

**Development Committee****9 November 2011****Tall Ships- Evaluation**

DV047-F

**Report Presented by Project Manager, The  
Tall Ships Races 2011-Lerwick****Economic Development Unit****1.0 Summary**

- 1.1 This short covering report has been prepared to present the findings of the independent Economic Impact Study of the Tall Ships and introduce a final presentation on the event which will be carried out today by Fiona Dally, Project Manager for The Tall Ships Races 2011-Lerwick.
- 1.2 The Tall Ships Races 2011-Lerwick event saw significant investment by Shetland Islands Council, Lerwick Port Authority and major private sector investment to deliver this huge community event.

**2.0 Decision Required**

- 2.1 No decision is required, but the Committee is asked to note:-
- (a) the significant return on investment in hosting this event.
  - (b) Shetland Tall Ships 2011 Ltd wish to engage with the Council's Executive Manager of Economic Development to identify suitable community legacy use of any potential remaining surplus funds including the company's proposals to maintain support for Sail Training Shetland, assist any potential future bid to host the Tall Ships and support maritime focused community events.

**3.0 Detail**

- 3.1 EKOS Limited was commissioned to provide an assessment of the economic impact of The Tall Ships Races 2011-Lerwick. The event was hosted between 21-25 July 2011 (departure having been delayed due to bad weather). A total of 53 Tall Ships visited the port with a total crew of 1,984. The event attracted a total of 27,000 unique visitors over the five days.

- 3.2 The key findings from the economic impact assessment were as follows:
- The event generated £2.41 million, net additional expenditure for the local economy.
  - In addition, media coverage alone was valued at £1.53 million, with further coverage expected in 2012- through BBC Coast TV programme footage yet to air.
  - Total economic return for the event is valued at £3.94m.
  - The Shetland Islands Council investment of over £1 million in the event represents nearly a 3:1 return on investment.
- 3.3 Feedback from both spectators and Tall Ships' crew confirmed a very positive review of the event. 97% of Tall Ships' spectators rated the overall experience as very good/good, and 97% of Tall Ships' crew also gave it a very good/good rating.
- 3.4 43% of visitors to the event were from outwith Shetland with 24% from outside Scotland, and the average length of stay ranged from 3.7-9.2 nights for Scottish visitors and 9.5-9.7 nights for those from outwith Scotland.
- 3.5 A separate economic impact study was commissioned for The Tall Ships Races - Cruise in Company, and the author would like to thank all participating ports and in particular, the Shetland ports and communities of Fair Isle, Scalloway, Unst, Yell and Whalsay who were key to the success of the Cruise in Company, with feedback from visitors rating events at 95%- very good/good. The event saw economic impact of £1.66 million, and attracted 27,000 visitors.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – The Tall Ships Races 2011-Lerwick promoted Shetland as a high quality visitor and events' destination. As part of Strengthening Communities and Culture, the event supported the goal to "Support individuals and communities to help them reach their full potential, cherish and promote our traditions and promote cultural activities."
- 4.2 Community /Stakeholder Issues – The Tall Ships Races 2011-Lerwick engaged with the Shetland community, schools, and attracted over 130 local volunteers and was a family orientated event for all ages. Sail Training Shetland recruited over 40 young trainees to take part in the Races and is a charity established to take forward future annual sail training opportunities.
- 4.3 Policy And/Or Delegated Authority – This report has been prepared under Economic Development Policy numbers:

6 - “ Continue to promote Shetland as a high quality visitor destination”

24 - “ Improve Shetland’s reputation as a place that offers products of excellent quality that meet the needs and aspirations of the consumer most likely to be interested in what Shetland has to offer: and services provided to a standard that consistently exceeds customer expectations”

25 – “ Enable individuals and businesses to develop and promote Shetland products and services with confidence and pride”, which was approved by the Development Committee on 24 April 2008 (01/08) and by the Council on 14 May 2008 (55/08).

In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit.

As the subject of this report is covered by existing policy the Development Committee does have delegated authority to make a decision.

4.4 Risk Management – No major strategic risks associated with this report for the Council.

4.5 Equalities, Health And Human Rights and Environmental – None

#### Resources

4.6 Financial – Shetland Tall Ships 2011 Ltd delivered the event within its resources and is responsible for the company’s funds. The Council awarded a grant of £963,821 to Shetland Tall Ships 2011 Ltd, for the purpose of fulfilling the contractual agreement signed by the Council to deliver The Tall Ships Races 2011 - Lerwick project. The funds will be accounted for in line with the standard arrangements for grants. In addition Shetland Development Trust covered the cost of the Project Manager, £120,000 over a period of 4 years.

4.7 Legal – None

4.8 Human Resources – The completed project delivery of the event sees the end of the fixed-term contract for the Project Manager.

4.9 Assets And Property – Council ICT equipment and corporate furniture will be returned to the available pool.

## **5.0 Conclusions**

5.1 The Tall Ships Races 2011-Lerwick represents a hugely successful community event, enjoyed by both Tall Ships’ crew and spectators. With excellent partnership working between the organising company, Shetland Islands Council, Lerwick Port Authority and the wider community, the event generated £3.94 million for the local economy. Event owner, Sail Training International were extremely pleased with

the Host Port arrangements in Lerwick and would welcome the opportunity of Shetland bidding to host the event again in the future.

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31 October 2011

List of Appendices

Appendix 1- EKOS- Report for Shetland Tall Ships 2011 Ltd.

Appendix 2- Sail Training International- Official Thank You letter



# The Tall Ships Races 2011 - Lerwick

Report for Shetland Tall Ships 2011 Ltd

September 2011

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# 1. Introduction

This report provides an assessment of the economic impact of The Tall Ships Races 2011 event in Lerwick, Shetland Islands.

## 1.1 Background

Lerwick hosted The Tall Ships Races at its local harbour between 21<sup>st</sup> - 25<sup>th</sup> July 2011 (departure having been delayed by a day due to bad weather). A total of 53 ships visited the port with a total crew of 1,984. The event attracted a total of 27,000 visitors over the five days.

## 1.2 Objectives

The overall aim of the study was to establish the overall economic impact of the event on Shetland and Scotland. It also includes analysis of:

- spend of visitors during their stay;
- details of the length of visitor stay;
- quality of visitor experience at the event;
- motivation for attending the event and if they would attend in future years;
- how they heard about the event (reference marketing/PR activity);
- basic information about visitors including age, gender, residence; and
- overall satisfaction.

Work was also undertaken separately by DADA to estimate the value of media exposure for the event. The value they have calculated has been included in our report.

## 1.3 Structure of Report

The remainder of this report is structured as follows:

- **Chapter 2** presents a description of the event;



- **Chapter 3** provides analysis of the survey of spectators and crew;
- **Chapter 4** presents the economic impact assessment of the event; and
- **Chapter 5** sets out a summary and conclusions of the findings.

## 2. The Tall Ships Races 2011 - Lerwick

### 2.1 Introduction

This Chapter provides a description of The Tall Ships Races 2011 - Lerwick and its funding.

### 2.2 The Event

The Tall Ships Races were held in Lerwick in the Shetland Islands over five days from Thursday 21<sup>st</sup> - Monday 25<sup>th</sup> July. The events programme ran from the Thursday-Sunday and included:

- the **Shetland Showcase** - a market place of stalls filled with high quality products and produce from the local area;
- **children's entertainment** – this included face painting, balloon modelling, circus workshops and storytelling;
- **stage performances** – this included performances from a variety of acts across the three main areas with headline acts the Levellers and Bjorn Again. Other acts that performed included The Red Vans, Pete Stack and The Rayburns; and
- **street theatre** – this featured performances from acts including: Under The Sea, Bell & Bullock and Walkabout Snaps.

A firework display ended Saturday evening's entertainment.

### 2.3 Funding

The funding for the event totalled £1,254,494 with a split of:

- Shetland Islands Council - £1,033,787;
- EventScotland £40,000; and
- Private sector - £180,707.

There were also in-kind contributions from the private sector that were valued at £191,348.

## 3. Spectator Survey

### 3.1 Introduction

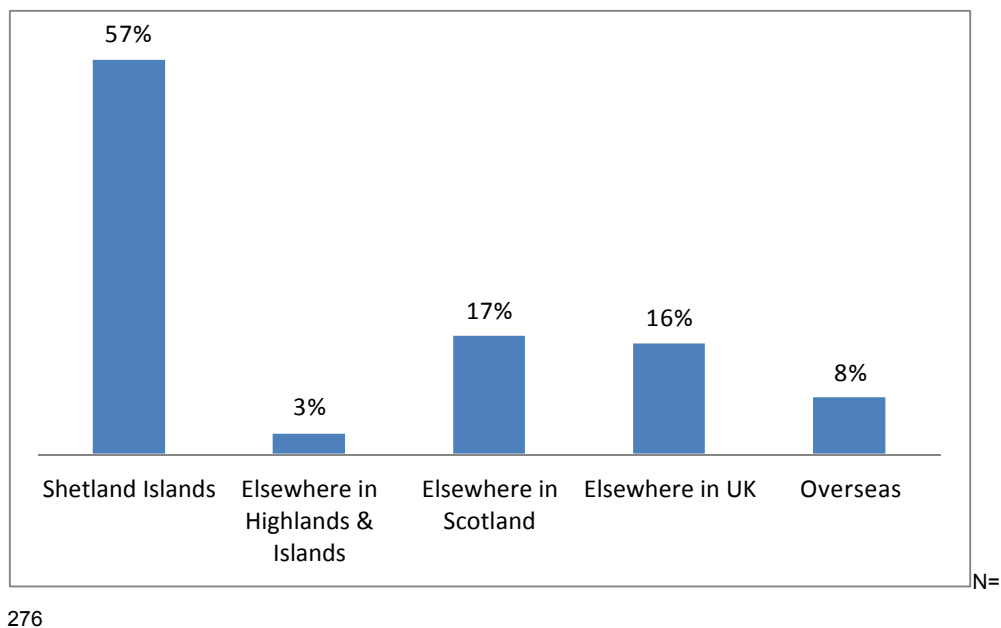
This Chapter presents analysis of the survey of spectators that attended the event as well as analysis of the survey of crew members from the Tall Ships. Some of the data collected through the survey of visitors and crew has been used to assess the economic impact of the event and is reported later in **Chapter 4**.

### 3.2 Spectator Survey Analysis

A face-to-face survey of the spectators was conducted to collect information from individuals over the duration of the event.

#### 3.2.1 Visitor Origin

**Figure 3.1: Visitor Origin**



Over half of the visitors (57%) came from the Shetland Islands.

Those visitors that came from elsewhere in Scotland (17%) were asked which Local Authority area they were from. There were a wide range of geographical locations with the most commonly cited being Aberdeen (4%); other areas included those in the North e.g. Highlands, Orkney and those further south Glasgow, Lothian.

Those visitors that came from outwith Scotland were asked which country they were from; England was the most commonly cited response (15%).

### 3.2.2 Visitor Profile

The visitors surveyed were split across the age groups as shown in **Table 3.1**. The survey sample consisted of 53% females and 47% male.

**Table 3.1: Respondent Age Groups**

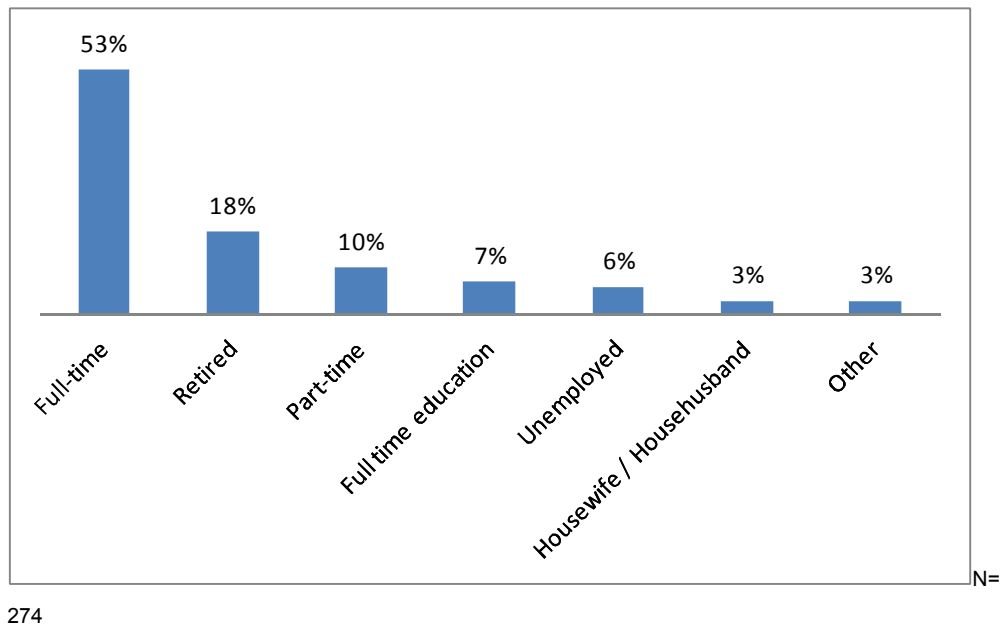
	Number	%
16-24	42	15%
25-34	34	13%
35-44	49	18%
45-54	63	23%
55-64	35	13%
65+	49	18%
Total	272	100%

The most common age group was 45-54 followed by 65+ and 35-44.

The majority of visitors from outwith Scotland (88%) had visited Scotland prior to attending the event and three quarters of visitors from outwith the Shetland Islands had visited the Shetland Islands prior to the event.

**Figure 3.2** shows that just under two thirds of the visitors (63%) were in employment (full or part-time), followed by those who were retired (18%).

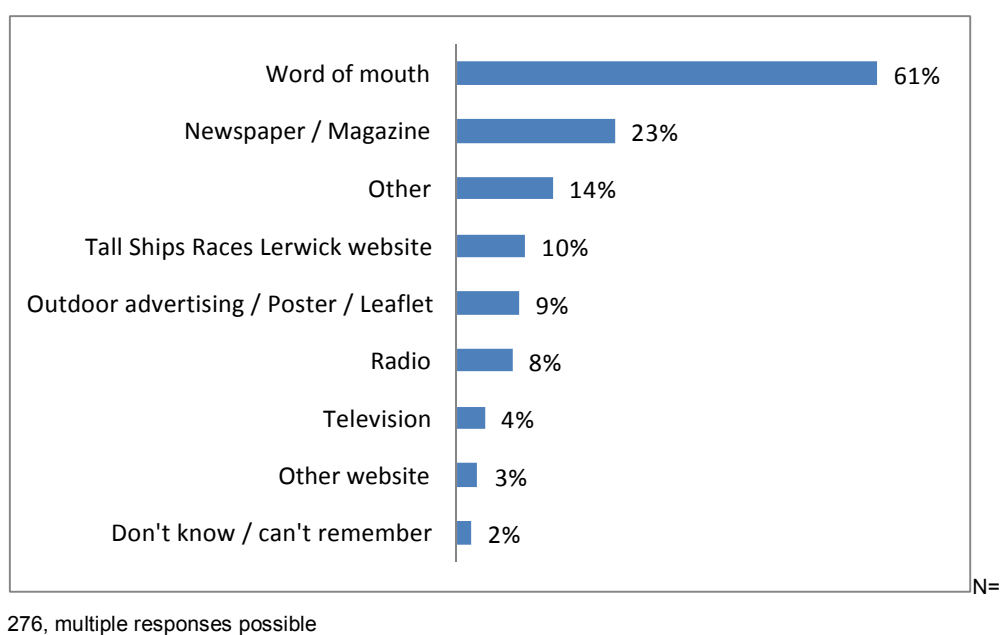
**Figure 3.2: Employment Status**



### 3.2.3 Awareness of the Event

**Figure 3.3** shows how the respondents found out about the event.

**Figure 3.3: Awareness of the Tall Ships Event**

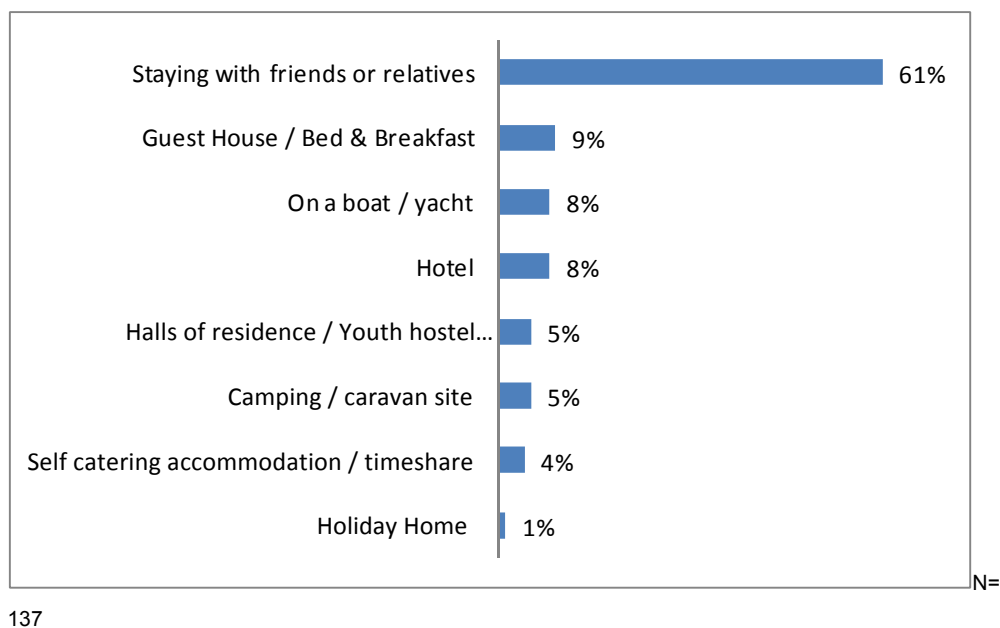


The most common way in which respondents found out about the event was through word of mouth (61%), followed by newspaper/magazine (23%). The Shetland Times was the most common newspaper identified (16%). Of those surveyed who selected “other” 4% had attended a previous Tall Ships event; other answers included information from Tourist Board, past knowledge of the Tall Ships, and finding out upon arrival.

