

MINUTE

B

Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 18 November 2010 at 10.00am

Present:

J G Simpson	L F Baisley
J Budge	A G L Duncan
F B Grains	I J Hawkins
R S Henderson	J H Henry
W H Manson	R C Nickerson
C L Smith	A S Wishart

Apologies

L Angus	A J Cluness
A T J Cooper	B L Fullerton
A J Hughson	C H J Miller
F A Robertson	G Robinson
J W G Wills	

In Attendance (Officers):

N Grant, Head of Economic Development
D Irvine, Head of Business Development
W Grant, Project Manager
N Henderson, Marketing Section Head
S Keith, Project Manager
N McDougall, Financial Controller
M Smith, Economic Development Officer/Shetland Telecom
B Robb, Management Accountant
S Spence, European Officer
L Adamson, Committee Officer

Chairperson:

Mr J Simpson, Chairperson of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

Ms L Baisley declared a potential pecuniary interest in Item 5 "Shetland Agriculture Business Scheme (2011-2013)", as her partner was a potential benefactor of the scheme. Ms Baisley confirmed that she would be taking no part in the discussion.

Mr J Budge declared a pecuniary interest in Item 5 "Shetland Agriculture Business Scheme (2011-2013)" and also an interest in Item 7 "Shetland Farm Dairies – Milk Tanker", as it relates to agriculture.

Mr A Duncan declared an interest in Item 1 “Public Activity Report”; a pecuniary interest in Item 5 “Shetland Agriculture Business Scheme (2011-2013)”, and confirmed that he would be taking no part in the discussion on Item 7 “Non-Public Activity Report”.

Mr R Henderson declared an interest in Item 1 “Public Activity Report”, as his brother was a benefactor of a scheme.

Minutes

The minutes of the meetings held on 30 September 2010 and 7 October 2010 were confirmed on the motion Mr J Simpson.

Members’ Attendance at External Meetings

The Chairperson advised that he had attended a number of meetings, but these would be reported during Item 3 “Update on European Activities”.

67/10 Public Activity Report: September and October 2010

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

4.4 – Foula Electricity Trust

Mrs F Grains reported that the “Foula Going Green” Workshop that had been arranged for 16 November had not taken place, and would be rescheduled for a later date.

5.1 – Business Gateway

In response to a question from Mrs I Hawkins, the Head of Business Development advised that during the period April to October 2010 twelve new businesses had started up.

4.6 – Shetland Brand Rollout

In response to a question from Mr R Nickerson, the Head of Economic Development confirmed that a report on proposals to roll out the Shetland Brand initiative would be presented for discussion to the Industry Panel and then to Committee for consideration by Members.

4.7 – Shetland Food Festival

Mr J Budge reported from his attendance at the Food Festival, advising that the event had improved notably from previous years, and being held in conjunction with the craft fair attendance levels had increased. Positive feedback had been received from exhibitors at the producers market, and he congratulated the individuals involved in organising the event.

4.12 – Shetland Abattoir Co-operative Limited (SACL)

In response to a question from Mr Nickerson, the Head of Economic Development reported that the project was progressing well, and the facility could possibly be completed ahead of the scheduled date of 31 March 2011.

4. 9 – Drydock – Business Development Team

Mr C Smith commented that he was not opposed to this project, however he expressed some concern that officers' time and resources were being spent on this project within the current financial climate. The Head of Economic Development explained that the decision at the previous Committee was to progress the first stage of the project, which involved addressing a number of high level questions. He reassured Members that this work would not require significant resources, and the findings would be reported to Committee in due course.

Ongoing Projects – Visits

In response to a suggestion from Mr J Henry, the Head of Economic Development agreed that arrangements would be made for Members to visit a number of strategic projects during January.

4.10 – Shetland Telecom Project

In response to a request from Ms L Baisley, the Economic Development Officer provided the Committee with an update on the project. He advised that, following state aid notification of the project, today was the final opportunity to receive any comments. To date no comments had been received and therefore it was anticipated that State Aid clearance would be given. He added that following confirmation of State Aid approval the contracts to put the fibre in place were ready to proceed, and the project was progressing as planned and within budget.

68/10

Economic Development Unit Revenue Management Accounts 2010/11 Period 7 – 1 April 2010 to 31 October 2010

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

The Management Accountant summarised the main terms of the report. The Head of Economic Development reminded Members of the discussion at the previous Committee regarding the £6.5m of outstanding commitments on the discretionary grants budget. Officers were reviewing the individual grants with the recipients to ensure they are continuing to meet the grant conditions and to whether the grants are to be drawn down within this Financial Year. The Head of Economic Development confirmed that the outcome of these discussions would be reported to Committee.

