

**Development Committee****26 January 2012**

PromoteShetland Review	
Report No: DV001-F	
Report Presented by Marketing Section Head	Economic Development Development Services Department

1.0 Summary

- 1.1 This report concerns an independent performance review of the Council's PromoteShetland contract with Shetland Amenity Trust. A representative of Scotinform, the market research and intelligence consultancy which carried out the review, will present the findings of the survey carried in 2011 at the Development Committee meeting.
- 1.2 The report 'Evaluation of PromoteShetland' is attached as Appendix 1.

2.0 Decision Required

- 2.1 The Development Committee is asked to consider the outcome of the review as part of its scrutiny role under the approved Planning and Performance Management Framework (PMF).

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 The service is now well established and fully operational. The PromoteShetland service is currently delivered by Shetland Amenity Trust under contract. A budget sum for extending the contract is included within current budget estimates for a further 12 month period which would cover the year 01 April 2012 to 31 March 2013.
- 3.3 The purpose of the review is to build a better understanding of the impact of the PromoteShetland service since the work began.
- 3.4 The review has focused on analysing activities undertaken to date in order to assess the relative value of these. It identifies and highlights specific initiatives which have achieved impact externally and which link into the Shetland Marketing Strategy.
- 3.5 The work undertaken has helped assess the relative success of the initiative and provided guidance as to how a service contract for this work may be managed and measured more effectively in the future.

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 – The recommendations of this review will help to improve the way in which PromoteShetland can continue to integrate into the wider community.
- 4.3 Policy and/or Delegated Authority – In accordance with section 2.3.1(2) of the Scheme of Administration and Delegations, the Development Committee has delegated authority to monitor and review the achievement of key outcomes within its functional areas, to ensure that appropriate performance measures are in place and to monitor them as part of the PMF, and to ensure best value in the use of resources to achieve those key outcomes.
- 4.4 Risk Management – If the Council rejects the outcome of the review, staff will be unable to use the findings from the review to improve the delivery of the service.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.
- 4.7 Financial – The review cost £5,100. Funds for this were sourced from existing resources at budget RRD 50311760.
- 4.8 Legal – None.
- 4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 In 2009 the Council took an important decision to withdraw annual contract funding to VisitScotland and to direct these funds into projects which promoted Shetland in a more direct way.
- 5.2 This has been achieved by establishing a promotional service for Shetland which is considered as an important element in the ongoing marketing of Shetland.
- 5.3 The review recommends continuation of the model for this work in its current format. It also suggests a number of improvements which may be introduced to aid the ongoing work of the service. Efforts will now be made to put these recommendations in place for the ongoing delivery and management of the contract.

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16 January 2012

List of Appendices

Appendix 1 – Evaluation of Promote Shetland Islands Council

Background Documents

None

End

SHETLAND ISLANDS COUNCIL

EVALUATION OF PROMOTE SHETLAND



DRAFT REPORT

DECEMBER 2011

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1. INTRODUCTION

1.1 Background

Promote Shetland was established in 2009 to communicate the islands key strengths as a place to live, work, stay and do business with.

Place marketing/branding provides locations such as Shetland with the opportunity to focus on its key attributes and is a concept that has been adopted by town, cities, regions and countries. Promote Shetland is, however, a pioneer in terms of marketing/branding an island.

To identify the impact Promote Shetland had had since its launch, Shetland Islands Council commissioned Scotinform Ltd to evaluate its achievements and inform its future development.

1.2 Aims and Objectives

The main aim of the study was to establish what impact Promote Shetland has had since it was launched in September 2009.

Specific objectives associated with the study were to:

- identify what aims, objectives and measurement frameworks were put in place when Promote Shetland was established
- establish to what extent aims, objectives and measurement of initiatives have been achieved and reasons for success/failure
- assess what challenges – internally and externally – the initiative has faced since its launch
- assess and analyse the impact - internally and externally - of specific initiatives undertaken by Promote Shetland
- undertake a comparative analysis of Shetland's strategic place marketing efforts with other UK regions, identify best practice and highlight proposals for the future development of Promote Shetland
- identify, outline and comment on possible scenarios for Promote Shetland (including a focus on current and future funding levels): maintain or reduce the service, develop the service further by increasing funding, discontinue the Promote Shetland service entirely.

1.3 Reporting

This draft report presents the key findings from consultations which have taken place up until Christmas 2011. Further consultations may take place following the festive season and the final report will be presented to the client group on 26 January 2012.

2. OUR APPROACH

Our approach included:

- The receipt and review of relevant documentation from Shetland Islands Council and Promote Shetland prior to the consultation process commencing. Documentation included the original tender document to which Shetland Amenity Trust responded, Minutes of Meetings from Shetland Islands Council, marketing documentation, etc. Scotinform Ltd is grateful to Neil Henderson and Andy Steven for providing this documentation at the outset.
- A face to face interview with Andy Steven, Destination Manager, Promote Shetland. This interview took place in Edinburgh and provided the opportunity for the Scotinform study team to gather details about the initiative from launch which, in turn, informed the development of research tools to facilitate interviews with key stakeholders.
- A visit to Shetland by Nigel Donnell, Associate Director, Scotinform Ltd to conduct a series of depth interviews with 12 individuals including Promote Shetland staff members, representatives of Shetland Islands Council, Shetland Tourism Association, Shetland Amenity Trust and local businesses.
- Further interviews conducted with five individuals representing local business/social community and those involved with marketing Shetland.
- A literature review to determine the perceived strengths/weaknesses of place marketing/branding and how this could inform the future development of Promote Shetland.
- A comparator analysis to highlight similar initiatives elsewhere within the UK, to look at their model of working and their achievements to date. The findings will assist in informing Promote Shetland's future development.

Our approach has been limited by the timeframes and budget within which Scotinform has been working. Whilst we have extended a number of invitations to participate in the consultation exercise, we are aware that many people may not have been able to do so given the time of year.

3. PROMOTE SHETLAND – THE BEGINNING

The impetus behind the creation of Promote Shetland in 2009 was a perception that VisitScotland was increasingly marketing every region under a single Scottish identity. This perception grew from around 2006 when the fourteen local Tourist Boards in Scotland were amalgamated into VisitScotland. Further changes to the structure of VisitScotland in 2007 led to fears that VisitScotland may not market Shetland's strengths as a destination distinct from the rest of Scotland. Shetland does not have a clan culture, tartan, whisky or Gaelic heritage, but it does have a distinct dialect, music, festivals, archaeology, geology, and strong Scandinavian links. It was felt that anything which undermined Shetland's distinctiveness would damage the advantage the islands have as a destination.

Against this background Shetland Islands Council *'proposed that a local mechanism to promote Shetland to all its markets would better target existing marketing budgets and resources and serve to enhance the marketing of Shetland as a whole.'*¹

The creation of Promote Shetland was informed by reference to existing Scottish destination marketing organisations, meetings with VisitScotland and government officials, and legal advice on the best structure for the organisation. It was decided that Promote Shetland should be an entity in its own right so that it could present a separate identity to industry and the public. In July 2009 a tender process led to the contract for the provision of a Promote Shetland service being awarded to the Shetland Amenity Trust.

The scope and remit of Promote Shetland was to not only promote the islands but specifically to:

- build a strong reputation for Shetland, particularly for quality, distinctiveness and integrity, in relevant markets;
- support the development of products and services that are appropriate to Shetland's target market;
- improve skills, enhance market knowledge and raise confidence among all who offer products or services in Shetland.

