



REPORT

To: Development Committee

26 August 2010

From: Head of Economic Development

**DV050-F
Public Activity Report
June and July 2010**

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
- April to July grant awards (Appendix 1)

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 Risk Management

- 3.1 This is an information report so there are no risks associated with the recommendations.

4.0 Ongoing Projects

4.1 Shetland Hamefarin 2010

Shetland Hamefarin 2010 was a resounding success and was an excellent illustration of Shetland organisations and communities working together to create a high value memorable event. 683 people registered as hamefarers and there is plenty of evidence that many more people came to the Hamefarin without registering their presence. The fortnight was an extremely busy period for Shetland with, for example, Sumburgh airport reporting a 12% increase (1,397) in scheduled passengers for June compared to 2009, and Shetland Museum and Archives have reported the busiest period since the new museum opened. We intend to survey all registered hamefarers on their experience, what might have been improved upon, etc, in September. When this is done, and the cost of organising the Hamefarin has been calculated then we intend to report this information to the Committee at its November meeting.

4.2 Shetland Round Britain and Ireland Race

The Shetland Round Britain and Ireland Race was the most successful since the race began in 1966. A record 56 yachts started the race and the finish at Plymouth was the closest that there has been in years. The media coverage and the public interest was also much higher than in previous races, largely because of the Council's use of dedicated Yachting media professionals and also due to the sponsoring of masthead trackers. This meant that people could view the progress of the race on the internet and regular stories could be released to the media about changes in the lead etc. A full report of the race will be presented to the Development Committee on 30 September.

4.3 Flavour of Shetland

The event was held over 17-20 June and went well without hitch, despite the cold unseasonal weather. Initial feedback from producers and those visiting the event (which included a large number of Hamefarers) has been very positive. An appraisal of the event will be carried out on the event. The future of the event will require to be addressed. It will not be held in 2011 due to the Tall Ships Race celebrations.

4.4 Shetland Careers Convention

The Careers Convention will be held in Lerwick on 30 September 2010. The EDU's Marketing Officer and Events Co-ordinator will represent the areas of Marketing and Events. Support materials citing best practice from the Chartered Institute of Marketing and EventScotland will be used to supplement this attendance.

4.5 Start Up in Business Evening

Following on from the highly successful session in Islesburgh in May a similar event will be held on 26 August at Sellafirth Business Park in Yell. This comprises an evening of informal activities aimed at new or potential business starts and the sharing of experiences, opportunities and issues with public agencies and other established businesses.

4.6 Events and Festivals Strategy

The work on this is being completed and will now be presented at the Development Committee on 30 September.

4.7 Greenagh Lodge

The former Chairman of Corporate Edge who was involved heavily in the early branding work will present to an invited audience on 20 August. Greenagh no longer works for Corporate Edge, the original London-based company who were commissioned to do the initial work for SIC Economic Development. She has, however, remained very loyal to Shetland over the years and has established an emotional bond with the place. This will allow for some healthy debate as well as an opportunity to get a bit more background information from someone with tremendous experience in place branding and who understands Shetland too.

4.8 Shetland Food Directory

EDU Marketing staff are heavily involved in pulling together an updated version of the printed and online directory. The printed version will be launched in time for the Shetland Food Festival in November whilst the new online directory should be available early September. The first directory was launched in Summer 2008.

4.9 Shetland Food Festival

Effort is ongoing by EDU Marketing staff to pull the festival activities together. This takes place 5-14 November.

4.10 Shetland and Orkney Showcase

EDU Marketing staff have been involved with NorthLink Ferries, Scottish Food and Drink and Orkney Islands Council in arranging a showcase of local produce to senior food service and retail buyers from Scotland and the UK, including 3663, Baxter Storey and Prestige Scotland. The event is being organised by Scotland Food & Drink in partnership with NorthLink Ferries, Orkney Quality Food & Drink, Shetland Islands Council and Highlands and Islands Enterprise. The event will comprise a showcase of food products from a NorthLink ferry moored in Aberdeen Harbour on Thursday 16 September with optional visits to Orkney and Shetland by interested parties to visit business. EDU has agreed to coordinate Shetland visits by interested parties which will take place around 17th September. The decision to take part is a decision for each local business, but is being strongly recommended where relevant by EDU.

