a capped budget, the maximum financial implication in year one of both childminders schemes is £30,000.

Risk Analysis

1.32 Table 3-2 highlights the risks which have been considered in the creation of the support scheme for childminders. The table also shows how serious the threat of this risk is expected to be and whether there is mitigation which reduces or removes the threat from the risk.

Table Error! No text of specified style in document.-2: Risk Analysis of EDU Support for Childminders

Risk	Current Level of Threat	Suggested Mitigation
Scheme creates excess supply of childcare services	Low	<p>Scheme does not offer income above the minimum wage and in an economy of high employment the support is unlikely on its own to be sufficient motivation to become a childminder. Any applicant would be expected to anticipate a sustainable income from their activity. In addition, the support exists only to overcome temporary periods of low demand for up to one year and cannot therefore be relied upon indefinitely.</p> <p>The number of childminders has been in steep decline suggesting excess supply is not imminent. In addition, the process of becoming a childminder and maintaining registration can be challenging for some people which can discourage start-ups.</p>
Childminder continues with no prospect of sustainable operation because market does not exist in their locality.	Medium	<p>Support is reviewed on a case by case basis after six months to see if supply is believed to be exceeding potential local demand. The financial assistance can be revised accordingly at this review stage.</p> <p>In addition, support is only available for one year.</p>
Fraudulent claims are made to maximise income from the scheme	Low/ Medium	<p>The childminder is required to provide a weekly account of their activity which will be spot-checked by the delivery partner.</p> <p>In addition, in a small community with low numbers of childminders there is perceived to be a low risk of this happening on a significant scale.</p> <p>Individuals cannot claim for providing services to family members which would otherwise be offered free of charge as this situation is not allowed under the terms of registration with the care commission.</p>
The scheme does not generate the intended benefits	Medium	<p>An Interim Review will be undertaken after 12 months of operation to establish success against objectives and to identify any negative unintended consequences. As a result changes could be made to the operation of the scheme. A Full Evaluation will be undertaken after 30 months to establish impacts and whether there is a rationale for support to continue beyond the three year period.</p>
The schemes does not present good value for money	Medium	<p>The interim review can indicate value for money and scheme can be revised if necessary.</p> <p>In addition, the strands are designed for a maximum period of three years and can be discontinued if it is shown that they do not provide value for money.</p>

Appendix 2

Support for Childcare Providers in Non-Domestic Premises

Description of Intervention

- 2.1 The second category of support proposed by EDU is support for childcare providers operating in non-domestic premises. This support is designed to provide a toolkit of mechanisms from which a tailored response can be compiled to best suit the needs of the provider and enable EDU to achieve its objectives. The providers who are currently offering at least half day provision, five days per week, and can support working parents are expected to be the potential beneficiaries of the support. Some discretion may be possible if local circumstances suggest that a provider which does not meet this criterion is key to the needs of working parents.
- 2.2 The proposed support from EDU is designed as a one-off grant assistance that will assist the provider to make a step-change within its operation and, as a result, enhance the profitability and sustainability of its service. Both profitable and unprofitable enterprises may be eligible.
- 2.3 The details of the proposed support mechanisms are provided in the remainder of this chapter.

Objective of the Support

- 2.4 The support for providers in non-domestic premises fits within the specified overall aim of EDU support of sustainable childcare provision which supports working parents. The objectives of the support are to:
 - support providers in non-domestic premises to improve their profitability and therefore the sustainability of the service; and
 - support providers to operate through temporary periods of uncertainty caused by variables outwith their control (for example the closure of a local employer which removes a significant number of children from their service).
- 2.5 The economic rationale for support is to support childcare providers to become more sustainable so that they can:
 - continue to provide direct employment benefits; and
 - importantly, so that they can provide sustainable indirect economic benefits by assisting parents to access employment in the wider economy.

Description of Intervention

- 2.6 The support is not designed as a single scheme of support but rather a toolbox of mechanisms which can be called upon to provide a tailored solution that best meets the needs of the enterprise in question. The EDU mechanisms proposed which can be used individually or in combination are:

- Mechanism one: a one-off revenue grant of up to £15,000 to support providers experiencing a decline in profitability, potentially as a result of a major local economic shock (can only be provided in conjunction with mechanism two);
 - Mechanism two: support for an intensive business review and planning exercise which seeks to establish how the enterprise might be differently structured or operated in order to enhance profitability and sustainability;
 - Mechanism three: support for professional development of the enterprise Manager (and Chairperson if appropriate) to enhance commercial skills and knowledge within the enterprise; and
 - Mechanism four: a 'spend to save' grant. Mechanism four is a capital grant of up to £15,000 to support providers to undertake a project which could permanently reduce their operational costs. For example, support to install a renewable energy heating solution which permanently reduces energy bills.
- 2.7 The first step in establishing which mechanism or package of mechanisms is most appropriate for a childcare enterprise will be an initial business review undertaken by EDU/Business Gateway. The purpose of this will be to provide an initial report on the strengths and weaknesses of the enterprise and priority areas of need. After this stage a package of appropriate support will be confirmed, which may include a more thorough and forensic business review undertaken under mechanism two.
- 2.8 The anticipated beneficiaries of the support are childcare providers who are either private enterprises or social enterprises and who are offering, at minimum, half day childcare five days a week.
- 2.9 The support offered by EDU is not designed to provide permanent gap funding to unprofitable enterprises. The goal is to support enterprises to become more sustainable so that they can offer a socially and economically important service to the Shetland community. A strong and sustainable enterprise can gain the confidence of parents within the community and can enhance its wider economic benefits.

Criteria for Support

- 2.10 There are limited criteria for the support as in some cases the support may be used to enhance the quality or nature of the service provided. However, as a minimum:
- the provider must be offering at minimum, half day childcare which can support working parents for five days per week;
 - the most recent Care Commission inspection must have resulted in a grading of at least '3' overall and preferably '4' or more in most of the quality themes; and
 - there should be a reasonable belief that a step-change in the sustainability of the business can be achieved through EDU support.
- 2.11 The following conditions should be pursued in association with support:
- the provider must offer its service at a market rate;

- all staff must be qualified in line with SSSC requirements; and
 - an optimum ratio of staff : children is maintained as far as possible.
- 2.12 If the enterprise operates in more than one location it may be possible to obtain the support more than once, or a higher level of support.
- 2.13 Support should create a step-change and enable the provider to restructure in the face of low demand.

Delivery Mechanism

- 2.14 EDU will operate the support mechanisms for childcare providers in non-domestic premises. The role of EDU will be to:
- provide funding for the support mechanisms;
 - develop detailed guidance for the provision of grants;
 - ensure the initial review identifies an appropriate use of the mechanisms available;
 - identify potential delivery partners, if appropriate, for the in-depth business review exercise. These will ideally be business development specialists in the childcare environment; and
 - undertake monitoring after the support has been delivered.

Monitoring and Evaluation

- 2.15 The initial enterprise review undertaken prior to agreement on the package of support to be offered should establish baseline data on the enterprise. This should enable monitoring to be undertaken after the support has been delivered, potentially up to 12 months afterwards, to establish the distance travelled by the enterprise against these indicators.
- 2.16 It will also be necessary to evaluate the scheme as a whole after 30 months of operation. This evaluation will determine success against objectives and the impact of the support provided. The findings may show that objectives have been fully achieved or it may suggest an extension to the initial three years of the support.

Potential Financial Implications

- 2.17 The total budget for the four mechanisms will be capped at £100,000 per annum. Success will be reviewed at the end of year one and if necessary a proposal will be made to amend the budget for years two and three.

Risk Analysis

- 2.18 Table 4-1 highlights the risks which have been considered in the creation of the support mechanisms for non-domestic providers. The table also shows how serious the threat of this risk is expected to be and whether there is mitigation which reduces or removes the threat from the risk.

Table Error! No text of specified style in document.-1: Risk Analysis of EDU Support for Childcare Providers in Non-Domestic Premises

Risk	Degree of Threat	Suggested Mitigation
The support provided is not sufficient to create a sustainable childcare facility	Medium	There may be little that EDU can do to alter this outcome. Despite attempts it may be clear that, if the enterprise is to survive, it will require ongoing public sector support. If this is the outcome a preferred next step is to undertake, in partnership with other stakeholders, a strategic review to establish options for the future of childcare provision in the locality and the preferred way forward for the use of public finances, which may or may not incorporate the provider in question.
The support encourages excess capacity to exist affecting the viability of other childcare providers in the locality	Low	The support has been designed to create a positive step-change in a childcare enterprise that is struggling to be sustainable. The support is not permanent and will not support an unsustainable enterprise to exist for a prolonged period of time.
The public sector support encourages inefficiency in the delivery of childcare services	Low	The support is temporary and if revenue funding is necessary (mechanism one) it must be combined with a business review (mechanism two) to establish how the enterprise could improve its profitability.
The public sector support enables poor quality provision to continue	Low	The support is conditional on Care Commission grading.



REPORT

To: Development Committee

1 October 2009

From: Economic Development Officer

DV104-F Telecommunications

1.0 Introduction

- 1.1 The purpose of this report is to provide a remit for the Telecoms Team and seek appointment of three Members to an Officer/Member Working Group.

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 aim contained in the Economic Development Policy Statement (2007-2011) to improve broadband services in Shetland.

3.0 Background

- 3.1 At the last Development Committee meeting (27 August 2009) my report on a new way forward for telecoms in Shetland was approved (Min Ref 76/09). The report recommended the formation of a Telecoms Team and that an officer/Member telecommunication group be formed. It also called for a remit for the Telecoms Team and group to be brought to this meeting.
- 3.2 The report also highlighted a number of work areas that needs to be addressed including laying new fibre optic networks and improving broadband communications in Shetland.

4.0 Remit of Telecoms Team

- 4.1 The remit of the Telecoms Team will be to first investigate and establish a legal entity to take forward the case for investment into Shetland's telecoms infrastructure. The legal entity (Team in the first instance) will;

- Provide Shetland Islands Council with strategic guidance on improving telecoms in Shetland.
- Recommend investments in telecoms infrastructure and their likely benefits
- Develop opportunities for inward investment and seek external funding for telecoms projects
- Develop opportunities for cooperative working and partnerships with telecommunications companies
- Liaise with and influence Scottish Government, UK Government, government agencies and other public sector organisations.
- Improve telecoms for homes and businesses throughout Shetland.

5.0 Remit of Telecoms Member/Officer Working Group

- 5.1 The Telecoms Member/Officer Working Group will be responsible for overseeing and directing the work of the initial Telecoms Officer Team. The membership and remit of the Group is detailed in Appendix 1.

6.0 Financial Implications

- 6.1 As previously indicated, in the initial stage, there may be several costs associated with forming the Telecoms Team, including professional fees and general office administration costs. These costs will be covered from existing Economic Development budgets and are not expected to exceed £100,000. Any project funding will be subject to further reports to the Development Committee
- 6.2 Any additional costs associated with Members' expenses in attending meetings of the Member/Officer Working Group have not been budgeted for. However, these costs should be minimal, and will be contained within the appropriate budgets.

7.0 Policy and Delegated Authority

- 7.1 This report has been prepared under Economic Development Policy number 15, "Establish robust broadband services to businesses, organisations and homes in Shetland" which 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 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 the subject of this report is covered by existing policy the Development Committee does have delegated authority to make a decision.
- 7.4 Each of the Member appointments will carry approved duty status in terms of the Council's Scheme of Approved Duties.

8.0 Observations

- 8.1 Improving telecoms in Shetland will require a dedicated resource. It is likely that some of the projects will require a trading entity. We are going to have to seek specialist advice on how best to deliver telecoms projects whilst not breaching state aid regulations.
- 8.2 When it is clear what legal entity is required to operate the Council's telecommunication infrastructure aspirations a fuller report will have to be prepared to enable the Council to give formal direction to that legal entity.

9.0 Conclusion

- 9.2 The Council needs to take the initiative on the provision of telecoms in Shetland. Without some lateral thinking, investment, coordination and formation of an overall strategy Shetland will continue to be left behind the rest of the UK.

10.0 Recommendations

- 10.1 It is recommended that the Committee:
- a) accepts the proposed remit for the Telecoms Team as detailed in section 4.0
 - b) elects 3 members to form part of the Telecoms Member/Officer Working Group.