In policy terms the creation of Promote Shetland was aligned to the Council's Economic Development policy:

No 6 "Continue to promote Shetland as a high quality visitor destination",

No 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; and,

No 25 "Enable individuals and businesses to develop and promote Shetland products and services with confidence and pride" Dev. Comm. (Min Ref 01/08), SIC (Min Ref 55/08)

¹ Shetland Islands Council, Report No: DV008-F, 18th February 2009

From its outset there was an acknowledgement that key to the success of Promote Shetland would be an understanding that no single organisation or sector would *'be responsible for building a strong reputation for Shetland'*² but that instead the best way to promote Shetland would be to use existing knowledge, skills and resources available within local businesses, trusts and community enterprises.

It was assumed that the initial focus of Promote Shetland would be on the tourism sector, but that over time marketing in other sectors would also be developed. The vision for Promote Shetland was of an organisation that would carry out Shetland's visitor marketing and local information services but also the promotion of all aspects of Shetland to its target markets. There was an acceptance that it would take time to establish the new organisation, but that by year 3 *'it would be working to its full potential in providing Shetland visitor marketing and local information services....and it would also be contributing to the growth and promotion of other key sectors i.e. Food and Drink, Creative Industries, Renewable Energy and Textiles'*³

The original roles, aims and objectives of Promote Shetland were set out as follows:

Role

- To support the collaboration between all those involved in building a strong place brand and reputation for Shetland, particularly for quality, distinctiveness, authenticity and integrity.
- The vehicle through which Shetland's reputation as a destination (for tourists, visitors, those returning permanently and new residents) can be measured, managed and influenced by a partnership between tourism, culture, government, business and community stakeholders working together around a single visionary destination marketing strategy.

Aim

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.

Objectives

- Develop and implement the Promote Shetland Marketing Strategy.
- Contribute to the development and implementation of the Shetland Events and Festivals Strategy.
- Seek maximum benefit for the promotion of Shetland through the development of close partnership working with VisitScotland and EventScotland, as appropriate.

² Shetland Islands Council, Report No: DV008-F, 18th February 2009

³ Shetland Islands Council, Report No: DV008-F, 18th February 2009

Objectives (Continued)

- Through promotional work, contribute to improving people's awareness of Shetland's reputation for quality, distinctiveness and integrity to encourage trade, talent, inward investment and tourism.
- Undertake work to promote Shetland to potential new residents as an exceptional place to live, work and study.
- Undertaking work to promote Shetland to its target market as an outstanding visitor destination
- Ensure the provision of, and promote, high quality local marketing and visitor information services
- Contribute to removing or reducing constraints to trade between Shetland and its markets with particular emphasis on the use of, the internet, other new media and e business
- Contribute to improving communication and work with the public sector, NGO's, trade associations and other relevant agencies to improve positive working relationships and avoid duplication of promotional effort
- Act as an ambassador for Shetland and support other Shetland ambassadors in line with the Promote Shetland's Marketing Strategy and the Shetland Events and Festivals Strategy
- Provide a public relations and media communications function with external support as required
- Manage service level agreements with all third parties engaged in fulfilling relevant service level agreements with Shetland Islands Council
- Capture and use marketing intelligence to encourage more repeat and referral business through better customer satisfaction and targeted niche marketing
- Contribute to strategic partnerships that are involved in strategic opportunities for improving Shetland's reputation to its target markets.

Any other activity deemed necessary in the pursuance of Promoting Shetland's aim, above.

Key to delivering the Promote Shetland service are its three members of staff:

- Andy Steven, Destination Manager
- Misa Hay, Project Officer

- Deborah Leggate, Project Officer

4. PROMOTE SHETLAND – PROGRESS SO FAR

A key part of the evaluation of Promote Shetland is to establish the extent to which it has met its original aims and objectives. Our document review and interviews (see section 5) established that in its short existence Promote Shetland has accomplished a great deal, however, it is sometimes unclear how these accomplishments relate to the initiative's overall aims and objectives.

This highlights the first key point of our evaluation, a concern that until recently there has not been an effective way of measuring the progress of Promote Shetland. The original role, aims and objectives for Promote Shetland have not been reflected in subsequent reporting mechanisms, nor do we regard them as suitable for SMART measurement (**S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime based). Consequently, although reports from Promote Shetland and Shetland Islands Council highlight that many tasks have been undertaken, there is no clear link back to how these tasks help Promote Shetland meet its aims and objectives. Other documents, including the Operational Plan 2009/2010 and a summary of Promote Shetland activity and output delivered in 2010, provide a disjointed record of Promote Shetland's progress against its objectives and lack evidence of progress.

The Shetland Marketing Plan 2011-2014 is a document which may provide an effective measurement tool. It replaces previous documents which summarised too loosely the tasks which would help Promote Shetland achieve its objectives. The Marketing Plan could help inform the direction of Promote Shetland's work and provide the basis for ongoing SMART measurement as it is more focused than previous summations of the organisations aims and objectives. For the purposes of reviewing Promote Shetland's work to date, in the following tables, we have set out what we feel are key achievements and positioned these next to the relevant objectives from the 2011-2014 marketing strategy. **By no means intended as an exhaustive record**⁴, this nonetheless highlights that progress has been made.

Objective 1: Galvanise public authority, non-governmental organisations, private and educational stakeholders around a common vision to deliver and market high quality Shetland products and services

- | |
|---|
| <ul style="list-style-type: none"> • Promotion of air links with partners; VisitOrkney and FlyBe (Summer 2010) • Partnership with RSPB to provide 2 live puffincams (Mar 2010) • Partnership with Shetland Wildlife to promote Walking Holidays through joint website (Mar 2011) • Partnership with Shetland Anglers Association to create Trout Fishing Guide (Jun 2011) • Working with Seafood Shetland on achieving and then promoting quality mark (ongoing) |
|---|

Objective 2: Inspire the wider community to support and play its part in helping to deliver the common vision
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|---|
| <ul style="list-style-type: none"> • Launch of Visit micro-site on www.shetland.org (Feb 2010) • Advertising in Shetland Visitor to promote rural heritage centres (May 2010) • Promote Shetland Annual Report in Shetland Times (Sept 2010) • Installation of webcam in Fetlar to support community website (Oct 2010) • Shetland Brand Pack (May 2011) |
|---|

⁴ Taken from Promote Shetland monthly reports (Dec 2009 – September 2011).

