

MINUTE

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Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 29 April 2010 at 10.05am

Present:

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

Apologies

L Angus	L F Baisley
B L Fullerton	R S Henderson
C L Smith	
A G L Duncan (for lateness)	

In Attendance (Officers):

N Grant, Head of Economic Development
D Irvine, Head of Business Development
M Henderson, Services and Technologies Officer
M Smith, Economic Development Officer/Shetland Telecom
G Smith, Network Analyst/Shetland Telecom
S Spence, European Officer
B Robb, Management Accountant
M Duncan, Grants Co-ordinator
L Adamson, Committee Officer

Chairperson:

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

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

Mrs C Miller advised that due to her husband's business dealings with SDT she would continue to abstain from taking part in the SDT business until that had been settled.

Mrs F Grains and Mr F Robertson declared an interest in Item 15, "Foula Electricity Trust – Funding for Phase 2 of the Foula Community Electricity Scheme".

Mr R Nickerson declared an interest in agenda item 6, "Fibre Optic Interconnect", as his son worked for a consultancy company advising the Shetland Telecom project.

Dr J Wills advised that he would abstain during the discussion on a matter in Agenda item 12 - "Non-Public Activity Report", and in Item 13, "Shetland Composites – Application for Grant Assistance to Grow Business and Build New Premises" as the business was owned by a friend.

Minutes

The minutes of the meetings held on a) 4 March 2010 and b) 18 March 2010 were confirmed on the motion of Mr A Cooper, seconded by Mr J Simpson.

Members' Attendance at External Meetings

None.

24/10 Public Activity Report: February – March 2010

The Committee noted a report by the Head of Economic Development (Appendix 1). In response to questions from Members updates were provided on the following:

Flavour of Shetland

The Head of Business Development advised that the sheds for use by businesses taking space at the event were collapsible and would be stored at a building at Gremista at no additional cost to the Council.

Shetland Abattoir Co-operative Limited

The Head of Economic Development reported that a Director had recently been appointed and the project had reached the tender stage for construction of the building. He added that although the deadlines were tight he considered that the project would be complete by the end of the year.

Pure Shetland Lamb Limited

The Head of Economic Development said that although no progress had been made he considered it to be too early to suspend the project. He added that a request would be made to the Commission to extend the temporary framework date beyond December 2010, however a negative response was anticipated.

Fishing Expo 2010

Mrs I Hawkins thanked Kevin Moreland, the EDU's Marketing Officer for the work involved in organising Shetland's attendance at the event.

25/10

CPMR General Assembly 2010

The Committee considered a report by the European Officer (Appendix 2).

Mr A Cluness provided the Committee with some background information on the Council's connection with the CPMR, and on the request for Shetland to host a dinner at the General Assembly to be held in Aberdeen in late September. Mr Cluness advised that he would support the proposal to contribute £5,000 towards the event as had been requested from other Scottish Local Authorities, and accordingly moved that the Committee approve the recommendations in the report.

In response to questions, the Head of Economic Development explained that the contribution was to be funded from the Council's Civic Entertainment budget rather than a promotion or marketing budget as it would not be possible to guarantee that Shetland is promoted at the event and the commitments on Promote Shetland were already significant. The Head of Business Development confirmed that the General Assembly dinner was a civic function and not principally a marketing event.

Mrs C Miller seconded.

26/10

COPE – Interim Lifeline Funding for 2010

The Committee considered a report by the Head of Economic Development, and Head of Community Care (Appendix 3).

After hearing the Head of Economic Development summarise the main terms of the report, Mr R Nickerson said that COPE was an extremely important organisation for Shetland, and moved that the Committee approve the recommendations in the report. Dr J Wills seconded.

In response to comments from Mr A Cooper, the Head of Economic Development explained that COPE's recently appointed General Manager, SCT, the Head of Community Care and the EDU were working towards a solution for the organisation's overall funding package.

27/10

Creative Industries Student Support Scheme 2010-12

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

After hearing the Head of Business Development summarise the main terms of the report, the Committee approved the recommendation on the motion of Mrs C Miller, seconded by Mr A Cooper.

(Mr W Manson declared a possible interest in this item).

In response to a question from Mr J Budge, the Head of Business Development explained that the Scheme was aimed at the creative sector however it was not exclusive, and consideration could be given to extending the Scheme to students in other areas with innovative business ideas that would not be in competition with any existing business. Mr A Hughson said that he fully supported the Scheme to provide a moving on phase for students at the College.

28/10

PromoteShetland

Review to Date and Budget Approval for 2010/2011

The Committee considered a report by the Principal Officer – Marketing (Appendix 5).

The Head of Economic Development summarised the main terms of the report, and highlighted the extent of the workload of PromoteShetland, which includes a review of all events to ensure a Shetland presence is beneficial and that PromoteShetland should continue to promote the event. He added that the Destination Manager had accomplished a substantial amount in the first 6 months and, should that standard of delivery continue, the benefits would be significant.

In moving that the Committee approve the recommendations in the report, Mr R Nickerson said that he fully endorsed the comments made by the Head of Economic Development and the progress being made. He added that the achievements justify the decision to take destination marketing back under the direction of the Council.

(Dr J Wills declared an interest as a commercial tour operator).

Dr Wills said that as the Council's representative on the Shetland Tourism Association (STA) he agreed that Promote Shetland had made a very promising start. He advised that the STA were working to revise the Shetland Tourism Plan and the Council will be asked for its views in due course.

Mr A Cluness seconded.

29/10

Fibre Optic Interconnect

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

Mrs C Miller said that this was a fantastic project that was progressing well, and she accordingly moved that the Committee approve the recommendations in the report. Mrs I Hawkins seconded.

