



REPORT

To: Development Committee

28 April 2011

From: Head of Economic Development

Report No: DV028-F
Public Activity Report

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 the Economic Development Unit (EDU).

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
- February and March 2011 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 Employment Survey 2011

After a tendering exercise SWC Business Services has been contracted to undertake the data collection aspect of the Shetland Employment Survey 2011.

The data collection will be undertaken in three stages: stage one is a postal survey (possibly also incorporating an online aspect) which collects data on employment, skills and training, imports and exports, future plans, IT uptake and turnover; stage two is a phone survey using an abridged version of the questionnaire (collecting information on employment and business status); stage three takes place once all gaps have been identified, and uses local knowledge, previous surveys and estimations to fill in those gaps.

The postal survey will commence week beginning 09 May 2011. A completed database will be submitted by SWC Business Services to the Economic Development Unit not later than 13 September 2011. Analysis and reporting on the database will be carried out by the project manager and reported to the relevant committee.

4.2 Business Start-Ups

Figures from the Committee of Scottish Clearing Banks (CSCB) show that there were 56 new business start-ups in Shetland in 2010. This is a 14.3% increase on figures from 2009.

The CSCB recorded a 1.8% drop in business start-ups nationally. Figures in other Scottish local authorities range from a 26.4% decrease in Inverclyde to a 21% increase in Stirling.

4.3 Vessel Maintenance Facility Study

Arch Henderson and MVA Consultancy have submitted proposals to EDU for a research project looking in detail at the vessel maintenance market in the North Sea Basin and West of Shetland. These are deemed to be the areas in which a potential vessel maintenance facility located in Shetland would compete for business outside of the immediate local market.

The consultants have provided an outline brief with a number of options for areas of research. These will be evaluated for suitability and cost, and a proposal will be submitted to the Drydock Business Development Team for decision.

4.4 All Energy Conference and Exhibition

Finalised arrangements for the Shetland presence at the All-Energy Exhibition and Conference are being made at the moment. The event is held in Aberdeen on 18-19 May 2011. It is the largest 'renewables' event in the UK. The Shetland stand will be based on the HIE pavilion, a prominent area within the exhibition area of the conference.

The final list of organisations playing an active role in an exhibiting capacity within the stand area are:

- Lerwick Port Authority
- Delta Marine,
- NAFC Marine Centre
- Shetland Islands Council Ports and Harbours Operations
- PURE Energy
- Scottish and Southern Energy
- ZE1 Group Limited

This provides a range of interests across the sector including suppliers and installers of renewable energy devices, port infrastructure, engineering and logistical support services, research and development and skills development. Shetland Islands Council Economic Development Unit and HIE Shetland have coordinated the Shetland presence and will also be represented at the event. The Shetland renewable energy resource assessment, which considered the potential of Shetland's wind and tidal resources and undertaken by consultant Natural Power, will be presented at the conference element of the event.

4.5 Shetland C2 Project

Administered by Scotland's Food and Drink, this initiative can help businesses to access new markets, develop new food and drink products and improve supply chains through encouraging partnership. The value for Shetland is that this could potentially help address issues relating to the economics and logistics of transportation of relatively smaller quantities of food and drink products from Shetland to suitable suppliers on the mainland e.g. high class delis, top hotels and restaurants. There has been a poor response to an initial survey to measure levels and nature of interest in taking forward a project. This was mailed directly to food producers and also advertised in the local press. However, it is felt there is still merit in investigating this further and representatives from Scotland's Food and Drink will visit Shetland to meet with interested parties soon. Arrangements are currently being finalised for this and there will be an effort to ensure food producers in Shetland are aware of the meeting.

4.6 Shetland Brand Information 'Pack'

Members today are provided with the initial introductory pages of a Shetland Brand 'pack' which is currently being developed by PromoteShetland and the Economic Development Unit. The completed pack will be presented to the next Committee meeting. It will comprise of a collected 12-15 information pages which will be presented in an appealing and interesting style and which focus on a number of different positive aspects of Shetland important to developing the reputation of the islands at large. The target audience for the pack is the Shetland community and the purpose of it is to inform, inspire and encourage people, organisations and community groups to become actively involved in the promotion of the best of Shetland.