### 3.2.4 Accommodation

Half of respondents were staying at least one night away from home as part of their trip to this event. As shown in **Figure 3.4**, the most popular type of accommodation for visitors was staying with friends or relatives (61%).

**Figure 3.4: Types of Accommodation**



### 3.2.5 Quality of Event

The respondents were asked to rate a number of different aspects of the event and **Table 3.2** illustrates the responses.

**Table 3.2: How would you rate the following aspects of the Lerwick Tall Ships Event? (%)**

	Very good	Good	Average	Poor	Very poor
Entertainment	64%	30%	5%	0%	0%
Food & drink	59%	30%	9%	2%	1%
Overall experience	66%	31%	3%	0%	0%

N=271, N=259, N=271

The overall experience was rated very highly with 97% rating it as very good/good followed by the entertainment (94%) and food and drink (89%). Whilst food and drink was rated poor or very poor by some people, this only accounted for 3%.

Respondents were asked if they had any suggestions to improve the event. A total of 58% of respondents provided suggestions as to how the event could be improved and the most common responses including<sup>1</sup>:

- more shelter: (7%);
- better weather: (7%);
- more covered events: (5%); and
- cheaper food and drink: (5%).

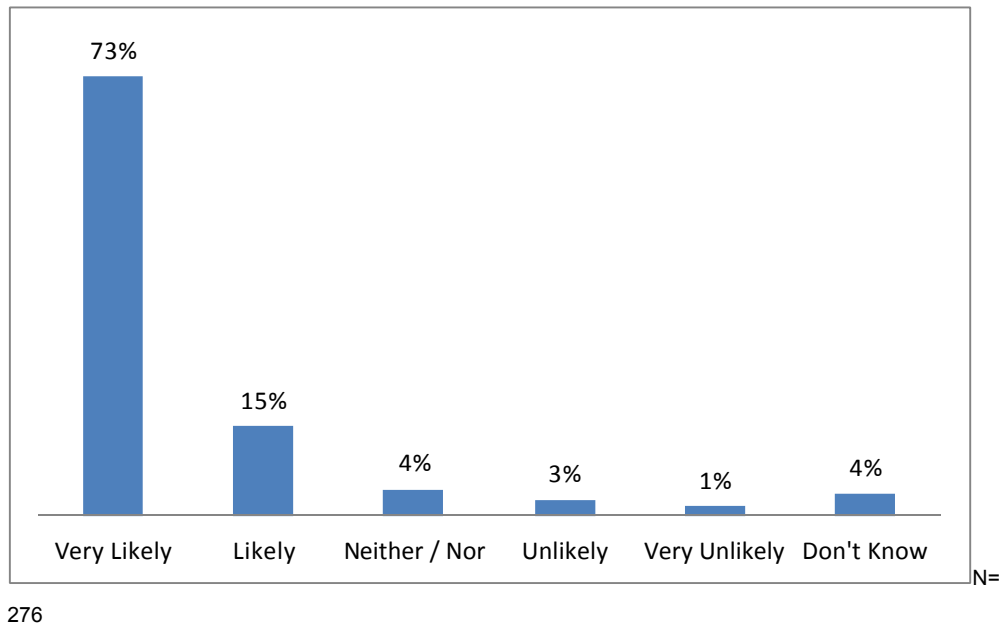
### 3.2.6 Likelihood of Visiting Again & Quality of Visit

The majority of respondents (88%) reported that they would be very likely/likely to attend the event if it was held in the Shetland Islands again, **Figure 3.5**.

<sup>1</sup> As a percentage of all respondents



**Figure 3.5: Likelihood of attending the event again if held in the Shetland Islands**

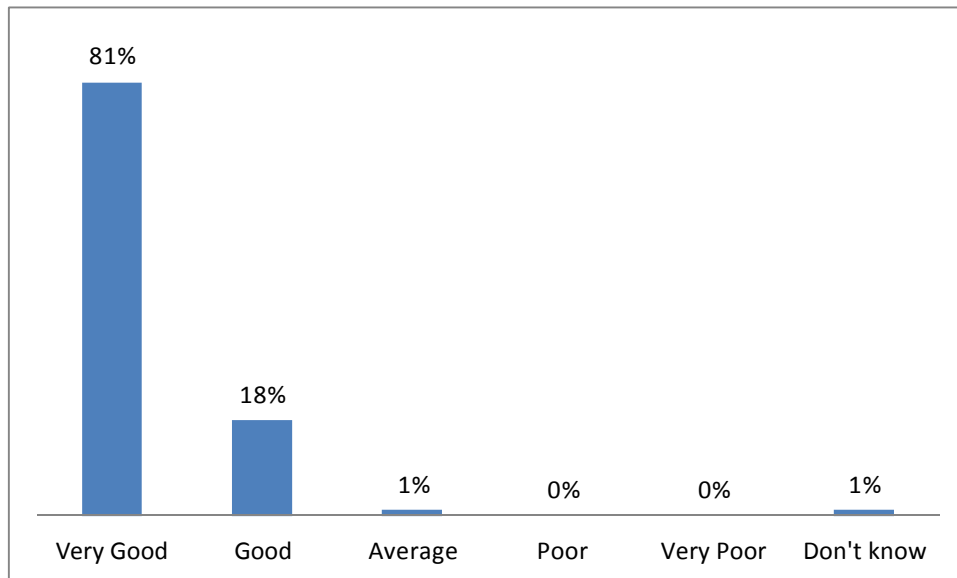


The reasons given by the respondents for being very likely/likely to attend the event again included:

- live locally: (14%);
- enjoyable event: (9%);
- the atmosphere: (4%); and
- like ships/The Tall Ships: (2%).

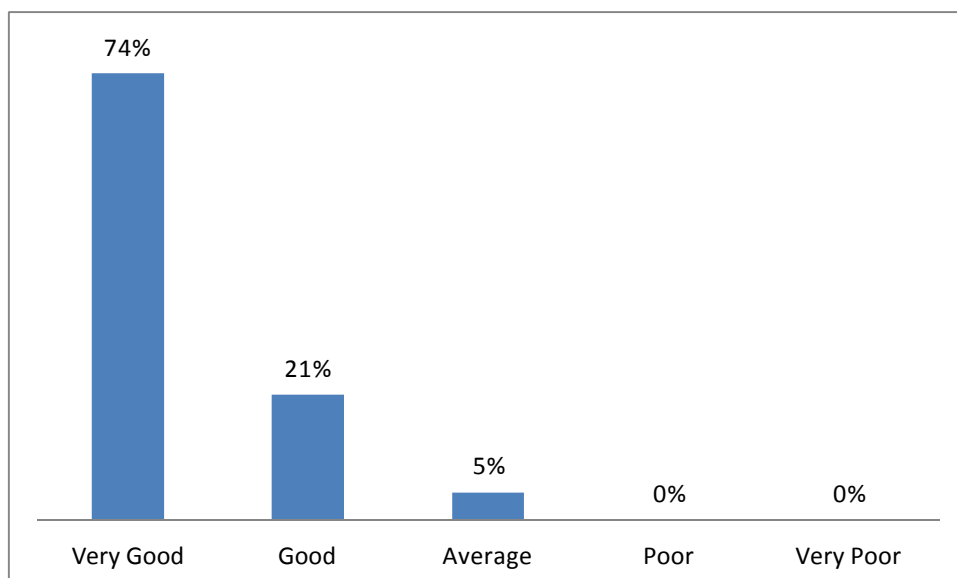
The visitor experience to both the Shetland Islands and Scotland was rated highly with the majority of respondents (99% and 95%, respectively) rating it as very good or good, see **Figures 3.6** and **3.7**.

**Figure 3.6: How would you rate the quality of your visitor experience to the Shetland Islands? (excludes Shetland residents)**



N=118

**Figure 3.7: How would you rate the quality of your visitor experience to Scotland? (excludes Scottish residents)**



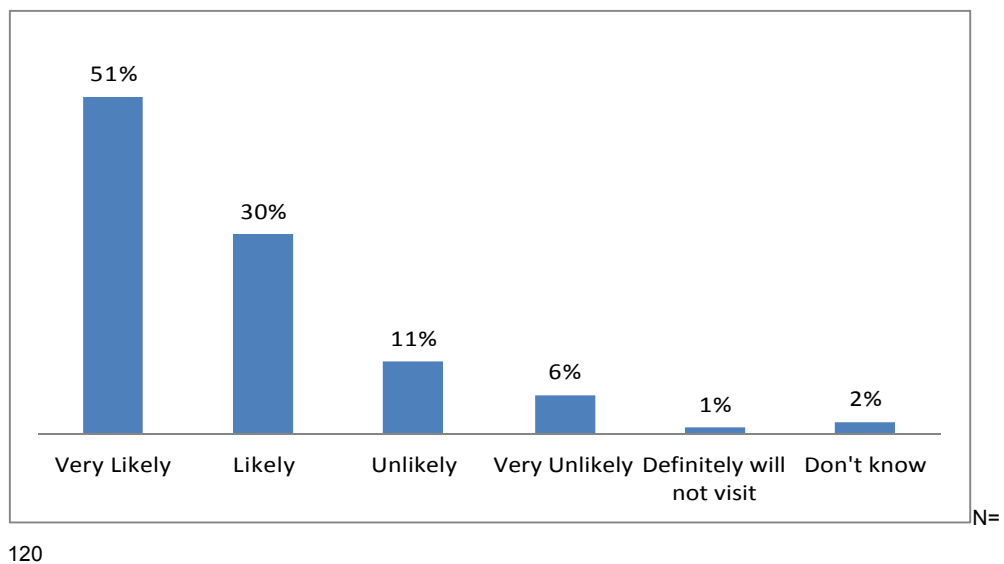
N=43

Of those surveyed, 28% provided reasons for rating their visit so highly. The most commonly cited responses were:

- friendly/welcoming people: (9%);
- beautiful scenery and wildlife: (5%); and
- family and/or friends are from the area: (5%).

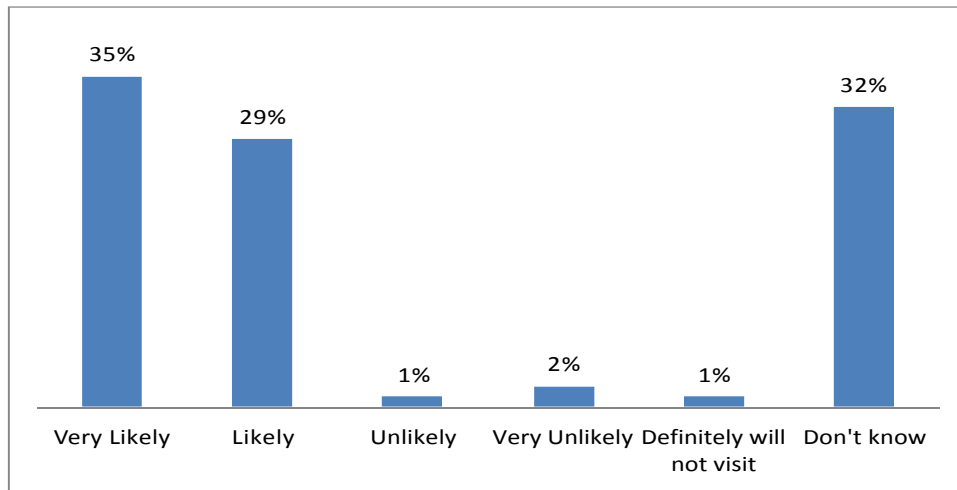
Respondents were asked how likely they would be to return to the Shetland Islands and Scotland within the next three years. **Figures 3.8 and 3.9** detail their responses.

**Figure 3.8: Likelihood of visiting the Shetland Islands again in the next three years (excludes Shetland Islands residents)**



The majority of respondents (81%) reported that they are very likely/likely to return to the Shetland Islands again in the next three years.

**Figure 3.9: Likelihood of visiting Scotland again in the next three years (excludes Scottish residents)**



Of those surveyed, 64% reported they were very likely/likely to return to Scotland in the next three years. Just under a third of respondents were unsure if they would return (32%).

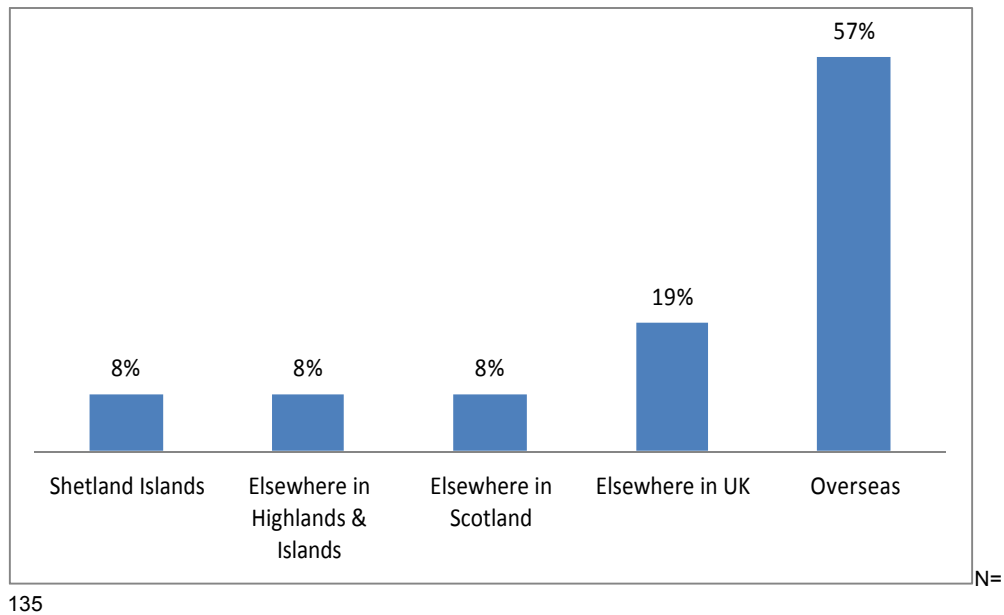
### 3.3 Crew Survey Analysis

A face-to-face survey of the crew members was also conducted at the event.

#### 3.3.1 Origin of Crew

**Figure 3.10** shows the origin of the crew members interviewed.

**Figure 3.10: Crew member origin**



Three quarters of the crew members came from outwith Scotland, with over half coming from overseas (57%). Those from elsewhere in Scotland were asked in which Local Authority area they live in and the responses included:

- Highland: (2%);
- Lothian: (2%);
- Argyll and Bute: (1%);
- Edinburgh: (1%);
- Glasgow: (1%); and
- Renfrewshire: (1%).

The respondents from outwith Scotland were asked what country they live in and the most commonly cited responses included:

- England: (17%);
- Norway: (15%);
- Belgium: (10%);
- Colombia: (6%);
- Poland: (5%); and
- Holland: (4%).

### 3.3.2 Profile of Crew

The crew members surveyed were split across the age groups as shown in **Table 3.3**. The survey sample consisted of a larger proportion of males (56%).

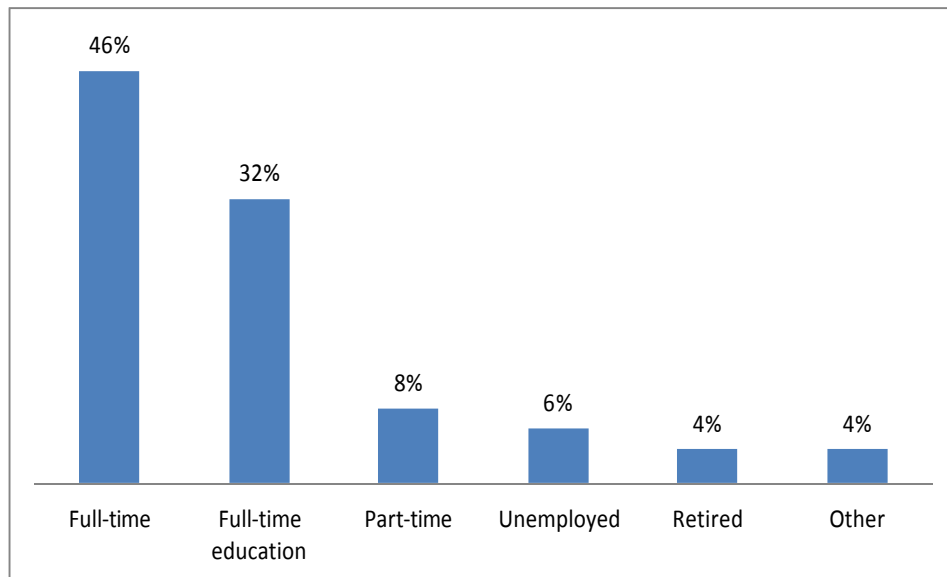
**Table 3.3: Respondent Age Groups**

	Number	%
16-24	75	57%
25-34	26	20%
35-44	6	5%
45-54	10	8%
55-64	10	8%
65+	4	3%
Total	131	100%

Over half of the crew members from outwith Scotland (53%) had visited Scotland prior to attending the event but only 11% had visited the Shetland Islands prior to the event.

**Figure 3.11** shows that over half of the crew members were in employment (54%), followed by those who were in full-time education (32%).

**Figure 3.11: Employment Status**



N=132

### 3.3.3 Quality of Event

The crew members were asked to rate a number of different aspects of the event and **Table 3.4** illustrates the responses.