Our Ref: MS/RF1083
Date: 1 October 2009

Report No: DV104-F



REPORT

To: **Development Committee**

01 October 2009

From: **Head of Economic Development**

Report No: DV103-F
Promoting Business Energy Efficiency in Shetland

1.0 Introduction

- 1.1 The purpose of this report is to present to the Development Committee a new grant scheme to enable Small Medium Enterprises (SMEs) in Shetland to access funding for the installation of renewable energy technologies into their operations. The main objective is to help reduce operational costs and maximise energy efficiency in Shetland businesses so that SMEs remain sustainable and competitive whilst reducing their carbon footprint.
- 1.2 The scheme will be managed by the Economic Development Unit (EDU) and will be open for SMEs in all sectors of the economy to apply with the exception of agriculture and fisheries where separate funding streams exist. The EDU have applied for funding to the European Regional Development Fund (ERDF) under Priority 1, which focuses on enhancing business competitiveness, commercialisation and innovation within the Highlands & Islands.
- 1.3 It is proposed the scheme will offer grant assistance up to 70% of eligible project costs. This will be made up of 40% funding from ERDF, and 60% funding from the Council. The applicant will be required to make a minimum 30% contribution to the project.
- 1.4 If the EDU are successful in their application, the ERDF will contribute 40% of the total grant funding available, with SIC making up the other 60%. This report requires a decision from this committee to use approved Economic Development Unit budgets to set up the scheme. This which will require £400,000 over the period 2010 – 2012. ERDF funding of £266,667 has been applied for.

2.0 Links to Corporate Priorities

2.1 The subjects discussed in this report relate to a number of policies in the Council's Corporate Plan 2008-2011, specifically:

2.1.1 Priority Areas:

- We will be world renowned for being clean and green island, decreasing our CO2 emissions by 30% by 2020.

2.1.2 Sustainable Economy: Renewable Energy

- Encouraging enterprise and sustainable economic growth
- New and Emerging Industries – Renewable Energy

2.1.3 Sustainable Environment & Transport:

- Protection and Enhancement of our Natural Environment

Support renewable energy generation and the development of new and emerging technologies by producing guidance on energy consumption and energy ratings for homes and sustainable design by 2008.

2.2 Shetland Renewable Energy Strategy

The project can contribute to all the objectives of the Shetland Renewable Energy Strategy adopted by this committee on the meeting of 27 august 2009.

- Develop economic and effective solutions which significantly reduce the volume of non-renewable fossil fuels required to power Shetland.
- Create employment, income and new skills in Shetland by stimulating new economic activity linked to the presence of renewable energy resources in the islands.
- Ensure there are direct benefits, in addition to employment, income and new skills, to the community from renewable energy development in Shetland.
- Enable peripheral communities to use renewable energy as a way to enhance the viability of the community and community facilities.
- Stimulate awareness of the importance of renewable energy and the need to reduce carbon emissions; and develop skills in energy efficiency and renewable energy alternatives.

3.0 Background

- 3.1 The EDU are involved with renewable energy projects in Shetland as part of their commitment to develop new and emerging industries in Shetland. This scheme can make a contribution to achieving the objectives of the recently adopted Shetland Renewable Energy Strategy.
- 3.2 The new grant scheme fills a funding gap where businesses have not been able to access adequate levels of funding to make investing in the installation of renewable energy devices financially attractive or viable. This also helps address the situation in Shetland where often a connection to the local electricity grid is not guaranteed and an off grid alternative solution is required which may add to the capital cost of the project.
- 3.3 The majority of renewable energy project that have gone ahead in Shetland to date are community projects. Community organisations have had access to public sector funding for a number of years at levels that make installing the technology worth while financial investments for the community groups. These projects have pioneered a number of renewable energy solutions for heating and electricity supply in Shetland and have also developed skills in the local community to install, service and operate the technology.
- 3.4 The 70% grant assistance proposed under this scheme should provide SMEs with an opportunity to invest in projects that will help reduce their overheads and reduce their carbon footprint whilst having a reasonable payback time on their capital investment in relation to their savings in energy costs. Once their investment is paid back they know they have a source of energy that will provide them with greater self sufficiency in energy, reducing their reliance on fossil fuels and fluctuating market prices for electricity and oil.

4.0 Evidence of Demand

- 4.1 The EDU through contact with local businesses and enquiries over the last few years recognise there is a genuine interest from Shetland SMEs to become more self sufficient in their energy supply, reduce overheads, become more sustainable businesses whilst reducing their carbon footprints. It is recognised that there are high capital costs associated with the installation of renewable energy technologies which deters, or makes it impossible, for many SMEs to consider switching from conventional fossil fuel-based systems to renewable systems despite the long-term gains that will be made. Renewable energy systems are still in a relatively new sector when compared to fossil fuel or grid connections.
- 4.2 Shetland businesses are faced with some of the UK's highest energy costs and it is hoped that one of the outcomes of this scheme will be to allow Shetland SMEs to harness Shetland's abundant natural energy resource to become more competitive and sustainable in the future.

- 4.3 The scheme aims to target businesses throughout Shetland and it is likely a high proportion will be in rural fragile areas. The scheme will cover all renewable technologies, although it is expected that wind power, solar water heating and heat pumps are expected to be the most cost effective solutions in the Shetland context, particularly wind to heat.
- 4.4 As this is a Scheme, it is difficult to predict the number of businesses who will approach the Scheme for assistance, however, based on the enquiries to date is anticipated that 10 SMEs and 3 social enterprises could be assisted over the 2-year duration of the Scheme.
- 4.5 Due to the geography of Shetland and peripheral location in the fossil fuel and energy supply chain, Shetland-based SMEs have to overcome the following barriers:
- High cost of energy
 - Lack of economies of scale and access to services
 - High capital and running costs of infrastructure and services
 - High cost of transport for goods and people
 - Low population density
 - Small internal markets

All of the above factors means they operate in a high cost, low profit margin environment.

Having a grant scheme in place will therefore enable SMEs to make the switch to renewable technologies and ultimately reduce their operational costs in the long run.

The introduction of renewable energy generation will help protect the business against fluctuating and rising fuel and electricity prices as were particularly evident in 2008.

Businesses must demonstrate how the introduction of renewable energy will make savings on their energy usage and be beneficial to the business. They will be required to produce a suitable business plan to accompany their application that demonstrates that the project is an appropriate sustainable solution for their business and that it is an economic investment for the business.

The Scheme will be a good promoter for the benefits of renewable energy within the business community.

5.0 Structure and management

- 5.1 It is proposed that the scheme shall be managed by the EDU, for SMEs in all sectors of the economy, with the exception of agriculture and fisheries where separate funding streams exist.
- 5.2 It is proposed the scheme will offer grant assistance of up to 70% of eligible project costs. This will be 40% funding from ERDF, and 60%

funding from the Council. The applicant will be required to make a minimum 30% contribution to the project.

- 5.3 Any SME seeking assistance under the Scheme will be required to complete the Council's corporate application form for grant assistance along with a supplementary application form for this Scheme which will contain information on eligibility, what costs are eligible for grant, and the grant rate available etc. SMEs will also have to demonstrate the potential benefits of installing renewable technologies into their business operations. The application will be assessed in line with the Scheme criteria and a recommendation made for a decision by the responsible officers under delegated authority. Due to the total cost of projects expected under the scheme, some may be above the level of delegated authority granted to the EDU of £25,000. It is proposed that for this specific scheme delegated authority is granted for EDU to approve SIC funding of up to £50,000 on individual applications.
- 5.4 It is expected that there will be a quick turnaround in assessing applications for assistance. Assuming an application is successful, an offer of grant letter will be issued to the applicant. Once the project is complete, the applicant SME will be required to submit a grant claim which will be paid upon receipt of satisfactory evidence that the project has been carried out in accordance with the grant offer. In the event of a refusal of any application that does not meet the eligibility criteria, applicants may request an appeal to the Development Committee.
- 5.6 The SME will be contacted one year after implementation of their project to ascertain the impact and benefits on their business. This information will be collated to assess and monitor the effectiveness of the Scheme and will also be used in an annual progress report to the Development Committee.
- 5.7 The Promoting Business Energy Efficiency in Shetland scheme will be managed in-house by the Economic Development Unit of the Council which has previous experience of managing similar schemes and also currently manages the local LEADER funding programme. Officers within the Unit were previously involved in the operation of the former Shetland Business Enterprise Schemes so are familiar with the requirements of managing schemes of this nature, involving European funds.
- 5.8 Since April 2009, the Unit assumed responsibility for the Business Gateway, a business advice and support service. Development officers within the Unit manage the Business Gateway on a rota basis and are dealing with business enquiries on a weekly basis. They will therefore be able to signpost the relevant enquires to the Scheme. There may also be enquiries to the Unit through the LEADER Programme which can be directed to this Scheme.

6 Monitoring and Evaluation

- 6.1 The Economic Development Department has experience of monitoring and evaluating previous Structural Funds financed schemes and has

the appropriate systems required for monitoring and evaluating this project.

- 6.2 Two years is considered to be an adequate period of time to run the Scheme to allow time for promotion of the scheme, for businesses to come forward and make applications, and for Scheme evaluation purposes.
- 6.3 It is proposed that one year after receipt of a grant, SMEs assisted will be sent an evaluation form for completion to enable the Council to collate data assessing the effectiveness of the Scheme.
- 6.4 An update on progress of the Scheme will be provided annually to the Council's Development Committee.
- 6.5 The Scheme will be promoted locally and also through the Business Gateway service.

6.0 Proposal

- 6.1 The Development Committee to discuss the proposed grant scheme and decide whether to commit funds from the EDU's renewable energy budget to set up the scheme. Delegate authority to the Head of Economic Development, or his nominee to manage and approve SIC funding for applications under the scheme up to £50,000.

7.0 Financial Implications

- 7.1 The Council contribution towards the Promoting Business Energy Efficiency in Shetland grant scheme is £400,000. The breakdown of funding is shown in the table below.

Funding	£	%
ERDF	266,667	28
SIC	400,000	42
Applicants	285,714	30
Total	952,381	100

- 7.2 The Council contribution of £400,000 would be committed from existing approved budgets within the EDU from 1 January 2010 up until December 2011 when the scheme closes. Claims shall be paid out to applicants up until 31 December 2012. The existing EDU budget RRD 1526 2402 shall be used for the scheme. The Council contribution is estimated to be spread over three financial years as follows: £30K in 2009/10, £160k in 2010/2011 and £210k in 2011/2012. The money will lever in £266,667 from outside Shetland. This contribution is subject to budget approval in future years.

8.0 Policy and Delegated Authority

- 8.1 The proposal that forms the basis of this report satisfies the following aims and 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).

Encourage Enterprise and Sustainable Growth – More sustainable SME's will encourage enterprise and growth.

18. "Support research and development projects in renewable energy across the isles, in homes, businesses and community organisations."

8.2 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

9.0 Conclusions

9.1 The scheme will be a good promoter of the benefits of green energy and will be a major step in developing a renewable energy sector in Shetland. This will improve the sustainability of businesses and reduce their carbon footprint.

9.2 Businesses will be encouraged to adopt energy efficient practices and replace consumption of non-renewable fossil fuels with energy from renewable sources.

10.0 Recommendations

10.1 That the Development Committee note the contents of this report and approve £400,000 to be used as match funding from the Renewable Energy budget RRD 1526 2402 for the Promoting Business Energy Efficiency in Shetland scheme, subject to future years budget approval.

10.2 That the Development Committee delegate authority to the Head of Economic Development, or his nominee, to operate the Scheme in accordance with Section 5.0 of this report.

10.3 That the Development Committee delegate authority to the Head of Economic Development, or his nominee, for the approval of SIC funding on individual applications under the scheme up to £50,000.

Our Ref: MH/KLM
Date: 24 September 2009

Report No: DV103-F



REPORT

To: Development Committee

1 October 2009

From: Head of Business Development

DV102-F Scotland's Islands 2011

1.0 Introduction

- 1.1 This report has been prepared to give the Development Committee an opportunity to discuss the details of the Scotland's Islands 2011 project, which has been developed by a Steering Group of Highlands and Island Councils over the past eight months. Scotland's Islands 2011 is a programme of activity based around cultural events that aims to raise the profile of the islands both within and outside Scotland.
- 1.2 The report describes the opportunities presented by the project as well as the constraining factors and makes a recommendation for the Council to participate fully in the project as the lead partner.

2.0 Background

- 2.1 The Scotland's Islands 2011 project began through discussions at the Convention of the Highlands and Islands where Scottish Government Ministers encouraged Councils representing all of Scotland's islands to work together in preparing a high profile project to strengthen and promote the qualities of Scotland's Islands at local, national and international level. As it is currently scoped, the project has a broad horizon covering various aspects of economic and community development with a particular focus on attracting visitors.
- 2.2 Subsequent meetings of Council Leaders led to the beginnings of a project and Shetland was asked to co-ordinate the drawing together of the project. The Chief Executive of Shetland Islands Council then instructed that the Head of Business Development to take the co-ordinating role.