- Commercial Street marketing which highlights use of local photography (Jun 2011)
- 'Pride of Place' microsite that communicates Promote Shetland work to wider community (Sept 2011)

Objective 3: Encourage and support the development and delivery of consistently high quality Shetland products, services and experiences

- Development of Shetland image library: <http://images.shetland.org> (Mar 2010)
- Support to 30th Shetland Folk Festival e.g. photojournalists (May 2010)
- Promotion of 60-NORTH WiFi, SMS and radio information services (June 2010)
- Promotion of Shetland Music CD compilation in Songlines magazine (Oct 2010)
- Enhancement of waterfront wireless internet access network during Tall Ships Race 2011 in collaboration with Shetland Broadband (Jul 2011)

Objective 4: Keep in touch and better understand our existing and potential customers

- Up Helly Aa webcast (Jan 2010/2011)
- Buy-in to VS 'Perfect Day' and 'Surprise Yourself' campaigns (Spring 2010/2011)
- Promote Shetland Pocket Guide (March 2010)
- Online 'Visit' newsletter (June 2010)
- Creation of online database of accommodation providers (Aug 2010)
- First Promote Shetland direct mailer (Feb 2011)
- Online promotions e.g. Shetland jewellery (May 2011)
- Online survey of consumer database generating 20%+ respond rate (Oct 2011)
- Ongoing development of consumer database – in number and management

Objective 5: Develop and deliver innovative place-making initiatives that enhance the recognition and reputation of Shetland's name and give priority to energy, food & drink, technology, textiles and tourism sectors over the next 3 years

- Shetland Transport marketing (Feb 2010)
- Attending Destinations Travel Show, London (Feb 2010)
- Visit Scotland Expo (April 2010)
- Wild Waters Salmon on-pack promotion (June 2010)
- Shetland Lamb and links with textiles radio interview (Oct 2010)
- New Walking Guide incorporating improvements (Nov 2010)
- Supporting the marketing of Shetland Wool Week (Oct 2011)

Objective 6: Identify and work with passionate people, in and outwith Shetland, to champion Shetland and act as ambassadors to encourage trade, talent, inward investment and tourism

- Ongoing collaboration with Simon King since BBC2 Shetland Diary series
- Support to Shetland musicians at Celtic Connections (Jan 2010)
- Support to Ann Cleeves 'Blue Lightening' book launch and Telegraph article (Aug 2010)
- In partnership with Shetland Arts and Crafts Association production of Shetland Crafts Trail (Oct 2010)
- Working with Liz Musser to create a series of inspirational video and audio packages (May 2011)
- Jono Sandilands design of Wool Week 2011 programme (Oct 2011)

Objective 7: Position and promote Shetland as the geographical, cultural and technological hub between the UK and Scandinavia with a view to encouraging cross-border initiatives which are mutually beneficial for the North Atlantic community

- Advertising boards for Shetland in Freslev airport, Bergen (Jan 2010)
- In anticipation of increased broadband availability, Initial marketing concepts for use in promotion of Shetland as a well connected island community (Nov 2010)
- With SICs Communications Team & Shetland Telecom to promote improvements in communications infrastructure (Jan 2011)

Objective 8: Focus and optimise resources to ensure effective co-ordination and judicious targeting of priorities and to avoid the duplication of effort

- Ongoing co-ordination of efforts with Visit Scotland Islands Manager
- Engagement in SIC Events Strategy

This overview shows that Promote Shetland has undertaken a range of tasks, many of which advance the 2011-2014 marketing strategy. However, our second main observation is that the lack of a measurement framework to date has resulted in an absence of evidence to show Promote Shetland's progress e.g. indications of how activities help achieve objectives. It is accepted that some marketing activities are hard to measure, but in many situations measurement is possible and with clear objectives in place this becomes more achievable. This is crucial in order to avoid what one interviewee highlighted as '*scattergun*' marketing. Without measurement of its activities Promote Shetland will struggle to learn what works and what doesn't, where funds should be invested and where they shouldn't. This should not restrict Promote Shetland from taking up ad-hoc opportunities and using their skills and experience to judge value, but instead will help them decide which opportunities are relevant and which do not further their aims.

It is clear from our document review and interviews with Promote Shetland staff that in recent months increased measurement of marketing activities has taken place. Examples include statistics on usage of the shetland.org website and the online survey carried out with the ever growing consumer database. The aim should be to, where possible, underpin marketing activity with a measureable outcome.

5. EVALUATION DEPTH INTERVIEWS

The main thrust of our evaluation has been a series of depth interviews conducted with Promote Shetland staff, Council members and representatives from the business and social communities. This section of our report presents the findings from all 17 depth interviews conducted to date rather than sub-divided into separate groups to ensure that anonymity is assured. Throughout this section of the report those who took part in the consultation process are referred to as “*participants*”.

5.1 Pre Promote Shetland

The general consensus amongst participants was that in the light of changes being made at VisitScotland there was a need for Shetland to adopt an approach which provided it with the opportunity to promote its uniqueness.

“With VisitScotland, Shetland fell off the Scottish map. They didn’t market uniqueness.”

“VisitScotland became too centralised. It’s better now at working with breakaways like Shetland.”

There were initial concerns amongst some participants as to whether Shetland had the required skill-sets to promote itself appropriately and whether the Council was sufficiently commercially orientated to market the island and all it had to offer.

“I just wasn’t sure if the Council could do it as well. Did we have the expertise here?”

It was clear from the discussions and paperwork seen by Scotinform at the beginning of the evaluation process, that relations with VisitScotland were very strained during the transition period but that Steve Mathieson and Andy Steven have worked hard to create a better working relationship.

5.2 Promote Shetland: A SWOT Analysis

The following section highlights the key findings from the depth interviews in the form of a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) detailing what participants’ perceive as the organisation’s key strengths and areas for future development. As can be seen from the findings within this section, key themes emerged across all interviews in terms of strengths, weaknesses, opportunities and threats.

5.2.1 Strengths

Participants noted the following key strengths which they associate with Promote Shetland:

- A better understanding of the islands, its people and industries which an external provider may not have been able to supply
- Promote Shetland appears to have clearly communicated its aims and objectives with all participants aware of its remit and that it seeks to promote Shetland as a place to live, work, visit, etc.
- Successful internal marketing (eg within Shetland) using the brand pack, newspaper advertisements and the “One Year Young” booklet to communicate its role and its achievements

- Working with the brand originally created by Corporate Edge and promoting/using it in a way that had not been done previously
- The webcams which communicate the nature and wildlife of the islands in an *“honest and truthful way”*, eg Shetland in all seasons
- Marketing communications feature a *“tone of voice”* appropriate for Shetland and its target audiences
- The website www.shetland.org with information for those wishing to visit and/or move to Shetland. The copy and format were described very positively by participants. The website is the first link to emerge when “Shetland” is typed into Google.
- The establishment of a customer relationship programme through response coupons. At the time of writing this report, Promote Shetland has gathered contact details for approximately 14,000 people. Given the fact that Promote Shetland started this *“from scratch”*, eg no data gathered by VisitScotland was handed over, this total is perceived as a great achievement.
- A social media presence providing the opportunity to communicate on a daily basis up-to-date pictures and information about what’s on in Shetland
- Promote Shetland’s approach to technology, eg radio network for tourists, free broadband – meeting visitors’ expectations
- Working with Simon King to promote the islands and through his television coverage the opportunity to showcase Shetland to the world. The decision to feature Simon King within new advertising material was described as *“excellent”*.
- Shetland promoted through public transport, eg lorries with Promote Shetland posters and through ferries/airlines
- Excellent working relationships with organisations included North Link Ferries
- The working relationship between VisitScotland and Promote Shetland which has improved over time due to efforts made by Steve Mathieson and Andy Steven
- The marketing expertise within the Promote Shetland team and the opportunity taken to add to the skill-sets through training where appropriate/relevant
- Communicating to local businesses the need to offer a quality product – this was perceived by many as an ongoing challenge for Promote Shetland
- Close links created with the seafood sector who provided positive feedback on their engagement with Promote Shetland
- Development of craft trail, fishing guide and Wool Week
- The respect held for Andy Steven by the majority of local people – very much seen as the face of Promote Shetland and a *“hard worker”*, with the team described as *“very professional, polished”*
- Promote Shetland perceived by participants as a good model for promoting Shetland but in need of *“tweaking”*. The initiative has established solid foundations on which to build.