**Table 3.4: How would you rate the following aspects of The Tall Ships Races 2011 – Lerwick Event? (%)**

	Very good	Good	Average	Poor	Very poor
Entertainment	59%	34%	7%	0%	0%
Food and drink	62%	29%	8%	0%	1%
Overall experience	69%	28%	2%	1%	0%

The respondents rated their overall experience very highly with 97% giving it a very good/good rating. The entertainment and food and drink were also rated highly with 93% and 91%, respectively rating these as very good/good.

A total of 42% of respondents provided suggestions for improving the event and the most commonly cited responses included<sup>2</sup>:

- better weather: (5%);

<sup>2</sup> As a percentage of all respondents.

- put all the ships closer together: (4%);
- more signs/information: (4%);
- more choice in music: (4%);
- more food and drink: (4%); and
- have an indoor crew party: (3%).

### 3.3.4 Cruise in Company Ports

Those who had travelled to Lerwick on a tall ship were asked which Cruise in Company ports they had visited during their trip to Lerwick. **Table 3.5** illustrates the responses.

**Table 3.5: Which of the Cruise in Company ports did you visit on your trip to Lerwick?**

	Number	%
Stromness	51	45%
Ullapool	33	29%
Kirkwall	33	29%
Stornoway	31	27%
Campbeltown	23	20%
Oban	23	20%
Fair Isle	19	17%
Islay	13	11%
Scalloway	8	7%
Cullivoe	4	4%
Unst	4	4%
Whalsay	2	2%

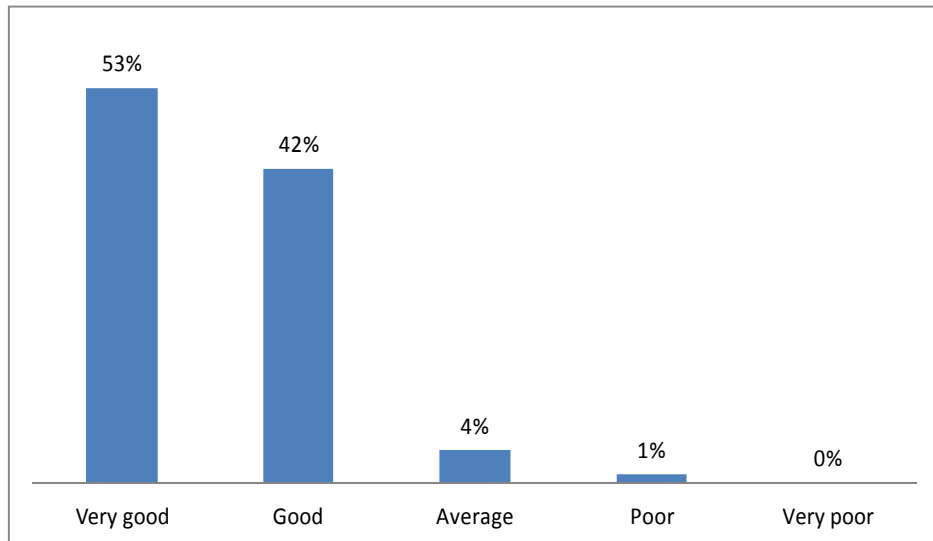
N=114, multiple responses possible

The most common Cruise in Company port that the crew members visited was Stromness (45%), followed by Ullapool, Kirkwall (29%), and Stornoway (27%).

The visitor experience at the Cruise in Company ports was rated highly, with 95% rating it as very good/good, see **Figure 3.13**.



**Figure 3.13: How would you rate your visitor experience at the Cruise in Company ports?**

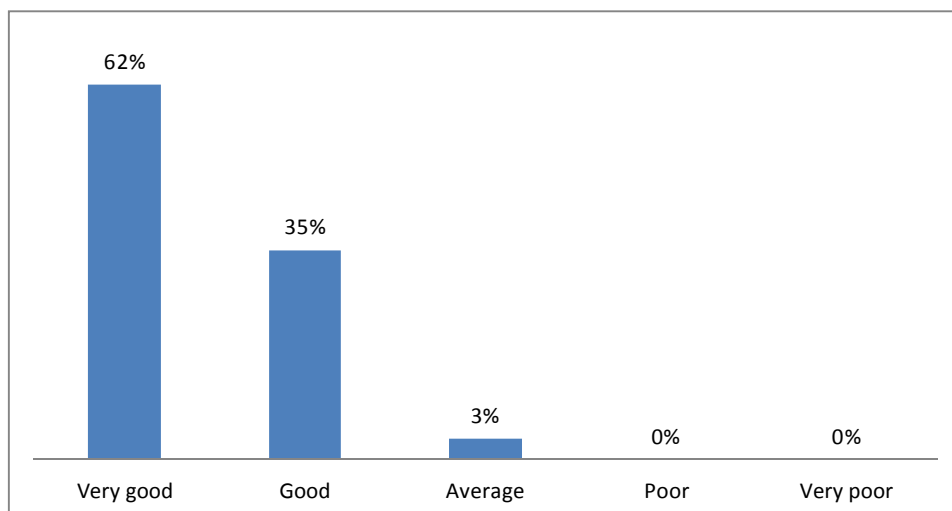


N=93

### 3.3.5 Quality of Visit & Likelihood of Visiting Again

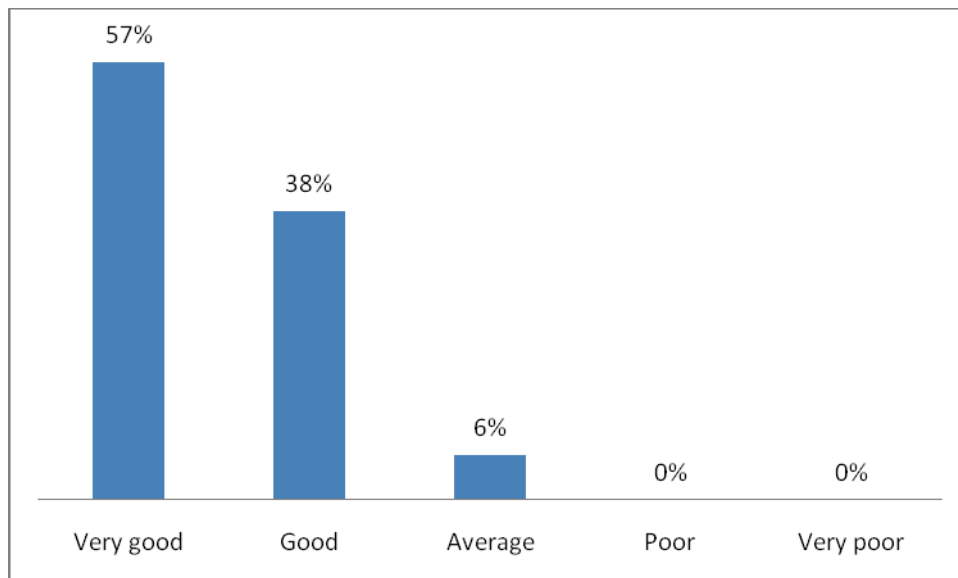
The visitor experience to both the Shetland Islands and Scotland was rated highly with the majority of respondents (97% and 95%, respectively) rating it as very good or good, see **Figures 3.14 and 3.15**.

**Figure 3.14: How would you rate the quality of your visitor experience to the Shetland Islands (excludes Shetland Islands residents)**



N=121

**Figure 3.15: How would you rate the quality of your visitor experience to Scotland? (excludes Scottish residents)**



N=88

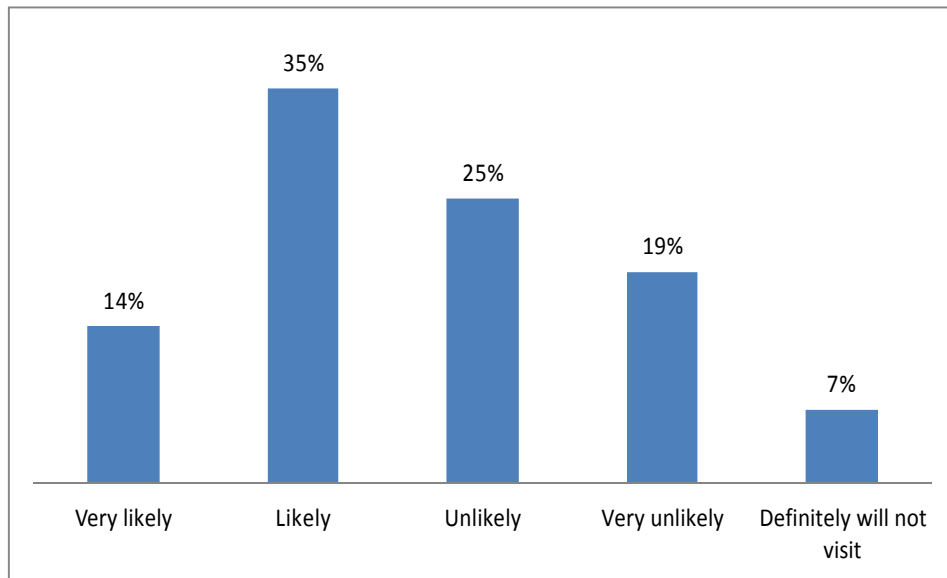
The reasons given by the respondents for the positive ratings included:

- nice/friendly people/welcoming: (23%);
- beautiful/lovely scenery: (17%);
- overall good experience: (4%);
- the wildlife: (4%);
- nice place: (3%); and
- good atmosphere: (2%).

Respondents were asked how likely they would be to return to the Shetland Islands and Scotland within the next three years and **Figures 3.16** and **3.17** detail their responses.

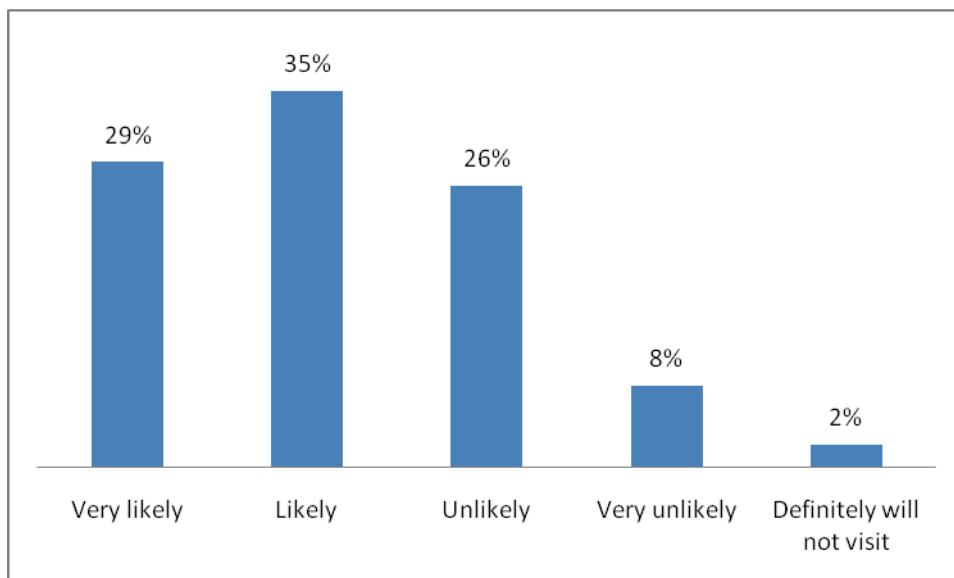
Half of the respondents reported that they are very likely/likely to return to the Shetland Islands again in the next three years, whilst 44% are unlikely/very unlikely. Just under two thirds (64%) of respondents are very likely/likely to visit Scotland again in the next three years.

**Figure 3.16: Likelihood of visiting Shetland Islands again in the next three years (excludes Shetland Islands residents)**



N=122

**Figure 3.17: Likelihood of visiting Scotland again in the next three years (excludes Scottish residents)**



N=91

### 3.3.6 Summary

#### Spectator Survey

Over half of the respondents came from the Shetland Islands (57%). The most common age group was 45-54 years old (23%). Just under two thirds of the visitors (63%) were in employment (full or part-time), followed by those who were retired (18%).

Half of respondents were staying at least one night away from home as part of their trip to this event; the most popular type of accommodation was staying with friends or relatives (61%).

The most common way in which respondents found out about the event was through word of mouth (61%), followed by a newspaper/magazine (23%).

The overall experience was rated very highly with 97% rating this as very good/good. The entertainment and food and drink were also rated highly. Suggested improvements for the event included more shelter, more covered events and cheaper food and drink.

The majority of respondents (88%) reported that they would be very likely/likely to attend the event if it was held in the Shetland Islands again. The reasons for this included live locally and enjoyable event.

The visitor experience to both the Shetland Islands and Scotland was rated highly with the majority of respondents (99% and 95%, respectively) rating it as very good/good.

The majority of respondents (81%) reported that they are very likely/likely to return to the Shetland Islands in the next three years. A total of 64% reported they were very likely/likely to return to Scotland in the next three years, just under a third of respondents were unsure if they would return (32%).

#### Crew Survey

A total of 97% rated the overall experience as very good/good. The entertainment and food and drink were also rated highly. Suggested improvements to the event

included better weather, put all the ships closer together, more signs/information and more choice in music.

The most common Cruise in Company ports visited by crew were Stromness, Ullapool, Kirkwall and Stornoway. The visitor experience at the Cruise in Company ports was rated highly with 95% rating it as very good/good.

The visitor experience to both Shetland and Scotland were rated highly with 97% and 94%, respectively rating it as very good/good. Half of the respondents reported that they would be very likely/likely to visit Shetland and 64% to visit Scotland again in the next three years.

## 4. Economic Impact

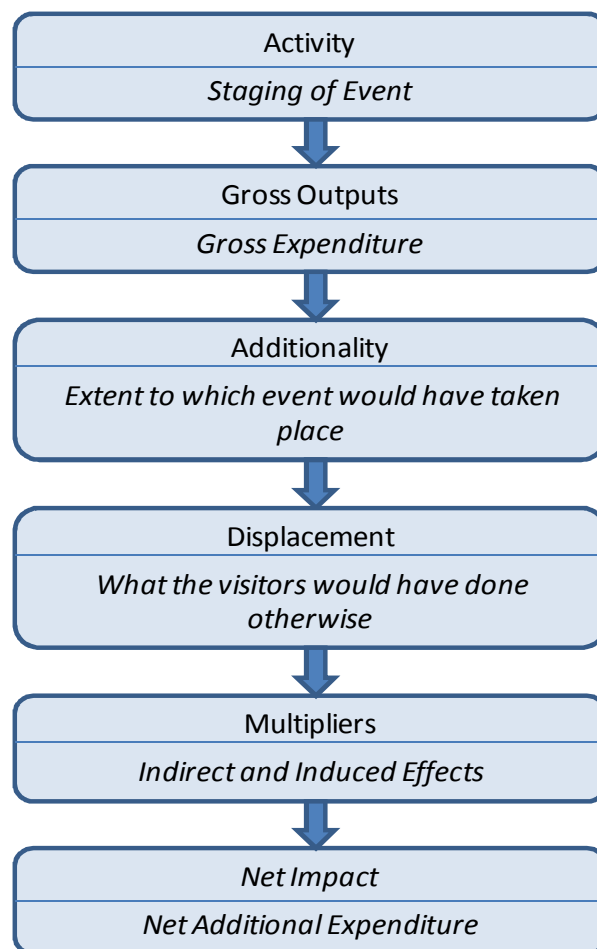
### 4.1 Introduction

This chapter provides an assessment of the economic impact of the event utilising data from the survey work and the event organisers.

### 4.2 Economic Impact Assessment Method

Our approach to the economic impact assessment is given in **Figure 4.1**, and is consistent with the Post Event Economic Impact Assessment Framework developed for EventScotland *et al* by EKOS.

**Figure 4.1: Economic Impact Assessment Method**



## 4.3 Gross Impacts

### 4.3.1 Visitor Numbers and Origin

The event organisers estimate that there were a total of 27,000 attendances over the four day event. The origin of visitors is given in **Table 4.1**.

**Table 4.1: Visitor Origin (%)**

Spectators	
Shetland Islands	56.5%
Elsewhere in the Highlands & Islands	3.3%
Elsewhere in Scotland	16.7%
Elsewhere in UK	15.9%
Overseas	7.6%
Total	100.0%

Just under three fifths of visits were by Shetland residents with 24% of visits from those from outwith Scotland.

The pattern of visitor behaviour varies by origin and type of visit i.e. day and overnight, therefore, these have been analysed separately in order to derive the economic impact. **Table 4.2** gives a breakdown of type of visitor by origin.

**Table 4.2: Visitor by Type and Origin (%)**

Spectators		
	Day	Overnight
Shetland Islands	50%	7%
Elsewhere in the Highlands & Islands	0%	3%
Elsewhere in Scotland	0%	17%
Elsewhere in UK	0%	16%
Overseas	0%	8%
Total	50%	50%

### 4.3.2 Expenditure and Length of Stay

The average daily expenditure is shown in **Table 4.3**.

**Table 4.3: Average Daily Expenditure**

	Day	Overnight
Shetland Islands	£20.28	£55.24
Elsewhere in the Highlands & Islands	-	£55.67
Elsewhere in Scotland	-	£53.59
Elsewhere in UK	-	£61.08
Overseas	-	£73.97

The average length of stay is shown in **Table 4.4**.

**Table 4.4: Average Length of Stay**

	Shetland	Scotland
Shetland Islands	3.7	3.7
Elsewhere in the Highlands & Islands	7.8	7.8
Elsewhere in Scotland	9.2	9.2
Elsewhere in UK	9.7	10.3
Overseas	9.5	10.0

Gross expenditure is calculated as follows:

$$GE = dv.ndv + ov.l.nov$$

Where GE      gross expenditure  
 dv            average daily expenditure of day visitors  
 ndv          number of day visitors  
 ov            average daily expenditure of overnight visitors  
 l              average length of stay  
 nov          number of overnight visitors

Applying the formula gives gross expenditure figures at the Shetland and Scotland levels, as detailed in **Table 4.5**<sup>3</sup>. It should be noted that there was some crossover between the Tall Ships event at Lerwick and the Cruise in Company. This is particularly the case for the Cruise in Company Ports in Shetland whether a number of people also went on to visit the main event in Lerwick. We have allocated these visitors' spend to the main Tall Ship event. In the Cruise in Company report (see separate report) we have allocated those that went to a Cruise in Company port in

<sup>3</sup> Visitors were disaggregated by visitor type before the formula was applied and we have taken account of people visiting on more than one day. We have also taken account of how much of the expenditure took place with businesses within Shetland and Scotland, respectively.