4.7 The Johnsmas Foy

The Johnsmas Foy Committee met last month to discuss the formal review of the festival. Whilst it is the general understanding of the Committee that major changes would be required to the event for it to have a sustainable future, it was felt that the Committee was not in a position to make these decisions and that this would benefit from discussion, guidance and input from the Shetland Cultural Strategy Group. Consideration is being given as to how best to take this forward.

4.8 Agricultural Support Working Group

The Agricultural Support Working Group has met three times in recent months to discuss ways to achieve an equitable system of agricultural support for Shetland agriculture in the course of the review of the Common Agricultural Policy (CAP). This work has involved a considerable amount of activity, which will continue until the review of CAP has been completed in 2013. The main focus of our lobbying activity has been to promote the concept of Vulnerable Areas in Scotland. The concept of Vulnerable Areas was referred to in the Pack Inquiry but without any depth of understanding about how these areas would be defined and how they could become a part of the future support mechanisms. A briefing paper to emphasise the importance of Vulnerable Areas was issued to the Minister for Rural Affairs and the Environment (RAE), all members of RAE and all Highlands and Islands MSPs. This was followed up with a meeting with the Depute Director for RAE in which he gave some encouragement for developing the Vulnerable Areas aspect as part of the discussions on CAP Reform and suggested that this needed to be done on a factual rather than just on a political basis. Accordingly a briefing paper has been worked up in conjunction with other local authorities in the Highlands and Islands, with input from HIE, SNH, RSPB and the Scottish Government. By the time of this Committee work should be underway on the research necessary to define Vulnerable Areas and to identify the specific support mechanisms that are necessary to encourage agricultural activity in these places. There has been considerable engagement with other local authorities and the other bodies referred to above. In addition we have made sure that our MSP, MP and relevant MEPs are aware of what we

are doing. George Lyon MEP in particular has shown a keen interest in the process. Our intention is to reengage with the new Government in Scotland in the early part of the summer, before building the case at DEFRA and then with the European Commission. Other work has included preparing a response to the European Commission on the impact assessment of options for the CAP until 2020. Work is also being progressed to raise a discussion at political level in Scotland about changes to the Less Favoured Area Scheme, which could have a detrimental effect on holdings in Shetland.

4.9 Scotland's Islands Project

The Scotland's Islands Year has now begun with 100+ events being supported on 42 islands throughout Scotland. For Shetland 19 projects are being supported and these are listed below:

Name of Project	Amount Awarded	Description
Birlinn Books	£400	Development of island poetry book .
Hansel Cooperative Press	£8,856	A poetry inspired external exhibition to celebrate the times of the herring fishery in Lerwick.
Mull Theatre	£6,747.33	A tour of the Highlands and Islands with a gothic Iona tale.
Scottish Writers Network	£912.40	A series of writers' events throughout the islands.
Shetland Folk Festival Society	£9,990	Expansion of the Shetland Folk Festival using island acts from Shetland, Western Isles and Orkney.
Shetland Bus Friendship Society	£10,000	Organisation of a high profile opening for the new Scalloway Museum.
Shetland Library	£5,753.33	Organisation of a traditional story telling event in Shetland.
The Islands Book Trust	£3,000	Organisation of Lerwick conference to commemorate 60 th anniversary of the School of Scottish Studies.
The Old Haa Trust	£1,725	Organisation of event "Yell about the Arctic."
Fair Isle Community Association	£4,213	Tall Ships celebration event.
Sail Scalloway	£7,915	Tall Ships celebration event.

Sail Yell	£8,000	Tall Ships celebration event.
Shetland Arts Development Agency	£13,201	Development of a structured programme for young musicians in the Fiddle Frenzy event.
Shetland Community Orchestra	£10,260.88	Development of a Community Orchestra in Shetland.
Shetland Islands Council Creative Links	£4,000	“Kirsty and the Snarravoe Njuggle” A performance project.
Shetland Race Committee in association with the Hordaland Association	£5,712	Development of a Shetland showcase for the 25 th anniversary of the Bergen –Shetland races.
The Swan Trust	£8,169	Visual artist placement onboard the Swan for the duration and beyond the Tall Ships races.
Unst Festival Committee	£4,000	Tall Ships celebration event.
Lise Sinclair/SADA	£15,000	Writing, recording and performing of new island songs inspired by the writing of George MacKay Brown.
	£127,854.94	

The projects were all recommended by the Council’s Cultural Strategy Group and were accepted by the Scotland’s Islands Steering Board. As can be seen the cost of supporting these projects is £127,854.94, of which £50,177 is derived from external funding (mostly ERDF). The Council’s full contribution to the project is £80,357.94, which includes a sum of £2,680 towards administration costs.