- 2.3 The first action taken was to establish a Steering Group consisting of appropriate officials from each of the six councils involved in the project. This Group met in early March and again in May to scope the project. The next step was to appoint consultants to draw up an operational plan for the project involving input from national agencies and other interested stakeholders. Mr Steve Westbrook, Mr Bryan Beattie and Mr Sandy Anderson have completed the draft operational plan. It has been approved by the Steering Group for consideration by all the respective Councils. A Copy of the operational plan is attached as appendix A.
- 2.4 In the course of researching the operational plan the consultant established that the national agencies and potential grant funders would be interested in supporting an ambitious project based on adding value to existing activity and building new activity. There was much less appetite for supporting the existing calendar of events with minimum development, the approach favoured in the initial discussions among the Council leaders. The operational plan therefore represents an ambitious and inspiring project, designed to engage at community level, which is heavily dependent on external funding.
- 2.5 Key tasks are described on page 24 of the operational plan. An essential first step is to get the agreement of all the six councils to commit to the project. Once this has been done the consultant will be engaged to make progress on some of the tasks, including applications for financial assistance, before a project co-ordinator is appointed later this year. Should even one council decide not to commit to the project then it will not be progressed any further because a project involving some of Scotland's islands would not be strong enough to have the desired promotional impact. A draft Partnership Agreement for the project would be produced, in liaison with the Council's Legal Services, for circulation to and approval by the other Councils, subject to each Council committing to the project.
- 2.6 2011 was selected because three of the island groups, Orkney, Shetland and the Western Isles, are all hosting major events that could act as centrepieces for Scotland's Islands 2011. All these projects are being developed with budgets independent of this project.

3.0 The Operational Plan

- 3.1 In essence the plan is flexible enough to enable Councils to make as much or as little of the project as they want to above a minimum commitment. Each area will derive output relative to their own input and most projects will be managed in the area that they are proposed in. For example, in Shetland, the Cultural Strategy Group will have a central role. This minimises the need for a large amount of centralised administration although there will still have to be co-ordination of some shared events such as the launch.

3.2 While the operational plan proposes that a co-ordinator is employed by one of the partner Councils, it would also be an option to consider tendering the work to attract an experienced events agency or business to deliver. Given the shortness of time this option would be preferable to interviewing and then having to supervise new staff. This is similar to the existing proposal to appoint a marketing agency to deliver the promotional elements of the project.

3.3 The project comprises the following elements:-

In the Islands: community and youth orientated events for local people that are also attractive for visitors.

Between the Islands: events linking islands or bringing islanders together.

To the Islands: events and marketing designed to attract visitors, as well as being attractive to local people.

From the Islands: events elsewhere which promote the islands, island life and island culture in its widest sense.

For the Islands: related inward investment initiatives.

The five different elements are described in more detail in Appendix 1.

4.0 Shetland's Participation

4.1 Scotland's Islands 2011 proposes a format of activities that Shetland can engage with on all levels. It is timely that Shetland's updated Cultural Strategy is about to be published and that the entire project fits very well to the direction set in that document. Some examples of local activity are provided below.

4.2 **In the Islands:** Shetland has an abundance of community inspired events throughout the year with music, drama, art, culture and sport all featuring strongly. Some events can be developed and completely new events could be considered for the project. We also possess exceptional resource in the public agencies such as Shetland Arts and the Amenity Trust. The Mareel is set to open in 2011 and this project should help to establish Mareel as a central part of the Shetland (and Scottish) arts and culture scene. The importance of the Shetland Museum and Archives is already understood and this project would enable the Amenity Trust to build on the museum's already impressive track record. All this along with the Tall Ships Races and activities being proposed by the national agencies should mean a full programme of activities in Shetland.

4.3 **Between the Islands:** building links between the islands could include numerous opportunities for groups of people to share skills and establish a network of relationships. Cultural workshops, touring bands, travelling players, sports events are all possibilities for building links. Shetland's Leisure centres could be used to host sporting

events involving islands, a winter indoor bowling tournament is only one possibility. It is in this section that most of the legacies from the project will be found. In addition the Tall Ships Races cruise in company from Greenock to Lerwick forms a thread that many Islands are engaging with already.

- 4.4 **To the Islands:** it is clear from the operational plan that Shetland is lagging behind most of the other main Scottish islands in the development of tourism, based on visitor numbers. There has to be opportunities to use this project to help with existing proposals to strengthen our tourism shoulder seasons, particularly now that a better network of wet weather facilities exists throughout Shetland. For example this project ties in well with the initiative to encourage heritage centres to open in the shoulder months that is being proposed on this agenda. Establishing Scotland's Islands as a sub brand should help to promote our efforts to promote tourism based on culture and heritage in Shetland.
- 4.5 **From the Islands:** this is where the project can be used to show what high quality goods the islands have to offer to the outside world. There are some good examples of this type of activity in appendix 1. For instance, on a Scottish platform, the idea of a dedicated Islands Area in the Highland Show needs to be investigated seriously. There must also be opportunities to take some of the best of the Islands' performing arts onto an international stage.
- 4.6 **For the Islands:** This part of the project offers opportunities for communities already engaged in sizeable inward investment projects to strengthen their case as modern places where high levels of cultural activity are abundant. There is no budget for this as any area wishing to use the project for this purpose would have to work out and finance the approach.
- 4.7 While the economic benefits of the project are difficult to estimate until the full programme of events is known, the consultant has prepared an indication for increasing tourism numbers in the late and early season. If Shetland were able to use the project to attract an additional 1000 tourists then it would be worth around £300,000 in direct sales in Shetland and an additional £200,000 to the external transport operators.

5.0 Proposal

- 5.1 It is proposed that the Committee agrees to participate in this key collaborative project and to fund Shetland's participation as explained in the next section.

6.0 Financial Implications

6.1 While time and organisation will be difficult to manage, finance is the main constraining factor on this project. The budgets shown below and in appendix 1 illustrate what is achievable and a number of the organisations mentioned have indicated a willingness to participate in the project at the levels shown. Others are more reticent and need to understand the benefits of the project better before making commitment. The scale of the project will depend largely on how active each island authority is in developing and budgeting for events. Another key aspect is gaining an adequate level of support from HIE, ERDF and other organisations to cover joint costs so that the minimum project can be achieved. The project is split between Joint Costs, which will define the minimum project, and Event Specific Costs, which defines the more flexible local arrangements. These split budgets are shown below:

Scotland's Islands 2011 – Joint Costs

	2009/10 £	2010/11 £	2011/12 £	Total £
Management Related				
Preparatory Work	40,000			40,000
Project Management	20,000	50,000	50,000	120,000
Office Costs	4,000	23,000	23,000	50,000
Sub Total				210,000
Project Related				
Programme Launch Events		30,000		30,000
Project Development	5,000	15,000	20,000	40,000
Flagship Joint Projects	20,000	50,000	50,000	120,000
Sub Total				190,000
Promotion and Marketing	5,000	95,000	100,000	200,000
Monitoring and Evaluation		10,000	15,000	25,000
Sub Total				225,000
Contingency	5,000	10,000	10,000	25,000
Overall Total	99,000	283,000	268,000	650,000

The sum of £650,000 will be financed as follows:

£

Local Authorities - 215,000
 External Agencies – 435,000 (HIE, ERDF, Events Scotland, VisitScotland)

Scotland's Islands 2011 – Event Specific Costs

	2009/10 £	2010/11 £	2011/12 £	Total £
In the Islands		150,000	200,000	350,000
Between the Islands		50,000	100,000	150,000
To the Islands		50,000	100,000	150,000
From the Islands	20,000	480,000	500,000	1,000,000
Totals	20,000	730,000	900,000	1,650,000

The sum of £1,650,000 will be financed as follows:

	£
Local Authorities -	450,000
HIE, LEADER etc. -	1,200,000

- 6.2 Taking the two parts of the project together, the expected contribution from the six island authorities is £665,000. Given the budgetary constraints that Councils are under at present this figure is considered too high for most Councils to contemplate a share of. An approach is therefore being made to the Scottish Government to share this cost so the sum expected from Councils is £332,500. Using a population split the table below shows the minimum funding needed from the Local Authorities.

Council	Population of Islands	%	Share of Total Costs (£)	Joint Costs (£)	Event Costs (£)
Argyll and Bute	15,899	16.1	53,550	17,313	36,237
Highland	9,603	9.7	32,250	10,427	21,823
North Ayrshire	5,058	5.1	16,950	5,480	11,470
Orkney	19,890	20.2	67,150	21,710	45,440
Shetland	21,980	22.3	74,150	23,973	50,177
Western Isles	26,200	26.6	88,450	28,597	59,853
Totals	98,630	100.0	332,500	107,500	225,000

- 6.3 Looking at the project from the Shetland perspective, where the Council is in a relatively stronger financial position than most other Councils to develop a local programme of activity, there is scope to be a bit more ambitious than the £74,150 minimum commitment. A fund of £100,000, operated by the EDU and financed from the General Assistance budget RRD 15202402 should be considered to encourage local events. £20,000 of this fund would be required for operational

costs (as lead partner the Council will need to hire administration services) and the other £80,000 would be used in conjunction with existing Council and local agency budgets to lever in external funding, particularly LEADER or Convergence funding. Spend would fall on 3 financial years as follows:

2009/10 - £20,000

2010/11 - £30,000

2011/12 - £50,000

All this is of course subject to the availability of funding in each of these financial years.

7.0 Policy and Delegated Authority

7.1 This report has been prepared under Economic Development Policy numbers 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”, and 25, “Enable individuals and businesses to develop and promote Shetland products and services with confidence and pride”. These policies were approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (55/08).

7.2 As stated earlier in this report, the project ties in very well with opportunities presented in “on the Cusp”, Shetland’s Cultural Strategy 2009-13. These opportunities include:

- Making more and better use of the existing facilities
- Increasing the range of cultural activities to meet the needs of new user groups and visitors
- Developing and improving promotion of the unique Shetland natural environment, archaeology and cultural traditions
- Exploring new partnerships to support fresh approaches to creative industries, tourism and regeneration
- Recognising the importance of diverse cultural provision in retaining young people in Shetland and attracting new people to settle in the islands

7.3 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.

8.0 Observation

- 8.1 As can be read in this report there are still a number of uncertainties about the scale and implementation of the project at this early stage. Should difficulties arise with Council commitment, external funding or operational matters, there is an option to develop the project for a later year, 2012 or 2013.

9.0 Conclusion

- 9.1 Scotland's Islands 2011 is a unique project involving a shared venture between all inhabited islands in Scotland to strengthen the situation of islands within Scotland. There are many positive economic and community development benefits that could be derived from the project in Shetland, not least the prospect of encouraging shoulder season tourism, and so the Committee is advised to commit to the project.

10.0 Recommendation

- 10.1 I recommend that the Development Committee:

- a) makes a commitment to participate in Scotland's Islands 2011 as explained in this report and Appendix 1;
- b) approves a sum of £100,000 to support running costs and to develop Shetland events for Scotland's Islands 2011.

DI/KLM/RF1244
21 September 2009

DV102-F

SCOTLAND'S ISLANDS 2011

**Operational Plan
(Second Draft)**

A Year of Island Cultures 2011 Steering Group

5 August 2009

(revised 7 September)

SCOTLAND'S ISLANDS 2011

Operational Plan

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1. INTRODUCTION

- 1.1 Scotland's Islands 2011 is a major initiative built around a programme of cultural events, with the principal purposes of raising the profile of the islands to bolster economic and community development, attracting new visitors, and strengthening links between the islands and mainland cultural organisations. The intention is for all of the islands, however small their population, to participate in the Year, and for events and exhibitions also to be held at key mainland venues to feature the traditional and contemporary art, music and culture of the islands, together with showcasing its distinctive produce.
- 1.2 The idea for a Year of Island Cultures came from discussions at the Convention of the Highlands and Islands, a forum which includes senior representatives from the Scottish Government, the Highlands and Islands Local Authorities and Highlands and Islands Enterprise (HIE). Council leaders agreed that the six Councils with island communities (Orkney, Shetland, the Western Isles, North Ayrshire, Argyll and Bute and Highland) would work together to progress the initiative. The working title for the Year has been amended by the Steering Group to Scotland's Islands 2011 to reflect the focus, which is wider than culture – although a strong cultural programme will be the distinguishing feature of the initiative within the islands throughout 2011.
- 1.3 The Steering Group with representation from all six Local Authorities has agreed the following aims and objectives for the initiative:

Aims

To celebrate and showcase the range of diverse and unique cultures found in the islands to the north and west of Scotland.

To generate interest and pride in island cultures as a means of ensuring that they retain their vitality.

To demonstrate that the islands offer exceptional opportunities as places to live, visit and work.

To build skills and capacity in the creative economies of the islands.

To demonstrate the socio-economic benefits of cultural activities.

Objectives

To involve local people in creating a coherent programme of memorable events for 2011 that attracts and inspires communities, audiences and artists in the islands and beyond.

To establish cultural links between island areas that will encourage exchange and understanding in 2011 and beyond.

To showcase both traditional and contemporary cultures.

To promote the Gaelic, Scots, Orcadian and Shetland tongues.

To offer young people in every island the opportunity to access a range of cultural activities and opportunities.

To use the initiative as a marketing tool to attract more visitors to the islands and to encourage people to move to the islands.

To be a cultural flagship for Scotland of international significance.

To generate significant economic impact in 2011 and subsequent years through increased tourism, business development and increased national and export sales by island businesses.