“Promote Shetland has been positive despite my initial concerns. I was wrong.”

“I had high expectations and they have delivered consistently.”

“They have established themselves fairly well in the minds of the public.”

5.2.2 Weaknesses

The key weaknesses associated with Promote Shetland since its launch include:

- Lack of SMART objectives from the outset making measurement of Promote Shetland’s performance challenging

- “*Blurred*” lines between the roles of Visit Scotland, Promote Shetland and Shetland Islands Council in promoting the islands. These should be clearly defined to remove duplication of efforts and ensure “*joined up*” approach to promoting Shetland
- Lack of clear job descriptions for members of the Promote Shetland team
- A perceived scattergun approach to some marketing opportunities in terms of partnership/collaboration, eg is Tesco the best company to be promoting Shetland – “*doesn’t Waitrose fit better with the “successful idealist” target market?*”
- Promote Shetland needs to be discerning in terms of who it is seen to “*endorse*” and/or promote and create a mechanism by which it demonstrates why/how it has established which companies/organisations it chooses to promote/collaborate with.
- The amount of reporting required by Promote Shetland since its launch – SMART objectives would ensure that reports could be regular updates of what has been achieved against each objective
- Concerns that Promote Shetland appears “*micro managed*” and that too much time is taken in reporting its movements/work. Clearer reporting mechanisms are required
- Criticism of the title Destination Manager which some believe to imply purely a tourism focus. This was the title outlined in the Council’s tender document but perhaps an alternative title would more clearly communicate that the role transcends tourism
- Key skills lie in the area of tourism and it is to this sector that Promote Shetland is perceived as, on occasion, “*retreating to*” rather than “*doing their research*” to better understand other sectors

5.2.3 Opportunities

The opportunities which participants perceived exist for Promote Shetland in the future included:

- Promotion of key business sectors: agree sectors with Shetland Islands Council and key responsibilities of each organisation in ensuring that these sectors are effectively and efficiently promoted. Suggestions made by participants included food/drink, wool/textiles, renewable energies, offshore decommissioning, accommodation and conferencing.
- Promote Shetland to enhance its knowledge of business sectors to create confidence across the business community that they can successfully assist their promotion
- Ensure local people and local businesses fully understand the ambassador role and know what key messages to communicate when promoting Shetland, eg five things to communicate about Shetland
- Segmentation of the customer database into key sectors in order that any communication sent to individuals/businesses is relevant and provides the opportunity for target marketing
- Fully understand the “*successful idealist*” to inform the development of a more structured and less scattergun approach to marketing. “*Just because an opportunity comes up doesn’t mean they have to go with it.*”
- To fully communicate the pioneering concept of how an island has promoted itself and demonstrate how it can be achieved

5.2.4 Threats

Finally, the threats associated with the future development of Promote Shetland included:

- Budget cuts – Promote Shetland needs to demonstrate its successes through SMART objectives
- Sense of security for Promote Shetland staff with review taking place

- Concerns that some Councillors/residents/businesses do not fully understand that there are no “*overnight successes*” in some key sectors but that there will be a longer term impact
- Pulling Promote Shetland in a number of directions rather than making sure it focuses on key areas which need to be agreed with its partners
- Without clear SMART objectives, Promote Shetland cannot fully communicate what it is doing well and the impact it is having in the short and longer term

6. COMPARATOR ANALYSIS

This chapter of our report seeks to set out the lessons learned from other regions/cities which have adopted a place marketing/branding approach. In the first section we highlight market intelligence gathered through a literature review and then profile locations where a similar initiative to Promote Shetland has been created.

6.1 Place Branding/Marketing

Place branding enables a location to build on its key qualities which are positive, attractive, unique, sustainable and relevant to the people to whom it wishes to target. Place branding is the practice of developing a strategy that defines the value the place offers its consumers (eg residents, workers, employers, investors, tourists).

“If done well, such a strategy can make a huge difference to both the internal confidence and the external performance of the place.”

Although *“City Branding: How Cities Compete in the 21st Century”* focuses on how cities should be marketed there is much to be learned for regions, towns and indeed islands. Brand management lessons identified within this booklet include:

- full responsibility for the brand cannot be dumped on one body or a newly established entity
- those working with the brand should be open to new members as different partners may emerge over time
- the strategy must continually be reappraised to ensure that it is on course, it is doing what it is expected to do, and is readjusted where necessary
- the community need to carry the message about the brand and so they need to remain aligned with, and supportive of, what the brand is designed to achieve

A guest editorial in *“Place Branding and Public Diplomacy”*⁵ builds on this point about ensuring the local community are engaged with the concept stating that *“an important requisite for successful place branding is a strong internal branding; that is, public, private and civil society actors ‘living the brand’ ... the shape and substance of places is still really produced by residents, local public and private actors, and civil society in general. It is important to create the conditions for local brand ambassadorship by building the brand based on the sense of place and identity of the local population and societal actors (that is why “destination branding” is ethically problematic and a misnomer, because the destination only exists in the minds of (potential) travellers – which is image, really – and ignores the role of residents”*.

The role of residents is further highlighted in a US publication *“Maine Business”*⁶ which states *“a brand requires investment and collaboration. Once brand is developed, it must be implemented by all of the institutions and organisations within the region. It must be consistently and constantly reinforced and never confused in the marketplace by differing messages from groups that may not choose to use the brand”*.

⁵ “From Place Marketing to Place Branding and Back”, *Place Branding and Diplomacy*, Volume 7,4, 227-231, 2011

⁶ <http://bangordailynews.com/2011/12/01/business/investing>

The literature reviewed at this time stated that place marketing does not provide a location with overnight success but is something which requires input from all key stakeholders to ensure that success. The articles identified within our literature review and the case studies highlighted below provide valuable insights to inform the future development of Promote Shetland.

6.2 Comparator Places

The study has failed to identify an initiative similar to Promote Shetland highlighting its pioneering approach to marketing an island. Prior to the creation of Promote Shetland, however, the Council sought to gather information from initiatives such as South West RDA and the Glasgow City Marketing Bureau. The South West RDA will close in March 2012 following the election of the coalition government. The latter moved away from VisitScotland six years ago and has managed its separation from the tourist body into a successful working relationship. This section of our report looks at two case studies and highlights what Promote Shetland can learn from these experiences.

Note: Aberdeen City and Shire have expressed interest in participating in the consultation and will take part in an interview with the Scotinform study team in January 2012.



Regional Development Agencies (RDAs) were set up in 1999 to *“help improve the quality of life and economic prosperity in the English regions. The South West RDA led the development of a sustainable economy in South West England, creating the conditions for business and communities to thrive”*. The coalition Government took the decision to close the RDA and the South West RDA will officially close on 31 March 2012. Local Enterprise Partnerships (LEPs) will replace RDAs with the remit to promote local economic development and growth. Despite the fact that it enjoyed significant government funding and its remit was much wider than that of Promote Shetland, there are lessons to learn from its experience. Prior to its closure the RDA has published a number of reports reflecting on its performance and legacies and it is to these reports the Scotinform study team has looked to inform this evaluation.

The South West RDA in their own words *“struggled to develop a strong regional identity”* partly to do with the geography of the region but also because of the long established perception that the *“West Country is largely of rural charm and tourist destinations”* and did not in any way *“reflect the diversity and scale of the South West economy”*.

