

# MINUTE

# B

**Development Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday 30 September 2010 at 10.00am**

**Present:**

J G Simpson	J Budge
A T J Cooper	A T Doull
B L Fullerton	F B Grains
I J Hawkins	R S Henderson
J H Henry	W H Manson
R C Nickerson	F A Robertson
G Robinson	C L Smith
J W G Wills	A S Wishart

**Apologies**

L Angus	L F Baisley
A J Cluness	A G L Duncan
A J Hughson	C H J Miller
J Budge (for lateness)	

**In Attendance (Officers):**

A Buchan, Chief Executive  
N Grant, Head of Economic Development  
J Riise, Head of Legal and Administration  
K Adam, Solicitor  
N Henderson, Marketing Section Head  
T Coutts, Project Manager  
S Keith, Project Manager  
M Smith, Economic Development Officer/Shetland Telecom  
G Smith, Network Analyst/Shetland Telecom  
L Adamson, Committee Officer

**Also:**

N Stewart, Consultant

**Chairperson:**

Mr J Simpson, Chairperson of the Committee, presided.

In welcoming Mr Nigel Stewart to the meeting, the Chairperson advised that Mr Stewart had been engaged by the Chief Executive to review the Council's Committee structure and other governance issues. He said that Mr Stewart had considerable experience in Local Government, and Members and officers would work closely with Mr Stewart to achieve a positive end result.

**Circular:**

The circular calling the meeting was held as read.

### **Declarations of Interests**

Dr J Wills declared an interest relating to his business loan from SDT, which he advised is being paid off on time and on schedule. He also declared an interest in any matters relating to agriculture, being the tenant of a registered croft.

Mr R Nickerson declared an interest in Item 3, "SHEFA2 Interconnect Project", as his son works for the consultants involved in the project.

Mrs B Fullerton declared a non-pecuniary interest in Item 1, "Public Activity Report" (Section 4.2), as a relative was involved with this company. She also declared an interest as an owner and occupier of a property.

### **Minutes**

The minute of the meeting held on 26 August 2010 was confirmed on the motion of Mr A Cooper, seconded by Mr J Simpson.

### **Members' Attendance at External Meetings**

None.

#### **54/10      Public Activity Report: August 2010**

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

##### **Shetland Brand Development**

In response to a question from Mrs I Hawkins relating to the final sentence of Section 4.7 of the report, the Head of Economic Development provided Members with an update on the Brand development, advising that EDU officers were working with Promote Shetland to develop options on how to take the Brand to the next stages, and that a report would be prepared to a further Committee. Regarding compliance with State Aid issues, the Head of Economic Development reported that advice had been sought from other areas that have been successful in developing their Brands. He did not consider that State Aid compliance would be too bureaucratic as regards developing the Shetland Brand, and this would be undertaken by internal systems.

During the discussion, Dr J Wills said that the Council should continue to develop the Brand and the Shetland Flag, but questioned whether the Council should be involved in quality assurance. In referring to the Brand in relation to the Tourism sector, he said that individuals should concentrate on gaining independent quality assurance through professional bodies. The Head of Economic Development agreed with Dr Wills' comments, and confirmed that was the model currently being looked at.

Mr R Nickerson referred to the presentation by Ms Greenagh Lodge in August on taking forward the Shetland Brand, and advised that in response to his question relating to further use of the Shetland Flag, Ms Lodge had said that the Flag was the overarching Brand for Shetland, and the Flag is permanent as long as Shetland exists. Mr Nickerson said that the issue is how to make the Flag more effective in terms of marketing and there was a need for some assurance that the flag will be incorporated.

#### Foodies Festival Edinburgh

Mr R Nickerson advised that he had been in discussions as to how the Council should follow up on festivals and events held on the mainland. In the absence of Mr J Budge, Mr Nickerson highlighted the need to follow up on proposals for produce placement in key areas of the mainland. The Chairperson confirmed that work in these areas was ongoing, and updates would be provided to Committee.

#### Shetland and Orkney Showcase

In response to a question, the Marketing Section Head advised how the event had not taken place due to the lack of interest, however other potential events for the future were being followed up with Scottish Food and Drink.

55/10

#### **Economic Development Unit Revenue Management Accounts General Ledger and Reserve Fund For the Period 1 April 2010 to 31 August 2010**

The Committee noted a report by the Head of Finance (Appendix 2).

In referring to the main issue with EDU budgets being the significant delays with certain projects where commitments were being held up awaiting 3rd party funding, the Head of Economic Development confirmed that he would prepare a report to Committee in November to provide Members with details on the main issues on each project with individual recommendations.

In response to a question from Dr J Wills as to the proportion of the £6.4m of outstanding commitments on the discretionary grants budget past their claim by date, the Head of Economic Development advised that approximately half of the projects and half of the value would be an estimation.