- 1.4 The Steering Group has identified two phases in working towards the aims and objectives of the Year. The first focuses on strengthening the cultural landscape, building on what is already a highly successful programme of cultural activity in the islands. The second builds in new cultural developments, with a marketing and public relations campaign to attract significant increases in visitors to the islands and to help achieve the other objectives of the Year.
- 1.5 The extent and nature of new and enhanced cultural activity in the islands during 2011 will be shaped largely by the organisations, groups and individuals who already contribute to island culture – i.e. where appropriate the initiative will be bottom-up rather than top-down.
- 1.6 This initial operational plan has been prepared with the assistance of consultants (Steve Westbrook, Sandy Anderson and Bryan Beattie) to guide the process, provide a fuller understanding of the tasks that need to be undertaken and set out a budget for the project. More detail will be added as event and marketing planning develops.
- 1.7 The consultants made contact with a wide range of public bodies and cultural organisations during June and July to discuss their ideas on how the initiative might be progressed and how they might contribute, including representatives of the following (in some cases more than one person):

Argyll and Bute Council
Comhairle Nan Eilean Siar
Highland Council
North Ayrshire Council
Orkney Islands Council
Shetland Islands Council
Shetland Arts
Shetland Amenity Trust
Proiseact Nan Ealan
Scottish Government
HIE
HI Arts

Highlands and Islands Partnership Programme Ltd (HIPP)
 VisitScotland
 EventScotland
 Scottish Arts Council
 National Museums of Scotland
 National Galleries of Scotland
 Scottish Ballet
 Scottish Opera
 National Theatre of Scotland
 Scottish Chamber Orchestra
 Royal Commission on the Ancient and Historic Monuments of Scotland
 National Archives of Scotland
 National Library of Scotland
 Historic Scotland
 Bòrd na Gàidhlig
 Celtic Connections

- 1.8 The general response has been very enthusiastic and a number of ideas have already been put forward, giving confidence that productive partnerships can be formed and that the resources that will be needed to realise the potential of the Year will be made available – staff time as well as finance – converting an ambitious concept into a successful Year within a limited timescale.
- 1.9 This second draft Operational Plan has been produced following a Steering Group meeting held in Stornoway on 31 August and receipt of comments from Steering Group members subsequently.
- 1.10 Appendix I lists recurrent events in the islands that will, in the main, be expected to take place in 2011 (possibly enhanced for the Year), together with new or special events already planned. Cultural facilities, hosting a variety of events and exhibitions during the year, are also a very important feature of the islands, including the new Shetland Museum in Lerwick, An Lanntair in Stornoway, Taigh Chearsababh in North Uist, the Pier Arts Centre in Stromness, the Clan Donald Centre in Skye, An Tobar in Tobermory, the Columba Centre in Islay, and Mount Stuart in Rothesay. These and other facilities will play a major role in presenting the Year's programme.

Key Economic and Demographic Features of the Islands

- 1.11 The total population of Scotland's islands is just under 100,000 – approximately 2% of Scotland's population. Most of this population lives on islands that are distant from the mainland, reliant on ferry and air access that adds to production and living costs.
- 1.12 Most island populations are fragile in terms of population size, downward trends in population, and/or projections of future decline. The increasingly ageing population that is an important demographic feature nationwide tends to be a particularly marked feature on Scotland's islands. A recent report by Hall Aitken on Orkney Population Change assessed North Ronaldsay, Graemsay and Flotta, and Eday as "threatened" in terms of long term population stability and Stronsay, Sanday, Rousay, Egilsay and Wyre as "becoming threatened".

This illustrates a wider problem for Scotland's islands, especially those with relatively small populations.

- 1.13 HIE's Fragile Areas map in its 2009-12 Operating Plan shows a high concentration of fragility in islands, and its focus on developing sustainable economic growth includes a commitment to strengthening communities, especially in the fragile parts of its area.
- 1.14 Tourism is a key sector for most islands, and is critical to the economy of many. A small number of islands, most notably Skye, are close enough to the Scottish mainland to benefit from the large numbers of visitors attracted annually to Highland and Argyll & Bute (c4 million visitors in total staying c16 million nights, according to the most recent UK Tourism Survey and International Passenger Survey data).
- 1.15 In contrast, Shetland, the most remote of the Island Authorities, received around 80,000 tourist visits in 2006, including c40,000 short stay cruise ship passengers. This translates into very small visitor numbers for Shetland's outlying islands.
- 1.16 All three Island Authorities are much more highly dependent on public sector employment than Scotland as a whole, and sustaining these levels (and other jobs dependent on public spending) will be difficult in the economic climate of the next few years as the Treasury seeks to reduce its excessive borrowing.

Public Administration, Education and Health

% of Employment

Orkney	33.8
Shetland	35.3
Western Isles	39.2
Scotland	30.3
Great Britain	26.9

Source: 2007 Annual Business Inquiry

2. THE SCOPE OF THE INITIATIVE

2.1 The Year will comprise the following aspects:

- (1) **In the Islands:** community and youth orientated events for local people that are also attractive for visitors.
- (2) **Between the Islands:** events linking islands or bringing islanders together.
- (3) **To the Islands:** events and marketing designed to attract visitors, as well as being attractive to local people.
- (4) **From the Islands:** events elsewhere which promote the islands, island life and island culture in its widest sense.
- (5) **For the Islands:** related inward investment initiatives.

(1) In the Islands

2.2 The Evaluation of Highland 2007 concluded that the programme of community-based events was a major success of the year. This was a “bottom-up” approach, with groups applying for funding to enhance or develop new projects which contributed to achieving the Year’s objectives. Highland Council operated a scheme within Highland through its devolved Area offices, and £560,000 of funding was made available through HIE for the other five Local Authorities that cover the HIE area for 2007-related community events or larger, tourist orientated events in the financial years 2006/07 and 2007/08. A total of 636 projects were funded under Highland 2007.

2.3 The consultations held in drawing up this operational plan suggest that there would be strong support for adopting a similar “bottom-up” approach to developing events and activities in the islands in 2011. A large number of community based events were supported throughout the Highlands and Islands in 2007, and 2011 would provide an opportunity for groups to build on the experience they gained in 2007. This will be a combination of new projects and events and enhancements to the normal programmes of venues, festivals and organisations across the islands. Mareel, a major new cinema and music venue in Lerwick, is scheduled to open in 2011, and this will also be the focus for a substantial programme.

2.4 It will be important, however, to ensure that “2011” funding to organisations promoting events does not simply replace other sources of funding, and to encourage applicants to maximise matching funding for their new or enhanced events (especially external funding that would not otherwise have been committed to island projects).

2.5 The Programmes of community based events in the islands will also include work created by and partnership projects developed with organisations from outside the islands, including the national companies. The Scottish Chamber Orchestra may participate in the St Magnus Festival in 2011, and if so would

plan to undertake three weeks of touring in the Highlands (which may include the islands if funding permits). SCO Education would also be interested in developing projects for the year. Scottish Ballet will not have a small scale tour in 2011, but their Education programme is open to proposals for short residencies in island communities that cannot access their large scale performances or regular Education programme. For example, Scottish Ballet has a summer project on Barra and North Uist this year which offers opportunities for a wide range of ages and includes working with the Highland Dance schools.

- 2.6 The National Theatre of Scotland has been working in Orkney this year on a community production (Mixer Maxter). Plans for 2011 are still in preparation, but the company would be able to deliver similar community based events as part of the Year, as well as involving the islands in its full scale touring programme.
- 2.7 The National Museum of Scotland will be re-opening the Royal Museum, its major new facility in Edinburgh, in 2011. It has already identified the opportunity to develop synergies with the Year of Island Cultures and is planning a major touring exhibition in 2011 in partnership with the British Museum. This will show in Shetland and Stornoway (and possibly other venues). The National Museum has also recently been working with Orkney Museum service on a local exhibition on Jack Renton, and there would be opportunities for further collaboration. Beyond that, it has links to a large number of island communities through collections on loan (Finlaggan in Islay, Bute etc) which could be expanded upon.
- 2.8 The Royal Commission on the Ancient and Historic Monuments of Scotland is currently scoping the potential of an outreach project that could encompass education work, community workshops, a touring exhibition and an image-led mass market publication, all based on the archive material collected or created by RCAHMS on sites throughout the islands. Aerial photography could provide a strong visual lead, particularly to the exhibition and publication. The exhibition would be designed to tour museums and galleries across a good proportion of the island areas as well as being shown in the Scottish Parliament in August 2011.
- 2.9 Proiseact Nan Ealan similarly has ambitions for a major exhibition and publication on St Kilda. This will build on its success with the St Kilda Opera, a 2007 major international co-production that was performed in five European venues simultaneously - France (Valenciennes), Belgium (Mons), Germany (Düsseldorf), Austria (Hallstatt) and Scotland (Stornoway) - linked by live satellite connection to St Kilda and webcast live on the BBC. The Opera is being performed at this year's Edinburgh Festival and work has begun to scope the feasibility of a dedicated St Kilda Centre in the Western Isles. Although the centre is unlikely to be ready for 2011, the exhibition and publication would fit well with the build up of interest in one of Scotland's five World Heritage Sites, and one of the few in the world to hold joint status for its natural and cultural qualities.

- 2.10 Celtic Connections' non-Scottish partner for 2011 is Nova Scotia, and at least five young acts from Nova Scotia will be appearing at the festival in Glasgow. This could be extended to include a tour of the islands. Celtic Connections is also keen to explore touring a 2,000-seater marquee to various islands and holding a 2-3 day festival on several islands (i.e. from Thursday to Saturday with set-up earlier in the week). This would include named acts on the main nights but would also feature local artists.
- 2.11 The Scottish Storytelling Centre runs a Scottish International Storytelling Festival in late October and has a Festival on Tour Programme, which might take in a number of islands with a Scottish / international island stories theme.

Implementation

- 2.12 Taking forward the "In the Islands" aspect of the Year would involve:
- Creating a budget within each island Authority to support community based events, exhibitions and other projects.
 - Firming up partnerships with national companies and organisations to develop the projects outlined above and others that would be generated through continuing liaison.
 - Encouraging key organisations, groups and individuals on each island to formulate ideas for the Year, including new collaborations between groups.
 - Ensuring that a proportion of events and other activities reach out to or take place in the more peripheral island communities.
 - Encouraging all assisted projects to consider how they might engage with young people and offer opportunities for them to be involved.
 - Encouraging schools and youth groups to develop projects, individually or collaboratively (e.g. music, drama or video-related).

(2) Between the Islands

- 2.13 2011 provides opportunities to build links between Scotland's islands. At one time the network of islands off Scotland's north and west coasts were a main transport route, with the islands themselves important in Scotland's history. Island maritime traditions continue, and there are strong boat clubs on many of the islands, with regattas and competitions throughout the summer. The Tall Ships race is a centrepiece for maritime activity during 2011, and its progress up the west coast to Shetland, stopping at a variety of guest ports, creates opportunities for related activities. There is also scope to build on the existing network of boat related activity through joint events, especially involving the traditional boats of the different island communities, with a potential link to Europe (especially Scandinavia). A sea kayaking event would be another possibility.

- 2.14 Each island has its own distinctiveness, but many of the issues that affect people living on the islands are similar. One aspect is scale - the islands are relatively small communities with the largest having a population of less than 20,000. Opportunities to share experience within and across island groups can be limited – in the visual arts, crafts, sports, food and drink, etc – and 2011 will provide opportunities to extend and strengthen networks, exchange experience and undertake joint projects.
- 2.15 In some cases it will be important to strengthen networks in advance of 2011 and to pilot joint activities which may feature in the 2011 programme. These networks might include galleries and arts centres (e.g. Bonhoga, the Pier, An Lanntair, An Tobar, Taigh Chearsabagh and Aros), Heritage Centres (e.g. Shetland Museum and Archive, Westray Heritage Centre, Clan Donald Centre, Torosay Castle, Museum nan Eilean and Brodick Castle) an existing Island Writers Group, etc. This year's Belladrum Festival (near Inverness) features readings and performances by writers from a wide range of islands, organised by HI Arts. In some cases, island participants in wider Highlands and Islands groups (e.g. HI Fashion, a new group of around 30 designers) might work together.
- 2.16 2011 funding would enable the Screen Machine to take films to a wider range of islands than currently. Films related to 2011 and its themes could be shown, in addition to popular films (which might include a premier / preview of a big name film with a relevant theme).
- 2.17 Across the Islands, 2011 will provide a range of new opportunities to participate and perform. For example, the island fèisean could invite tutors or participants from Orkney or Shetland; tours of island bands could be organised; and island music festivals could have their own showcase, featuring the music of another island. PAN (Producers Arts Network) could play a useful role in new initiatives, e.g. in commissioning theatrical productions or music tours.
- 2.18 Inter-island projects will also be an important element of the programme for young people. The limited numbers of young people on individual islands can restrict opportunities to develop cultural skills and 2011 will provide the opportunity to bring young people together to create and learn and to broaden their experience.