69/10

Update on European Activities

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

In introducing the report, the European Officer referred Members to Section 6.4 (4th bullet point), and provided an update on the future Cohesion Policy following her recent attendance at an event in Inverness. She reported that EU officials had confirmed that the future Cohesion Policy will deliver EU2020 goals (smart, sustainable and inclusive growth), and the Policy will be for all regions with a

greater urban focus than has been previously. There was a likelihood of less money with the anticipated reduction of the EU budget and therefore fewer priorities and greater focus on results and outcomes.

In response to a question from Mr A Duncan relating to the anticipated level of reduction in the EU budget, the European Officer explained that figures were not available at this time, however to give an indication she explained that currently the Structural Funds for the Highlands and Islands for 2007-2013 was worth £120m, of which £85m goes to ERDF projects, and the remainder towards ESF. In response to a question from Mr R Nickerson, the European Officer agreed to source information on the amount of ERDF funding that has come into Shetland. After hearing the European Officer advise that there were a number of current projects where the outcomes are expected nearer the end of the year, Mr Nickerson asked that the information be presented nearer the end of the Financial Year, to allow fuller detail to be provided.

In response to a question from Mr J Henry, the Chairperson confirmed that the meeting with the UK Fisheries Minister would be taking place next week.

The Chairperson outlined his concern about the potential for 20% cuts in next year's quotas following the EU Norway talks, which would have a massive effect on the fishing industry. He reported from a recent meeting he had attended in Brussels, being the last opportunity to input on the reform of the CFP, and said that it was likely there would be a reduction in fleet numbers as arguments were being driven by environmental concerns.

Mrs I Hawkins commented that she had found the detail in the report very informative. The report also highlighted the various positions held by Councillors Simpson and Angus on the various groups, and the importance of Shetland being represented at the meetings.

70/10

Investment in Economic Development Projects – Defining Benefits

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

The Head of Business Development introduced the report.

In referring to the table in Appendix 1 containing the list of project benefits/impacts, Mr R Nickerson said that there was a need for an additional measurable benefit to be included to address social benefits to communities from individual projects. He said that this measure was necessary particularly with the Council's priorities to attract people to live and work in Shetland, and to grow the population and to diversify outwith Lerwick. Mr Nickerson asked officers to bring a further report to Committee to include the social benefit economic matrix on the impact on Shetland's economy.

The Head of Business Development referred to Section 5.1 of the report, where it outlined the proposal that any application that did not fully meet the necessary economic benefits would be reported to Committee for a decision.

In referring to the list of project benefits/impacts, Ms L Baisley said that she welcomed the inclusion of the “Non Measurable Benefit” relating to “development in remote areas”. In response to a comment from Ms Baisley, the Head of Business Development acknowledged that the layout of the table would have to be amended to allow a fuller level of detail to be entered.

Ms Baisley moved that the Committee approve the recommendation in the report.

In acknowledging Mr Nickerson’s comments, the Head of Economic Development explained that in the past it had often proved difficult to evaluate individual projects in terms of economic benefits. He considered that the list of benefits/impacts at Appendix 1 would be a straightforward exercise for completion by the applicants and would allow each project to demonstrate its benefits to Committee. He suggested that an update report on the economic benefits could be presented to Committee within 6 months.

During the discussion, Mr W Manson said that in order to meet the Council’s policy to grow the population there was a need for more jobs in Shetland, and the Economic Development service was an area to assist in achieving that growth. He suggested that an additional benefit/impact “Are we growing the workforce/job availability in Shetland” should be included in Appendix 1, and that annual assessments of the economic impacts should be undertaken.

In seconding Ms Baisley’s motion, Mr A Wishart said that he considered that the assessment should be led by economic, rather than social aspects, however he suggested that a review could be undertaken in 6 months to ascertain whether a higher level of measuring social impacts could be beneficial. Mr J Henry suggested that the review could also highlight a number of the more successful projects, and any unsuccessful projects.

Mrs I Hawkins reported on Total’s commitment that the unemployed in Shetland would be given the opportunity to be interviewed for employment in their gas plant project. The Head of Economic Development confirmed that the Council would be supporting Total and Petrofac to follow through on their commitments.

In response to comments from Mr Nickerson, the Head of Business Development explained that the social and cultural benefits of any project would be taken into consideration when assessing the individual projects.

(Mr W Manson left the meeting).

Ms Baisley advised that she wished to add to her motion that a review is undertaken after 6 months.

The Chairperson confirmed that the points raised by Mr Nickerson would be taken onboard.

(Ms L Baisley, Mr J Budge and Mr A Duncan left the meeting).