In response to a comment from Mr R Nickerson, the Head of Economic Development confirmed that there would be a need for dialogue with each recipient prior to making any recommendation on the individual projects, and reporting to Committee.

56/10

#### **SHEFA2 Interconnect Project**

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

The Economic Development Officer reported that State Aid approval of the project had progressed to the stage where the project was to be available on the EU State Aid Department's website for 10 days, and should no objections be received the project could then progress. Regarding dialogue with BT, the Economic

Development Officer advised that BT had recently indicated that they were willing to come to Shetland to discuss similar projects for the islands, and he pointed out that any involvement in a project with BT would be based on the Council providing a significant amount of money.

Dr J Wills said that he welcomed BT's participation, however he commented that BT should have been providing the infrastructure as a public service provider, and he hoped BT's involvement would provide the connections to the rural exchanges and he asked for that point to be made to BT. The Economic Development Officer explained that BT's only driver for any project was profit, and BT was a private company and they only have an obligation to provide telephony, but not to provide broadband. In referring Members to Section 4.7 of the report, the Economic Development Officer advised that HIE have made a bid for money, through the BDUK initiative, to upgrade broadband at Lerwick, Scalloway, Sumburgh and Brae.

*(Mr W Manson attended the meeting).*

In response to questions from Members, the Economic Development Officer explained that if the SHEFA2 project is to proceed with BT's involvement there would be a risk of losing the ERDF funding, any delay with the project would result in the tenders for the civil works for the project lapsing, and the State Aid process would have to be restarted involving a further competitive tendering process, delaying the project until late next year. He confirmed that any significant changes to the project would be reported back to Committee.

Dr Wills commented that he would support the project to proceed as it currently stands, but should BT become involved he asked that a Special meeting of the Committee be arranged to minimise the delay with the project. Mrs B Fullerton said that BT's involvement could undermine the project, and commented that the SHEFA2 project would be a key part of the Chief Executive's proposals to support remote working and there was a need to focus on the Council's own Policies when deciding on spending. Mr G Robinson said that he was pleased with how the project was proceeding, and said that the project should continue to move ahead as it stands, with any association with BT, or other companies, instigated at a later date. Mr Robinson moved that the Committee approve the recommendation in the report. Mrs B Fullerton seconded.

Mr A Cooper commented that he agreed with Mr Robinson's comments. He said that BT has a role in Shetland's infrastructure, and it was important that the Council and BT complement each other, and work together, rather than duplicating effort. Mr Cooper stated that there was a need to find out what BT were proposing for Shetland, and to ascertain what the Council can do to strengthen the proposal to focus on enhancing the community for future years.

The Chairperson confirmed that any significant changes to the project would be reported back to Committee. He thanked the officers of Shetland Telecom for the amount of work involved in progressing the project. The Economic Development Officer advised that the meeting with BT was to take place next week, and he would provide an update from that meeting to Members via e-mail.

The Committee considered a report by the Project Manager (Appendix 4).

In referring to Section 5.1 of the report, the Project Manager (T Coutts) advised that Lerwick Port Authority had now confirmed that Dales Voe could be considered as a site for the drydock/shiplift facility.

Mr J Henry said that with the move towards marine renewable energy initiatives there would be a requirement for lifting and maintenance of equipment, and the probability of this additional business should be taken into consideration. He added that a shiplift facility would have a wider use for marine renewable projects. The Project Manager advised that the technical option to be considered was a floating dock with a vessel transfer ashore facility, which would allow work on multiple vessels at the same time, and this could potentially be used for marine renewables equipment.

In response to a question from Mr R Henderson, the Project Manager explained that research had been carried out into the potential volume of work that could be achieved by a floating dock, but the financial value of ship repair business which leaves Shetland is unknown. He advised that currently local vessels over a certain size have to leave Shetland for drydocking, and this includes 50% of the Council ferry fleet and all the tugs.

In response to questions from Dr J Wills, the Project Manager explained that a floating dock was the only option that would generate net benefits over a 60 year period, and the benefits would improve further if a second hand facility could be purchased. He explained that the set up costs would be identical whichever type of facility progressed as the infrastructure required would be the same. The three potential sites that could be considered for the facility were Sella Ness, Dales Voe and the Arlanda site in Lerwick. He added that there would be issues with the Arlanda site and there was limited room for development and expansion, and the work could change the wave patterns in the area.

Mr R Nickerson advised that he had some concerns, as the project was extremely high risk, there had been no indication whether local vessels would use the facility, there could be State Aid issues, and the financial projections are based over a 60 year period. He stated that some of these issues would require extreme scrutiny. However, Mrs B Fullerton said that she fully supported the project and commented that Mr Nickerson should be more optimistic. She said the project should be looked at as a business model and in the wider interest to Shetland.