Implementation

- 2.19 Taking forward the “Between the Islands” aspect of the Year might include:
- Creating a specific budget for inter-island projects.
 - Developing a launch event in which all islands are able to participate.
 - Organising an “Island Open” visual art competition with associated travelling exhibition.
 - Holding an Island Youth Games, perhaps in Stirling in association with

Sportscotland and the Institute of Sport.

- Bringing young musicians from the islands together to work and perform, e.g. as a Youth Orchestra.
- Holding an Islands regatta involving traditional boats from different islands.
- Establishing a travelling “Island Market” offering island food, drink and crafts in the style of the continental markets which feature in many towns in the UK.
- Touring the Screen Machine to a wider range of islands than currently.
- Identifying funding (e.g. through Island Leader Programmes) to enable island groups to visit other islands in 2009 and 2010 to develop 2011 events.

(3) To the Islands

- 2.20 Tourism is an important part of island economies, and increasing visitor numbers is a policy objective for many island groups and individual islands. Events held in local communities provide an important attraction for visitors, and inviting them to participate in island activities can add much to the special feeling of an island holiday. Visits where a tourist is introduced to local culture and participates in traditional events can stimulate repeat visits and, in some cases, later in-migration.
- 2.21 In parallel, a programme of larger scale events could do much to increase visitor numbers to particular islands in 2011. There are already a number of regular annual festivals and events in Scotland’s islands (as illustrated in Appendix 1), some of which have received support from EventScotland. 2011 would enable such events to reach a wider market and raise their profile. Also, wider promotion of such events highlights the islands as vibrant communities where exciting things happen. For 2011, there is already a major event scheduled with the visit of the Tall Ships race to Shetland in July. The ships have been invited to visit a number of guest ports during the 9 day cruise from Greenock, including Islay, Stornoway, Kirkwall, Stromness, Fair Isle, Scalloway, Cullivoe, Unst and Whalsay. Also, the Royal National Mod is being held in Stornoway in October 2011.
- 2.22 The main focus for additional funding for major events and festivals in 2011 will be outside the main tourist season. Most islands have a relatively short season when accommodation can be under pressure; more visitors need to be attracted in the shoulder months and off-season to encourage accommodation and other tourism-focused businesses to invest in new and improved facilities. The events listing in Appendix 1 provides examples of existing events and festivals outside July and August, although there are quiet months. Where peak season events are supported, they should have features that will enhance the marketing of the Year as a whole, and (ideally) should spread visitor benefits to outlying areas – possibly to other islands where tourism impacts are currently more limited.

- 2.23 Transport costs and the availability and ease of transport are important constraints on developing tourism for many of Scotland's islands. Although there has been some progress in reducing travel costs (e.g. through the RET trial in the Western Isles) and some new routes have been established, 2011 gives an opportunity for further steps to improve the accessibility of the islands for visitors. Transport providers should be key partners in promoting the Year, and they will benefit through increases in visitor numbers through the year. Special promotions and additional services will be important if the Year is to realise its full potential.
- 2.24 The Year presents an important opportunity for tourism bodies and tourist related businesses. As well as providing ready made marketing material, events within the year would provide a focus for media and travel trade visits to the islands. Events and challenges aimed directly at stimulating tourism could be organised and promoted widely, such as a series of half marathons, a golf tournament involving playing courses on different islands over the year, a passport for berthing in different island harbours, or climbing the Corbetts on the different islands.
- 2.25 The opportunity would also be taken to maximise potential visitors' awareness of the unique and world-class aspects of islands' natural, environmental and built heritage as reasons to visit during 2011, of which the following would be key examples:
- St Kilda
 - Callanish
 - Skara Brae
 - Maes Howe
 - Scapa Flow
 - The Corryvreckan (the world's 3rd largest whirlpool)
 - Iona Abbey
 - The Cuillins
 - Jarlshof
 - Mousa Broch
 - Old Scatness
 - Sumburgh Head
- 2.26 There are many examples of world class contemporary culture in the islands which the Year could help to bring to the attention of both visitors and potential in-migrants. These include international initiatives and collaborations, e.g. in textiles design, with scope to foster increased economic benefit.

Implementation

- 2.27 The following measures would help to take forward the "To the Islands" aspect of the Year:
- Price promotions by transport operators.
 - Special island-hopping promotions.

- Enhancing events and festivals at times when island accommodation has spare capacity.
- Marketing the unique environments and heritage of the islands.
- Showcasing initiatives that reflect contemporary island life and economy.

(4) From the Islands

- 2.28 To maximise the opportunities in 2011 to showcase island culture and the exceptional quality of island life, it will be important that events and exhibitions off the islands - nationally in Scotland and the UK and internationally – are well resourced. This will present a challenge. The Highland 2007 evaluation noted that:

The programme was focused on the Highlands and Islands. With no additional commissioning budget and a stretched staff resource, even with political backing it proved difficult to achieve events in the rest of Scotland with a Highland theme.

- 2.29 Proiseact Nan Ealan has shown how a high quality exhibition can tour the world, providing a focus for associated events and raising the profile of Scotland, its heritage and its culture. Leabhar Mòr, the Great Book of Gaelic, was developed for the Millennium, but it is still on tour in North America. 2011 could be the stimulus for other such exhibitions or commissioned performances. On a bigger scale, some of Scotland's most iconic heritage artefacts have come from the islands, including the Lewis Chessmen, the Skail Hoard and the St Ninian's Isle Treasure. An exhibition bringing these together and interpreting them would be of wide national and international interest. This would be led by the National Museums.
- 2.30 The exhibition by the Royal Commission on the Ancient and Historic Monuments of Scotland mentioned in para 2.8 above is already planned to be shown in the Scottish Parliament, and further venues in Scotland, the UK and abroad would be possible. Proiseact Nan Ealan's St Kilda exhibition, although smaller scale, would also be expected to attract wide interest.
- 2.31 Tartan Week is an annual celebration held in New York every April. Any of these exhibitions would fit with the week and provide the centrepiece for associated island-related events. The Island Games is also to be held in 2011, on the Isle of Wight. This will provide opportunities for promotional events, raising the profile of Scotland's islands with their peers.
- 2.32 Many of Scotland's island communities have invested in brand development, raising awareness of their special qualities and providing a focus both for tourism and for business sectors such as food, drink and crafts. 2011 presents an opportunity to build on these efforts, and as a group, the islands could achieve the critical mass to do together what they might find difficult individually. For example, attendance at trade fairs or exhibitions could be more effective and larger events could be targeted if islands promoted

themselves together, with the 2011 label and publicity providing added interest to stand visitors. The different islands would highlight, for example, their remoteness, difference from the mainland, clean environment, wildlife, and distinct culture and heritage.

- 2.33 Networks created or strengthened as noted in para 2.12 above could do much to raise the profile of the islands. For example, Highland Council has taken a stand at a number of Arts Fairs in Scotland and London to promote the work of Highland artists and give them access to a wider market. None of the islands have the scale to do this independently, but together an Islands Artists stand at, say, the Glasgow Art Fair in April may well be feasible. This would not only promote island artists, but would also promote the islands as good places for artists of quality to live and work. Similarly, food and drink producers could combine to create an island zone at trade fairs or at events such as the Royal Highland Show. This would attract more attention than isolated stands, as well as being of sufficient scale to take to the bigger events. A similar approach could be taken with craft producers and with fashion and design. Also, the suggested Island Market concept (see 2.18 above) could be offered to locations on the mainland, taking a mix of island food, drink, crafts and other produce (with associated music) to a wide audience.
- 2.34 Celtic Connections and its associated showcase events would be happy to explore featuring musicians from the islands within its 2011 festival – although this should be additional to musicians featuring in the main festival. Also, island musicians could be encouraged to seek invitations to play at international festivals by offering appropriate support for travel costs.
- 2.35 Participation at the Edinburgh Festival might be achieved through obtaining use of a reasonably central building for an exhibition of island art, possibly also including musical performances, poetry readings, etc. Events in other parts of Scotland would enable islanders currently living on the mainland to take part in 2011 artistic and cultural activities.
- 2.36 The National Theatre of Scotland has commissioned a play by an Orkney based author, Duncan McLean. Long Gone Lonesome will be based on the story of Thomas Fraser, the country singer from Shetland. This is likely to tour in the UK in 2010, but is expected to move on to international touring in 2011.
- 2.37 In selecting existing major events in which to participate, judgement will be needed in balancing cost (potentially high for certain events) against the profile that could realistically be achieved.

Implementation

- 2.38 To help take forward the “From the Islands” aspect of the Year, the following opportunities have been identified:
- Development of exhibitions and commissioned productions that would be held in Scotland, more widely in the UK and abroad.
 - An island theme for Tartan Week in 2011.

- Promotional events at the Island Games.
 - An Island Artists presence at art fairs.
 - Development of island food and drink and craft partnerships for attending high profile trade exhibitions.
 - Showcase events at Celtic Connections, the Edinburgh Festival and other major Scottish events.
 - Travel grant scheme for island musicians invited to play at international festivals, and to provide comparable opportunities for other artists (writers, poets, film makers, etc).
- 2.39 As for the other aspects of the Year, the incentives that would be provided should respond to the ideas and priorities put forward by organisations, groups and individuals in the islands rather than being determined by the funding agencies – although quality control will be important.

(5) For the Islands

- 2.40 The year-long focus on the islands provides an opportunity to accelerate or showcase the development of potential inward investment projects.
- 2.41 This would include projects that are already in development, such as the proposed St Kilda Interpretive Centre in the Western Isles, or trans-shipment hub in Orkney, as well as providing a platform for promoting new initiatives, such as surfing tourism in the Western Isles, or the development of powerful renewable energy-powered computer servers in the islands, providing the .scot suffix (this idea was aired in Parliament during the Diaspora Forum in July).
- 2.42 Similarly, the focus on the islands' cultural wealth and their conducive environment for creativity gives a great opportunity to attract new creative industries SMEs to the islands. The Social and Economic Impact of the Arts in the Western Isles report (2006) noted considerable potential for retention of young and skilled professionals through relatively modest public investment in the cultural support infrastructure.
- 2.43 There are also excellent opportunities to dovetail with existing relevant strategic and policy development plans – particularly with regard to language, tourism, and transport infrastructure development proposals.

Implementation

- 2.44 "For the Islands" measures would include:
- Promoting the islands to potential inward investors in major projects.
 - Spearheading retention and attraction of creative industries SMEs.
 - Enhancing existing strategic development in language, tourism, and

transport.

International Island Links and Projects

- 2.45 Generating and successfully implementing new 2011 activities between Scotland's islands will absorb a lot of planning and organisational time, and some projects might be costly, e.g. those that involve travel between island groups, or that bring together young people from different islands.
- 2.46 In the timescale available before 2011, collaborations between Scotland's islands will take priority, but international profile and interest would be generated by a limited number of projects between Scotland's islands and other countries that are islands or that have islands.
- 2.47 European Programmes could help to fund these projects, with collaborations between Scottish islands and others with LEADER Programmes offering particular potential to help the Scottish islands to meet their LEADER Programme objectives.
- 2.48 At this stage, this potential international aspect has not been costed in Section 5 below.

3. MANAGEMENT

- 3.1 2011 is less than 18 months away. The opportunities highlighted in Section 2 above are possibilities which must be translated into probabilities before some actually happen; whilst other new opportunities (and funding sources) need to be identified and explored. A great deal of work needs to be carried out in the next 3 months to realise the tremendous potential of the Year (and maximise its legacy).
- 3.2 The Steering Group will be the prime decision making body for the initiative as a whole, and it will co-ordinate planning, event scheduling, liaison with external partners, marketing, and (eventually) the Year's Programme.
- 3.3 To manage and co-ordinate the project planning and development phase, a Project Manager should be appointed as early as possible. The Steering Group has decided not to create a separate company, and the Project Manager would therefore be responsible to the Steering Group through one of the project partners. That partner will provide administrative support and back up functions (such as invoice processing, financial control and payroll). The Project Manager function would continue through 2010 and 2011, co-ordinating activities between the areas and working with partners to implement the higher level projects.
- 3.4 A large central management and administration will not be necessary as most decision making and funding administration will be carried out locally. Each of the six Local Authorities should identify a project co-ordinator for their area – possibly a person already responsible for cultural activities and grants.
- 3.5 Each area will determine its own processes for administering its events budget, including how decisions are made, levels of delegated authority etc. Decisions should be reported to the Steering Group regularly to enable continued monitoring of the overall implementation of the Year.
- 3.6 The individual Local Authorities, however, will co-ordinate within their areas the process of engaging key organisations, groups, individuals and businesses in drawing up strong projects; publicity to encourage wide participation across the cultural spectrum; the engagement of their young people; and setting up funding mechanisms with local partners (see Section 5). Also, they will determine how much funding they are willing (and able) to provide towards new and enhanced events and exhibitions within their areas, partnership projects across islands, and showcasing opportunities nationally and internationally.