The RDA invested heavily in the establishment of a regional brand and had some success in promoting the region in the rest of England and further afield. The “Reflections and Lessons” report states, however, *“this sort of activity was difficult to sustain because it did not perform well against our target measure and outputs. Measuring perception change is in itself challenging and so too is showing that branding activity itself is responsible for that change”*. The South West RDA believe that the branding campaign did show results highlighting that perceptions of the region changed over time including greater understanding of the diversity of the business base and of the region’s core strengths and resources. It created a “Proudly

Supporting South West England” logo that allowed a product/service, company or organisation to endorse the region. This was instead of introducing qualifying criteria necessary for use of this logo which the organisation had identified was associated with heavy policing and administrative requirements. The Corporate Marketing Manager explained “*as the logo is not a quality marquee, it does not need discriminating criteria, so the need for policing, significant administration or judging, and all the potential for PR risk is side-stepped*”. In State Aid terms it was not about the “state” supporting business but business supporting a part of the “state”. The positive output from this approach was that the logo was supported by a range of industry types and sectors with no issues in terms of negative brands endorsing the region.

During its 12 years the RDA has been subject to constant evaluation and has accumulated a body of evaluation evidences which includes 60 independent evaluations of SW projects and programmes, national evaluation material by BIS and others, independent performance audits by the National Audit Office and articles from peers in other regions and academic institutions. The RDA has identified eight cross cutting reflections drawn from its work as highlighted below:

1. **This stuff takes time** – getting the right conditions for economic development takes many years
2. **It’s messy and it’s complicated** - economic development is rarely straightforward and so requires flexibility
3. **It’s useful to have a link between local and national** – the regional level provided a bridge which should not be lost
4. **It’s a risky business** – there is no single model that works – managing risk requires a number of different responses
5. **Targets drive delivery** – what you measure tends to be what you end up delivering
6. **Size matters ... and so does timing** – fewer, bigger projects tend to deliver more leverage than many, smaller ones
7. **You need to choose from the whole toolkit** – bringing the different types of interventions together has much more impact
8. **It’s about relationships** – successful economic development needs strong and long-lasting relationships



The Glasgow City Marketing Bureau was established six years ago following VisitScotland's decision to change its organisational structure. The Bureau is funded through monies raised via commercial activities and the remainder from the City Council. It is the official destination marketing agency for Glasgow with responsibility for positioning the city across its national and international markets and is custodian of the "Glasgow: Scotland with Style" brand. It also operates the Convention Bureau which is responsible for attracting conferences, meetings, exhibitions and events to the city.

The Bureau has a team of 53 people engaged in public relations, conventions sales, brand marketing, events, marketing and information technology.

The Bureau works in partnership with Glasgow Chamber of Commerce, VisitScotland, Scottish Enterprise and City of Glasgow Council. Relationships with VisitScotland are described as "excellent" with members of staff within the Bureau speaking with counterparts in VisitScotland on a daily basis. There is a joint tourism strategy for Glasgow with input from all relevant parties and each knowing their role in making Glasgow an attractive visitor destination.

The Bureau has a mission statement, clear objectives and 30 SMART Key Performance Indicators (KPI) ensuring that it measures its performance on a regular basis. Performance is measured through market research eg TNS measure brand saliency and occupancy targets are captured by Lyn Jones Research and Deloitte. The impact of social media is measured using klout.com. Each member of staff has a job description and is appraised every 12 weeks. It is common for internal restructuring to take place every 9-12 months and for members of staff to find their job description changed as a result. The Bureau's Chief Executive believes that skills-sets need to be upgraded regularly to ensure that staff can address the changing business environment. Staff turnover and absenteeism are included within the KPI measurements.

Staff at the Bureau work with 680 businesses throughout Glasgow including hotels, restaurants etc as well as airlines and those involved in transporting visitors to the city. Within each member of staff's job description is the requirement that they speak to at least one business per day.

Since April 2011, the Bureau has been responsible for five new airline routes and other successes include:

- GCMB's Convention Bureau secured £131 million in conference sales in the financial year ending March 2010
- Around 32% of all conference sales secured in 2009/10 were attributed to Glasgow Conference Ambassadors.

- Events supported – or managed by – GCMB in 2009/10 achieved an economic impact of £28.4 million for Glasgow
- Data from STR (Deloitte) Global's monthly UK hotel trends report for September 2010 showed that Glasgow hotel bookings continued to outperform many of the city's European competitors including Copenhagen, Prague, Rome, Dublin, Barcelona and Hamburg.

The Bureau has been winners of the Best UK Conventions Bureau from 2007 to 2011 and won the Congress of the International Congress and Convention Association's Best Marketing Award.

6.3 Conclusions

Information gathered from other regions with regards to brand/place marketing has identified the following:

- The importance of setting SMART objectives/Key Performance Indicators from the outset that set targets which dictate delivery and which are focused and achievable
- Working in partnership with national/regional/local organisations to mutual benefit
- Clear guidelines as to the role of each organisation with whom working in partnership to eradicate duplication and ensure that strengths are played to the full
- Ensuring that staff have the appropriate skill-sets to deliver the organisation's aims and objectives
- A realisation that success is not likely to appear overnight and that expectations have to be managed – hence the need for SMART objectives which are communicated to relevant parties from the outset.

7. RECOMMENDATIONS

The following recommendations emanate from the evaluation:

The model

- We recommend the continuation of the Promote Shetland model in its current format. Overall, our evaluation has shown that the Promote Shetland is regarded as an important element in the ongoing marketing of Shetland, its work is in evidence amongst the local social and business community, its remit is understood and accepted and its people are valued and respected.

The evaluation has highlighted improvements to aid the ongoing work of Promote Shetland.

Improvements to the model

- In view of budgetary constraints there is a real need to create specific aims and objectives that can inform the work of the Promote Shetland team. The original aims and objectives were too wide ranging for a small team with limited funds. Other organisations have highlighted that what you target is what you deliver and that smaller, clearer goals are more achievable.
- There is a need for SMART objectives with a focus on the necessity for evidence based measurement. Some examples of this have been produced by Promote Shetland but this needs to underpin the majority of activities. This will have benefits for reporting and address concerns over micro-management.
- Any recasting of the aims and objectives of Promote Shetland should include clarification of the work/plans of Visit Scotland and Shetland Islands Council in order to couple resources and avoid duplication where possible.
- Aims and objectives must be reviewed and reappraised as Promote Shetland evolves. This could take place within a structure of regular update meetings, and six monthly reviews of aims and objectives.
- Although advances have been noted, Promote Shetland needs to increase its understanding of, and activities in sectors outside tourism marketing, for instance renewable energy, food and drink, wool/textiles, conferencing and offshore decommissioning.
- There is a need for Promote Shetland and its key partners to work more closely in achieving its aims and objectives. Examples may include project teams with representatives from the EDU and Promote Shetland working together on projects such as offshore decommissioning. This would see the sectoral knowledge of the EDU and the marketing skills of Promote Shetland working together.
- Work has been done to communicate Promote Shetland's activities to the people of Shetland. There is now a need to show people how they can get involved in playing their part in projecting their islands on the world stage.

- All Promote Shetland staff should have job descriptions which inform the work they do and which can be used to create personal development plans and review processes.

**Development Committee****26 January 2012****Living Lerwick Business Improvement District Presentation**

Report No: DV010-F

Director of Development Services**Development Services Department****1.0 Summary**

- 1.1 This covering report has been prepared to update the Development Committee on the progress of the development of Lerwick Town Centre Business Improvement District (BID) to date and introduce a short presentation by Living Lerwick Steering Group.
- 1.2 This will provide the Committee with the opportunity to question representatives of the Living Lerwick Steering Group, in order to aid consideration of the following report regarding consideration of the right to veto.