4.10 Shetland Livestock Marketing Group (SLMG), Shetland Abattoir Co-operative Ltd (SACL), Grants Issued Under EC Temporary Framework

SACL are now in the final stages of completing the abattoir building and are working to achieve completion certificate for the building. SLMG as operators will apply for operating licence once the building is complete.

4.11 Trade Visit to Faroe (15 – 18 March 2011)

The main purpose of the visit was to detail agreements with Faroese Telecom, and owner of the SHEFA fibre cable, on backhaul capacity for the Shetland Telecom project, and to meet with the Faroese Government Prime Minister, Trade Minister and officials to discuss economic projects and opportunities of common interest.

The main items discussed were as follows:

- Oil and gas developments in the Faroese and UK sectors.
- Faroese wind farm and electricity interconnector plans.
- Tunnels, the business models set up to deliver the projects, the operational models and social and economic impacts. The Faroese are very positive about the impacts which the tunnels have had on their islands.
- Ministry of Health and Affairs: integrated health care systems, where each patient has only one common set of records. Also telecare projects involving the Faroese telecoms network where mobile signal coverage is infinitely superior to that which exists currently in Shetland.
- The Faroe Trade minister is planning a Trade visit to Shetland in May/June. Dates and details are still being discussed.

Meetings were had with the following Faroese businesses:

➤ Smyril Line

We met with senior management of the company to discuss future Shetland links. Whilst there are possible future opportunities, there are no short term plans to reintroduce Shetland to the sailing schedule

The company had made a loss of £1.5million in the previous year. The SDT currently hold a 6% shareholding in the company. The Norrona is presently running between Faroe, Denmark and Iceland.

➤ Articon

Articon have been awarded the contract of dredging Scalloway harbour this summer. They are a major construction and ship repair company operating from Faroe and were able to demonstrate large school and care home projects which are currently being built in Torshavn, and a recently completed school in Runavik

➤ Vagar Airport, and Atlantic Airways

Interest in UK connections possibly involving Shetland.

5.0 Government Initiatives

5.1 Business Gateway 2010/11 Review

One hundred and sixty-six Business Gateway enquiries have been logged during the 2010/11 financial year, in the following sectors:-

General Services – 56
Catering – 11
Construction – 5
Accommodation – 11
Agriculture – 3
Community Development – 2
Transport – 3
Retail – 6
Fish Processing – 1
Aquaculture - 7
Fishing – 6
Training – 1
Crafts- 12
Renewable Energy – 7
Voluntary Sector – 1
Tourism – 10
Fish Sales – 4
Creative Sector – 7
Financial – 1
Manufacturing – 5
Food and Drink – 5
Leisure – 1
Quarrying - 1

Seventy-five of these enquiries related to possible business start-ups. Twenty-two have been referred to the National Business Gateway centre, 28 have been referred to Train Shetland for a place on a training course and there have been 85 appointments of business advisers. Seventy-four clients have applied for or are considering applying for Council assistance and nine were not eligible for support. Three projects have been referred to HIE as a possible high growth expansion, with the prospect of one other.

In general the number of clients using the Business Gateway service is lower than the figure of 201 recorded in the previous year. One reason for the small reduction may be that more people are making a direct approach to Train Shetland for the Business Gateway related training courses. The Train Shetland short course numbers have increased to 145 in 2010/11 from 119 in 2009/10. Courses and numbers attending are shown in appendix two. As can be seen the satisfaction rate for all 18 courses run was very high. These courses are a very important part of the Business Gateway service and are being delivered to a high standard.

The Creative Students Support Scheme continues to work well. Twelve students have completed the first business unit delivered through the Business Gateway. Four participants have completed their business plans and have been awarded working capital grants under the scheme.

Ten businesses have been approved for grant assistance under the Business Growth Training Scheme, which was set up with European Social Fund support following a demand for such funding following after the Business Gateway was started in Shetland.