In response to questions from Mr W Manson, the Economic Development Officer reported that discussions have taken place with BT throughout the project and although BT are now considering projects in some rural areas they are not proposing to develop any infrastructure projects in Shetland in the near future.

In referring to the table in Section 6.4 of the report, the Economic Development Officer advised that ERDF funding had been secured to cover the shortfall for the fully resilient SHEFA2 connection.

30/10 **Delegated Scheme for Loans to Purchase Fishing Vessel Licence and/or Quota**

The Committee considered a report by the Project Manager (Appendix 7).

After hearing the Head of Business Development introduce the report, Mr A Cooper moved that the Committee approve the recommendation contained therein, and Mr J Henry seconded.

31/10 **SRDP Capital Works Bridging Loan Scheme**

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

After hearing the Head of Business Development introduce the report, Mrs C Miller moved that the Committee approve the recommendations contained therein, and Mr F Robertson seconded.

In response to a comment from Mr A Cooper, the Head of Business Development advised that should there be evidence of similar delays from other external funding streams the short-term bridging loan facility could be expanded in the future.

In response to a concern from Dr J Wills regarding the proposed level of delegated authority to the Head of Economic Development for loans of up to £250,000, Mrs C Miller agreed to include in her motion that the Chairperson and Vice-Chairperson of Development Committee are to be kept informed.

Shetland Islands Council as Trustee of Shetland Development Trust

32/10 **Arrangements for Disposal of SDT Surplus**

The Committee considered a report by the Financial Controller (Appendix 9).

(Mrs C Miller left the meeting).

(Dr J Wills advised that as he had a business loan from the SDT he would take no part in the discussion).

(Mr J Henry declared an interest).

Mr A Cluness moved that the Committee approve the recommendation in the report, and Mr A Wishart seconded.

Economic Development – Investments made into the economy during the 10 year period from 1 April 1999 to 31 March 2009

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

The Head of Economic Development summarised the main terms of the report, advising that to provide further analyses on the achievements and impacts on the economy from the investments would take a significant amount of time and resources.

Mr R Nickerson said that the report had not delivered on the level of detail expected but he acknowledged that there were indications that the investments had brought a huge benefit to Shetland with Shetland having one of the highest employment levels in Europe.

Mr F Robertson commented that the salmon and mussel industries in Shetland would not have grown to be such major sectors without the level of Council investment, and said that these companies generate significant employment in the rural areas.

(Mr A Duncan attended the meeting).

In response to questions, the Head of Economic Development reported that during the past 10 years £7.5m of surplus has been gifted to charities. He said that the return on capital was inevitably high risk, advising that the level of losses in terms of loan capital was £7.9m.

Mr A Wishart said that he would have preferred more detail in the report, however he noted that the losses were well overtaken by the gain. He added that it was important that investments are monitored to ensure sustainability in the longer term.

In response to comments from some Members that additional detail on the investments would be beneficial, the Head of Economic Development explained that significant resources would be required to provide further detail on the economic impacts of the investments. In response to a suggestion from Mr Wishart, the Head of Economic Development agreed that for all future investments additional information would be recorded to allow a fuller picture on the economic benefits from investments to be made available.

In response to a question from Dr J Wills, the Head of Economic Development explained that the surplus to the SCT will taper down each year, and in the future new investments will be made directly through the Council with earnings from new investments going directly to the Council.

During the discussion, Members commented on the need to encourage young people into Shetland and to invest in young people.

Mr G Robinson advised on a recurring complaint he receives, being that Members continue to prop up failing companies and lend to Directors of previously failed businesses, and said that the Council should not invest in serial failures.

(Dr J Wills left the meeting).

34/10

Mareel, Cinema and Music Venue
Sounding Board Feedback Report #10

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

(Mr A Wishart left the meeting).

After hearing the Head of Economic Development summarise the main terms of the report, Mr A Cluness commented that Mareel was a good example of a project to interest young people, to encourage new business and to keep young people in Shetland.

Development Committee

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

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

(Mr Wishart returned to the meeting).

35/10

Non-Public Activity Report – February and March 2010

The Committee noted a report by the Head of Economic Development.

In response to questions from Members, updates were provided on Kildrummy Technologies Ltd., Whalsay Fish Products Ltd. and Judane (Shetland) Ltd.

Mr A Cooper reported on the Scalloway Museum project, and it was agreed that an update on the project would be provided to the next meeting.

36/10

Shetland Composites

Application for Grant Assistance to Grow Business and Build New Premises

The Committee considered a report by the Project Manager.

Mr A Wishart advised that he had recently visited the business and had been impressed by the innovative and enterprising team who were being constrained through the lack of premises, and he accordingly moved that the Committee approve the recommendation in the report. Mr Wishart added that he would recommend Members to visit the business. Mr A Cluness seconded.

Mr J Henry advised that he had also visited the business, which he said was on the verge of being successful and a good example of young people investing in Shetland.

37/10 **Laurence Odie (Knitwear) Limited**
Application for Financial Assistance

The Committee considered a report by the Head of Economic Development.

The Head of Economic Development summarised the main terms of the report. Mr J Budge moved that the Committee approve the recommendations in the report, and Mr R Nickerson seconded.

38/10 **Foula Electricity Trust**
Funding for Phase 2 of the Foula Community Electricity Scheme

The Committee considered a report by the Project Manager.

Mr A Cluness moved that the Committee approve the recommendation in the report. In seconding, Mr G Robinson said that this was an important project for the future of the isle.

(Mr G Robinson left the meeting).

39/10 **Note of the General Industry Panel – Renewables – 17 March 2010**

The Committee noted the draft minute of the above meeting (Appendix 16(a)).

40/10 **Note of the Agriculture Panel – 9 April 2010**

The Committee noted the draft minute of the above meeting (Appendix 16(b)).

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J G Simpson
CHAIRPERSON