2.0 Decision Required

- 2.1 The Committee is asked to consider the information provided by this report and the presentation.

3.0 Detail

- 3.1 A Business Improvement District (BID) is a business led initiative. Businesses work together and invest collectively in local services and improvements in their business environment. A BID is funded by the businesses liable to pay non-domestic rates within a defined area. The levy is calculated on the basis of their respective non-domestic rates valuation.
- 3.2 The concept of a Lerwick BID was introduced to Shetland Islands Council in June 2008 with a presentation by BIDs Scotland's Director. In order for any BID proposal to be successful the BID company must have the backing of the Local Authority.

3.3 Reports regarding the development of a Lerwick BID have previously been considered by both the Infrastructure Committee in June 2009 and Shetland Islands Council in June 2010 and December 2010. Members have actively supported the development of the Lerwick BID by approving the:

- appointment of 2 elected Members to the Living Lerwick Steering Group;
- Council's Returning Officer and his staff to conduct the ballot on behalf of Living Lerwick; and
- continued officer and Member support throughout the BID process.

In addition, the Council's Economic Development Unit granted discretionary assistance of £20,000 in March 2010. This matched the funding the Lerwick Town Centre Association secured from the Scottish Government for the development of a BID in Lerwick.

3.4 The development of the Lerwick BID is being coordinated by the BIDs Project Manager, Christena Irvine, with direction from the Living Lerwick Steering Group. The Steering Group is made up of local business representatives and 2 elected Members. Full membership details are provided in Appendix 1.

In addition 2 officers from Development Services attend the Steering Group in an advisory capacity.

3.5 A project group comprising of the relevant SIC departments has also been established in order to maintain a reasonable level of communication between Living Lerwick and the Council. This ensures that the development of the BID is in line with the prescribed timetable.

3.6 The current key dates in the BID timeline are:

- Ballot Date minus 98 days (22 March 2012)
Last day for submission of the BID Proposal to the Council and Scottish Ministers.
- Ballot Date minus 70 days (19 April 2012)
Last date for Council to exercise its right to veto the BID proposals.
- Ballot Day (28 June 2012)

The timeline for the BIDs Process is prescribed in the Planning etc (Scotland) Act 2006, and the Business Improvement Districts (Scotland) Regulations 2007.

3.7 Living Lerwick is currently finalising the appropriate documentation in order to submit the BID proposals to the Council and Scottish Ministers in the prescribed timeline.

Prior to the Ballot date on 28 June 2012 a report will be drafted for Shetland Islands Council. This will ask Members to decide whether or not they wish the Council to vote in favour of the BID proposals.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The BIDs process is well aligned to the Corporate Plan 2010-2012. Specifically:

Section 1: Maintaining a sustainable economy.

Wealthier: Shetland's reputation for sustainable practices and quality products will be strengthened.

Wealthier: Strengthening the Economy: Businesses will be supported to overcome barriers to growth thereby improving profitability and longer-term performance.

Section 2: Maintaining a sustainable society.

Safer: We will retain the current high level of community safety, but will continue to play our part to:

- a) further reduce overall crime;
- b) tackle serious crime;
- c) make the roads safer; and
- d) maintain public order.

Strengthen Communities and Culture.

Section 3: Maintaining a Sustainable Environment.

- Greener: We will move further towards sustainable and efficient, consumption and production.
- Greener: We will protect Shetland's renowned natural and built environment.
- Stronger: We will improve the availability, accessibility, affordability and usage of internal and external public transport.

- 4.2 Community /Stakeholder Issues – Extensive consultation was carried out by the BID Steering Group, in conjunction with AB Associates, to ascertain the aspirations of employers, employees and the general public in relation to the town centre. The Council, as a major stakeholder, was part of this consultation.

- 4.3 Policy and/or Delegated Authority – The Development Committee has delegated authority from the Council to discharge the powers and duties of the Council in relation to matters concerning economy and business, as outlined in Section 2.3.1 of the Council's Scheme of Administration and Delegations.

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

- 4.5 Equalities, Health And Human Rights – No significant implications associated with this report.

4.6 Environmental –No significant implications associated with this report.

Resources

4.7 Financial –The Council previously granted £20000 as discretionary funding to Living Lerwick. This funding has been used to develop the BID proposals to their current state.

4.8 Legal – The Council is obliged to engage with Living Lerwick.

4.9 Human Resources - No significant implications associated with this report.

4.10 Assets and Property – No significant implications associated with this report.

5.0 Conclusions

5.1 Members are asked to note the content of this report and the accompanying presentation by Living Lerwick in relation to the development of the Lerwick BID.

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16 January 2012

List of Appendices

Appendix 1 – Living Lerwick Steering Group Membership

Background documents:

Report Number: PL-30-09-F

Report Number: PL-23-10-F(Minute Ref:116/10)

Report Number: PL-43-10-d1(Minute Ref: 184/10)

Report Number: DDS – 928

Living Lerwick website: <http://www.livinglerwick.co.uk/>

Planning etc. (Scotland) Act 2006 – Part 9 Business Improvement Districts

Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007

The Business Improvement Districts (Scotland) Regulations 2007

The Business Improvement Districts (Ballot Arrangements) (Scotland) Regulations 2007

The Business Improvement Districts (Scotland) Amendment Regulations 2007 No 510

END

Living Lerwick Steering Group membership

Harry Jamieson (Chair)	Harry's Department Store	Retail
Richard Gibson (V. Chair)	Richard Gibson Architects	Professional Services
Cynthia Adamson	M & Co (Mackays)	National Retail
Alistair Cooper	SIC Councillor	Local Authority
Emma Gibson	Peerie Shop & Café	Food and Drink
Irene Hambleton	Baker Tilly	Accountancy
Iain Johnston	Queens/ Grand/ Thule	Hospitality
Steve Mathieson	Visit Shetland	Tourism
Peter Morrison	Bank of Scotland	Financial Services
Ken Rae	J.G Rae Ltd	Retail
Inga Scott	The Stage Door	Retail
Suzanne Shearer	North Rock Gallery	Craft
Irene Smith	Health & Beauty	Hair & Beauty
Allan Wishart	SIC Councillor	Local Authority

**Development Committee****26 January 2012****Analysis of the Living Lerwick Business Improvement District (BID) Proposal in Relation to the Right to Exercise the Power of Veto by Shetland Islands Council**

Report Number DV011-F

Report Presented by Director of Development

Development Services Department

1.0 Summary

1.1 The purpose of this report is to:

- ask the Committee to decide whether or not they wish to exercise the Council's right to veto the BID proposals in accordance with the Planning etc. (Scotland) Act 2006 (the Act);
- seek delegated authority for the Director of Development Services to complete and approve all relevant documentation, including the operating agreement, on behalf of the Council for the implementation of the BID; and,
- inform the Committee that Living Lerwick has submitted a Council grant application for funding towards the Lerwick BID proposals.

2.0 Decision Required

2.1 The Committee RESOLVES not to exercise the Council's right to veto the BID proposals.

2.2 Grant delegated authority to the Director of Development Services to complete and approve all relevant documentation on behalf of the Council.