4. PUBLIC RELATIONS AND MARKETING

4.1 Effective PR and marketing will be key to the success of the Year through:

- Promoting local events to local and regional residents.
- Promoting the calendar of events in the islands to potential visitors.
- Promoting events on the mainland associated with the Year to a wide audience – highlighting aspects of island cultures to people who do not attend as well as to those who do.
- Raising the profile of the islands' creative industries.
- Raising the profile of the islands as vibrant and exciting places to visit and to live and work in.
- Building on the extensive marketing and promotional activities associated with the Tall Ships Race.

4.2 An important early decision is to agree an identity for the Year - a name and a logo that will be carried on all publicity material connected with the Year. This requires professional input, but the identity should be simple and clear with the message in the title. Scotland's islands have a romance and attraction that can be capitalised on through the Year and the legacy of the Year.

4.3 An aspect of marketing will be to create and maintain a database and list of all the events being held as part of the Year. A calendar of events, with summary details, would be available on-line and as a printed booklet. A dedicated Scotland's Islands 2011 website (possibly managed by HI Arts) would be ideal. In addition, all event organisers would be expected to undertake their own marketing, highlighting their involvement with the Year, and to develop audiences for their event or exhibition.

4.4 An appropriate booking agency will be commissioned for on-line and other ticket bookings for the Year, with special rates negotiated for participating events.

4.5 The Year and its events listing should be highlighted by VisitScotland in its marketing campaigns for 2011. VisitScotland - and VisitBritain - will give the islands access to international markets. It will be important for the Year to be well enough defined to sell to tourism operators at the Expo in April 2010. Organised by VisitScotland, this is a flagship business-to-business event for the travel trade. It offers the opportunity for Scotland based exhibitors to showcase their products and services to potential buyers from around the globe. With help from VisitScotland, familiarisation trips could be organised for potential buyers.

4.6 Cost-effective promotions in airports and other public spaces would raise the awareness of those who might visit the islands and of the wider public. Sponsorship might be required for this (see below).

- 4.7 Media advertising prior to and during 2011 will be contracted to a professional marketing company to raise awareness of the Year when people are making their holiday decisions and to keep that awareness high through the year.
- 4.8 PR and media coverage will be an important part of the marketing package. The evaluation of Highland 2007 suggested that, whilst the majority of press stories had a positive tone, most of this press coverage was by newspapers based in the Highlands and Islands. Highland 2007 press releases and media events did not tend to make an impact on the Scottish or UK wide press.
- 4.9 Many of the events, especially those with a national, UK or international aspect, will of themselves promote island culture and the islands. Heritage based exhibitions will enhance the draw of the islands for those interested in archaeology and the romance of the past. But by taking island creative industries to a wider market, new messages are given about life on the islands. For example, an Island Market successfully touring some of the UK's towns and cities, or contemporary island artists, craftspeople and musicians being featured in national events will generate national media coverage and present a new and modern image of the islands.
- 4.10 Engaging with people on-line would be an important part of the marketing and promotion of the Year. As well as developing a website, the Year will use interactivity and social networking to connect with its audience. This is especially attractive for younger people, but it opens up exciting opportunities to get information to a worldwide audience in a targeted way and allow them to engage with the programme.
- 4.11 Engagement with the BBC and other broadcasters as early as possible would help to maximise national coverage, ideally through series of programmes featuring differing aspects of the Year as they happen.
- 4.12 Business sponsorship and partnerships would also help raise the national profile of the islands. Examples might include:
- Major stores or supermarkets in cities or across Scotland or the UK featuring island produce, crafts, artwork, music, etc during the year.
 - CDs of island musicians being played as background music in stores, banks, etc, with an associated feature on Scottish islands within the premises.
 - Series of television adverts, e.g. for cars or running shoes, featuring island locations.
 - New events sponsored by major island employers, e.g. distilleries in Islay.
- 4.13 Each island group might have its own major business sponsor or range of sponsors for the Year (or for particular aspects of the year).
- 4.14 Contact will be made with native islanders who now hold senior positions in business as potential ambassadors for the Year or to interest their companies

in sponsorship or partnerships.

- 4.15 Where national exposure might require pump-priming funding, cost-benefit analysis would provide guidance on value for money.
- 4.16 Island hotels and other key tourism businesses will be encouraged to help advance market the Year and the local programmes (on their websites and in their publicity material), and to participate in shoulder and winter season package deals. Publications such as Cal Mac's Explore Scotland's Islands by Ferry will also be useful in promoting 2011.
- 4.17 There is scope to develop the successful Cearcaill na Gaidhlig marketing initiative involving Local Authorities and Calmac to include new 'circles'/routes in the south (to include the south west of Argyll and North Ayrshire) and to the north (e.g. connections between the Western Isles and Orkney during 2011).

5. BUDGETING

- 5.1 The Year will incur costs over 3 financial years: 2009/10, 2010/11 and 2011/12. It is important that the preparatory work outlined in this Plan is taken forward as soon as possible, and funding for this will need to be provided by the Local Authorities and HIE.
- 5.2 Maximising external funding for all aspects of the Year and close liaison with national cultural organisations, in particular, will be critical tasks over the next three months, and investment in appropriately experienced assistance that turns possibilities into probabilities will pay off many times over.
- 5.3 Costs are broken down below into (1) joint costs (which will be shared by all the main partners) and (2) event costs by area. It should be emphasised that these budgets are still illustrative, although they do present a realistic assessment of the investment considered necessary for the Year to fulfil its potential. As planning for potential projects moves forward, their costs will become clearer. Similarly, as partnership funding is confirmed, the amounts available to spend on projects will become clearer and the scale of the Year could be expanded or reduced accordingly. The budget given for joint costs is relatively fixed, although it could increase if the scale of the overall initiative increases markedly or if there is demand for increased expenditure on jointly organised events (subject to increased support funding availability). The event budgets by area quoted would allow for some – but not all – of the indicative opportunities identified in Section 2 to be delivered.

(1) Joint Costs

- 5.4 A budget will be needed to cover the planning, management, marketing and administration of the Year. Central management costs can be kept low as much of the management and monitoring of activity will be carried out at Local Authority area level. A Project Manager will be appointed as soon as possible to drive forward the planning for the Year, co-ordinate activity between the Councils involved and potential partners, and engage with local groups and organisations. Associated office costs could be shared between partners or provided by a Local Authority as in-kind support.
- 5.5 To maintain momentum, a budget is allowed for further preparatory work – in particular continuing discussions with national companies and potential partners and carrying out further research. Development costs will cover pump priming or further investigation of projects and promotional events off the islands. Similarly, a central budget is allowed for a quota of activities which don't relate to specific communities – e.g. potential involvement in Tartan Week – although external funding (including from the Scottish Government) will be sought to supplement the limited participation in external events that the core budget could cover (see further below).
- 5.6 As discussed in Section 4 above, strong marketing will be central to the success of the Year. Each individual 2011 event will be expected to market itself, and the joint budget here relates to generic marketing of the Year as a whole, including developing and maintaining the Year's web presence. An

allowance has also been made for independent monitoring and evaluation, which would be informed by visitor feedback administered by events to minimise the cost of this.

Scotland's Islands, 2011: Joint Costs				
	2009/10 £	2010/11 £	2011/12 £	Total £
<i>Management related</i>				
Preparatory Work *	40,000			40,000
Project Management	20,000	50,000	50,000	120,000
Office Costs	4,000	23,000	23,000	50,000
<i>Sub total</i>				<i>210,000</i>
<i>Project related</i>				
Programme Launch Events		30,000		30,000
Project Development	5,000	15,000	20,000	40,000
Flagship Joint Projects	20,000	50,000	50,000	120,000
<i>Sub total</i>				<i>190,000</i>
Promotion and Marketing	5,000	95,000	100,000	200,000
Monitoring & Evaluation		10,000	15,000	25,000
<i>Sub total</i>				<i>225,000</i>
Contingency	5,000	10,000	10,000	25,000
Overall Total	99,000	283,000	268,000	650,000

* Including costs already incurred.

Sources of Funding for Joint Costs

- 5.7 Given limited discretionary Local Authority budgets in the current financial climate and the need for the six Authorities also to fund (or joint fund) 2011 projects and events, it will be important to attract external partnership funding towards these costs. The Scottish Government, HIE and ERDF* are major potential sources, but other partners such as VisitScotland and EventScotland might also contribute towards aspects of these core costs, and there is scope for sponsorship (for example from the transport operators). The potential cost to the six Local Authorities together might be around a third of the total, or £215,000, which might include in-kind contributions (see further at 5.20 and 5.21 below).

(2) Event Specific Costs

- 5.8 The funding that will be required to support area specific events will depend on the scale of the Year and will vary according to the aspirations of the different areas involved and the funding that they can access. Each Local Authority would determine how much to make available in its event fund, and would take responsibility for attracting local matching funding for this. An events fund within an area might, for example, include a contribution from the local LEADER Programme, or alternatively groups with 2011 projects might be expected to apply separately for LEADER funding. HIE provided £130,000 of

* See further at 5.17 below. An ERDF application would be towards core costs plus eligible event costs to give outputs and impacts.

additional funding towards the 2007 programme in the Western Isles (over 2 years) and £200,000 towards the programme in Argyll and Bute, for example, and the extent of HIE's contributions towards 2011 event funds in the six Local Authority areas has yet to be negotiated – HIE's Area Offices might have a degree of discretion in this. Therefore the figures given below are indicative at this stage of the level of investment considered necessary to generate an appropriate level of activity to achieve the objectives of the 2011 initiative. The figures exclude the costs of hosting the Tall Ships Race.

- 5.9 Central to the events budget will be the six separately managed funds (administered by the six individual Local Authorities and their partners) to which groups and organisations could apply for support for events, exhibitions and other qualifying activities as part of the Year. These funds will support all of the events in the individual islands (unless they are over-subscribed and applicants are able to source funding elsewhere).
- 5.10 For events and activities which involve more than one island Authority, those participating will contribute on a pro-rata basis. For example, if a Youth Games is organised in which all areas participate, then each area would contribute pro-rata to the event's budget (net of any sponsorship or specific grant funding). If an exchange is organised involving two island Authorities, those two would share the costs (not necessarily equally).
- 5.11 Event organisers will generally be expected to contribute to the costs of their events and to find additional match funding. Each area partnership will set its own intervention rate, and this may well vary according to the project supported, though a degree of co-ordination and equity across areas is desirable.
- 5.12 An indicative budget across the different levels of the Year is given below:

	2009/10 £	2010/11 £	2011/12 £	Total £
In the Islands		150,000	200,000	350,000
Between the Islands		50,000	100,000	150,000
To the Islands		50,000	100,000	150,000
From the Islands	20,000	480,000	500,000	1,000,000
Totals	20,000	730,000	900,000	1,650,000

- 5.13 The largest budget allocation at this stage is for the "From the Islands" strand. This is to allow for projects such as major travelling exhibitions, attendance at art and trade fairs and showcase events. A significant part of this will be funded at source - for example, the Royal Commission on the Ancient and Historic Monuments of Scotland will source much of the funding for its exhibition. The "For the Islands" strand has not been allocated a budget as it would be an aspect of inward investment promotion by HIE, SDI, the Local Authorities and other agencies. Similarly, food and drink initiatives that might "piggy back" on the Year would be funded from other budgets – for example an Island Food Trail.

- 5.14 Indicatively, the events budget can be broken down by area through an islands population split to show how this level of funding might translate into expenditure by area. As previously mentioned, however, funding by area will vary according to choices made at the area level and according to the amount of partnership funding that can be attracted to each area's fund. The figures in the table might be regarded as the minimum gross budgets (including partnership funding) that would be required in the different areas to support an overall programme of the scale and impact envisaged.

Area	In the Islands £	Between the Islands £	To the Islands £	From the Islands £	Totals £
Argyll and Bute	56,000	24,000	16,000	48,000	144,000
Highland	35,000	15,000	10,000	30,000	90,000
North Ayrshire	17,500	7,500	5,000	15,000	45,000
Orkney	70,000	30,000	20,000	60,000	180,000
Shetland	77,000	33,000	22,000	66,000	198,000
Western Isles	94,500	40,500	27,000	81,000	243,000
Source funded			50,000	700,000	750,000
	350,000	150,000	150,000	1,000,000	1,650,000

- 5.15 If each area fund were to attract 50% partnership funding, the total cost to the six Local Authorities taken together on this scenario would be £450,000.
- 5.16 The LEADER Programme will be an important funding source for 2011. There are separate Programmes in the Local Authority areas, each based on its own development plan, and subject to its own operating guidelines and priorities. As noted earlier, in some areas, LEADER might be a partner in the area fund for 2011, while in others the LAG might prefer to approve specific projects and be a key match funder for individual projects and events. There are specific LEADER budgets for collaborations across LEADER areas that would be highly appropriate for joint projects.
- 5.17 The overall funding package (for joint costs plus event specific costs) will need to be put together to maximise the contributions of match funding according to the requirements of funders. For example, European funding could contribute towards the costs of the Year as a whole (through ERDF) or towards an individual project (through LEADER). This would involve splitting the area project costs into those eligible for ERDF and those not. Since any individual project can only benefit from one source of European funding, projects would then be supported by ERDF, LEADER or another EU source as appropriate.
- 5.18 Agencies such as Bord na Gaidhlig, the Scottish Arts Council, sportscotland and the lottery bodies are also more likely to be match funders than potential partners in a general fund.