Shetland but did not also visit Lerwick. Thus we have ensured that we did not double-count any of the visitors expenditure.

**Table 4.5: Gross Expenditure**

	Gross Expenditure
Shetland Islands	£2,168,331
Scotland	£2,240,462

## 4.4 Gross to Net

To calculate the net impact of the event, which is the true measure of the economic benefit to the Shetland Islands and Scotland, it is necessary to take account of:

- additionality;
- displacement; and
- multiplier effects.

### 4.4.1 Additionality

Additionality is a measure of the extent to which public sector funding was required for the event to take place. In this case public sector support was required for the event to take place so the level of additionality is 100%.

### 4.4.2 Displacement

Displacement is a measure of the extent to which the event has simply moved expenditure from one part of the economy to another. Displacement levels have been assessed using information from the survey on:

- visitor origin;
- importance of the event in the decision to visit the area; and
- counterfactual i.e. what visitors would have done in the absence of the event.

**Table 4.6: Displacement Factors (%)**

	Shetland	Scotland
<b>Day</b>		
Shetland Islands	95	99

<b>Overnight</b>		
Shetland Islands	100	100
Elsewhere in the Highlands & Islands	33	78
Elsewhere in Scotland	39	89
Elsewhere in UK	45	61
Overseas	40	50

Taking account of displacement gives net direct additional expenditure of £1,155,519 at the Shetland level and £628,467 at the Scottish level.

### 4.4.3 Multipliers

The economic activity as a result of the event will also have had two types of wider impact on the economy:

- supplier effect: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this ‘knock-on’ effect will benefit suppliers in the local economy; and
- income effect: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed. A proportion of these increased incomes will be re-spent in the local economy.

The combined supplier and income multipliers are<sup>4</sup>:

- 1.52 at the local level; and
- 1.80 at the Scottish level.

## 4.5 Net Additional Spectator Expenditure

**Table 4.7: Net Additional Expenditure**

<b>Net Additional Spectator Expenditure</b>	
Shetland Islands	£1,756,388
Scotland	£1,131,239

<sup>4</sup> Scottish multiplier is from the STMS. The local multiplier is based on information provided by Shetland Islands Council from the Shetland Regional Accounts 2003.

Applying additionality, displacement and multipliers to the gross expenditure gives net additional expenditure of £1.76m at the Shetland Islands level and £1.13m at the Scottish level, as set out in **Table 4.7**.

## 4.6 Crew Expenditure

All of the ships were in Lerwick from the Thursday 21<sup>st</sup> - Monday 25<sup>th</sup> of July. However, some arrived earlier on Tuesday 19<sup>th</sup> and Wednesday 20<sup>th</sup> of July. Therefore we have calculated the number of crew days based on their arrival date and crew numbers. These have then been allocated by origin based on data provided by the event organisers<sup>5</sup>.

**Table 4.8: Crew Days**

	Crew
Scotland	250
Elsewhere in UK	1,028
Overseas	7,592
Total	8,870

### 4.6.1 Expenditure

The average daily expenditure is shown in **Table 4.9**.

**Table 4.9: Average Daily Expenditure**

	Expenditure
Scotland	£25.76
Elsewhere in UK	£29.65
Overseas	£29.27

Gross expenditure is calculated as follows:

$$GE = ov.l$$

Where GE gross expenditure  
 ov average daily expenditure  
 l number of days

<sup>5</sup> The information from the event organisers did not separately identify the number from the Shetland Islands so it has not been possible to displace their expenditure. However, their expenditure would have been marginal.

Applying the formula gives gross expenditure figures at the Shetland and Scotland levels, as detailed in **Table 4.10**<sup>6</sup>.

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<sup>6</sup> Visitors were disaggregated by visitor type before the formula was applied. We have taken account of how much of the expenditure took place with businesses within the Shetland Islands and Scotland, respectively.

**Table 4.10: Crew Gross Expenditure**

	Gross Expenditure
Shetland Islands	£213,668
Scotland	£213,668

## 4.6.2 Gross to Net

### Additionality and Displacement

As already established the level of additionality is 100%.

**Table 4.11: Displacement Factors (%)**

	Shetland	Scotland
Scotland	0	100
Elsewhere in UK	0	0
Overseas	0	0

Taking account of displacement gives net direct additional expenditure of £213,668 at the Shetland level and £208,502 at the Scottish level.

Based on information provided by the event organisers we have estimated that 31% of the crew transferred at Lerwick. From the survey we established that 50% spent some time in the Shetland Islands before and/or after leaving their ship. Allowing for additionality and displacement gives net additional expenditure from these additional stays of £120,434 at the Shetland level and £119,578 at the Scottish level.

## 4.6.3 Multipliers

Once again we have applied the multipliers as set out earlier in Section 4.4.3.

## 4.7 Net Additional Crew Expenditure

**Table 4.12: Net Additional Crew Expenditure**

	Net Additional Crew Expenditure
Shetland Islands	£507,835
Scotland	£590,544

Some of the sponsors also brought people to the Shetland Islands for the event which generated net additional spend of £86,594 at the Shetland level.

In addition, there was expenditure from media representatives, volunteers and traders at the event. Applying the same process to these groups gives net additional expenditure of £57,209 at the Shetland level and £40,818 at the Scotland level.

## 4.8 Total Net Additional Expenditure

The total net additional expenditure is set out in **Table 4.13**<sup>7</sup>.

**Table 4.13: Net Additional Expenditure**

	Shetland	Scotland
Spectators	£1,756,388	£1,131,239
Crew	£507,835	£590,544
Sponsors, Media, Volunteers	£143,803	£40,818
Total	£2,408,027	£1,762,601

## 4.9 Media Coverage

The event also attracted a large amount of media attention and coverage. A separate study was undertaken by DADA to track the media coverage that the event received. They have calculated a PR equivalence value of £1.53m.

<sup>7</sup> At the Shetland level it is the net additional expenditure that has been generated for the area. At the Scotland level it is the net additional expenditure that has been generated for Scotland as a whole. The figures are two separate calculations and should not be combined. Those who would have been in the Shetland Islands anyway are not additional at the Shetland level. Those that would have been in Scotland anyway are not additional at the Scotland level.

## 5. Summary and Conclusions

### 5.1 Introduction

This Chapter brings together the analysis from the previous chapters to provide a summary and conclusions.

### 5.2 Spectators

The most common way in which spectators found out about the event was through word of mouth (61%), followed by newspaper/magazine (23%). The most commonly cited newspaper was The Shetland Times.

The majority of visitors from outwith Scotland (88%) had visited Scotland before attending the event whilst three quarters of those from outwith Shetland had visited the Shetland Islands before.

The overall experience was rated highly with 97% rating it very good/good. Specific aspects of the event were also rated highly: the entertainment (94%) and food & drink (89%).

The most commonly suggested improvements were more shelter (7%), better weather (7%), more covered events (5%) and cheaper food & drink (5%).

A total of 88% are very likely/likely to attend the event if it was held in the Shetland Islands again. The main reasons given for this were live locally and it was an enjoyable event. A very high proportion rated their visitor experience to the Shetland Islands and Scotland as very good/good (99% and 95%, respectively).

Some 81% of respondents are very likely/likely to visit the Shetland Islands and 64% Scotland again in the next three years.

### 5.3 Crew

Over half of the crew members had visited Scotland prior to taking part in the event but only 11% had visited the Shetland Islands before.

A total of 97% of the crew members rated their overall experience of the event as very good/good. Specific aspects that were rated highly (i.e. very good/good): entertainment (93%) and food and drink (91%).

Suggested improvements included better weather (5%), putting all the ships together (4%), more signs/information (4%), more choice of music (4%), and more food and drink (4%).

A high proportion rated their visitor experience to the Shetland Islands and Scotland as very good/good (97% and 95%, respectively). The main reasons given for this rating were the nice/friendly people (23%) and the beautiful scenery (17%).

Half of respondents are very likely/likely to visit the Shetland Islands and 64% Scotland again in the next three years.

The crew members visited a number of the Cruise in Company ports en-route to Lerwick. Their visitors experience at these ports was rated highly (95% very good/good).

## 5.4 Economic Impact

A total of 53 ships visited Lerwick with crew of 1,984. The event attracted a total of 27,000 visitors over the five day period. The key findings from the economic impact assessment were:

- 43% of visitors were from outwith the Shetland Islands and 24% from outwith Scotland;
- half of visitors stayed overnight;
- daily expenditure of £20 for day visitors and £53-74 for overnight visitors;
- average length of stay ranging from 3.7-9.2 nights for Scottish visitors and 9.5-9.7 nights for visitors from outwith Scotland
- net additional expenditure of:
  - £2.41m at the Shetland Islands level
  - £1.76m at the Scotland level; and
- Media coverage valued at £1.53m.



## Appendix 2

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Sandy Cluness  
Chairman of TSR 2011 Lerwick  
Shetland Tall Ships 2011 Ltd  
Harbour House  
The Esplanade  
Lerwick, Shetland ZE1 0LL  
UK

7 September 2011

**Ref: THE TALL SHIPS RACES 2011 - Lerwick**

Dear Sandy,

As chairman of The Tall Ships Races 2011 I am pleased to send you this letter of thanks for a very well organized event in Lerwick. Despite the rain and wind we had some of the time and that even prolonged the fleet's stay, we experienced that the crews and the public appreciated the program and the entire visit. In fact, the 24 extra hours did not seem to cause any problems as your host port organization and the harbour authority were flexible and willing to keep the event going. Well done, and please pass on our gratitude to all those involved in particular for that additional effort, also to your cooperating partners.

The project management in Lerwick delivered an extraordinary dimension through the well planned Cruise in Company leading up to the event. The cruising route offered a variety of good harbours, and I am sure that it was the work in advance by Fiona Dally and her associates to inform the guest harbours about the needs and wishes of the fleet that made it such a success. The feedback from our captains has been very positive, particularly about your volunteers and the warmth of their hospitality.

Such an event could not have been completed without the support of the Shetland Council. I also recognize there was resourceful assistance from many other good partners and sponsors, despite the economic times we have seen. In particular, without your cooperation with the transporters Northlink Ferries and Flybe/Loganair crew transport could have been a challenge.

Lerwick's trainee recruitment programme through Sail Training Shetland was excellent and we are pleased that this activity will be continued into future years.

The liaison officers' functions are very important when the fleet is in port. The liaison organization in Lerwick was made up of very well trained and dedicated persons. It was much their effort and positive attitude that contributed to the success of the event. Please extend our gratitude to the liaison officers and all the other volunteers who did a great job,

The berthing plan and vessel management by harbour master Calum Grains was excellent and special thanks should go to all those involved at Lerwick Port Authority and their partners. The media coverage that Lerwick received seemed to be very positive and our media manager Kelly Stroud found your team at your media centre most professional and helpful.

.../...

**Sail Training International. Charity number 1096846. A company limited by guarantee (Registered in England No 4686048)**  
**Reg Office: 5 Mumby Road, Gosport, Hampshire, PO12 1AA, UK. Tel +44 (0)23 9258 6367 Fax +44 (0)23 9258 4661**

Members: the national/representative sail training organisations of Australia, Belgium, Bermuda, Canada, Croatia, Denmark, Finland, France, Germany, Greece, India, Ireland, Italy, Latvia, Lithuania, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, South Africa, Spain, Sweden, UK, USA

I wish to extend our sincere gratitude for the invitations to special events such as the Captains' Dinner at Clickimin and the Crew Party. The young trainees enjoyed the entertainment and were given a splendid opportunity to exercise what is one of the aims of the Races, networking in a friendly and international environment. Also the generous functions at the Museum were highly appreciated.

The race management team was very well looked after. In particular I wish to thank the liaison officers who were at our team's disposal, and for the use of the Solar House for our race office. It was also much appreciated that vice chairman Peter Malcolmson came down to our hotel to see us well off when we left Lerwick.

Please accept our gratitude and admiration for a well delivered job to the benefit of our crews. We would be grateful if you would pass the thanks from all our race management team and all at Sail Training International onto all those in Lerwick who made it such a success. If Lerwick decides to bid to host The Tall Ships Races sometime in the future, I am sure Sail Training International will give such a bid serious consideration.

With kind regards

*Knut Western*

Knut Western  
Chairman of the Race Management Committee

**Development Committee****9 November 2011****Shetland Local Development Plan- Development Plans Scheme Current Position**

PL-21-11-F

**Executive Manager - Planning****Development / Planning****1.0 Summary**

1.1 I have reported matters relating to the preparation of the Shetland Local Development Plan previously to the Planning Board, and to the Development Committee. This report provides Members with:

- information about the latest development in the Plan preparation,
- background of how we got to this point (appendix 1),
- an indication of work still to be undertaken with timescales (appendix 2),
- an updated Development Plans Scheme for approval (appendix 3),
- details of the consultation process (appendix 4).

1.2 In June, Members agreed to note the contents of the report, and ask that the next report “should deal with how to resource the Local Development Plan Project to get it back on track for delivery in 2012”

**2.0 Decision Required**

2.1 Members are asked to approve the Development Plans Scheme update.

**3.0 Detail**

3.1 It is worth setting out some of the principles of development planning, and this report references Audit Scotland’s report “Modernising the Planning System”. This report looks at whether the modernisation is making the planning system more economic, efficient and effective and can be found at <http://www.audit-scotland.gov.uk/media/article.php?id=176> Although focusing on the widening gap between the costs of processing applications and the

income councils receive from fees, there are significant references to development planning.

- 3.2 The main statutory stages in the preparation and delivery of a Shetland Local Development Plan are:
- Publication of the Development Plan Scheme,
  - Main Issues Report and draft Environmental Report ,
  - Prepare and Publish Proposed Plan,
  - Pre-examination Modifications,
  - Submission of Plan to Scottish Ministers,
  - Examination,
  - Adoption of the Shetland Local Development Plan, Environmental Report and Action Programme,
  - Implementation, Monitoring and Review.
- 3.3 Scottish Ministers' Planning Policy sets the broad principles that should underpin a genuinely plan-led modernised system. Development plans should be succinct and set out ambitious long term visions for their areas. They should be kept up-to-date and provide a practical framework within which the outcome of planning applications can be decided with a degree of certainty and efficiency. All interests should be engaged as early and as fully as possible, and there should be a clear focus on high quality outcomes. The primary responsibility for operating the development planning system lies with local planning authorities
- 3.4 One of the main thrusts of the Scottish Government's Modernising Planning priority, legislated for in the Planning etc (Scotland) Act 2006 was to establish a plan-led system where national, strategic and local plans clearly set out development priorities and guide individual planning decisions. The National Planning Framework sets out national priorities for development planning and provides the context for regional and local developments. Four new strategic plans and 34 new local development plans will replace structure and local plans and these should be updated every five years. These new plans are mandatory and set out the priorities for development at the regional and local area levels.
- 3.5 Local development plans concentrate on the long-term development of local areas and all planning authorities, including the national parks, must prepare these. Development planning shapes the areas we live in.
- 3.6 The secondary changes to legislation for development planning were not made until February 2009.
- 3.7 The Scottish Government provided indicative timescales for each stage in the development planning process except the main issues report stage. As identified in the Audit Scotland report, the main issues report provides the foundation for the proposed development plan. It involves a number of activities including consulting the public and carrying out assessments covering a range of issues including housing needs and demand (assessing the long-term need for all types of housing in an area and the likely demand), transport and the environment. With no

indication of how long the main issues stage is expected to take, there is little certainty about when new plans will be in place and how any delays at this stage, and their consequences, will be dealt with.

- 3.8 Audit Scotland concluded that there have been delays in producing main issues reports. Delays are partly attributed to difficulties in preparing the main issues report. Housing needs and demand assessments have taken more time than expected. In some cases, bringing planning and housing professionals from the constituent councils together has reportedly been difficult due to a previous lack of cross-departmental working and the complexity of the task. Other factors causing delays as identified by Audit Scotland include resourcing issues, including lack of availability and high staff turnover. However, In Shetland we shared resources with Housing Services, working very closely to deliver on this key area of policy development.
- 3.9 Audit Scotland noted that, whilst all local development plans will be published by 2014, almost two-thirds of planning authorities have already delayed the dates for submission to the Scottish Ministers. Delays in the local development plan processes will mean that planning decisions are being informed by out-of-date structure and local plans. This presents a risk for both planning authorities and the Scottish Government and makes it more difficult for planning authorities and key agencies to make informed decisions about development proposals.

The Development Plan Scheme (DPS) sets out the various stages and timetables for the preparation of the Shetland Local Development Plan. The latest DPS published in August 2010 is available online at:  
<http://www.shetland.gov.uk/planning/documents/UpdateDevelopmentPlanScheme2010August.pdf>

- 3.10 The Shetland Local Development Plan Main Issues Report was the subject of a major public consultation in the Spring of 2010, following which the Development Plans Team launched the “Call for Proposed Development Sites.” This asked landowners, developers and the public to submit details of land that is available for development over the next 20 years. The closing date for submissions was 4 April 2011.
- 3.11 The Planning Service received 190 sites of varying sizes and proposed uses, including housing. From 6th June until 15th August 2011 a folder containing maps of all the submitted sites and the site information sheets was made available for public inspection and comment in all Leisure Centres, the Shetland Library, at Infrastructure Services reception and online via the Council’s website.
- 3.12 Running in tandem with the public information sharing exercise the Planning Service consulted relevant stakeholders, with responses received by 31 July. Discussion are however ongoing with the Roads Service.
- 3.13 Officers from the Development Plans team have been undertaking site visits to each of the sites, and, taking into account feedback from stakeholders and members of the public are making a professional assessment of their suitability or otherwise for inclusion in the plan.