4.11 Between Weathers

The decision has been taken to delay production until April/May 2011. The main reason around this relates to acquiring the talent/cast members and production crew for the film. By extending the date it enables those currently tied up in projects to become available. If, and when, signed up this will enable B4 Films to attract additional funding to be acquired through the goodwill associated with high profile names. Several well known names have now been connected with the project both in appearance and production terms and B4 Films is committed to acquiring the best talent available for the production to be used alongside local people. The hard work in continuing to pull the project together will continue despite the delay in production. B4 Films also reports that the script has been well received by many significant people in the film industry and it is acting as a very effective tool in attracting talent and investment to the project.

5.0 **Government Initiatives**

5.1 LEADER

A part-time LEADER Programme Co-ordinator has been appointed, working 25 hours per week, and began work in the EDU on 26 July. So far 31 projects have been approved under the LEADER and Convergence budgets at a cost of £591,003. Project underspends and decisions not to progress with projects means that the previously committed LEADER budget may be in a position to accept new bids next year. In the meantime the main work of the LAG is to promote the Convergence funding budget of £1.1 M at a time when match funding opportunities are becoming scarcer. The Scottish Government has announced a transfer of the Rural Priorities scheme's Community Facilities budget to LEADER and Shetland looks to benefit from a small budget of £220,000 for these type of projects. The LAG will work out a process for using this budget to maximum benefit in Shetland.

5.2 Business Gateway

48 clients have been interviewed through the Business Gateway service since the beginning of the financial year and 2 August 2010. These clients come from the following sectors:

- Services – 14
- Tourism – 7
- Crafts – 7
- Renewable Energy – 4
- Catering – 4
- Fishing – 2
- Aquaculture – 2
- IT – 2
- Construction – 2
- Infrastructure – 1
- Agriculture – 1
- Recycling – 1
- Fish Processing – 1

Of these enquiries 26 were new business start up prospects. 24 clients have been referred to a business adviser and 14 were referred to Train Shetland for a place on a short training course. 16 projects have either had funding assistance approved or are in the process of applying for assistance. One project has been taken on by HIE as a high growth possibility and another may follow that route. Only three projects that have requested financial assistance have not been eligible for support.

A general observation is that the number of Business Gateway enquiries has picked up over the summer following a very slow start to the year in comparison with 2009. There is no easy explanation for this as the economy has not changed much in that time. However, it may be that the new Business Gateway service, which was promoted more heavily nationally and locally in the spring of 2009, inspired more latent projects when the service was launched. The number of enquiries that we are now seeing at just around three a week is probably a better reflection of the natural demand for the service. The true demand for the service will only be known after the first three or four years of operation. Another observation is that while the number of clients is generally down, there is a healthy diversity in the ideas that are being presented.

6.0 **Financial Implications**

6.1 There are no financial implications arising from this report.

7.0 Policy and Delegated Authority

7.1 This report has been prepared in relation to the Main Aim of the Economic Development Policy Statement 2007-2011, “to improve the quality of life of Shetland residents by promoting an environment in which traditional industries can thrive and innovate alongside newer emerging industries”. The Policy Statement was approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (55/08).

7.2 In accordance with Section 11.0 of the Council’s Scheme of Delegations, the Development Committee has delegated authority to implement decisions within the remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision, including:

- Economy
- Europe

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

8.0 Recommendations

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

Our Ref: NG/JJ A09
Date: 17 August 2010

Report No: DV050-F



Shetland Islands Council

We are pleased to attach details of 69 grant awards made from 01 April – 31 July 2010. The value of the grants approved is £297,112.00. 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 R Robertson	Fertiliser Grant	£108.00
Alastair Laurenson	Fertiliser Grant	£270.00
Alice Sandison	Fertiliser Grant	£56.00
P&M Anderson	Fertiliser Grant	£141.00
G R H Black	Fertiliser Grant	£189.00
Brian Leslie	Fertiliser Grant	£1,098.00
Peter Duncan	Fertiliser Grant	£197.00
Edward Leask	Lime Grant	£450.00
Grant Hunter	Heifer Rearing Grant	£200.00
Harold Moffat	Fertiliser Grant	£141.00
P Hunter	Bull Grant	£1,313.00
J K Mainland	Fertiliser Grant	£837.00
J W & J Henderson	Fertiliser & Bull Grant	£2,635.00
K Hay	Fertiliser Grant	£270.00
Kevin Tulloch	Bull Improvement Grant	£1,850.00
M & J Sutherland	Fertiliser Grant	£81.00
Marion Cowie	Fertiliser Grant	£56.00
Messrs A G Flaws	Bull Grant	£3,079.00
Neil Coutts	Heifer Rearing Grant	£364.00
D & G Nicolson	Fertiliser Grant	£675.00
P & J L Brown	Fertiliser Grant	£226.00
Peter Anderson	Fertiliser Grant	£294.00
Peter Coutts	Fertiliser & Heifer Rearing Grants	£323.00
W A & V K Ratter	Heifer Rearing and Bull Improvement Grants	£1,334.00
Ellis Robertson	Fertiliser and Heifer Rearing Grants	£792.00

John Sandison	Fertiliser Grant	£367.00
Stuart McIntyre	Fertiliser Grant	£66.00
Frank Tulloch & Partners	Fertiliser Grant	£864.00
W P Hughson	Fertiliser Grant	£99.00
J Williamson	Lime & Fertiliser Grants	£504.00
Magnus J Williamson	Fertiliser Grant	£83.00
Messrs Wishart	Heifer Rearing Grant	£200.00

32 Shetland Agricultural Business Scheme Grants were awarded for a total of £19,162.00

SHETLAND RURAL DEVELOPMENT SCHEME (SRDS)			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Black & Budge Ltd	Grant towards a cattle handling system	£8,275.00	£3,000.00
J G Anderson	Grant towards GP Agricultural Shed	£34,472.00	£17,236.00
Messrs A G Flaws	Grant towards Ditching	£1,330.00	£665.00
Peter G S Barclay, Executor of the late Mrs B Barclay	Grant towards stock fence and gate	£1,539.20	£769.00
WA & VK Ratter	Grant towards restoration of degraded grassland	£1,146.00	£573.00

5 SRDS grants were awarded for a total of £22,243.00 towards total project cost of £46,762.20.

RURAL SHOP IMPROVEMENT SCHEME			
Organisation	Purpose of Grant	Project Cost	Amount Granted
P & T Coaches t/a The Final Checkout	Grant towards the purchase of new refrigeration units	£10,490.00	£5,018.00

1 Rural Shop Improvement Scheme Grant was awarded for a total of £5,018.00 towards project cost of £10,490.00.

DISCRETIONARY DELEGATED SCHEME			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Bluefrog Studio, Anthony Humbleyard	Grant towards new studio accommodation with multi purpose creative space for artists	£3,380.00	£1,014.00
Bod Ayre Products Ltd	Grant towards a feasibility study for a seaweed farm	£24,973.98	£12,486.00
Bod Ayre Products Ltd	Grant towards an industrial CASE PhD Student	£90,920.00	£24,000.00
Burravoe and District Development Group	Build a community and cultural centre with adjoining allotments in Burravoe, Yell	£191,937.00	£25,000.00
Fetlar Developments Ltd	Working Capital Grant towards the Fetlar Café	£10,398.00	£1,750.00
Jamieson & Smith Shetland Wool Brokers Ltd	Grant towards a new carpet whipping machine	£1,872.83	£936.00
Langsound Shellfish	Purchase of an area of land and the provision of a new shore station	£56,014.00	£2,800.00
SAC Commercial Ltd	Grant towards employing a trainee agricultural consultant for the Lerwick Office	£44,298.00	£22,149.00
Scottish Crofting Foundation – Shetland	Grant towards SCF to enable them to keep Shetland members informed of parliament and European decisions	£13,300.00	£6,650.00
Shetland Aquaculture	Grant towards the appointment of co-ordinator to further develop Area Management Agreements among fish farming businesses in Shetland	£111,360.00	£8,908.00
Shetland Aquaculture	Grant towards Fish Welfare Training Project	£30,000.00	£2,400.00
Shetland Bus Friendship Society Properties Ltd	Grant towards the Scalloway Museum project: Additional funding towards the building costs.	£823,975.00	£25,000.00
Shetland Cattle Breeders Group	Grant towards commissioning data collection, analysis and producing a report that will indicate viable size and balance of bloodlines.	£51,007.00	£15,965.00
Shetland Cattle Breeders Group	Grant towards the administration and meeting attendance of Shetland Cattle Herd Book Society	-	£3,000.00
Shetland Flock Book Trust	Grant towards attending the Royal Highland Show	£1,550.00	£742.00
Shetland Refreshments Limited	Grant towards the expansion of brewery and conversion of new premises	£107,300.00	£25,000.00
Lakeland Unst Limited	Grant towards Aquaculture Net Washing System	£116,388.00	£8,729.00
Northmavine Community Development Company	Grant towards Implementing Northmavine Development Plan	£48,906.00	£14,165.00