- 5.19 However, liaison with funding sources could lead to applications for ring-fenced programmes for specific types of 2011 activity. For example, the Heritage Lottery Fund might support a programme to which island history or heritage societies or centres might apply to help with the extra costs of staging special exhibitions throughout 2011 or during part of the year. Where this would involve purchasing display equipment, this would remain of value after 2011. A fund of £250,000, for example, would allow grants ranging from £5,000-£10,000 to be provided to around 30 groups, with a simplified application process.
- 5.20 Overall, such sources, other match funders, event sponsors, event charges and other funds raised by event organising bodies might enable events and projects costing at least another £1.5 million to be added to the 2011 Programme. This would give overall expenditure of at least £3.8 million (including joint costs) from an indicative total Local Authority investment of some £665,000 over the next 3 years (£215,000 joint costs + £450,000 event costs) – leverage of at least 4.7:1 other funding to Local Authority funding.
- 5.21 It is expected that the Scottish Government will provide substantial support for Scotland's Islands 2011 both directly and through support for events within the overall Programme (especially those involving the national companies and organisations). Given the tight financial situation of Local Authorities, an initial commitment from the Scottish Government might be sought to match the Local Authority input by sharing the £665,000 investment. This would give a minimum commitment from Local Authority budgets of £332,500 to support the Programme – leverage of at least 9.4:1. Individual Authorities could supplement their spend to maximise the benefits and impacts of the Year in their area.
- 5.22 Using the population split by island to illustrate this scenario gives the following minimum commitment from Local Authority budgets over the 3 years:

Council	Population of Islands	%	Share of Total Costs (£)	Joint Costs (£)	Event Costs (£)
Argyll and Bute	15,899	16.1	53,550	17,313	36,237
Highland	9,603	9.7	32,250	10,427	21,823
North Ayrshire	5,058	5.1	16,950	5,480	11,470
Orkney	19,890	20.2	67,150	21,710	45,440
Shetland	21,980	22.3	74,150	23,973	50,177
Western Isles	26,200	26.6	88,450	28,597	59,853
Totals	98,630	100.0	332,500	107,500	225,000

6. KEY TASKS

6.1 Finalising and marketing a strong programme in 2011 will be dependent on achieving the following key tasks before the end of 2009:

- (1) Steering Group agreement on a version of this Development Plan that will be put to each of the six Local Authorities, the Scottish Government, HIE and other agencies as a basis for their initial funding commitment – *by early September 2009*
- (2) Appointment of a Project Manager (or interim arrangements) – *before the end of September*
- (3) Commissioning consultants or other assistants to carry out further research, progress key partnerships with external agencies and arrangements with key external funders, and investigate major sponsorship – *before the end of September*
- (4) Invitations issued by Local Authorities to key organisations, groups, venues, etc. within their areas to consider new and enhanced events for 2011 (within and across islands), possibly through a forum – *by the end of October*
- (5) Appointment of specialists to carry out early stage marketing and PR for the Year as a whole – *by early November*
- (6) Liaison by Local Authorities with potential funding partners within their area, including LEADER Local Action Groups – *by end December*
- (7) Formation of the full 2011 Partnership and determination of mechanisms for moving the initiative forward in 2010 – *by end December*
- (8) Publicity across the islands about 2011, eliciting ideas from a wide range of people and encouraging groups to formulate project ideas for applications to the island community funds – *by end December*
- (9) Initial commissions for major new work outlined, artists and organisations identified, and funding sources approached – *by end December*.

6.2 Critical to these milestones will be the timing of:

- Formal commitments by each Local Authority to participate in the Year, and to their contribution to the joint costs, and (in principle) to community funds for their areas, and
- Commitments, in principle, from the Scottish Government and HIE to financial support towards core costs and aspects of operational costs.

6.3 It is imperative that the momentum already achieved is not lost. Any delay in implementing the above tasks would have severe implications for the successful delivery of the Programme in 2011. If the timeline cannot be met as suggested, or suitable remedial action taken, delaying the Year to 2012 would need to be considered.

7. POTENTIAL ECONOMIC IMPACT

- 7.1 The main categories of economic impact from 2011 in the islands will be through:
- (i) Additional visitor spending on the islands, mainly through increased tourist numbers, and on transport to and from the islands.
 - (ii) Increased earnings for cultural organisations, artists, etc through expenditures on new and enhanced events and exhibitions and visitor charges.
 - (iii) Increased turnover for island businesses through related food and drink, crafts, creative industries, etc, initiatives.
 - (iv) Relocations of businesses and individuals through promotion of the benefits of living and working on the islands.
 - (v) Increased spending on the islands by external organisations through their raised profile.
 - (vi) Continuity of successful initiatives introduced for 2011, potentially including discounts on transport services.
 - (vii) Initiatives post 2011 that build on “2011” projects, potentially including international links.
- 7.2 At this stage, it is only possible to quantify (indicatively) (i) above. Tourism impacts will relate to 2011 itself, subsequent years through raised profile and repeat visits and recommendations, and (possibly) some benefit in 2010 from advance 2011 publicity.
- 7.3 More detailed research will be carried out, but current annual visitor numbers (trips) across all Scottish islands appear to be around 1.5 million, including some double counting (e.g. people who visit Skye and the Western Isles on one trip). Day trips are included, and these are particularly significant for islands close to the mainland (e.g. Skye) or to centres of population (e.g. Bute).
- 7.4 Assuming, conservatively, that the islands together currently achieve at least 5 million tourist visitor nights per annum (1 million trips averaging 5 nights), the increase in 2011 might total 250,000-500,000 visitor nights, i.e. +5-10%.
- 7.5 The types of visitor attracted by 2011 would be expected to spend an average of c£60 per 24 hours on the islands, which would give additional impact in the year of £15-30 million.
- 7.6 Day trips and existing trips extended by a day might comprise a further 50-100,000 extra visitor days in 2011, which at an average spend per day of £30, would give a further impact of £1.5-3 million.

- 7.7 Repeat visits to Scottish islands tend to be high, and future visits by those who visited the islands (or particular islands) for the first time in 2011, recommendations and other 2011 legacy influences should increase the above impacts by at least 50% over the subsequent five years.
- 7.8 This would give the following visitor expenditure impacts:

Additional 5 Night Average Stays in 2011	£15m-30m
Extra Day Trips and Extended Stays in 2011	£1.5m-3m
Impacts in Future Years	£8.25m-16.5m
	£24.75m-49.5m

- 7.9 Inclusive of the multiplier – i.e. indirect impacts through the supply chain and induced impacts through spending from additional staff income – each £40,000 of visitor spend would support approximately 1 full-time equivalent job (fte) on the islands (on average). This ratio is consistent with recent economic analysis, and regional accounts. This would give employment impacts in the range of 620-1,240 ftes (rounded).
- 7.10 Impacts would differ between islands, and those, such as Skye & Mull / Iona, with very large annual visitor numbers would not expect to benefit pro-rata as much as currently less visited islands (e.g. the Shetland islands). As noted earlier in this Plan, accommodation availability at particular times of year could be a constraint – although if 2011 is otherwise a relatively poor year for tourism, a 5-10% increase generated by “2011” might redress this for some islands rather than give an actual increase.

Relevant Festivals and Special Events Likely to be Held in 2011

(excluding the annual programmes of exhibitions and events held in a wide variety of venues that are not related to a festival or equivalent)

January

The New Year Ba' Game, Kirkwall
Up Helly Aa, Lerwick

St Magnus Festival, Orkney
The Johnsmas Foy, Shetland

February

Fèis Òigridh Ìle is Dhiùra, Islay
Fèis Ratharsaidh, Raasay

March

Fèis Mhuile, Mull
Mareel opening, Shetland

April

Mull Music Festival
Fèis Arainn, Arran
Fèis an Earraich, Skye
Fèis Taigh Dhonnchaidh, Lewis
Orkney Ceilidh Weekend
Orkney Jazz Festival
Tartan Week (New York)

May

Bute Jazz Festival
Islay Festival of Malt and Music
Norwegian Constitution Day
Shetland Folk Festival
Orkney Folk Festival
Skye Accordion and Fiddle Festival

June

Arran Folk Festival
Flavour of Shetland
Gigha Music Festival
Hoy Half Marathon
Mendelssohn on Mull
Orkney Fine Wine Festival

July

Art on the Map, North Uist
Barra Live
Ceolas, South Uist
Fèis Bharraigh, Barra
Fèis Cholla, Coll
Fèis Eige, Eigg
Fèis Eilean an Fhraoich, Stornoway
Fèis Eilean na Hearadh, Harris
Fèis Thiriodh, Tiree
Fèis Tir an Eòrna, North Uist
Fèis Tir a' Mhurain, South Uist
Harris Arts Festival
Hebridean Challenge
Hebridean Celtic Festival
Hebridean Maritime Festival
Highland Games, Stornoway
Island Games (Isle of Wight)
Skye Festival
Stromness Shopping Week, Orkney
Tall Ships Race, Shetland
Tall Ships Race: Guest ports
Taransay Fiddle Week

August

Bute Highland Games
County Show, Orkney
Fèis Òigridh Ìle is Dhiùra, Jura
Orkney Beer Festival
Rally Hebrides
Riding of the Marches, Orkney
Skye Agricultural Show
South Ronaldsay Boys Ploughing
Match & Festival of the Horse
Tattoo Hebrides

September

Barra Whisky Galore
Blas Festival, Skye
Colonsay Folk Festival
Islay Book Festival
Jura Music Festival
McLellan Festival, Arran
Orkney Blues Weekend
Orkney International Science Festival
Taste of Mull and Iona Food Festival
eatBute
Islay Jazz Festival
Jura Music Festival

October

British Ports Association Conference, Orkney
Royal National Mod, Stornoway
Shetland Fiddle and Accordion Festival
Shetland Food Festival
Tiree Wave Classic

November

Thomas Fraser Memorial Festival, Shetland

December

Norwegian Christmas Tree Lighting
The Christmas Ba Game, Kirkwall

[To be supplemented]



REPORT

To: Development Committee

1 October 2009

From: Area Economic Development Project Manger

REPORT NO: DV096- F Heritage Tourism Development Scheme

1.0 Introduction

- 1.1 This report puts forward a proposal for a 2-year pilot scheme to encourage small developments in the heritage tourism sector that:
 - a) Significantly improve the range and quality of heritage related products and services available to visitors throughout Shetland;
 - b) Provide an incentive to community museums and interpretive centres to stay open for longer in the season.
- 1.2 The Economic Development Unit is seeking approval to operate a Heritage Tourism Development Scheme under delegated authority over a two-year period; and, for an £85,170 budget to part fund this scheme during that period.

2.0 Links to Corporate Priorities

- 2.1 The proposal in this report has strong links with Council Corporate Plan Policies to "Further improve Shetland's reputation as a place that offers excellent products and meets the needs of consumers" and "Promote Shetland as a tourist destination"

3.0 Background

- 3.1 This report proposes a 2-year pilot grant scheme that would offer small grants to locally constituted groups involved in developing Shetland's heritage tourism product and providing a service to visitors.

- 3.2 The voluntary sector plays an extremely important role in providing products and services for visitors. However in the current economic climate with costs rising and local budgets under increasing pressure many of Shetland's rural museums and heritage centres are struggling to resource the level of service and the quality of product required to meet the needs of Shetland visitors.
- 3.3 The Council's Economic Development Unit regularly monitors heritage tourism activity in order to better coordinate investment in heritage projects. The need for additional support to community museums and attractions, as described in this application was identified as part of that consultation process.
- 3.4 The scheme has been designed in discussion with Shetland Heritage Association - the umbrella body that represents community heritage centres, museums and history groups in Shetland, SIC Community Development and Shetland Amenity Trust. All activities supported by the scheme would be additional and project specific, ie the scheme would not contribute to any costs that are already being funded as part of another funding package.

4.0 Proposal

- 4.1 The proposed scheme would provide small grants for projects that will significantly improve the range and quality of heritage related products and services available to visitors. In particular the scheme is aimed at locally constituted community groups throughout Shetland that have premises and provide a service to visitors. A summary guide to the eligibility criteria, levels of funding and activities that would be supported by the scheme, is attached as Appendix 1.
- 4.2 If all applicants were eligible for the maximum grant the scheme would have the capacity to support 12 projects per year. If projects did not require the maximum level of funding a greater number of smaller projects could be assisted. This is considered to be the level of support required to meet the needs of community groups that are actively involved in heritage tourism related activities throughout Shetland and have a significant measurable impact on Shetland's tourism product as a whole.
- 4.3 As part of the proposal all heritage related projects and events developed through the scheme would be jointly promoted to visitors and the wider Shetland public. Shetland Amenity Trust has agreed to coordinate joint marketing of the products and events generated by the scheme as its "in kind" contribution to the project. A draft Events Information Form" has been attached as Appendix 2.
- 4.4 The Heritage Tourism Development Scheme would be a delegated scheme ie the Head of Economic Development or his nominee would have the delegated authority to operate the scheme in accordance with the schemes eligibility criteria. In the event of a refusal of any

application that does not meet the eligibility criteria, applicants may request an appeal to the Development Committee.