- 3.14 A function of the LDP is to meet the requirements of the (Local Housing Strategy) LHS in providing a generous and developable land supply for housing. The LDP is also required to identify land suitable for other uses such as Industry. These objectives support the creation of sustainable mixed communities. Normally this would be done through a system of allocations where developers come forward with complete plans to develop their land. However this being the first time Shetland has opted for an allocations based system many landowners have come forward with their aspirations for development but without firm plans. Therefore we are looking to put forward those areas of land that have been assessed as suitable as 'sites with development potential' with the aim of working with these developers through the Action Programme to progress these sites towards allocation status within the lifetime of the plan and beyond. This will ensure that an adequate supply of land has been identified in the LDP., as required by the development plan process.
- 3.15 Areas of best fit:  
After extensive consultation, the response to the Main Issues report clearly identified a strong desire to ensure Shetland's rural communities thrived, with development distributed throughout the Isles. The Planning Service has identified Areas of Best Fit to strengthen and enhance rural communities by providing hubs in each locality. This will provide a focus for growth within the largest community in each of the seven localities in Shetland. In the North Isles, Areas of Best Fit have been identified at both Baltasound and Mid Yell. This means in total there are eight Areas of Best Fit.
- Within Areas of Best Fit amenities such as schools, shops, employment and essential infrastructure are readily available through a range of transport options. We would encourage new housing (specifically large scale, social and mixed tenure developments), employment and community development within these areas. Relevant stakeholders have been involved in the creation of these areas. However, this does not preclude development in other areas.
- 3.16 The Development Plan Scheme (DPS) sets out the Planning Authorities programme for preparing and reviewing the LDP, outlining what is likely to be involved at each stage. The DPS must be reviewed annually. It should include a participation statement and a timetable. The 2011 DPS is attached as an appendix to this report.
- 3.17 We will be producing an Action Programme. This will set out how the authority proposes to implement the LDP. It will set out a list of actions required to deliver each of the plan's policies and proposals; name the person(s) responsible for carrying out this action and a timescale for undertaking each action. Actions, which we expect will be identified, include the delivery of key infrastructure projects and preparation of supplementary guidance. Actions are not limited to those by the Planning Authority and may include actions by developers to facilitate progress on sites assigned in the plan as having development potential'.
- 3.18 The Planning Authority is required to consult and consider the views of key agencies, The Scottish Ministers and anyone the authority

proposes to assign an action to within the programme. The proposed action programme must be published and submitted to the Scottish Ministers alongside the proposed LDP. It must be published within 3 months of the plan to which it relates being approved/adopted. There is a requirement to keep the Action Programme under review and update and re-publish it at least every 2 years.

- 3.19 One of the new provisions now available under the new development planning regime is Supplementary Guidance. Despite being called guidance, it actually has the weight of policy when assessing planning applications. It can be adopted and issued by a Planning Authority in connection with the LDP and any Guidance issued forms part of the LDP. The Scottish Ministers have stated in Circular 1 para 96 that it is their intention 'that much detailed material can be contained in supplementary guidance, allowing plans themselves to focus on vision'. Supplementary Guidance on particular topics should be referenced in the LDP and be limited to the provision of further information and/or detail in respect of policies set out in the LDP. It is then suitable for detailed policies on a particular topic or issue to be included in Supplementary Guidance where the main principles are already established in the LDP. It is also appropriate for Supplementary Guidance to be created for Masterplans, Development Briefs and Aquaculture framework documents.
- 3.20 Supplementary Guidance can be prepared and adopted alongside the LDP or at a later date. The Planning Service intends to produce a number of Supplementary Guidance documents alongside the proposed plan and undertake consultation and adoption procedures at the same time. There will however be a number of topics for which Supplementary Guidance will be prepared post plan adoption, details of these will be included in the Action Programme.
- 3.21 It should be noted that the Supplementary Guidance is needed to have a rounded set of policies to meet government policy and local aspirations. This, and other activities are set out in our Action Plan, and will require significant resources.

### Resources

- 3.22 The last time this matter was discussed, members asked for an update report on the resource situation. I was unable to prepare a report for the last meeting, as the Council was mid-restructure, and the outcome was unclear.
- 3.23 With the Director of Development Services, I have been looking at our response to voluntary severance requests in Planning. Agreement to any request required a fundamental review of the number of teams, team leaders, and a redistribution of responsibilities. The correct process to undertake such a review was uncertain, and coincided with a requirement to make a 10% saving from efficiencies.
- 3.24 It is also worth noting the comments from the Audit Scotland's report.

One of the key recommendations to the Scottish Government is to:

- clarify what activities planning fees cover, taking account of new activities that were introduced by modernisation and created additional costs for councils.

One of the key recommendations for local authorities is to:

- collect, monitor and report data on the cost of development planning and development management to help inform the setting of planning fees and to help make decisions on how resources can be used effectively. This should include information on staffing and time spent on development planning and development management, broken down by activity. It should also include other costs such as legal, committee and specialist support services provided by other parts of the council or national park authority.

3.25 I am on the project team with key players from the Scottish Government, COSLA, looking at planning fees and the areas they are designed to cover. At present, planning fees are only meant to cover the cost of processing planning applications and no other areas. Excluded areas are, for example, development planning and enforcement.

## 4.0 Implications

### Strategic

4.1 Delivery of Corporate Priorities - The new Shetland Local Development Plan, when complete, will be the strategic tool for the Council's development priorities. In conjunction with other Council policies (including the Local Housing Strategy), it will contribute to meeting the spatial aims of the Community Plan and the Corporate Plan.

The Local Development Plan will provide more certainty to the assessment of planning applications, as decisions will be made against an up-to-date framework. Failure to deliver an up to date development plan will jeopardise the speed and quality of decision making.

The report is another step towards the Planning Service and Council priority to deliver the Shetland Local Development Plan.

4.2 Community /Stakeholder Issues – The consultation exercises have been reported previously, but are fully identified in the relevant appendix

4.3 Policy And/Or Delegated Authority – In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit.

4.4 Risk Management -The Development Plans team is currently short of the budgeted complement. Long term ill-health, a long term investigation and posts which are empty or filled on a temporary basis are having a significant impact on delivery. There is a significant risk that the Council will fail to deliver the statutory plan in the timescales adopted in the Council's Development Plan Scheme. The lack of an



up-to-date Development Plan could prevent the Council from supporting developments that are in line with its priorities, and result in more challenges to Council decisions.

- 4.5 Equalities, Health And Human Rights – as identified in the report, the implications for the Council's obligation to comply with equalities legislation will be analysed and assessed throughout the process leading up to the local development plan. A full assessment will have to be completed for submission alongside the local development plan.
- 4.6 Environmental – the Main Issues Report, and the plans which evolve from it, fall under the strategic environmental assessment legislation. Carbon reduction and climate change will be integral to the final Local Development Plan. However, the content and actions identified in this report will have no direct impact on the environment, air, water, land, biodiversity and resource use.

#### Resources

- 4.7 Financial – This report has no direct financial implications.
- 4.8 Legal - none
- 4.9 Human Resources – In agreement with the Director of Development Services a set of measures have been identified to ensure appropriate human resources are provided to achieve the challenging timescales of this project, that also deliver on the required efficiency savings. These measures include provision of project resources from other services within the Development Directorate.
- 4.10 Assets And Property - none

### **5.0 Conclusions**

- 5.1 The requirement from the Council and the community is to keep the Shetland Local Development Plan on track. Some parts of the project are out of our control and will take time, no matter what resources we have. However, for us to reach the identified milestones, we need to make better use of our existing budgets.

For further information please contact:  
Iain McDiarmid, Executive Manager Planning  
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2 November 2011

#### List of Appendices

Appendix 1 – Timetable for LDP Development Jan 2008 – September 2011  
Appendix 2 – Proposed Timetable for LDP Development Oct 2011 – Sept 2012  
Appendix 3 – Development Plan Scheme  
Appendix 4 – Consultation Process

END



Programme Timetable for the Preparation of the Local Development Plan Jan 2008 - September 2011	Jan-08	Feb-08	Oct-08	Dec-08	Feb-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Shetland House													
IPP Minerals													
Public Safety & Safeguarding													
IPP Towards Sustainable Construction													
IPP Windfarm													
DPS 1st edition													
Topic area of key identification issues													
Identification of main Issues and preparation of Main Issues Report													
Consultation/participation with key players for specialist input (Workshops)													
Community Consultation													
Preparing the Monitoring Statement													
Preparing Main Issues Report													
Preparing the Environmental Statement													
Monitoring Statement, Main Issues Report & Environmental Statement went to Planning Board													
Preparation of DPS 2nd edition													
DPS 2nd edition went to Planning Board													
Preparation of Consultation Materials MIR													
Public Consultation Main Issues Report involved seminars, workshops & drop in sessions													
Public Consultation Environmental Statement													
Call for Proposed Development Sites													
Openspace Audit, Lerwick, Scalloway & Brae													
1st Stage meetings with stakeholders													
Research development sustainability checklist													
Summary update on Main Issues consultation to community groups													
Written Report of Main Issues responses and Officer responses													
Findings of Main Issues consultation report to members and stakeholders (Seminar)													
Local Protection Areas review													
Define hierarchy of settlement													
Define areas of best fit and Information Gathering													
Research into local landscape areas													
Plot densities													
Settlement capacity studies													
Preparation for Call for Sites and Information Gathering Period													
Call for Sites Assessments													
Preparation for PIE and Information Gathering Period													
Openspace strategy development													
SEA													
LHS													
Policy Areas													
General Requirements													
Natural Environment													
Built Heritage													
Coastal Management													
Water and Drainage													
Energy													
Minerals													
Business and Industry													
Tourism													
Commercial Development													
Housing													
Community Services and Facilities													
Design													
Waste													
Transport													
Action Programme													
Equalities Impact Assessment													
Integrated Impact Assessment													
Health Impact Assessment													
Schedule of Land Ownership by SIC													
Conformity with Participation Statement													
Habitat Regulations Appropriate Assessment													
Supplementary Guidance:													
Parking and Access													
Energy													
Open Space													
Design.....													
Conservation Areas													
Local Landscape Areas													
Local Nature Conservation Sites													
Coast Protection Policy													
Sustainable Drainage													
FRA													
Business and Industry .....													
SSMEI													
Aquaculture													
Minerals													
Renewables													
Collation of Plan Documents													
Preperation of Report to Committee													
Publication and Consultation of LDP													

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# SHETLAND ISLANDS COUNCIL

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## DEVELOPMENT PLAN SCHEME

Paving the way forward for Shetland's  
Local Development Plan



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**November 2011**

**Produced by Shetland Islands Council**

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# Development Plan Scheme

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## Introduction

Shetland Islands Council is required to prepare  
a new local plan.

This plan will set out the strategic and detailed  
policies and proposals for development and  
use of land throughout the whole  
of Shetland.

The Local Plan and the associated documents  
will be produced by the Shetland Islands  
Council engaging with the public and  
other stakeholders.



## **Purpose of the Development Plan Scheme**

The purpose of this Development Plan Scheme is to:

- explain what the Local Development Plan is;
- outline the steps which will be taken in preparing the Local Development Plan;
- explain how you can influence the contents of the Local Development Plan;
- tell you what you can expect from the Council throughout the stages of its preparation; and
- explain what happens once the Plan is in place.

This document updates the August 2010 Report and details the progress of the Local Development Plan made since the last report.

## **What is a development plan and why review it now?**

Most people are affected by the planning system at some point in their lives. The system makes sure that new uses for land and buildings are right for the location and helps to plan for the development the area needs – schools, community facilities, homes, business premises and roads. At the same time, planning has to protect the natural and built environment and ensure that development and growth are *sustainable* – in other words, that planning decisions will not damage the environment for future generations.

The framework for planning decisions is provided by development plan documents, the current plans for Shetland being:

- Shetland Structure Plan approved by Scottish Ministers January 2001
- Shetland Local Plan adopted by Shetland Islands Council June 2004
- Shetland House adopted by Shetland Islands Council February 2005
- Fladdabister and Ocraquoy Settlement Design Statement adopted by Shetland Islands Council June 2005

As Shetland Islands Council is an Island Authority, the Shetland Structure Plan provides the strategic policy and the long-term framework for development and land-use throughout the whole of Shetland. The Shetland Local Plan sets out the detailed policies and specific proposals for the use of land again throughout the whole of Shetland. Both the Structure Plan and Local Plan provide the framework for decision making on all planning applications, and all decisions require to be taken in accordance with development plan policies, unless a reasoned justification can be made to depart from the policies.

The Planning Etc. (Scotland Act) 2006 has introduced new requirements for the preparation of development plans within Scotland. Under the new arrangements, the current system of Structure and Local Plans will ultimately be replaced by a single new style Local Development Plan, supported by Supplementary Planning Guidance. The Scottish Government has now enacted the necessary secondary legislation for the implementation of the new planning system.

**Figure 1: The old and new planning systems****Previous Planning System**

**National Planning Guidance**  
NPPGs

**Structure Plans**  
*Shetland Structure Plan*

**Local Plans**  
*Shetland Local Plan*

**New Planning System**

**National Planning Guidance**  
SPPs

**Local Development Plans**  
*Shetland Local Development Plan*

**Supplementary Guidance**  
*Topic Based*

**The New Planning System****What are Local Development Plans designed to do?**

- Set out the detailed policies and specific proposals for the development and use of land in order to guide decisions on planning applications and investment and ensure future sustainable development.
- Highlight development opportunities and promote economic development.
- Maintain the high quality of the natural and built environment.

**A Shetland Wide Local Development Plan**

The new Planning Act does not permit the preparation of a new Shetland Structure Plan. In future the strategic policies will be contained within a Shetland Wide Local Development Plan, which will ensure that planning decisions are made consistently across Shetland in line with policies that are applicable Shetland wide and to ensure that key development areas within Shetland are progressed.

The main stages in the preparation and delivery of a Shetland wide Local Development Plan are:

- Publication of the Development Plan Scheme
- Main Issues Report and draft Environmental Report
- Proposed Local Development Plan and Environmental Report
- Pre-Inquiry Modifications
- Public Local Inquiry
- Adoption of the Local Development Plan, Environmental Report and Action Programme
- Implementation, Monitoring and Review

## **Development Plan Scheme**

As part of the planning process, the Council is required to produce a Development Plan Scheme. This Scheme sets out the authority's programme for the preparation and review of the Local Development Plan and requires to be reviewed annually. Whilst there are not yet any formal Regulations from the Scottish Government on the form and content of the Development Plan Scheme, the 2006 Act establishes that the Scheme must include the following components:

- details of what is likely to be involved at each stage of the preparation or review of the Local Development Plan;
- an outline programme timetable for the preparation or review of the Local Development Plan; and
- a Participation Statement, detailing when consultation is likely to take place, with whom, what form it will take and what steps are to be taken to involve the public.

## **Main Issues Report**

The current Shetland Structure Plan (2001) was based on information gathered during the late 1990s. If the new Local Development Plan is to provide sound and comprehensive policies for development leading into the next decade, it is imperative that it is based on up-to-date information and legislation. Circular 1/2009 published in February 2009 sets out Development Planning legal requirements and Scottish Government expectations for the key parts of the process.

Information gathering and preparation was the first stage in the production of the Main Issues Report. In July and August 2009 invitations were sent to a wide range of representatives of the Council, statutory agencies, community council representatives, the NHS etc., to attend two workshops to discuss the issues facing Shetland. The comments and discussions from these workshops helped to formulate the issues and alternative options presented within the Main Issues Report.

The consultation for the Main Issues Report took place from March to June 2010, allowing all members of the community to comment on the Issues presented. The consultation process occurred as outlined within the Participation Statement.

The draft Environmental Report (ER) was published together with the Main Issues Report allowing an early and effective opportunity for public participation.

## **Local Development Plan**

The Main Issues Report is the broadest and most significant area for debating alternatives involving public and stakeholder participation and consultation. This debate identified those options, which will feed into the spatial strategy, policies and proposals as to the development and use of land within Shetland and form the basis of the Proposed Local Development Plan (LDP).

The Proposed LDP is essentially a concise map-based document and details the strategic policies for the development of land for up to a period of five years. This

document will then go forward for a further round of consultation, prior to being considered for final adoption as the Local Development Plan.

### **Strategic Environmental Assessment/Draft Environmental Report**

All plans, programmes and strategies need to be assessed on how they will affect the environment and a Strategic Environmental Assessment (SEA) is a process which helps identify the most appropriate way forward environmentally. Key consultation authorities (Scottish Natural Heritage, Scottish Environment Protection Agency and Historic Scotland) are required to assist the Council in this process. The process informs the Local Development Plan throughout its preparation, with the Council's aim being to make the decision making process open and transparent. The results of the SEA are recorded in an Environmental Report, which will be available for public consultation.

The draft Environmental Report (ER) was published together with the Main Issues Report to allow an early and effective opportunity for public participation.

### **Supplementary Guidance**

Some progress can also be made on the parallel preparation of Supplementary Guidance. The Council needs a comprehensive set of detailed policies to support the Local Development Plan and to provide developers, communities and others who contribute to the planning process with greater certainty and consistency. Supplementary Guidance will have a legal basis as part of the Local Development Plan, and also allow it to be shorter and more concise. In addition, topic based Supplementary Guidance will be more easily adapted to changing circumstances and legislation. Supplementary Guidance can only be adopted as statutory guidance where it links and/or flows from the Local Development Plan and has been subject to the appropriate public consultation.