Fetlar Developments Ltd	Grant towards Implementing Fetlar Development Plan	£40,000.00	£16,000.00
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19 Discretionary Delegated Scheme Grants were awarded for a total of £216,694.00 towards project cost of £1,676,659.81

MARKETING DEVELOPMENT PROGRAMME GRANTS			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Bod Ayre Products Ltd	Grant towards promotional trip to the mainland and advertising and promotional materials	£5,563.00	£1,260.00
Bod Ayre Products Ltd	Grant towards PR campaign across key sectors – horticulture, turf growers and landscape gardeners	£2,400.00	£1,200.00
D H Marine	Grant towards upgrading company website, advertising & company leaflet	£10,695.00	£5,347.00
Malakoff Ltd	Grant towards attending Glasgow Fishing Expo	£1,189.00	£594.00
Ocean Nets Ltd	Grant towards advertising	£5,563.00	£2,781.00
R S Henderson	Grant towards attending Fishing Show 2010	£2,852.00	£1,426.00
Margaret Henry	Grant towards creating a website	£465.00	£232.00
Mary Andreas	Grant towards designing and building a website	£1,000.00	£500.00
Jo Jack	Grant towards exhibiting at Pittenweem Art Festival	£577.00	£288.00
Jackys Cards & Gifts	Grant towards exhibiting at Dounby & Orkney County Show 2010	£829.00	£414.00
King Harald Apartments	Upgrade website & company brochure	£2112.00	£1056.00

11 Marketing Development Programme Grants were awarded for a total of £15,098.00 towards total project cost of £33,245.00

TOURISM FINANCIAL ASSISTANCE SCHEME			
Organisation	Purpose of Grant	Project Cost	Amount Granted
Lerwick Boating Club	Grant towards upgrading existing laundry and shower facilities.	£89,986.00	£18,897.00

1 Tourism Financial Assistance Scheme Grants were awarded for a total of £18,897 towards project cost of £89,986.00.



REPORT

To: Development Committee

26 August 2010

**From: Head of Finance
Executive Services Department**

Report No: F-042-F

**Development Revenue Management Accounts
General Ledger and Reserve Fund
For the Period 1 April 2010 to 31 July 2010**

1. Introduction

- 1.1 The purpose of this report is to provide Members with an overview of the financial position on the Development service General Ledger and Reserve Fund revenue management accounts (RMA) for the first 4 months of 2010/11.

2. Links to Corporate Priorities

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to reviewing financial performance relative to the Council's financial policies.

3. Risk Management

- 3.1 This is an information report so there are no risks associated with the recommendations.

4. Background

- 4.1 The revenue management accounts are presented to the Executive on a monthly basis to monitor the Council's overall financial position.
- 4.2 Only controllable items of expenditure are included, on the basis that recharges for central services and financing costs and financing income are excluded, as these are not controllable in terms of spending decisions. The financial data in this report includes employee costs, property costs, transport costs, grants and other running costs, and income comprises of fees and charges, grants and rents.
- 4.3 For information, all appendices show the Annual Budget, Year to Date Budget, Actual and Variance. It is the Year to Date variances, which are referred to within this report. An estimation of when spending will occur or income is to be received is made on each budget and a spend profile is set which determines the Year to Date Budget. The Year to Date Variance shows how actual activity has varied from the planned budget.