Shetland Agriculture Business Scheme (2011-2013)

The Committee considered a report by the Economic Development Project Manager (Appendix 5).

In introducing the report, the Head of Business Development provided Members with some background information relating to the Scheme.

(Mr Manson returned to the meeting).

Mr A Wishart expressed his concern relating to conflicts of interests, in that the Members with knowledge of agriculture had left the meeting, and said that he would prefer them to remain in the Chamber even if they could not take part in any vote. Mr R Nickerson concurred.

Mr Nickerson said that with the Council being requested to save approximately 15% across the board, he moved that the Committee approve the recommendation in the report, however the agriculture budget should be reduced by 15% with the emphasis for reduction to relate to the fertiliser grant. Mr Nickerson added that indications were that the agricultural industry would be prepared to accept the reduction in funding, and that cuts to the fertiliser grant would have the least impact on the industry.

Mr W Manson moved that the Committee approve the recommendations in the report at they stand. He added that the agriculture budget should be subject to the standard budgetary discussions to meet the agreed reduction. Mrs I Hawkins seconded.

The Chairperson reported from the Agriculture Panel in October that the view from the industry was that the fertiliser grant should not be cut.

Mr C Smith said that from discussions with crofters, he had been informed that the industry was prepared to accept the 15% cut in the agriculture budget and commented that Members should be prepared to acknowledge this. Mr Smith seconded Mr Nickerson's amendment.

During the discussion that followed, Mrs F Grains referred to the Council's policies to keep people in the rural areas, and advised that she supported Mr Manson's motion. Mr Manson clarified that his motion included a review of the Scheme.

(Mr R Henderson gave notice of a further amendment).

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

Amendment (Mr R Nickerson)	3
Motion (Mr W Manson)	6

Mr Henderson moved, as an amendment, that the Committee approve the recommendation in the report, but to make a reduction of 15% from the agriculture

budget with the reduction being met entirely from the fertiliser budget. Mr R Nickerson seconded.

Voting took place by a show of hands, and the results were as follows:

Amendment (Mr R Henderson)	3
Motion (Mr W Manson)	6

(Mr Manson and Mr Smith left the meeting).

(Ms Baisley, Mr Budge and Mr Duncan returned to the meeting).

72/10

Delegated Authority to Manage Fish Vessel Licence Entitlements

The Committee considered a report by the Project Manager (Appendix 6).

The Chairperson commented that he supported the recommendation in the report, as the change in management would allow faster decisions to be made.

In moving that the Committee approve the recommendation in the report, Mr A Wishart asked that regular updates on sales of fishing vessel entitlements are included in the public activity report. Mr J Henry seconded.

In order to avoid the disclosure of exempt information, Mr J Simpson moved, Mr R Henderson 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 Smith returned to the meeting).

73/10

Shetland Farm Dairies – Milk Tanker

The Committee considered a report by the Economic Development Project Manager.

The Head of Business Development summarised the main terms of the report, and provided Members with background information relating to Shetland Farm Dairies (SFD).

Mrs F Grains reported on how important the dairy was to Shetland's economy, and moved that the Committee approve the recommendation in the report. Mr R Nickerson seconded.

During the discussion, the Head of Economic Development and the Head of Business Development provided responses to queries and concerns raised by Members.

During the discussion, Members agreed that a visit to SFD should be arranged with the Chairperson and Vice-Chairperson of Committee, and the Head of Economic Development. The Chairperson agreed that the visit could take place in the near future, and he suggested that the Head of Economic Development could prepare a report to Committee to assist SFD with their marketing and management issues.

In response to a question, the Head of Business Development reassured Members that the conditions of grant would be drawn up in consultation with the Chairperson and Vice-Chairperson of Committee. Mrs Grains agreed to include that additional proviso into her motion.

74/10 **Note of the Fisheries Panel – 4 October 2010**
The Committee noted the draft minute of the above meeting.

75/10 **Note of the Agriculture Panel – 14 October 2010**
The Committee noted the draft minute of the above meeting.

Shetland Islands Council as Trustee of Shetland Development Trust

(Mr A Duncan left the meeting).

76/10 **Non-Public Activity Report: September and October 2010**
The Committee noted a report by the Head of Economic Development, and updates were provided on a number of the activities.

Multi-Species Slaughtering Facilities

Ms L Baisley reported from informal discussions with pony breeders in Shetland as to whether the new Abattoir would accommodate multi-species slaughtering. Following a brief discussion, the Chairperson indicated that this proposal could be discussed at the next Agriculture Panel.

The meeting concluded at 11.45am.

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J G Simpson
CHAIRPERSON