- 4.5 Monitoring and evaluating of the scheme would be coordinated by the Councils Economic Development Unit and carried out in close consultation with the beneficiaries, Shetland Heritage Association, Shetland Amenity Trust and SIC, Community Development.
- 4.6 A final report fully appraising the impact of the scheme would be presented to the Development Committee at the end of the two-year pilot period. This would include recommendations for a sustainable way to value and support the contribution made by the voluntary sector to Shetland's tourism product and encourage small developments in the heritage tourism sector in the longer term.

5.0 Financial Implications

5.1 <u>Costs</u>	Year 1 £	Year 2 £	Total £
Extending the season to visitors at Community Museums and Heritage Centres	£9,516	£9,516	£19,032
Project Implementation (staff costs)	£18,000	£18,000	£36,000
Project Costs	£36,000	£36,000	£72,000
Joint Marketing	<u>£2,000</u>	<u>£2,000</u>	£4,000
TOTAL	£65,516	£65,516	£131,032

5.2 <u>Proposed Funding</u>	%	Year 1	Year 2	
Economic Development Unit	65%	£42,585	£42,585	£ 85,170
LEADER Convergence	35%	<u>£22,931</u>	<u>£22,931</u>	£ 45,862
TOTAL		£65,516	£65,516	£131,032

- 5.3 An application for European funding (LEADER, Convergence) towards the scheme has been submitted and will be considered on 29 October 2009.

- 5.4 The contribution of £85,170 from the Economic Development Unit would be met in three tranches. The first tranche of £21,292 has been budgeted for under the Reserve Fund heading (RRD 1621 2402 Tourism Infrastructure). This budget was originally allocated to Promote Shetland but because of the extended time scale for setting up the new mechanism certain activities will not be completed and claimed for within this financial year. The second and third tranche of £42,586 and £21,292 would be budgeted for under the Reserve Fund heading (RRD 1631 2402 Heritage Tourism) in the Economic Development Unit's 2010 –2011 and 2011 –2012 budgets respectively. This would be subject to the availability of funding and Council approval in each financial year.

6.0 Policy and Delegated Authority

- 6.1 This report has been prepared under Economic Development Policy number 5 “Continue to develop Shetland as a tourist destination through the development of high quality products and services “ and number 28 “Support community enterprises engaged in economic development activity” which was approved by the Development Committee on 24 April 2008 [Min Ref 01/08] and by the Council on 14 May 2008 [Min Ref 55/08].
- 6.2 This project also complies very closely with the Principles contained in the Council’s Heritage Tourism Investment Programme 2008 – 2011, approved by the Development Committee on [Min Ref: 42/08] and ratified by the Council on [Min Ref: 141/08]. In particular to: “Pilot a small grants scheme that contributes to community museums and interpretive centres, developing high quality local heritage related products, activities and services and provides an incentive for them to stay open to visitors for longer in the season”
- 6.3 It will also contribute to achieving objectives set in The Shetland Tourism Plan 2006- 2009 adopted by the Council on 13 September 2006 [Min Ref 133/06] “to support quality improvements to meet the requirements of future customers ”encourage operators to offer a wider range of services” and “better funding for the voluntary sector to staff regional attractions”
- 6.3 The Development Committee has delegated authority to implement decisions within its remit for which the overall objective have been approved by the Council, in addition to appropriate budget provision including economic strategy and Europe.

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

7.0 Conclusion

- 7.1 The project offers a strategic, practical and cost effective mechanism for supporting community museums and interpretive centres so that they can provide a better quality and greater number of products and services to visitors for longer in the season. It will also contribute to refining a longer-term sustainable solution to valuing and supporting voluntary heritage groups that provide local heritage tourism products and services.
- 7.2 The project has the potential to generate tangible and measurable benefits to the tourism sector, of value in their own right, even if the scheme ends after the two-year pilot period. However if it proves successful then recommendations for a longer-term grant scheme to encourage small developments in the heritage tourism sector would be made to Council.

9.0 Recommendation

9.1 I recommend that the Development Committee approve:

- a) The Heritage Tourism Development Scheme detailed in section 4.0 and Appendix 1 and 2 of this report;
- b) Delegated authority for the Head of Economic Development or his nominee to operate the scheme: and
- c) A budget of £85,170 to cover the grants awarded under the scheme subject to the availability of funds.

Our Ref: LC/KLM/RF1123
Date: 25 September 09

Report No: DV096-F

HERITAGE TOURISM DEVELOPMENT SCHEME

2-YEAR PILOT

Applications will be accepted from **1 December 2009** to **30 November 2011**

PURPOSE

To encourage small developments in the heritage tourism sector that:

- a) Significantly improve the range and quality of heritage related products and services available to visitors throughout Shetland; and,
- b) Provide an incentive to community museums and interpretive centres to stay open for longer in the season.

WHO CAN APPLY?

Locally constituted groups involved in developing Shetland's heritage tourism product and providing a service to visitors.

Priority will be given to groups that have premises and are prepared to open to visitors for longer in the season (ie **by appointment** between 1 October and 30 November)

ELIGIBLE PROJECTS

Projects will be expected to meet at least three of the following objectives:

1. Develop, package and market new or existing products, services, events or activities related to Shetland's archaeological, historic, natural or cultural heritage,
2. Contribute to coordinating and improving the quality of the interpretation of Shetland's archaeological, historic, natural or cultural heritage, throughout Shetland
3. Increase income from visitors
4. Improve the visitor experience
5. Provide a visible benefit to local residents and educational community

WHAT GRANT FUNDING IS AVAILABLE PER APPLICANT?

Extending the Season

This is only relevant to groups that have premises

For every day that the organisation agrees to provide a visitor service, by appointment, between **1 October and 30 November** a set payment of £13 will be made to the organisation

Max days 61	£793
x £13	

This is an incentive payment to encourage attractions to open for longer in the year and does not reflect the full cost of staffing or running a visitor attraction.

Project Staff

A payment of 15 hours @ £10 hour for a maximum of 10 weeks will be paid to carry out eligible projects.

Max 10 weeks	£1500
x £150	

Time sheets will be required as proof of the **actual time spent** implementing the project.

Where more than 150 hours of staff time is required to implement the project participating groups must provide the additional human resource on an “in kind” voluntary basis.

Project Costs

100% grant up to a **maximum of £3000** for project specific costs e.g. equipment, materials, fixtures, fittings, upgrades, interpretation, exhibitions, new technology and specialist services etc.

Max £3000	£3000
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Valid original receipted invoices will be required for all items.

Applicants will be required to contribute the use of its existing equipment e. g computers, printers, scanners and photocopiers etc at no cost to the project.

TOTAL FUNDING PER APPLICANT	Up to a maximum of	£5293
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Joint Promotion

All activities and events generated by the scheme will be jointly promoted through local “whats on” listings and the Shetland Heritage Association website

Successful applicants will be required to fill out an events or exhibition information form and identify a contact person who has the authority to approve copy on the group’s behalf.

WHAT PROJECT COSTS WOULD NOT BE ELIGIBLE FOR FUNDING?

- Projects with grant eligible costs of less than £1000
- Expenditure incurred before approval (ie anything that is carried out or paid for before the date of the offer letter from Council LEADER, Convergence)
- Costs that are already being funded as part of another funding package
- Existing staff or running costs (all costs must be additional and project specific)

HOW LONG WILL IT TAKE TO PROCESS APPLICATIONS?

Projects will be considered in order, by date of application (for the purposes of this scheme this is the date that all information required for the application to be processed has been submitted to the Council's Economic Development Unit.

Depending on demand applicants will be informed of the outcome within 10 – 20 working days

Successful applicants will be notified by letter of offer and unsuccessful applicants will be offered advice on how they could strengthen their proposal before resubmission.

In the event of a refusal of any application that does not meet the eligibility criteria, applicants may request an appeal to the Development Committee

All participating groups will be required to spend and claim approved grants within one year of the date of approval.

GENERAL COUNCIL CONDITIONS

- 1 All grants are discretionary, and subject to the availability of finance. They are not automatic.
- 2 Applicants MUST NOT commit themselves to any expenditure on a project, which is subject to an application for financial assistance before receiving the Council's decision on the application. Any expenditure so committed will not be eligible for assistance.
- 3 Assistance will be confined to one project per organisation per Council financial year. Applicants will be eligible to apply for assistance on a further project provided that it falls within a subsequent financial year.
- 4 Normal repair and maintenance of buildings, facilities and equipment will not be eligible for assistance. The Council's decision on what constitutes repairs/maintenance and what constitutes improvements or upgrading will be final.
- 5 Applicants must obtain the necessary consents, authorisations or licenses from the Council's Infrastructure Services Department or produce evidence that these are not required.
- 6 All applicants will maintain and operate their premises, machinery and equipment in such a way as to conform, to the satisfaction of the Council, with relevant Health and Safety at Work and any other relevant legislation.
- 7 All successful applicants must continue to operate for a period of at least 5 years from the date of receipt of grant. Failure to do this may lead to the grant being paid back in full.
- 8 Applicants will operate any grant-aided equipment within Shetland for a period of at least 5 years from the date of receipt of grant.
- 9 All successful applicants must make their premises available for inspection by Council representatives at all reasonable times.
- 10 If the property/equipment is sold, transferred or otherwise disposed of, within the five years from receipt of grant, the new owner must accept the grant conditions for the remaining period, failing which the grant will be repayable, in full, at the date of sale or transfer.
- 11 Applicants will supply a copy of their annual accounts to the Council within 9 months of the end of the financial year for each of the 5 years following receipt of grant.
- 12 The Council reserves the right to find out the amount of arrears of debt, if any, owed to the Council by applicants for assistance granted until such time as arrears have been cleared or satisfactory arrangements have been made to clear the arrears.

- 13 Should any of the foregoing conditions be broken, Shetland Islands Council may, at its sole discretion, require repayment of all or part of any grant paid, and may also disqualify applicants from receiving any other grant and loan in terms of the Schemes operated by the Council.

The Heritage Tourism Development Scheme is part financed by the Scotland Rural Development Programme under the Shetland LEADER Convergence Programme. In addition to the Council's grant conditions applicants will also be required to meet any specific conditions required by this programme. For more information and advice on submissions to this scheme

CONTACT:

Shetland Islands Council
Economic Development Unit
Solarhus
3 North Ness Business Park
LERWICK
Shetland ZE1 0LZ

Tel: 01595 744943
Fax No: 01595 744961
Email: development@shetland.gov.uk

Event Information Form

This form is for heritage events which will be marketed through local what's on listings and the SHA website.

All sections **must** be completed.

Name of organisation holding event:

Location of event:

TYPE OF EVENT

Please tick appropriate box

Lecture/ talk ☐
 Art/ craft workshop ☐
 Performance ☐
 Other ☐
 Please specify _____

TARGET AUDIENCE

Adults ☐
 Family Groups ☐
 Teenagers ☐
 Please specify age range _____
 Children ☐
 Please specify age range _____

BOOKING DETAILS

Please tick appropriate box

Drop-in ☐
 Book in advance ☐

FEE

Free ☐
 Full price _____ Concession _____

Booking details: _____

EVENT DETAILS

Title.....

Date & time Duration.....

Short Description – 10 words max

.....

Longer description – 50 words max

.....



REPORT

To: **Development Committee**

01 October 2009

From: **Head of Economic Development**

**Report No: DV107-F
Mareel, Cinema & Music Venue
Sounding Board Feedback Report #6.**

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 17 September 2009.

4.0 Activity/Progress

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

4.1.1 Project Funding

Shetland Arts have secured £12.112m of funding for the project as detailed below:

Confirmed Funding	£000s	
Shetland Islands Council	5,190	
Scottish Arts Council Capital Lottery Fund	2,120	
HIE	965	
Shetland Islands Council	965	
European Structural Funds	2,822	
Gannochy Trust	50	
	12,112	

4.1.2 Project Budget Summary

The project budget position is attached in appendix 1. £57,972 of the £300,000 project contingency has been allocated to additional works required for additional piles, and variation to piles at the existing pumphouse. Also rock excavation in the car park area and removal of contaminated material.

4.1.3 Project Update

Piling work is now complete, and ground beams are now being constructed. Removal of the Scottish Water pump station building has not yet progressed to a conclusion.

5.0 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 Economic Development Unit. 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.

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Date: 25 Sept 2009

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