### **Action Programmes**

An action programme will set out how the Plan will be implemented. This programme, prepared alongside the Local Development Plan will identify by whom and when the proposals will be delivered or put in place. An Action Programme must be adopted and published within three months of the Local Development Plan being adopted, and must be reviewed and updated at least every two years.

### **Strategic Environmental Assessment/Environmental Report**

A revised Environmental Report will be published alongside the Proposed Local Development Plan providing a further opportunity for consultation.

### **What happens once the Plan is in Place**

Once adopted by the Council, the Local Development Plan is the main consideration in determining planning applications. In most cases planning applications will be determined in accordance with the policies of the development plan. Environmental

impacts arising from the implementation of the plan will be kept under review and where necessary additional action will be taken to protect the environment.

Where the Council intends to make a decision on a planning application which is contrary to the provisions of the Local Development Plan it is required to follow prescribed procedures, including advertising the proposed development and in some cases referring the development to the Scottish Ministers. Any objectors to the development are required to be provided with a statement of reasons as to why the departure is justified.

The Council will keep the Local Development Plan under review. A significant number of developments approved contrary to the Plan might suggest the Plan and any supporting Supplementary Guidance is in need of alteration.

The Planning etc (Scotland) Act 2006 prescribes the review timescale for the development plans. The rolling programme of plan-making will ensure that Plans are regularly reviewed. It is envisaged that with regular reviews of the sections of the Plan which are out-dated, a new LDP would again focus on those issues which have changed and require updating since the publication of the previous Plan. In addition, topic based Supplementary Guidance is more easily revised to respond to changing circumstances and legislation.

## What is likely to be involved at each stage of the preparation of the Local Development Plan

<b>Stage 1</b>	<b>Development Plan Scheme</b>	Sets out the programme for the preparation of the Local Development Plan, and includes a Participation Statement detailing how local communities, stakeholders and individuals will be engaged and have the opportunity to be involved.
<b>Stage 2</b>	<b>Monitoring Statement *</b>	Identifies: <ul style="list-style-type: none"> <li>the changes in the principal, physical, economic, social and environmental characteristics Shetland wide which have occurred since the preparation and publication of the existing Shetland Structure Plan and Local Plan; and</li> <li>the impact of the policies and proposals for the existing Shetland Structure Plan and Local Plan</li> </ul>
	<b>Main Issues Report *</b>	Concentrates on the key issues that are changing from the existing Shetland Structure and Local Plan and sets out general proposals, in particular proposals as to where development should and should not occur. The Report must: <ul style="list-style-type: none"> <li>contains one or more reasonable alternative sets of proposals</li> <li>draw attention to the ways in which the favoured and alternative proposals differ from the policies in the existing Shetland Structure and Local Plan;</li> <li>have regard to views expressed by key agencies; and</li> <li>alternative proposals being put forward must be environmentally appraised</li> </ul>
	<b>Draft Environmental Report *</b>	Assessment as to how the Main Issues and identified options will affect the environment and identification of the most appropriate way forward environmentally. The draft Environmental Report (ER) requires to be published together with the Main Issues Report to allow an early and effective opportunity for public participation.
<b>Stage 3</b>	<b>Local Development Plan *</b>	Form and Content: <p><b>Spatial Strategy:</b> a detailed statement of Shetland Islands Council policies and proposals as to the development and use of land;</p> <p><b>Vision Statement:</b> a broad statement of how development within Shetland could and should occur and the matters which might be expected to affect that development</p> <p><b>Proposals Map</b></p>



		<b>Schedule of Shetland Islands Council Land</b> (where it is affected by any of the policies, proposals or views expressed in the Plan)
	<b>Environmental Report *</b>	<p>Assessment as to how the spatial strategy and policies proposed by the Local Development Plan will affect the environment and identification of the most appropriate way forward environmentally.</p> <p>The Revised Environmental Report (ER) requires to be published together with the Local Development Plan to allow further consultation.</p>
	<b>Action Programme *</b>	A list of actions indicating how the Shetland Local Development Plan will be implemented
	<b>Supplementary Guidance</b>	<p>Detailed planning guidance relating to specific topics in the Plan:</p> <ul style="list-style-type: none"> <li>▪</li> </ul>
	<b>Report of Conformity to the Participation Statement</b>	Identification of the elements of the Participation Statement (updated annually within the Development Plan Scheme) and how Shetland Islands Council have met these requirements
<b>Stage 4</b>	<b>Examination</b>	Further guidance is awaited from Scottish Government in this regard
	<b>Modified Plan</b>	Submitted to Scottish Ministers for approval

\* All three reports require to be published alongside each other at each stage

## Outline programme timetable for the preparation of the Local Development Plan

Stage	Local Plan	SEA	Process	Estimated Timescale	Notes
<b>1</b>	Development Plan Scheme		Report to Planning Board & 2 copies to Scottish Ministers	<b>20 Feb 2008</b>  <b>Annual Review November 2011</b>	<b>Annual Review</b>
	Publish Development Plan Scheme		Place copies in public libraries and on website	<b>November 2011</b>	<b>Annual Review</b>
<b>2</b>	Topic Area Identification of Key Policy Issues  Identification of Main Issues and preparation of Main Issues Report	Identify main implications by way of a screening and scoping report outlining the potential for the LDP to impact on the environment	Evidence gathering, baseline information  Consultation/participation with key players for specialist input  Wider Consultation/ Participation with the community	<b>February 2008 – February 2009</b>  <b>May 2009 – June 2009</b>  <b>July 2009 - October 2009</b>	<b>Completed</b>
	Presentation of Monitoring Statement, Main Issues Report and Draft Environmental Report	Highlight the main environmental implications of the strategic options within the Main Issues Report	Report to Planning Board SIC	<b>February 2010</b>	Slippage from November 2009, due to delaying consultation so it did not occur over the festive season. This therefore causes an impact to the rest of the Development

					t Plan Scheme timescale. <b>Completed</b>
	Main Issues Report Publication and Public Consultation and Participation		Consultation: as identified in Participation Statement	<b>27<sup>th</sup> March – 7<sup>th</sup> June 2010</b>	<b>Completed</b>
	Summary update of issues brought forward by the Main Issues Consultation		Report initial findings to community groups for information.	<b>June –July 2010</b>	Via newsletter. <b>Completed</b>
<b>3</b>	Preparation of Proposed Local Development Plan, Action Programme and Supplementary Guidance based on results of the Main Issues Report and National Guidance	Assess strategic direction, policies and site specific proposals against SEA objectives and related criteria. Prepare Environmental Report		<b>June 2010- September 2012</b>	Devising new methodologies for site allocations appraisals, developing new policies in line with MIR consultation and National Guidance for the Proposed Plan. Expand policies in Supplementary Guidance
	Call for proposed allocations sites (This stage has been added as direct response to the Main Issues Report Consultation.)		Media publicity – press releases, articles, radio interview	<b>April 2010 - April 2011</b>	<b>Completed</b>
	Publish details of submitted sites		Press release, landwise article Public information	<b>April 2011 – August 2011</b>	<b>Completed</b>

			folders at various locations incl. leisure centres in each locality and on the Planshetland website		
	Assess submitted sites	Assess sites against SEA objectives	Professional assessment, site visits, consultee and public responses	<b>July 2011 – February 2012</b>	Visit sites receive responses from public and consultees. Respond to submitters
	Presentation of Proposed Plan, Action Programme and Supplementary Guidance	Publish Revised Environmental Report if necessary	Report to Development Committee SIC	<b>September 2012</b>	
	Proposed Plan Publication and Public Consultation		Consultation: as identified in Participation Statement	<b>September – December 2012</b>	
	Presentation of Proposed Plan Consultation Responses	Assess feedback from the consultation	Report changes we make to the Plan. Assess feedback from the consultation of the Proposed Plan. Development Committee SIC	<b>January – March 2013</b>	
	Notification of Modifications & Report of Conformity		6 week Consultation	<b>April- May 2013</b>	
4	Examination – Also known as Public Local Inquiry (PLI)		If there are unresolved representations Scottish Ministers will appoint a person to examine the plan.	<b>Preparation 3 months</b>  <b>Approximate ly 6-9 months required for the PLI</b>	

	Consider recommendations of the Examination		Publish any changes in preparation for adoption	<b>November 2013 – February 2014</b>	
	Adoption of Local Development Plan (LDP)	Adopt the environmental Report and publish a post-adoption statement (this says how we have considered the environmental report and how we will monitor the effects the LDP has on the environment)	Publish Modifications and Statement of Explanation. Report to Development Committee SIC Advertise intention to Adopt LDP Allow 28 days Subject to Scottish Ministers adopt the LDP	<b>Summer 2014</b>	
	Implementation of Action Programme		Discussion with Council departments, developers and community groups	<b>September 2012 onwards</b>	
	Preparation of additional Supplementary Guidance	Assess against SEA objectives		<b>September 2012 onwards</b>	
	Monitoring and Review of Local Development Plan and Supplementary Guidance	Revise and update as necessary		<b>ongoing</b>	

## Participation Statement

The preparation of a participation statement as part of the Development Plan Scheme is a requirement of the 2006 Planning Act. We are required to explain how local communities, other stakeholders and individuals, will be engaged and have the opportunity to be involved in the preparation of the Shetland Local Plan.

The Council is committed to:

*Working together effectively with our partners, for the good of Shetland*

SIC Corporate Improvement Plan

### Our Aim:

Shetland Islands Council values public participation in the planning process. Without consensus policies and proposals cannot be successfully implemented and without early public involvement in the planning process issues of importance may be inadvertently overlooked. Consequently, the new planning system focuses the main public participation at an early stage in the process (Stage 2) and Shetland Islands Council will seek to ensure that the widest possible involvement is achieved at this stage in the process.

At each stage of the process the Council will provide clear details of the form of consultation or participation it is undertaking and will outline the process and timescale for making comments or representations.

### Providing Feedback

Plans can be fairly complex and comments and negotiations can be numerous, so it will take some time after consultation and participation for the Council to prepare and present a proposed Local Development Plan. For community involvement to be effective it is essential that individuals and organisations who comment on the preparation of the Local Development Plan are kept informed about how their comments have been considered and what changes may have occurred as a result. The Council shall:

- Enter all duly made comments onto the Council's database and provide considered responses to each individual comment, with any recommendations for changes, by publishing a summary statement.
- Publish summary statements detailing the consultation and public participation undertaken, the main issues raised in these consultations and how these issues have been addressed.

## Getting Involved

You will have the chance to comment on proposed planning policies for your area each time the Council revises or replaces the Local Development Plan. If you live, work or run a business in the area, it is particularly important for you to get involved if you want a say in how the area is developed in future. You may want to do this on your own or as part of a local organisation, such as a community council, local business or amenity group. A list is shown in Appendix 2 of those we intend to consult.

By encouraging consultation at the various stages of the Local Development Plan preparation, the Council aims to ensure that those with an interest in the area have an opportunity to contribute opinions before decisions are taken. This applies as much to people who support the plan as to those who want to make objections.

Over the course of the review we hope to explore technologies that can enable greater use of the internet, allowing access to presentations and audio clips etc. This would provide an on demand listening facility whenever a person wishes to be informed about the stage we are at and how to get involved.

Officers will also be holding more traditional events such as exhibitions, workshops and an information day, to make the planning process more accessible to members of the public who may not have been involved in the planning process before.

The responsibility for the content of a Local Development Plan, however, rests firmly with the Council, which must make its decisions in light of all the views, information and advice it receives.



## Steps which will be taken at each stage to promote participation, will include:

Stage	Document	Key Agencies identified by Legislation	Additional Key Agencies identified by Development Plans Section	Additional Consultees by Group	Form of Consultation/ Participation
1	Development Plans Scheme	Scottish Ministers	HSE NHS Shetland SNH SEPA Scottish Water Highlands and Islands Enterprise Zet Trans Crofters Commission Historic Scotland Transport Scotland Aberdeenshire Council Highland Council Orkney Islands Council Aberdeenshire Council Highland Council	None	<ul style="list-style-type: none"> <li>• Presentation and Report to SIC Planning Board</li> <li>• Letter to Ministers</li> <li>• Publication of Development Plan Scheme</li> <li>• SIC Website for Information</li> <li>• Library</li> </ul>



2	Main Issues Report & Strategic Environmental Assessment	Scottish Ministers HSE Aberdeenshire (SDP) Highland (SDP)	HSE NHS Shetland SNH SEPA Scottish Water Highlands and Islands Enterprise Zet Trans Crofters Commission Historic Scotland Transport Scotland Aberdeenshire Council Highland Council Orkney Islands Council Aberdeenshire Council Highland Council	Local Government/Local Agencies/ Community/Amenity Interest Groups Business/Other	<ul style="list-style-type: none"> <li>• Local Media</li> <li>• Workshops</li> <li>• Edinburgh Gazette</li> <li>• SIC Website</li> <li>• Travelling Display (unmanned)</li> <li>• Planning Newsletter</li> <li>• Posters/Postcards/Leaflet in shops, halls, sports centres, notice boards</li> <li>• Briefing Sessions</li> <li>• Written Correspondence with existing database of consultees</li> <li>• Development Plan Helpline</li> <li>• Libraries</li> <li>• Joint working with other Council Consultations</li> <li>• Month long exhibition in Shetland Museum with occasional officer presence.</li> <li>• Information day (on a weekend) in a retail outlet easily accessible for shoppers/visitors to the town centre.</li> </ul>
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3	Proposed Local Development Plan	Scottish Ministers All persons who have submitted representation throughout the process Occupiers of neighbouring sites identified for development	HSE NHS Shetland SNH SEPA Scottish Water Highlands and Islands Enterprise Zet Trans Crofters Commission Historic Scotland Transport Scotland Aberdeenshire Council Highland Council Orkney Islands Council Aberdeenshire Council Highland Council	Anyone who has made representation at any point in the process	<ul style="list-style-type: none"> <li>• Media – Local (radio/newspaper)</li> <li>• Written correspondence to existing database of consultees and anyone who has made representation at any point in the process</li> <li>• SIC website for information/comment</li> <li>• Planning Newsletter</li> <li>• Posters/Postcards/Leaflets</li> <li>• in shops, halls, sports centres, notice boards</li> </ul>
3	Action Programme	Scottish Ministers NHS Shetland Anyone the Authority specifies within the Action Programme		Anyone the authority specifies within the Action Programme	<ul style="list-style-type: none"> <li>• Written Correspondence to interested parties</li> <li>• SIC Website for information/comment</li> </ul>
3	Supplementary Guidance	Scottish Natural Heritage SEPA Scottish Water Highlands & Islands Enterprise ZetTrans Crofters Commission		Other interested parties as defined within each individual topic area	<ul style="list-style-type: none"> <li>• Written Correspondence to interested parties</li> <li>• SIC Website for information/comment</li> <li>• Media – Local</li> <li>• Planning Newsletter</li> <li>• Briefing Sessions</li> <li>• Development Plan Helpline</li> </ul>

3	Strategic Environmental Assessment	Scottish Natural Heritage SEPA Scottish Water Highlands & Islands Enterprise Zet Trans Crofters Commission SEA Gateway		Members of the public, Community Groups, Private and Public Sector	<ul style="list-style-type: none"> <li>• Written Correspondence to interested parties</li> <li>• SIC Website for information/comment</li> <li>• Media – Local</li> <li>• Planning Newsletter</li> <li>• Briefing Sessions</li> <li>• Development Plan Helpline</li> </ul>
4	Examination – Public Local Inquiry (PLI)				<ul style="list-style-type: none"> <li>• Written Correspondence to interested parties</li> <li>• SIC Website for information/comment</li> <li>• Media – Local</li> <li>• Briefing Sessions</li> <li>• Development Plan Helpline</li> </ul>
4	Publication of Local Development Plan				Advertise Intention to Adopt

## Delivering the Development Plan Scheme

Achieving the Development Plan Scheme will rely on services within the Council and partnership working. For example, in order to ensure that policies reliably build and shape communities will require partnership working between housing, education, community services and transport infrastructure. Additional input will be required from key agencies working or supplying services within these sectors. It is expected that networks, community groups and consultations already being undertaken by other Council departments will be utilised within the preparation of the Local Development Plan. The Action Programme will be another key area where resources and expertise will require to be brought together to achieve the implementation of the Local Development Plan.

**The resources (i.e. staff and resources) required to deliver the Development Plan Scheme have assumed a full compliment of staff.** As the Scheme progresses, different levels of participation and/or consultation may mean additional resources are required and any increase will require to be reviewed alongside the annual Development Plan Scheme review. It is important to recognise that certain decisions (for example, on how consultation is undertaken, how quickly and by whom) may mean that more resources are required.

The following circumstances, in particular, could affect and/or delay the Scheme:

- **Review of National Planning Framework and Scottish Planning Policy National Strategies:** These national level documents set the scene for the Council's work on development plans at a more local level. When such documents are reviewed, and finally published, Local Development Plans will require to be updated, which could mean delays at certain points in the process.
- **Commitment from key agencies and consultation authorities:** Working with other agencies needs to be planned so that enough time is allowed for them to provide the necessary information. Progress the requirements of the Action Programme will depend on partnership working with these key agencies, however, different priorities may not allow efficient working and delays may occur.
- **Staffing and resources:**  
 Since the publication of the last Development Plan Scheme, staffing of the Development Plans Section has reduced for various reasons and is currently not fully staffed.  
 As the Development Plan process continues however, it maybe necessary to employ experts in particular areas, either from within or beyond the Council.  
 The resource implications of the proposed wider public participation will be considered at a later date as again suitably experienced staff may be required to assess responses during the wide consultative process.

- **Political commitment:** The Local Development Plan is required by law and not delivering the Plan in enough time to guide development from 2013 and beyond would have serious consequences for Shetland Islands Council. Delay in making decisions can slow down the progression of development and it is therefore important that the Council is committed to this timetable and the funding of it.
- **Strategic Choices:** Making sure that the plan is based on agreed principles, information and evidence and that as many people as possible have had a chance to have their say, should minimise challenges to the plan. However, difficult choices in the plan's strategy may mean challenges and delays are inevitable.