Mr A Cooper advised that his personal view was that the facility would only be successful if the harbour authorities maintained and operated the facilities, and to his knowledge he understood there to be a degree of reluctance. In relation to an earlier comment, he advised that a well maintained dry dock facility could function for a period of 60 years. In referring to the recommendations set out in Recommendation 11.1 of the report, Mr Cooper moved that the Committee should not proceed beyond approval of Recommendation 1 at this stage, as this would keep the project on track and to move forward in stages. Mr Cooper confirmed that his motion included approval of Recommendation 11.2.

In seconding, Mr A Wishart commented that a significant amount of technical and business detail was required before Members could make decisions on this project, and he asked that information be provided on the different activities undertaken at shiplift/drydock facilities, including prices, quality of work, and time.

The Chairperson thanked the Project Manager for the work undertaken on the project.

58/10

**Fetlar Working Group**

The Committee considered a report by the Head of Business Development (Appendix 5).

In the absence of the Head of Business Development, the Chairperson advised that was involved in the Working Group and he considered that now would be the wrong time to disband the Working Group particularly with the current stages of the breakwater and the small marina berthing face projects. Mr Simpson accordingly moved that the Committee approve the recommendation in the report. Mr R Nickerson seconded.

Mr R Henderson commented that the Committee should express its thanks to the Head of Business Development and Mr J Simpson for the work that has been undertaken in the Fetlar community. Mr Henderson added that he fully supported the recommendation in the report.

59/10

**Shetland's Sponsorship of the Round Britain and Ireland Race 2010**

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

In introducing the report, the Marketing Section Head advised that participation and sponsorship of the event has resulted in direct benefits of £58,000 to Shetland.

Mr R Nickerson said that this was an excellent project, being one of the most successful projects in terms of marketing Shetland, and he moved that the Council should continue to offer sponsorship for the event.

Dr J Wills moved that the Committee approve the recommendations in the report, adding that the Council could not afford to continue with the sponsorship of the event, however he hoped the race would continue to visit Shetland with closer liaison with the Lerwick Port Authority. In seconding, Mrs B Fullerton advised that she supported the officer's recommendations and the conclusion in Section 9.1 of the report, and said that the Council's involvement in the promotion of Shetland's sailing opportunities should be undertaken in liaison with Promote Shetland.

Mr A Cooper said that he supported the recommendations in the report, however he agreed with Mr Nickerson's comments that there was a need to build on what has been achieved for the yachting community to visit Shetland. He suggested that progress in promoting Shetland as a yachting destination should be reported in the regular activity reports to Committee.

In response to a question from Mr Nickerson as to whether the Council would be transferring the funding to Promote Shetland to undertake the promotion of Shetland as a yachting destination, the Head of Economic Development explained

that the Council's arrangement with Promote Shetland was that each proposal and business proposition would be considered on its merits.

Mr C Smith said that he was disappointed that the Council was considering not sponsoring the event, advising that 4 years was a long time away. Mr Smith seconded Mr Nickerson's motion, which now stands as the amendment.

The Head of Economic Development explained that there was no issue with the race not coming to Shetland in future years and that Shetland should continue to enjoy the benefits from previous sponsorship, but the recommendation was for the Council not to sponsor the event in 2014 as the money could be used elsewhere to widen the scope for promoting Shetland.

Following summing up, voting took place with a show of hands and the results were as follows:

Amendment (Mr R Nickerson)	5
Motion (Dr J Wills)	10

60/10

#### **A Strategy for Events and Festivals in Shetland**

The Committee considered a report by the Marketing Section Head (Appendix 7).

The Marketing Section Head introduced the report.

Mr R Nickerson said the Strategy was extremely comprehensive, and he congratulated the staff and the external agencies that had been involved. He said the Strategy highlights the huge amount of voluntary contribution associated with the different activities in Shetland, and suggested that more work should be done into adding value to the current events and festivals, and to assist the volunteers. Mr Nickerson advised of his slight concern in relation to the proposal to expand some events in terms of capacity to attract more visitors as he advised that many events were currently at full capacity. Mr Nickerson moved that the Committee approve the recommendations in the report.

Mr Nickerson asked that more details should be given on the incentive scheme and he commented that in reading through the list of events it was interesting to note that music plays an integral part. Mr Nickerson commented that as the bulk of the Strategy relates to culture, he asked that reference to the relevant sections of the Council's Culture Strategy should be included in the Policy and Delegated Authority paragraph of this and similar reports.

The Marketing Section Head confirmed that information on the incentive scheme would be reported to a future meeting of the Committee, and he advised that where some of the major events were at full capacity the intention was to develop more fringe events.

In response to a question from Dr Wills, the Marketing Section Head advised that there had been some problems with the Shetland Box Office going on line, however the system was expected to go live on 11 October.