5. General Ledger (inc Support/Recharged)

- 5.1 Appendix 1 shows the objective and subjective position, there is an underspend of £22k (7%) to date. Appendix 2 sets out the variances by cost centre; there are no cost centres where the YTD variance exceeds £50k. The variance is made up of minor underspends across the service.

6. Reserve Fund

- 6.1 Appendix 3 shows the objective and subjective position on the Reserve Fund, there is an underspend of £837k (34%). This underspend is mainly on transfer payments (discretionary grants) where it difficult to determine if and when grants will be requested or paid. There is an overspend on operating costs of £167k (39%) mainly on cost centres Other Research (external consultants), Other General Assistance (various) and Business Gateway (various). These variances will be dealt with through virement where there is insufficient budget or re-profiling of budgets required.

- 6.2 Appendix 4 shows the Reserve Fund by cost centre.

- 6.3 There is currently £6.1m of outstanding commitments on the discretionary grants budget. The reason for the extent of outstanding commitments is due primarily to grants being subject to achievement of other external match funding and time taken to meet preconditions or other project delays. Also, an internal mechanism has also been put in place for 2010/11 to enable up to 120% commitment on certain budget centres, as reported to Committee in March (Min Ref 20/10).

However, it is the view of the Head of Economic Development that the majority of the commitments will be spent during the remainder of this financial year and he intends reporting progress on this at future meetings of the Development Committee.

7. Financial Implications

- 7.1 The General Ledger is under the year to date budget by £22k. The Reserve Fund is under the year to date budget by £837k. These are underspends against year to date budget due to difficulties in budget profiling and are not an indication of savings.

- 7.2 As reported in the Head of Finance's Estimates Report in February 2010 (Min Ref 15/10), in order to meet the financial policy target of a draw on Reserves of £2m on the General Fund revenue budget there is an overall budget saving requirement of £9.9m across the Council for 2010/11.

8. Policy & Delegated Authority

- 8.1 The Development Committee has delegated authority to act on all matters within its remit for which the Council has approved the overall objectives and budget, in accordance with Section 11 of the Council's Scheme of Delegations.

9. Recommendation

9.1 I recommend that the Development Committee note the report.

Report No: F-042-F
Ref: Accountancy/HKT

Date: 19 August 2010

DEVELOPMENT SERVICES MANAGEMENT INFORMATION 2010/11 - PERIOD 4	1st April 2009 to 31st July 2010
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<u>Revenue Expenditure by Service</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
	£	£	£	£
Economic Development Unit (total)	973,788	323,937	301,565	22,372
Administration	450,530	149,888	151,595	-1,707
Head of Business Development	523,258	174,049	149,970	24,079
<u>Revenue Expenditure by Subjective</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
	£	£	£	£
Employee Costs (sub total)	871,866	290,088	276,835	13,253
Basic Pay	614,510	204,836	197,351	7,485
Overtime	20,000	6,666	4,746	1,920
Other Employee Costs	237,356	78,586	74,738	3,848
Operating Costs (sub total)	174,463	58,030	25,073	32,957
Travel & Subsistence	56,500	18,833	17,264	1,569
Property Costs	40,921	13,617	313	13,304
Other Operating Costs	77,042	25,580	7,495	18,085
Transfer Payments (sub total)	0	0	0	0
Income (sub total)	-72,541	-24,181	-343	(23,838)
TOTAL	973,788	323,937	301,565	22,372