## APPENDIX 1

### SHETLAND ISLANDS COUNCIL DEVELOPMENT PLAN SCHEME

#### LOCATION PLAN



## List of people we will consult

## APPENDIX 2

This list is not a full list. We will add to it as more people and organisations get involved in the Shetland-wide Local Development Plan and more people, groups and organisations become aware of the process. However, we shall try to include as many as possible at the earliest stage. We aim to encourage as many people from as many different sections of the community as possible to get involved in the Local Development Plan.

If your group or organisation is not mentioned here, and you would like to be involved in the process of creating a Local Development Plan, please contact us (as seen on page 2).

### Community Groups

Association of Shetland Community Councils  
 Bressay Community Council  
 Burra & Trondra Community Council  
 Community Development Companies  
 Delting Community Council  
 Dunrossness Community Council  
 Fetlar Community Council  
 Gulberwick, Quarff & Cunningsburgh Community Council  
 Islesburgh Community Centre  
 Lerwick Community Council  
 Local Service Delivery Groups (7 throughout Shetland)  
 Nesting & Lunnasting Community Council  
 North Staney Hill Community Association  
 North Yell Development Council  
 Northmavine Community Council  
 Sandness & Walls Community Council  
 Sandsting & Aithsting Community Council  
 Sandwich Community Council  
 Scalloway Community Council  
 Skerries Community Council  
 Tingwall, Whiteness & Weisdale Community Council  
 Unst Community Council  
 Unst Partnership  
 Whalsay Community Council  
 Yell Community Council

### Organisations in the Private Sector with an interest in this Plan

A & N Garrick Builders  
 A B Associates  
 A. Doull Contractor  
 A. Jarmson (Shetland) Ltd  
 A. Sandisons & Son Ltd

Airport Traffic Control  
Alan McKay Architects  
Alastair Carmichael MP  
Arch Hendersons  
C & M Building Contractors  
Carol Fraser  
Cecil Eunson  
Clinton Cook  
Colliers CRE (London)  
Consulting Engineering Ltd  
Crofters Commission  
Crofting Foundation  
David Adamson & Partners  
Dennis Thomson Builders  
DITT Construction Ltd  
E & H Builders  
Farquhar & Jamieson  
G M Johnson  
Garriock Bros Ltd  
GB Design Services  
General Aviation Awareness Council  
George Tait  
H & C Dickie Ltd  
H & H Plant  
Hanson Aggregates (North)  
Health & Safety Executive  
Highlands & Islands Fire Brigade  
Highlands and Islands Enterprise  
Historic Scotland  
Hjaltland Housing Association Ltd  
Hunter & Morrison's  
Iain Skinner Architect  
J S Building Contractors  
J. H. Scott  
James H Nesbitt  
JHB Ltd  
Lerwick ort Authority  
M. K. Leslie Ltd  
Martin Thomson  
Michael Thomson FRICS  
Mott MacDonald  
NAFC  
National Farmers Union  
National Library of Scotland  
National Playing Fields Association  
NCG Builders  
Neil Fraser  
NHS Shetland  
Northern Constabulary  
Pete Watts  
Peter Glanville



Peter Johnson Partnership  
Peterson Peat Products  
Post Office Property Holdings  
Redman & Sutherland  
RG Jamieson Consulting Engineers  
Richard Gibson Architects  
Rio Tinto plc  
RJ MacLeod  
Robertson & Read  
RSPB Shetland  
Sandisons (Unst) Ltd  
Scottish Natural Heritage  
SEPA Dingwall  
SEPA Lerwick  
Shetland Amenity Trust  
Shetland Amenity Trust: Regional Archaeologist  
Shetland Architectural Society  
Shetland Bird Club  
Shetland Building Consultancy  
Shetland Civic Society  
Shetland Enterprise  
Shetland Field Studies Trust  
Shetland Fisherman's Association  
Shetland Islands Tourism  
SLAP  
Steve G Henry  
Tavish Scott MSP  
Tulloch Developments Ltd  
Victor Jamieson

### **Public Sector Stakeholder Groups**

All Shetland Islands Council Members  
Capital Programme  
Community Services  
Economic Development Unit  
Environment & Building Services  
Executive Director, Infrastructure Services  
Housing Services  
Orkney Islands Council  
Roads Department

### **Organisations with an interest in this plan which provide transport, water & phone services etc**

British Telecom  
British Wind Energy  
Scottish and Southern Energy  
Scottish Power Corporation Office  
Scottish Power Technical Division  
Scottish Water  
Shetland Heat, Energy & Power  
Zet Trans



# Shetland Local Development Plan - Record of Consultation and Information Sharing from November 2007 until September 2011

Appendix 4

Consultation	Nov-07	Dec-07	Feb-08	Jan-09	Jul-09	Aug-09	Oct-09	Nov-09	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Aug-11	Sep-11
Member Awareness Session on new planning approach - Grantfield																											
Member Awareness Session on new planning approach - Lystina House																											
Supplementary Planning Guidance Proposed Consultation																											
Letters sent to Service Head and Agencies call for proposals for new LDP																											
Letters sent to Community Councils proposing briefing sessions for new LDP																											
Good Agricultural Land Meeting																											
Informing the MIR Workshop 1																											
Informing the MIR Workshop 2																											
Developers Meeting - informal meeting on the process of the LDP																											
Letters to Community Councils on regarding the consultation on the LDP																											
Progress Report to Planning Board																											
Report to Planning Board on MIR																											
Meeting with the Community Workers																											
Call for Proposed Development Sites																											
Consultation on the Main Issues Report																											
Planning Consultation Exhibition in the Shetland Museum and Archives																											
LDP and MIR SEA Environmental Report Published																											
Presentation to the Infrastructure and Environmental Forum on the MIR																											
Press Release - On the MIR and the upcoming Consultation Process																											
Public Notice (Shetland Times) Notice of Production and Publication of MIR																											
Developers Meeting																											
Crofters Commission Meeting																											
MIR Consultation - 175 Commercial Street (Shop Outreach Drop In Day)																											
Public Notice (Shetland Times) Advert for upcoming consultations																											
MIR Consultation - Skerries School (Drop In)																											
MIR Consultation - Cunningburgh Hall (Drop In)																											
MIR Consultation - Aithsting and Sandsting (Community Council)																											
Article from 'Isles Views' (ST) on MIR meetings in the North Isles																											
Front Page (ST) Advert for MIR website																											
Advert for upcoming MIR consultations - Shetland Times																											
MIR Consultation - Mid Yell Hall (Drop In)																											
MIR Consultation - Mid Yell Hall (Workshop)																											
MIR Consultation - ASCC																											
Planning Board - Report on the Revised Development Plan Scheme																											
MIR Consultation - Bixter (Drop In)																											
MIR Consultation - Bixter (Workshop)																											
MIR Consultation - Scalloway Hall (Drop In)																											
MIR Consultation - Scalloway Hall (Workshop)																											
MIR Consultation - Tingwall Hall (Information Stall)																											
MIR Consultation - Brae Hall (Drop In)																											
MIR Consultation - Brae Hall (Workshop)																											
Letter to MIR workshop participants																											
MIR Consultation - Symbister Hall (Drop In)																											
MIR Consultation - Bressay Hall (Drop In)																											
MIR Consultation - Foula (Drop In)																											
Advert for upcoming MIR consultations - Shetland Times																											
MIR Consultation - Lerwick CC (Community Council)																											
MIR Consultation - Whiteness and Weisdale (Drop In)																											
MIR Consultation - Gulberwick Hall (Drop In)																											
MIR Consultation - Hillswick (Drop In)																											
Advert for upcoming MIR consultations - Shetland Times																											
MIR Consultation - Baltasound Hall (Drop In)																											
MIR Consultation - Fetlar (Drop In)																											
MIR Consultation - Sound Hall (Officer's Workshop)																											
MIR Consultation - Sound Hall (Drop In)																											
MIR Consultation - Sound Hall (Workshop)																											
MIR Consultation - Boddom Hall (Drop In)																											
MIR Consultation - Fair Isle Hall (Drop In)																											
Local Development Plan Update Newsletter																											
Launch of the LDP and the MIR Introduction Webpage																											
MIR Consultation - Anderson High School																											
Local Development Plan Update Newsletter																											
Article from 'Isles Views' (ST) on MIR																											
Table at Youth Conference to Highlight Role of Planning in the LDP																											
MIR Update to Planning Board and invite to Members Meeting Update																											
Members Meeting - Update on Consultation Results in Isleburgh																											
Progress Report to Planning Board on the MIR																											
Shetland Times Landwise Article - Proposed Development Sites																											
2nd Call for Proposed Development Sites																											
Call for Local Nature Conservation Sites and Local Landscape Areas																											
Shetland Times Article - 'Why New Development Plan is Vital'																											
Power of Place - Information Stall (Shetland Museum & Archives)																											
Power of Place - Information Stall (Sandwick Carnegie Hall)																											
Power of Place - Information Stall (Mid-Yell Hall)																											
Call for Stakeholders comments on the Call for Proposed Development Sites																											
Briefing meeting with Community Workers about the Call For Sites																											
Report to the Economic and Development Committee LDP Progress Report																											
Call for comments on Areas of Best Fit from Stakeholders																											
Report for Development Committee Completed																											



**Development Committee****09 November 2011****Establishment of Shetland Marketing Group**

Report No: DV046-F

**Report Presented by Marketing Section Head****Economic Development Unit****1.0 Summary**

- 1.1 This report concerns formation of a 'Shetland Marketing Group' to provide support to the PromoteShetland initiative.

**2.0 Decision Required**

- 2.1 That the Development Committee RESOLVE to establish the Shetland Marketing Group, as per the remit attached as Appendix 1, and that the Chair of the Development Committee is appointed, ex-officio, as Chair of the Group.
- 2.2 That the Development Committee RESOLVE that the Vice Chair of the Development Committee is appointed, as ex-officio substitute.

### **3.0 Detail**

- 3.1 On 27 August 2009, following an open and competitive tendering process, the Council concluded a contract with Shetland Amenity Trust for an initial two year period. This was to provide a range of services in connection with coordinating and developing promotional work for Shetland, to be named 'PromoteShetland'. The contract commenced on 01 September 2009.
- 3.2 A Steering Group was formed to assist in initially guiding the service to provide the promotional work required for Shetland. The aim of the Steering group was to link the activities of Promote Shetland into the broader activities and strategic priorities of the Local Authority, Community Planning Board and other agencies in Shetland including Shetland Amenity Trust, ShetlandArts and Shetland Charitable Trust.
- 3.3 Since the service is now well established and is fully operational it is recommended that the Steering Group be dissolved. It is proposed however to form a more comprehensive Shetland Marketing Group with a wider remit to support the expanding place marketing activities in which PromoteShetland is now involved.
- 3.4 The PromoteShetland Steering Group membership was largely tourism oriented. It is proposed that the wider remit and role of Shetland Marketing Group, as detailed in Appendix 1, be supported by the Council.
- 3.5 An officer working group is currently in place which allows Council officers, PromoteShetland staff and others to work closely together on projects as required. This group meets monthly.
- 3.6 The PromoteShetland service is currently delivered by Shetland Amenity Trust under contract. A budget sum for extending the contract is included within the mid-term budget estimates for a further 12 month period which would cover the year 01 April 2012 to 31 March 2013.

### **4.0 Implications**

#### Strategic

- 4.1 Delivery On Corporate Priorities – This report helps to achieve the Sustainable Economy Action Area of the Corporate Plan by continuing to develop the role of Promote Shetland as the main promotional tool for Shetland. The project aims to fulfil the marketing pledges contained within the Economic development Policy Statement 2007-2011.
- 4.2 Community /Stakeholder Issues – By creating a Shetland marketing group it will be possible to improve the way in which PromoteShetland continues to integrate into the wider community.

- 4.3 Policy And/Or Delegated Authority – This report has been prepared with regard to the pledges contained in the Council's Economic Development Policy Statement. The Policy Statement was approved by the Development Committee on 24 April 2008 [Min Ref: 02/08] and by the Council on 14 May 2008 [Min Ref: 55/08].

In particular, Policies 24 and 25 are relevant:

Policy 24: Improve Shetland's reputation as a place that offers:

- Products of excellent quality that meet the needs and aspirations of the consumers most likely to be interested in what Shetland has to offer,
- Services provided to a standard that consistently exceeds customer expectation.

Policy 25: Enable individuals and businesses to develop and promote Shetland products and services with confidence and pride.

In accordance with section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit.

As the contents of this report relates to an investment covered by existing policy, the Development Committee has delegated authority to make a decision.

- 4.4 Risk Management – None.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.
- 4.7 Financial – Any staff costs in relation to formation of this Group will be met from existing budgets.
- 4.8 Legal – None.
- 4.9 Human Resources – Some staff time will require to be spent on attending and administering meetings.
- 4.10 Assets And Property – None.

## **5.0 Conclusions**

- 5.1 Giving formal Council recognition to a Shetland Marketing Group which can discuss strategic issues is a positive step and will greatly assist the continued integration of the PromoteShetland service in Shetland.

For further information please contact:

Neil Henderson, Marketing Section Head  
Tel: 01595 744960  
Email: [neil.henderson@shetland.gov.uk](mailto:neil.henderson@shetland.gov.uk)  
31 October 2011

### List of Appendices

Appendix 1 – Proposed Remit and Role of Shetland Marketing Group.



## SHETLAND MARKETING GROUP

### **1. REMIT**

The overall role of the Shetland Marketing Group is to provide a forum for the Shetland community to support, influence and guide the work carried out under the PromoteShetland contract and for the PromoteShetland team to advise on strategic work being undertaken by the service.

The remit of the group is to:

- provide a forum for organisations across Shetland to make the Council's PromoteShetland Service aware of strategic marketing activity in which they are involved;
- provide advice and assist the Council's PromoteShetland Service contract on issues concerning the development of Shetland's place marketing efforts from their particular sector – community, private or voluntary;
- enable activities of Promote Shetland to be better linked into the broader activities and strategic priorities of the Local Authority, Community Planning partners and other agencies, community and voluntary organisations and trade bodies in Shetland.

The Group will provide political, strategic and operational guidance but will not be involved in decisions relating to specific contractual arrangements.

The activities of the Shetland Marketing Group will be guided by the Shetland Marketing Plan, and specifically, the aim of PromoteShetland, which is:

*To promote and improve the well being of Shetland Islands, and the well being of the persons within the Shetland Islands, through the ongoing development and implementation of a Promote Shetland Marketing Strategy, which is directed towards increasing sustainable economic activity within the Shetland Islands.*

## **2. MEMBERSHIP**

The composition of the Shetland Marketing Group will be:

- Ex-Officio – Chair Shetland Islands Council Development Committee [Chair]
- Director Development Services (Vice Chair)
- Executive Manager Economic Development
- Executive Manager – Executive Services
- Marketing Section Head – Economic Development Unit
- General Manager, Shetland Amenity Trust
- Chief Executive Seafood Shetland
- General Manager Shetland Charitable Trust
- General Manager Shetland Aquaculture
- Chairman, Shetland Arts and Crafts
- Shetland Area Manager VisitScotland
- Director, Shetland Arts
- HIE Area Manager Shetland
- Representative from Shetland Tourism Association
- Chairman Association of Shetland Community Councils
- Chairman/Executive Officer Voluntary Action Shetland
- General Manager, Shetland Recreational Trust

Other Industry representatives will be invited to attend as deemed relevant to Promote Shetland's current marketing activity and as agreed with the Group Chair and Vice-Chair". These may be individuals or organisations based within and out with Shetland.

QUORUM: one third (6) including at least one SIC officer representative.

## **3. AUTHORITY AND REPORTING**

The Group is purely advisory and has no executive powers. Any proposals arising from the work of the group must be referred by report from the Executive Manager Economic Development to the Development Committee for decision.

## **4. ADMINISTRATION**

Administration will be provided by Marketing Section Head – Economic Development Unit.

## 5. GENERAL

In general, Steering Group members need to

- act in good faith
- act with care, diligence and skill
- have regard for the interests of others
- declare conflicts of interest

Useful qualities in members of the group are:

- Willingness to understand the issues detailed in the Shetland Marketing Strategy
- Strong commitment and vision as to the potential of what location marketing can achieve for Shetland
- Willingness to take into account the needs and ideas of stakeholders and others in providing guidance
- Ability and willingness to act as an active ambassador for marketing Shetland

Each Shetland Marketing Group member shall act honestly and in good faith and in the best interests of Promote Shetland and the beneficiaries thereof.

Each Shetland Marketing Group member shall attend regularly the meetings of the Steering Group.

Shetland Marketing Group Members must act in the best interest of Promote Shetland.

Steering Group Members are expected to following the Principles of Public Life (as expressed by the Nolan Committee). These are:

**SELFLESSNESS – Decisions taken in terms of the public interest.**

**INTEGRITY – Trustees are not placed under financial obligation to outside organisations.**

**HONESTY – Any private interests relating to public duties will be declared.**

**OBJECTIVITY – Choices are made on merit.**

**ACCOUNTABILITY – Trustees are accountable to the beneficiaries, and should submit to scrutiny.**

**OPENNESS/TRANSPARENCY – Decisions and actions should be as open as possible.**

The Shetland Marketing Group will meet a minimum of 2 times per year.

Meetings will be held in private. The press will not be invited to attend.

For all meetings an agenda will be distributed to members prior to the meeting. Suggested items for inclusion on the agenda will be considered.

Minutes will be prepared and distributed to all members of the group, including those who were unable to attend. Minutes will be available to the public.

If a member is unable to attend they should offer another representative rather than just send an apology. The representative should, if at all possible, be well briefed in Promote Shetland activities.