In terms of outcome a survey of Business Gateway clients (conducted in February 2011) who have used the service since it was established in April 2009 showed that 32 businesses have been started, 17 existing businesses have achieved their growth targets and 10 existing businesses are working with HIE on significant growth projects.

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 (02/08) 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: 22 April 2011

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Grants Awarded Grouped by Scheme

<u>Applicant Project</u>	<u>Reference</u>	<u>Decision Date</u>	<u>Amount Awarded</u>
DEV - Agricultural Contractors Scheme			
SMITH, ANDREW Silage round baler	286/2057	09/02/2011	5,575.00
Total Awarded for DEV - Agricultural Contractors Scheme			5,575.00
DEV - LEADER/Convergence			
HJALTLAND SEAFARMS LTD Seal Predation Project	246/1403	23/03/2011	9,828.00
HJALTLAND SEAFARMS LTD Accurate Assessment of Biomass	246/1404	23/03/2011	11,336.00
HJALTLAND SEAFARMS LTD Feed Evaluation Trial	246/1405	23/03/2011	7,549.00
Total Awarded for DEV - LEADER/Convergence			28,713.00
DEV - MDP			
CLOCKTOWER CARDS Design and development of ecommerce website, including 12 month search engine optimisation package and integration into ebay and amazon platforms.	1039/2184	25/03/2011	4,874.00
DAVID POLSON To develop website to broaden its geographical appeal to the UK mainland market.	1028/2138	08/03/2011	1,753.00
Total Awarded for DEV - MDP			6,627.00
DEV - SABS			
BROWN, WILLIAM Fertiliser grant	385/2071	03/02/2011	225.60
BURGESS MARTIN Fertiliser & lime grants	801/2062	03/02/2011	1,920.60
BURGESS, M W Lime & heifer rearing grants	757/2068	17/03/2011	1,900.00
COUTTS, NEIL Heifer rearing	412/2170	17/03/2011	100.00
GARRICK, W P & F J Fertiliser, heifer rearing & bull grants	357/2055	03/02/2011	3,489.60
GRAHAM ERIC Fertiliser & heifer rearing grants	395/2067	03/02/2011	1,537.00
HUNTER P Fertiliser & lime grants	749/2070	03/02/2011	904.20
HUNTER, BRIAN T Fertiliser grant	476/2069	03/02/2011	411.60

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Grants Awarded Grouped by Scheme

<u>Applicant Project</u>	<u>Reference</u>	<u>Decision Date</u>	<u>Amount Awarded</u>
HUNTER, GRANT Heifer rearing	660/2096	24/02/2011	300.00
ROBERTSON T W Fertiliser & lime grants	1011/2063	03/02/2011	279.60
SCOLLAY J Fertiliser grant	1010/2061	10/02/2011	1,438.20
SYMINGTON, MALCOLM 6 Tonne Fertiliser/Arable Crop	680/1736	07/03/2011	553.50
WHITE J Fertiliser grant	780/2064	03/02/2011	135.00
WILLIAMSON A J Fertiliser & heifer rearing grants	772/2066	03/02/2011	888.80
WILLIAMSON, C E Fertiliser grant	378/2065	03/02/2011	54.00
Total Awarded for DEV - SABS			14,137.70
DEV - SRDS			
DUNCAN, ALLISON New potato storage boxes	351/2095	17/02/2011	394.00
GRAHAM ERIC Fencing and ditching grant	395/2198	31/03/2011	3,000.00
HUNTER, GRANT Stock fencing grant	660/2078	07/02/2011	935.00
SINCLAIR J & A Open ditching and field drainage	321/2171	17/03/2011	2,610.00
Total Awarded for DEV - SRDS			6,939.00
DEV - Childcare			
BROWN, JACQUELINE To maintain childminding service in order to enable parents to access childcare and therefore employment	629/2156	10/02/2011	100.88
BROWN, JACQUELINE To maintain childminding service in order to enable parents to access childcare and therefore employment	629/2157	25/02/2011	265.00
POTTINGER, MRS JANICE To maintain childminding service in order to enable parents to access childcare and therefore employment	923/2160	25/02/2011	325.00
Total Awarded for DEV - Childcare			690.88

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Grants Awarded Grouped by Scheme