DEVELOPMENT SERVICES MANAGEMENT INFORMATION 2010/11 - PERIOD 4	1st April 2009 to 31st July 2010
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<u>Description</u>		Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
		£	£	£	£
Head of Economic Development Unit		450,530	149,888	151,595	(1,707)
SRD0000	EDU Mgt & Administration	442,030	147,054	151,595	(4,541)
SRD0001	EDU Recruitment Expenses	8,500	2,834	0	2,834
Business Development		523,258	174,049	149,970	24,079
SRD1000	Head of Business Development	252,560	84,031	61,668	22,363
SRD1010	Business Technical Support	150,275	49,978	49,584	394
SRD1020	Marketing Support	120,423	40,040	38,718	1,322
TOTAL DEVELOPMENT		973,788	323,937	301,565	22,372

DEVELOPMENT SERVICES MANAGEMENT INFORMATION 2010/11 - PERIOD 4**1st April 2009 to 31st July 2010**

<u>Revenue Expenditure by Service</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
	£	£	£	£

Economic Development Unit (total)	10,253,565	2,484,194	1,647,600	836,594
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Fisheries	4,253,792	594,962	153,415	441,547
Agriculture	485,000	161,666	51,656	110,010
Other	3,563,600	1,051,333	868,617	182,716
Tourism	1,951,173	676,233	573,911	102,322

<u>Revenue Expenditure by Subjective</u>	Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
	£	£	£	£

Employee Costs (sub total)	128,003	42,668	44,689	(2,021)
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Basic Pay	97,748	32,583	33,829	(1,246)
Overtime	0	0	372	(372)
Other Employee Costs	30,255	10,085	10,488	(403)

Operating Costs (sub total)	696,830	422,497	589,472	(166,975)
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Travel & Subsistence	9,000	5,334	30,965	(25,631)
Property Costs	31,362	23,361	16,354	7,007
Other Operating Costs	656,468	393,802	542,153	(148,351)

Transfer Payments (sub total)	9,434,232	2,023,529	1,125,802	897,727
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Income (sub total)	-5,500	-4,500	-112,363	107,863
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TOTAL	10,253,565	2,484,194	1,647,600	836,594
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DEVELOPMENT SERVICES MANAGEMENT INFORMATION 2010/11 - PERIOD 4**1st April 2009 to 31st July 2010**