2.3 Note that if the Council does not exercise its right to veto; and subject to the businesses in the BID area vote in favour of the BID proposals, the Director of Development Services will consider an application to the Council from Living Lerwick for:

2.3.1 a grant of £19,890 towards the core costs of delivering year 1 of the proposed Lerwick BID; and,

2.3.2 an agreement in principle to offer funding support towards the core costs of the Lerwick BID for years 2- 5 of its operation subject to:

- a maximum of £20,000 per annum;
- Living Lerwick submitting a satisfactory grant application each year;
- budgetary process; and
- the satisfactory performance of the BID.

3.0 Detail

3.1 Veto Powers

The Act, gives the Council the power to veto BID proposals and thus determine whether a ballot will be held or not. The Council is required to consider the BID proposals within a prescribed period (at least 70 days before the ballot) and give notice that it is or is not going to veto the proposals.

- If exercising a veto, the local authority must set out the reason why and give details of the right of appeal.
- If not exercising a veto, the local authority must set out its reasons for not doing so.

The circumstances when a local authority can exercise its veto are prescribed in the Act and the Business Improvement Districts (Scotland) Regulations 2007.

A full analysis of the circumstances in relation to Living Lerwick's BID proposals is provided in Appendix 1 of this report. Members will note that there are no grounds on which to veto the BIDs proposals..

3.2 In accordance with the Living Lerwick BID timetable the Council is required to accept receipt of the BID Proposals by 22nd March 2012 and decide whether they wish to exercise their right to veto by 19th April 2012.

If the Council decides to veto the BID proposals, any person who would have been entitled to vote in the ballot may appeal to the Scottish Ministers. Any appeal must be served on the Scottish Ministers within 28 days of the veto notice being given by the Council. The Scottish Ministers will determine the appeal by way of written representations.

3.3 Operating Agreement

If the Council does not exercise its veto, the Council will enter into an operating agreement with Living Lerwick. The operating agreement reflects the content of Living Lerwick's business plan (see Appendix3). A draft version of the operating agreement, which is subject to change is attached as Appendix 2 to this report. The purpose of the agreement is to:

- establish the procedure for the setting, collection and remittance of the BID levy;
- confirm the basis upon which the Council will be responsible for collecting the BID levy;
- set out the enforcement mechanisms available for collection of the BID levy;
- set out the procedures for accounting and transference of the BID levy;
- provide for the monitoring and review of the collection of the BID levy; and
- confirm the manner in which the Council's expenses incurred (if any) in collecting the BID levy will be paid.

3.4 In the event that the BID is not voted in favour by the BID levy payers at the ballot then the operating agreement will terminate and cease to be of any effect.

3.5 **Funding**

In presenting the case for the Lerwick BID, Living Lerwick has included a proposed cost and funding breakdown in its draft business plan. This includes a £19,890 contribution from the Council for year 1. However only approved funding can be included in the final business plan when it is presented for ballot to BID levy payers. If the Council does not exercise its right to veto, a grant application of £19,890 towards the core costs of delivering year 1 of the proposed Lerwick BID will be considered by the Director of Development Services under existing delegated authority. Consideration will be given to the views agreed by the Development Committee. The final business plan will fully reflect any decisions, approvals or in principle agreements taken by the Council in relation to the Lerwick BID proposals.

3.6 If Council funding is approved regular performance updates will be included in Council activity reports and any requests from members for further information will be acted on as required.

4.0 **Implications**

Strategic

4.1 Delivery On Corporate Priorities – The project is well aligned to the Corporate Plan 2010-2012. Specifically:

Section 1: Maintaining a sustainable economy.

Wealthier: Shetland's reputation for sustainable practices and quality products will be strengthened.

Wealthier: Strengthening the Economy: Businesses will be supported to overcome barriers to growth thereby improving profitability and longer-term performance. High Impact.

Section 2: Maintaining a sustainable society

Safer: We will retain the current high level of community safety, but will continue to play our part to:

- a) further reduce overall crime;
- b) tackle serious crime;
- c) make the roads safer; and
- d) maintain public order. Medium Impact.

Strengthen Communities and Culture. High Impact.

Section 3: Maintaining a Sustainable Environment.

Greener: We will move further towards sustainable and efficient, consumption and production. High Impact.

Greener: We will protect Shetland's renowned natural and built environment. Medium Impact.

Stronger: We will improve the availability, accessibility, affordability and usage of internal and external public transport. Medium Impact.

- 4.2 Community /Stakeholder Issues – Extensive consultation was carried out by the BID Steering Group, in conjunction with AB Associates, to ascertain the aspirations of employers, employees and the general public in relation to the town centre. The Council, as a major stakeholder, was part of this consultation. The Planning Service also led a degree of cross - departmental consultation, within the Council.

4.3 Policy And Delegated Authority -

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

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

The BID proposals impacts positively on a number of policies in the Corporate Plan as outlined in section 4.1. The BID proposals also have significant positive impacts on a number of the Local Plan and Structure Plan Policies and objectives especially Structure Plan Policy SP COM1. The proposed BID projects will provide a mechanism for delivery of this policy and the continued sustainability of the town centre.

The subject of this report complies with the Council's Economic Policy Statement 2007-2011 and in particular policies number 5, "Continue to develop Shetland as a tourist destination through the development of high quality products and services "; 6, "Continue to promote Shetland as a high-quality visitor destination"; 7, "Support people involved in products and services for the tourism sector"; 24, Improve Shetland's reputation as a place that offer services provided to a high standard that consistently exceed customer expectations; 24, "Enable businesses to develop and promote Shetland products and services

with confidence and pride”; and, 26, “Support community enterprises engaged in economic activity”. 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).

4.4 Risk Management - If the Members support the development of the BID, the risks are:

Failure to reduce the net ongoing running costs of the Council carries a significant risk of the Council's financial policies being adhered to and will require a further draw on reserves.

Operationally, the funding and resources commitment that is required from the Council could change. However, Council staff and elected Members are represented on the Steering Group so no changes to the resources required, are envisaged, and if changes are proposed, these can be adequately managed at an early stage.

Partnership working - The Steering Group is responsible for this project. There is a risk that the group may fail to adequately manage the BID project. This risk is low as the group has multi-agency membership, including SIC officers, elected Members and local business representatives. The Planning representative will act as the key liaison point between SIC and the BID group.

If Councillors veto the BID proposals, the risks are:

- Failure to align with Council priorities– the proposals are in line with the current Community Plan, Local Development Plan and the Corporate Plan.
- Isolation from Government funding - If the project is vetoed at this stage, the BID Steering Group could miss the opportunity to secure further funding including Government funding.
- Negative impacts on Customer and media relations - If the BID project does not progress to ballot there is a possible reputational and policy risk to Shetland Islands Council if businesses feel they are not being supported in this difficult economic climate.
- Failure to promote economic opportunities - In the current difficult economic climate, businesses wish to make every effort to protect and develop their businesses, and secure custom for the area. This will be all the more difficult if the BID project does not go ahead.
- Political Objectives –the BID project is well aligned with parts of the Community Plan and Corporate Plan as well as Local Plan and Structure Plan. A veto at this stage would potentially miss an opportunity to deliver Council objectives in an efficient and effective manner.

4.5 Equalities, Health And Human Rights – No Significant implications.

- 4.6 Environmental - The BID Business Plan highlights several potential Environmental Improvement projects to be investigated and implemented in conjunction with the Council. For example participating in joint funding initiatives and co-ordinated improvements e.g. – to improve and make more energy efficient lane and street lighting.