<u>Applicant</u> <u>Project</u>	<u>Reference</u>	<u>Decision</u> <u>Date</u>	<u>Amount</u> <u>Awarded</u>
DEV - Creative Industries Student Support			
FELSKET Grant towards the cost of establishing a craft business as part of the Creative Students Support Scheme.	1017/2098	08/03/2011	5,553.00
JOAN GRACE MANSON Establishment of craft business specialising in high quality lace and other woollen products under the Creative Industries Students Support Scheme.	1041/2193	29/03/2011	6,305.00
Total Awarded for DEV - Creative Industries Student Support			11,858.00
DEV - DDS			
SHETLAND ARTS DEVELOPMENT AGENCY Working Up 4 is the latest iteration of a craftmakers grant award scheme for small businesses in the creative sector, administered by Shetland Arts Development Agency and supported by Creative Scotland. The scheme awards small grant of up to £1,000.	528/2105	25/02/2011	7,700.00
Total Awarded for DEV - DDS			7,700.00
DEV - Fairer Scotland			
FETLAR DEVELOPMENTS LIMITED Fetlar Developments Ltd. are applying for working capital assistance towards the running of the Fetlar Cafe, a community-run business which operates from 9 May 2011 to 28 August 2011. This grant would be used to assist with the costs of employment.	463/2148	14/03/2011	1,750.00
Total Awarded for DEV - Fairer Scotland			1,750.00
SIC - Service Level Agreements			
SHETLAND AMENITY TRUST The funding shall be used to deliver a range of museum and archive services in financial year 1 April 2011 to 31 March 2012.	89/2142	10/02/2011	1,138,214.00
Total Awarded for SIC - Service Level Agreements			1,138,214.00
Total Records 33			1,222,204.58

BUSINESS GATEWAY 2010/2011 – PROGRESS REPORT

Business Gateway - Courses Delivered 2010/11

Basic Book Keeping

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
18 & 25 May 2010 (2 Day course)	7	51/60	85%

Effective Customer Relationships

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
3 September 2010	6	54/60	90%
10 December 2010	7	28/30	93%

Employing People

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
8 September 2010	11	98/110	89%
9 February 2011	6	24/25	96%

First Steps Into Business

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
12 – 14 May 2010	19	175/190	92%
3-5 November 2010	14	63/65	97%

Financial Management

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
21 September 2011	5	25/30	83%

Health & Safety for Business Owners

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
10 February 2011	6	20/20	100%
21 February 2011	5	22/25	88%

Marketing

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
6 June 2010	6	49/60	82%
7 June 2010	9	83/90	92%
7 March 2011	12	57/60	95%

Selling

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
8 June 2010	8	62/70	89%
8 March 2011	11	55/55	100%

Submitting a Tender

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
7 October 2010	5	22/25	88%
15 March 2011	3	14/15	93%

Using the Media to Benefit your Business

	Number of Delegates Attending	Evaluation Score	Satisfaction Rate
26 October 2010	7	34/35	97%

TOTAL NO OF DELEGATES ATTENDING 2010-11 = 147 (compared to 120 in 2009-10)

The above table details the courses delivered from 1 April 2010 – 31 March 2011

Evaluation Scores – at the end of the evaluation form participants are asked to give the course an overall score out of 10. Not all participants complete evaluation forms.

The aim was to deliver 2 courses of each type each year of the contract. The basic book-keeping course has been revised to become a 2 day course. Only one 2 day course was delivered due to trainer illness. An additional book-keeping course will be scheduled for 2011-12. Only one financial management course was delivered during 2010-11, however, demand for financial management training is low. An additional marketing course was run in Unst in June 2010, in response to local demand. Using the Media to Benefit your Business was an additional course agreed to. However, this was less well attended than in 2009-10.

Finances

For the financial year 2010-11, Train Shetland has journalled for a total to £20,783 plus the actual costs of the Using the Media to Benefit your Business Course (£896.61).

Plans for 2011-12

- New dates for all courses are now in place. An updated booklet of courses and dates is available and advertising will take place throughout 2011-12.
- A weekend First Steps into Business course will take place from 1 – 3 April; further weekend dates for Marketing and Promotion and Selling are planned for later in the year. Weekend courses are being trialled in response to demand.