Items on the agenda will be clearly defined. Topics discussed could relate to a variety of subjects which are directly pertinent to the activities of marketing Shetland as a location.

The lifespan of the group will match the contract duration of PromoteShetland.

**Development Committee****9 November 2011****Shetland Development Trust Annual Accounts for year ended 31 March 2011**

Report No: DV042-F

**Report Presented by Project Manager****Development Services Department  
Economic Development Unit****1.0 Summary**

- 1.1 The purpose of this report is to present the annual accounts for the Shetland Development Trust (SDT) for the year ended 31 March 2011, attached as Appendix 1.

**2.0 Decision Required**

- 2.1 I recommend that the Development Committee approve the accounts of the SDT for the year ended 31 March 2011 subject to audit comment in paragraph 3.3.

**3.0 Detail**

- 3.1 The presentation of these accounts are required under the Administration Regulations of the SDT which included:
- preparing regular accounts, reporting thereon to Trustees, and preparing and publishing annual accounts of the Trust on behalf of the Trustees; and
  - ensuring that the annual accounts of the Trust are audited after the end of the appropriate year, without undue delay.
- 3.2 The Administration Regulations still apply insofar as they relate to the Council as sole Trustee, however, the conduct of the Development Committee, even when acting on behalf of the Council as Trustee is also governed by the rules applying to all committees and Members in their capacity as Councillors.

- 3.3 I note that these accounts go subject to the auditors comment, “these are the final accounts but are subject to the finalisation of the tax number, which may alter the amount provided for tax and the amount payable to charity, but would not alter the balance sheet, or the nil result for the year.”

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – This report links to the Council’s Corporate Plan 2010-12, which sets out a range of priorities to more effectively and efficiently organise the Council’s business.

- 4.2 Community /Stakeholder Issues – None

Policy And/Or Delegated Authority – This report has been prepared in relation to the Economic Development Policy Statement 2007-2011. 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).

In accordance with Section 2.3.1 of the Council’s Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit.

The Council’s role as sole Trustee for Shetland Development Trust is deemed to fall within the performance of its development function.

- 4.3 Risk Management – Failure to present these accounts and have them formally approved would be a breach of the Administration Regulations of the SDT.

- 4.4 Equalities, Health And Human Rights – None

- 4.5 Environmental – None

### Resources

- 4.6 Financial – None

- 4.7 Legal – None

- 4.8 Human Resources – None

- 4.9 Assets And Property – None

## **5.0 Conclusions**

- 5.1 The accounts have been prepared as part of the Administration Regulations of the SDT and require to be approved by the Development Committee.

For further information please contact:

Sheila Keith (Economic Development Unit Project Manager)

Tel: 01595 744967

Email: [sheila.keith@shetland.gov.uk](mailto:sheila.keith@shetland.gov.uk)

01 November 2011

List of Appendices

Appendix 1 – Shetland Development Accounts for year ended 31 March 2011.





# **Shetland Development Trust**

Annual Report and Accounts

31 March 2011

## Contents

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## **Chairman's statement**

I present this report to give a summary of the performance of the Shetland Development Trust to the public, Shetland Islands Council and interested parties during the period between 1 April 2010 and 31 March 2011.

This set of accounts deals with the existing investments of the SDT, which continue to be serviced under the auspices of the Shetland Islands Council acting as sole Trustee of the SDT. The portfolio of investments consists primarily of loans, equity and quota.

All investments are being managed out in line with loan or shareholders agreements. The investment continues to successfully generate surplus which is to be distributed in future years for the benefit of the Shetland community through funding charities with development aims.

Staff continue to manage, monitor and review the SDT investments along with other duties within the Economic Development Unit. I would like to express my appreciation for these hardworking and efficient staff.

**JG Simpson**

*Chairman*

27 October 2011

## Trustee and advisers

Current trustee: Shetland Islands Council, including:

J Simpson (Chairman)  
A Cooper (Vice Chairman)  
J Henry  
A Doull  
W Manson  
F Grains  
F Robertson  
G Robinson  
E Fullerton  
I Hawkins  
A Hughson  
J Budge  
A Duncan  
R Nickerson  
A Cluness  
A Wishart  
L Angus  
C Smith  
L Baisley  
R Henderson

Principal address: Solarhus  
3 North Ness Business Park  
Lerwick  
Shetland  
ZE1 0LZ

Bankers: Bank of Scotland  
117 Commercial Street  
Lerwick  
Shetland  
ZE1 0DN

Solicitors: Brodies  
15 Atholl Crescent  
Edinburgh  
EH3 8HA

Auditors: KPMG LLP  
37 Albyn Place  
Aberdeen  
AB10 1JB

## **Statement of Trustee's Responsibilities**

The Trust Deed, dated 8 January 1996, does not contain any specific requirements with regard to record keeping or the preparation of accounts. The trustee has decided that non-statutory accounts should be prepared and that generally accepted accounting practice in the United Kingdom should be applied. They have also decided that the non-statutory accounts should be audited. In the preparation of these non-statutory accounts, the trustee has decided to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures
- disclosed and explained in the non-statutory accounts; and
- prepare the non-statutory accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The trustee has an implicit general responsibility under the Trust Deed for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.



36 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

## **Independent auditors' report to the Trustee of Shetland Development Trust**

We have audited the non-statutory accounts of Shetland Development Trust for the year ended 31 March 2011, which comprise the Revenue Account, the Capital Account, the Balance Sheet and the related notes. The non-statutory accounts have been prepared for the reasons and on the basis of the accounting policies set out in note 2 to the non-statutory accounts.

Our report has been prepared for the Trust solely in connection with our engagement letter dated 28 October 2008. It has been released to the Trust on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Trust's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Trust determined by the Trust's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Trust for any purpose or in any context. Any party other than the Trust who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

### ***Respective responsibilities of Trustee and KPMG LLP***

The Trustee of the Shetland Development Trust's responsibilities for preparing these non-statutory accounts in accordance with the basis of preparation as set out in note 2 to the non-statutory accounts are set out in the Statement of Trustee's Responsibilities on page 3.

Our responsibility is to audit, and express an opinion upon, the non-statutory accounts in accordance with the terms of our engagement letter dated 28 October 2008 and having regard to International Standards on Auditing (UK and Ireland).

Under the terms of engagement we are required to report to you our opinion as to whether the non-statutory accounts have been properly prepared in accordance with the basis of preparation and the accounting policies set out in note 2 to the non-statutory accounts. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the non-statutory accounts and consider whether it is consistent with the audited non-statutory accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the non-statutory accounts. Our responsibilities do not extend to any other information.

### ***Basis of audit opinion***

We conducted our audit having regard to International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the non-statutory accounts. It also includes an assessment of the significant estimates and judgments made by the Trustee in the preparation of the non-statutory accounts, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the non-statutory accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In view of the purpose for which these accounts have been prepared, however, we did not evaluate the overall adequacy of the presentation of information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland).

### **Opinion**

In our opinion the non-statutory accounts for the year ended 31 March 2011 have been properly prepared in accordance with the basis of preparation and the accounting policies set out in note 2 to the non-statutory accounts.

**KPMG LLP**  
*Chartered Accountants*

## Revenue Account

for the year ended 31 March 2011

	Note	2011		2010	
		£000	£000	£000	£000
<b>Income</b>					
Local loan/HP interest		(345)		(386)	
Short term deposit interest		(13)		(10)	
Dividends received		(205)		(73)	
Whitefish Quota rental income		(935)		(875)	
Other income		(14)		(7)	
<b>Total income</b>			(1,512)		(1,351)
<b>Expenditure</b>					
Audit, accountancy and tax fees		33		32	
Trustees' expenses		0		4	
Legal fees		4		(3)	
Professional fees		0		(4)	
SDT administration expenses	3	94		345	
Shetland Showcase costs		(10)		42	
<b>Total expenditure</b>			121		416
			(1,392)		(935)
Taxation (estimate for 2011)	4		853		393
<b>Surplus for the year</b>			(539)		(542)
Transferred to Shetland Charitable Bodies			539		542
Surplus brought forward			0		0
<b>Surplus carried forward</b>			(0)		0



## Capital Account

for the year ended 31 March 2011

	<b>2011</b>		<b>2010</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amortisation of Whitefish quota	(916)		(916)	
Amortisation of fishing boat licences	(30)		(30)	
(Increase)/decrease in provisions (net)	1,198		620	
Depreciation of tangible fixed assets	(10)		(10)	
New investments / grants issued	200		88	
Repayment of equity / loans	(2,361)		(1,764)	
Movements in working capital	(143)		1,056	
Prior year Tax adjustment	0			
Loan written off	0			
<b>Surplus (deficit) for the year</b>		<b>(2,062)</b>		<b>(956)</b>
Surplus brought forward		<b>16,760</b>		<b>17,716</b>
<b>Surplus carried forward</b>		<b>14,698</b>		<b>16,760</b>

## Balance Sheet

for the year ended 31 March 2011

		<b>2011</b>		<b>2010</b>	
	<i>Notes</i>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	5	<b>0</b>		10	
Intangible assets	6	<b>9,172</b>		10,118	
Equity Investments	7	<b>430</b>		<b>539</b>	
<b>Total fixed assets</b>			<b>0</b>		10,667
<b>Loans to local industry</b>	8		<b>2,430</b>		3,283
<b>Current assets</b>					
Debtors	9	<b>576</b>		150	
Cash at bank		<b>3,596</b>		<b>3,935</b>	
		<b>4,172</b>		<b>4,085</b>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	10	<b>(1,506)</b>		<b>(1,275)</b>	
<b>Net current assets</b>			<b>2,667</b>		2,810
<b>Net assets</b>			<b>5,096</b>		<b>16,760</b>
<b>Represented by:</b>					
Capital account			<b>14,698</b>		16,760

*The non-statutory accounts were approved by the trustee on 9<sup>th</sup> November 2011 and were signed on their behalf by:*

**JG Simpson**  
Chairman of the Trustee

## Notes

*(forming part of the accounts)*

### 1. Trust constitution

Shetland Development Trust is a public non-charitable trust and was constituted under a Deed of Trust registered in Edinburgh on 8 January 1996. The object of the Trust is to assist local businesses in the Shetland Islands. Financial assistance may include the purchase of equity, the provision of guarantees and the provision of loans and grants. The Trust has been funded by grants from Shetland Islands Council's Reserve Fund. Any net income after tax of the Trust is paid over to such charitable body or bodies in the Shetland Islands as the trustee shall determine.

The current trustee of the Trust are shown on page 3. The Trust Deed confers the power on the trustee to assume new trustee.

Details of the development, activities and achievements of the Trust during the year are given in the chairman's statement. Details of the Trust's investment policy are contained in a separate policy statement, a copy of which can be obtained from the Trust's principal address shown on page 3.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the non-statutory accounts.

#### ***Basis of preparation***

The trustee has decided that these non-statutory accounts should be prepared in accordance with the terms of the declaration of trust applying generally accepted accounting practice for transactions where no specific provision is made in the declaration of trust, with the exception of accounting for retirement benefits.

Although an admitted body of the Shetland Islands Council local government pension scheme up until 15 December 2009, the trustee has elected not to apply FRS 17 'retirement benefits' in the preparation of these non-statutory accounts.

The accounting concepts of "materiality", "accruals" and "going concern" have been considered in the application of the accounting policies. In this regard the materiality concept means that information is included where it is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the year in which they occur, not in the period in which cash is paid or received. The going concern concept assumes that the Trust will continue to operate for at least 12 months from the signing of the annual accounts.

## **Notes** *(continued)*

### **Accounting policies** *(continued)*

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives through the revenue account as follows:

Fixtures, fittings and equipment	-	4 years
Abattoir	-	5 years

Where evidence of impairment exists, the value of tangible fixed assets is written down accordingly with the corresponding charge being made to the capital account.

#### ***Intangible fixed assets and amortisation***

The costs of fish quota and the fishing boat licence are amortised over a period of 20 years, being their estimated useful lives. Where evidence of impairment exists, provision is made accordingly. Amortisation charges and any changes in provision are charged to the capital account. On the basis of industry advice, the trustee consider whether the carrying values of these assets are in excess of their recoverable amounts and require impairment.

#### ***Investments***

Fixed asset equity investments are shown at cost. Provision is made where evidence of impairment exists and the investments are written down accordingly, the charge being made to the capital account.

Current asset investments are shown at the lower of historic cost and market value. Where market value is less than cost, the impairment difference is charged to the capital account.

#### ***Loans to local industry***

Loans to local industry are shown at the amount advanced less provisions for non-recovery. In the balance sheet the net amount is disclosed below fixed assets. Advances, repayment and changes in the provision for non-recovery are all charged to the capital account.

#### ***Interest and dividends receivable***

All payments of interest on loans, share dividends and all other income of the Trust are credited to the Trust's revenue account.

## Notes *(continued)*

### Accounting policies *(continued)*

#### **Cash and liquid resources**

Cash comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either convertible into known amounts of cash at or close to their carrying values.

#### **Taxation**

The Trust is a discretionary trust for tax purposes, and as such the income of the Trust, after allowable expenses, is subject to taxation at the rate applicable to such trusts, currently 40%. The net income after tax of the Trust is paid, in accordance with the declaration of trust, to charitable bodies which are able to recover any tax deducted from such income distributions of the Trust.

### 3. Administration expenses

Total administration expenses for the year of £86,000 (2010: £345,000), are analysed as follows:

	2011 £000	2010 £000
Salary and related costs	87	158
Pension costs	0	150
Other costs	7	37
	<u>94</u>	<u>345</u>

### 4. Taxation

	2011 £000	2010 £000
Income Tax:		
On income for the year	853	393
Adjustments in respect of prior years	0	0
	<u>853</u>	<u>393</u>

## Notes (continued)

### 5. Tangible fixed assets

	Fixtures, Fittings & Equipment £000	Abattoir £000	Total £000
<i>Cost</i>			
At the beginning of the year	<u>68</u>	<u>50</u>	<u>118</u>
<i>Depreciation</i>			
At the beginning of the year	68	40	108
Charge for year	<u>0</u>	<u>10</u>	<u>10</u>
At end of year	<u>68</u>	<u>50</u>	<u>118</u>
<i>Net book value</i>			
At 31 March 2011	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
At 31 March 2010	<u><u>0</u></u>	<u><u>10</u></u>	<u><u>10</u></u>

### 6. Intangible fixed assets

	Fish Quota £000	Fishing Boat Licence £000	Total £000
<i>Cost</i>			
At beginning of the year	17,967	592	18,559
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At the end of year	<u>17,967</u>	<u>592</u>	<u>18,559</u>
<i>Amortisation and impairment</i>			
At beginning of the year	8,234	207	8,441
Amortisation charge for year	916	30	946
Release on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	<u>9,150</u>	<u>237</u>	<u>9,387</u>
<i>Net book value</i>			
At 31 March 2011	<u><u>8,817</u></u>	<u><u>355</u></u>	<u><u>9,172</u></u>
At 31 March 2010	<u><u>9,733</u></u>	<u><u>385</u></u>	<u><u>10,118</u></u>

## Notes (continued)

### 7. Equity investments

	<b>Participating Interests £000</b>
<i>Cost</i>	
At beginning of the year	7,696
Additions	0
Disposals	(15)
At the end of year	<u>7,681</u>
<i>Provisions</i>	
At beginning of the year	7,157
Provided in year	94
At end of year	<u>7,251</u>
<i>Net book value</i>	
<b>At 31 March 2011</b>	<b><u>430</u></b>
At 31 March 2010	<u>539</u>

Certain of the Trust's investments are held in the name of a nominee company.

The Trust's principal participating interests at the year end were as follows:

<b>Companies</b>	<b>Country of Registration</b>	<b>Principal Activity</b>	<b>Class of Shares Held</b>	<b>Percentage of Shares Held</b>
P/F Smyril Line	Faroe Islands	Principal North Atlantic passenger and freight ferry link	DKK 100,000	6%
Kildrummy Technologies Ltd	Scotland	Provision of project and business management systems, consultancy services and the provision of computer software products	£1 preference £1 Preference 'B'	100% 100%

## Notes (continued)

### 8. Loans to local industry

	£000
<i>Cost</i>	
At beginning of the year	12,206
Advances	200
Repayments	(2,361)
At the end of year	<u>10,045</u>
<i>Provisions</i>	
At beginning of the year	8,923
Released during the year (net)	(1,308)
At end of year	<u>7,615</u>
<i>Loan net of provisions</i>	
<b>At 31 March 2011</b>	<b><u>2,430</u></b>
At 31 March 2010	<u>3,282</u>

### 9. Debtors

	2011 £000	2010 £000
Trade debtors	408	17
Other debtors	164	129
Prepayment and accrued income	4	4
	<u>576</u>	<u>150</u>

### 10. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amount payable to Shetland charitable bodies	1,062	976
Current taxation	260	49
Sundry creditors	120	34
Accruals and deferred income	63	216
	<u>1,505</u>	<u>1,275</u>



## **Notes** *(continued)*

### **11. Contingent liabilities**

The Trust has guaranteed certain loans granted to various local businesses by Shetland Charitable Trust. At 31 March 2011, the total value of loans guaranteed by the Trust was £168,188 (*at 31 March 2010: £359,958*).

### **12. Related party disclosures**

The Trust has taken advantage of the exemption available in Financial Reporting Standard 8 "Related Party Transactions" not to disclose any transactions with entities that are part of the Group which would qualify as related parties, on grounds that it is a subsidiary where 90% or more of its voting rights are controlled within the Group, and the consolidated financial statements are publicly available (Note 13).

### **13 Ultimate parent undertaking and controlling party**

The ultimate parent undertaking and controlling party is the Shetland Islands Council, Town Hall, Upper Hillhead, Lerwick, Shetland, ZE1 0HB. Copies of the Council's consolidated financial statements can be obtained from the above address.