*(Mr A Wishart left the Chamber).*

Mrs B Fullerton commented that the Strategy was a very good report, but asked whether further detail could be included on which of the events receives public funding. In referring to Page 24, she advised that some wording had been omitted in the 'Finance' Section, and that a table could be included detailing the level of public and self-financing funding.

Mr W Manson said that the Strategy was good, however it would benefit from being a briefer document, with more of the detail included in the appendices. Mr R Henderson reported on how he had been involved in the Accordion and Fiddle Festival, and said that this event could be expanded particularly for the benefit of the tourism sector.

In referring to Page 64 of the Strategy, Mr Nickerson proposed that a dark skies aspect could be developed, which could attract visitors to view the "Northern lights".

Mr A Cooper seconded.

### **Shetland Islands Council as Trustee of Shetland Development Trust**

61/10

#### **Mareel, Cinema and Music Venue** **Sounding Board Feedback Report #12**

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

The Head of Economic Development reported that the project continues to operate within contingency, and the exact date for completion of the project is to be discussed between Shetland Arts and the main contractor, and he would inform the Committee when the completion date has been agreed.

*(Mr Wishart returned to the Chamber).*

In response to a question from Dr J Wills, the Head of Economic Development advised that Shetland Arts intend to undertake a revised business plan for the project, and this would be presented to Committee when available.

In referring to the format of the report, Mr G Robinson suggested that there was a need to better illustrate the actual progress being made on the project, and suggested that the areas of activity/progress should be in italics, he then questioned whether there was any benefit in presenting a report if there was nothing significant to report. The Chairperson advised that Members had previously requested regular progress reports to be presented to Committee. Following a brief discussion, the Committee agreed that regular updates on the Mareel project would be included in the Public Activity report, but if there was any noteworthy issues this could be included in a separate report.



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

In referring to Min. Ref. 56/10 and to the possible requirement for an early decision, Mr J Simpson proposed that the Committee agree to adjourn at the end of this meeting, as this would allow the Committee to reconvene at short notice, if required. Dr J Wills moved, Mr A Cooper seconded, and the Committee agreed.

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

62/10

**Non-Public Activity Report: August 2010**

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

In response to questions from Members, updates were provided on a number of the existing investments.

**Between Weathers**

In response to a query from Mrs I Hawkins regarding reference to “my Board” in the penultimate line of Section 4.3, Members noted this should read “Shetland Arts Board”.

The Committee discussed the proposal for the Council to consider providing grant funding for the project. Dr J Wills moved that the Council should have nothing further to do with the project other than to offer practical facilities and assistance. Mr C Smith seconded.

The Head of Economic Development explained that the information in the report had been provided for Members’ information, and he intended to prepare a detailed report to Committee in November

Mrs F Grains commented that the information provided in the report was a proposal only at this time and she noted that a full report was to be presented to Committee in November. Mrs Grains moved, as an amendment, that the Committee should not make a decision on this project until the full details were reported. Mr F Robertson seconded.

*(Mrs B Fullerton gave notice of a further amendment).*

*(Mr A Cooper gave notice of a further amendment).*

*(Mr J Budge attended the meeting).*

After summing up, voting took place by a show of hands and the results were as follows:

Amendment (Mrs F Grains)	6
Motion (Dr J Wills)	8

*(Mrs B Fullerton withdrew her notice of a further amendment).*

(Mr A Cooper withdrew his notice of a further amendment).

*(Dr J Wills, Mr G Robinson and Mr F Robertson left the meeting).*

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### Development Committee

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63/10

**Hjaltland Hatcheries Ltd.**

**Application for Financial Assistance**

The Committee considered a report by the Project Manager.

*(Dr Wills and Mr Robinson returned to the meeting).*

After hearing the Project Manager (S Keith) introduce the report, Dr J Wills moved that the Committee refuse the grant to Hjaltland Hatcheries Ltd. Mr G Robinson seconded.

Mr A Doull said that he would like to see the site in use, and he moved as an amendment, that the Committee approve the recommendation in the report. Mr A Cooper seconded.

During the discussion which followed, the Project Manager responded to questions raised by Members.

After summing up, voting took place by a show of hands and the results were as follows:

Amendment (Mr A Doull)	11
Motion (Dr J Wills)	4

64/10

**Whalsay Fish Processors Ltd.**

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

After hearing the Head of Economic Development introduce the report, Dr J Wills moved that the Committee approve the recommendation in the report, and Mr G Robinson seconded.

65/10

**Pure Shetland Lamb Ltd.**

**Grant Assistance Offered Under Auspice of Temporary Framework**

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

After hearing the Head of Economic Development introduce the report, Mr G Robinson moved that the Committee approve the recommendations in the report. Dr J Wills seconded.

The meeting adjourned at 12.15pm.

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J G Simpson  
CHAIRPERSON