Description		Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance (Adverse)/Favourable
		£	£	£	£
Fisheries		4,253,792	594,962	153,415	441,547
RRD2104	S.H.O.A.L.	1,000	333	0	333
RRD2120	Fisheries General Assistance	105,000	26,667	680	25,987
RRD2121	North Atlantic Fisheries Coll	2,677,462	152,000	152,000	0
RRD2123	Shet Shellfish Management Org	43,888	14,629	10,972	3,657
RRD2201	Mentoring Programme	4,000	1,333	0	1,333
RRD2203	Fisheries&Aquaculture Lending	1,320,000	400,000	0	400,000
RRD2204	European Fisheries Match Fundi	102,442	0	-10,237	10,237
Agriculture		485,000	161,666	51,657	110,009
RRD1129	Livestock Health Scheme	100,000	33,333	16,773	16,560
RRD1133	Agriculture General Assistance	115,000	38,333	4,292	34,041
RRD1136	Agriculture Contractors Scheme	20,000	6,667	7,250	-583
RRD1137	Shetland Rural Dev Scheme	50,000	16,667	8,004	8,663
RRD1138	Shet Agric Business Scheme	100,000	33,333	15,336	17,997
RRD1150	Agricultural Loans	100,000	33,333	0	33,333
Other		3,563,600	1,051,333	868,617	182,716
RRD1500	Other Research	60,000	20,000	27,750	-7,750
RRD1502	Publications	2,000	667	-36	703
RRD1515	Shetland Business Growth Schem	50,000	16,667	0	16,667
RRD1520	Other General Assistance	142,860	33,333	85,166	-51,833
RRD1523	Rural Shop Improvement	60,000	20,000	12,374	7,626
RRD1526	Rnew Energy Proj	90,000	30,000	13,003	16,997
RRD1527	Business Energy Efficiency	100,000	33,333	0	33,333
RRD1528	Foula Electricity	80,000	26,667	0	26,667
RRD1530	Economic Infrastructure Projec	1,220,448	58,333	139,547	-81,214
RRD1532	Architectural Heritage	250,000	250,000	250,000	0
RRD1533	Fairer Scotland Fund	0	0	-18,168	18,168
RRD1540	New Manufacturing-New Service	200,000	66,666	0	66,666
RRD1541	Food & Drink Projects	150,000	50,000	0	50,000
RRD1545	Textiles	50,000	50,000	50,000	0
RRD1550	Broadband Services	0	0	1,390	-1,390
RRD1551	Pop Set up Highspeed data link	140,000	46,667	38,333	8,334
RRD1552	Mareel	418,292	107,333	103,963	3,370
RRD1553	Creative Industry Development	20,000	6,667	5,226	1,441
RRD1560	Community Enterprise Schemes	30,000	10,000	0	10,000
RRD1561	Retain Active Rural Population	30,000	10,000	0	10,000
RRD1562	Engage with Learning Centres	70,000	23,333	0	23,333
RRD1563	COPE	175,000	116,667	116,667	0
RRD1564	Childcare	100,000	33,333	0	33,333
RRD1800	Leader	0	0	15,100	-15,100
RRD1801	Convergence	0	0	-5,460	5,460
RRD1810	Business Gateway	0	0	29,254	-29,254
RRD1910	Decommissioning Projects	75,000	25,000	0	25,000
RRD6010	Investment Management	50,000	16,667	4,509	12,158
Tourism		1,951,173	676,233	573,911	102,322
RRD1620	Tourism Financial Assistance	50,000	16,667	11,200	5,467
RRD1621	Tourism Infrastructure	75,000	25,000	4,800	20,200
RRD1630	Tourism General	20,000	6,667	765	5,902
RRD1631	Heritage Tourism	1,008,452	61,529	2,356	59,173
RRD5005	MDP	38,000	12,667	11,908	760
RRD5010	Promote Shetland	363,000	235,500	235,500	0
RRD5013	Event Management	5,000	1,667	0	1,667
RRD5031	Shetland Promotional Costs	77,250	25,749	35,617	-9,868
RRD5039	Flavour of Shetland	69,580	69,590	77,073	-7,483
RRD5041	Food Festival	40,500	13,500	4,193	9,307
RRD5042	Tall Ships	154,391	157,697	129,204	28,493
RRD5043	Hamefarin	50,000	50,000	61,294	-11,294
TOTAL DEVELOPMENT SERVICES		10,253,565	2,484,194	1,647,600	836,594



REPORT

To: Development Committee

26 August 2010

From: Head of Economic Development

Report No: DV053-F
Mareel, Cinema & Music Venue
Sounding Board Feedback Report #12

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 which sets out a range of priorities to more effectively and efficiently organise the Council's business.

3.0 Risk Management

- 3.1 This is an information report so there are no risks associated with the recommendations.

4.0 Background

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

- 4.2 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

4.3 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.”

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

4.5 The Sounding Board last met on 12 August 2010.

5.0 Activity/Progress

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

5.2.1 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

5.2.2 Construction progress

Blockwork and structural steelwork to the building is complete. Cladding liner sheets and some of the final sheeting is now being progressed. Mechanical and Electrical first fix is now being progressed. Stairs to three of the five stairwells have been fitted. Scaffolding to the south elevation has been dropped to allow fixing of the rainscreen cladding. DITT consider that the building will be totally wind and watertight when the liner sheets, structural timber and curtain walling are fixed. The Principal Contractor must now supply a revised programme but the completion date is currently still 09 March 2011.

5.2.3 Project Budget Summary

The financial status of the project is within budget and the level of available contingency at 06 August was £151,150, which represents approximately 3% of the value of the remaining works.

6.0 Proposal

- 6.1 I propose that the Committee notes the work being done by the Sounding Board.

7.0 Financial Implications

- 7.1 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.

8.0 Policy and Delegated Authority

- 8.1 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."
- 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
- 8.3 As this is a report for information, there is no requirement for a decision to be made.
- 8.4 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.

9.0 Conclusions

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

10.0 Recommendations

- 10.1 I recommend that the Committee notes the content of this report.

Our Ref: NRJG/JJ RF/1221
Date: 17 August 2010

Report No: DV053-F