Resources

4.7 Financial -

- 4.7.1 The information relating to the proposed levy to be charged in the BID area is outlined in the draft business plan. The Living Lerwick Steering Group had responsibility for agreeing the banding for the levy amount in relation to rateable values. All eligible businesses have been provided with this information.

Should the BID progress to ballot, and receive a yes vote, the Council would be liable to pay the BID levy in relation to the properties owned by the Council. The annual levy payable by Shetland Islands Council totals £6050

The funding proposal to be considered by the Director of Development Services (assuming no veto) is for the Council to contribute 50% towards the BID's management and operational costs (£19,890). It has been assumed that:

- no more than 25% of the funding allocated to projects under each objective would be used for project management; and
- that the cost of all grant reporting requirements, office space, administration, and legal fees etc. would be £21,000 per annum.

If the BID goes ahead a Council contribution of £19,890 towards the core costs of delivering year 1 of the proposals would equate to 19.91% of the total year one funding package with £80,000 (80.09%) funding coming from the businesses paying a levy. If an agreement in principle was also given by Council to contribute up to a maximum of £20,000 per annum towards the Lerwick BID in years 2- 5, this would equate to a total maximum contribution of £99,890 or 19.98 % of the total funding package over a five year period

No funding, other than Council funding has been identified that could be used to support the management and operational costs of the Lerwick BID. However if the BID goes ahead Living Lerwick is committed to applying for project funding in addition to the BID levy. Council support for the project could attract considerably more funding than the £400,000 that the Living Lerwick levy is projected to raise over five years.

Funding towards the project would be considered on its merits in each of the five years. Funding would be subject to Living Lerwick submitting satisfactory annual grant applications, the budgetary process and the performance of the BID. Council

funding would be coded to the general Assistance Budget GRD1503 2402 held in the Economic Development Unit.

At the end of the five-year BID a second Lerwick BID would be dependant on an evaluation of the BIDs impact and value and the ballot process being repeated in full.

4.7.2 Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements, which secure Best Value. Best Value is continuous improvement in the performance of the authority's functions taking into account efficiency, effectiveness, economy and equal opportunities.

4.7.3 The Council approved a Financial Framework and Reserves policy, which includes:

- a presumption against service extension, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- priority to be given to the provision of statutory services.

The proposal in this report is compliant with the Council's Financial Framework and Reserves, as the funding will come from an existing grant budget.

4.8 Legal – Legal Services continue to support Development Services with the development of the BID process.

4.9 Human Resources – Should the Council decide to support the BID to the next stage there will be a reallocation of officer time within Governance and Law to administer the ballot. Officers from Development Services will continue to work with Living Lerwick towards the ballot date.

4.10 Assets and Property – Should the BID progress to ballot, and receive a yes vote, the Council would be liable to pay the BID levy in relation to the properties owned by the Council.

5.0 Conclusions

5.1 Appendix 1 shows that there are no grounds on which to veto the BID proposals. If the Development Committee, on behalf of the Council, exercises its right to veto the BID Proposals it must set out the reasons why and give details of the right of appeal.

5.2 The operating agreement referred to in paragraphs 3.3 and 3.4 formalises the partnership arrangements that are required for a successful BID to operate in Lerwick. It is recommended that Members delegate authority to the Director of Development Services to complete all appropriate documentation, including the operating agreement, on behalf of the Council for the implementation of the BID.

5.3 Council funding for the project will only be considered on receipt of all the relevant information from Living Lerwick and feedback from the Development Committee. If the Lerwick BID gets to the ballot stage and businesses in the BID's area vote to invest collectively in the

Lerwick town centre, the Lerwick BID has the potential to generate significant benefits to participating businesses and visitors to the Lerwick town centre. Funding from the Council towards the core costs of the Lerwick BID will also strengthen any applications for additional funding towards specific projects from the Scottish Government and other agencies.

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17 January 2012

List of Appendices

Appendix 1 – Veto Grounds Evaluation

Appendix 2 – Draft Operating Agreement between Living Lerwick and Shetland Islands Council

Appendix 3 – Draft Living Lerwick Business Plan

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Background documents:

Report Number: PL-30-09-F

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The Business Improvement Districts (Ballot Arrangements) (Scotland) Regulations 2007

The Business Improvement Districts (Scotland) Amendment Regulations 2007 No 510

Shetland Structure Plan 2000

Shetland Local Plan 2004

Lerwick Town Action Plan 2009-2012.

END

Analysis of the Living Lerwick BID proposals in relation to the right to exercise the power of veto by Shetland Islands Council.

	Planning etc. (Scotland) Act 2006
42 (4) (a)	<p><i>'to conflict with any structure plan, local plan, strategic development plan or local development plan which has been approved or adopted under the principal Act and which applies to the proposed business improvement district or any part of it,'</i></p> <p>The BID proposals contain a number of small-scale improvement projects aimed at increasing the vibrancy and vitality of the town centre. This does not present any conflict with the Shetland Structure Plan (2000) or the Shetland Local Plan (2004). Indeed, the BID proposals support the following local planning aims for Lerwick as set out in the Shetland Local Plan (2004) Lerwick Community Council area statement:</p> <ul style="list-style-type: none"> · To maintain Lerwick's position as the principal settlement in Shetland; · To maintain and improve the quality, vitality and viability of the town; & · To protect and enhance the built and natural environment. <p>The BID proposal is particularly well aligned with the following Local Plan policies: LPCFS5 – Public Art; LP COM 2 – Permitted Development Lerwick Town Centre; & LP COM 6 – Lerwick Town Centre Strategy.</p> <p>Therefore based on the above it is considered that there are no grounds to exercise the right of veto.</p>
42 (4) (b)	<p><i>'to conflict to a material extent with any policy formally adopted by and contained in a document published by the authority (whether or not the authority are under a statutory duty to prepare such a document),'</i></p> <p>No conflict identified.</p> <p>The BID proposals are in alignment with the current position of Shetland Islands Council in relation to sustainable economic development as set out in the Corporate Plan.</p> <p>The BID proposals will also contribute towards meeting the objectives of Shetland's Single Outcome Agreement.</p> <p>The BID proposals support the key objectives for the town centre as set out in the Lerwick Town Action Plan 2009:</p> <ul style="list-style-type: none"> • To take positive action to safeguard and enhance the sense of place, character and appearance of the area. • To identify, implement and support initiatives which contribute positively to the community and environmental regeneration of the area. • To promote and encourage community involvement and participation in the conservation, enhancement and development of the area. • To promote and support initiatives which provide opportunities to learn about and celebrate the heritage of the area. • To create a vibrant town centre to maximise the social, cultural and environmental viability of the area for the benefit of local people and visitors alike. • To work in partnership with other local, national and international organisations, both statutory and voluntary to further the development of the Area. <p>Therefore based on the above it is considered that there are no grounds to exercise the right of veto.</p>
42 (4) (c)	<p><i>'to lead to a significantly disproportionate financial burden being imposed on—</i></p> <p><i>(i) any person entitled to vote in the ballot on the proposals, or</i></p> <p><i>(ii) any class of such persons,</i></p>

	<p><i>as compared to other such persons or classes.'</i></p> <p>All eligible non-domestic properties with a rates valuation that is listed on the Local Assessors Valuation Roll on the day of the ballot will be liable for the improvement levy for the duration of Living Lerwick. The Improvement Levy ranges from £200 to £850 per year dependant on the rateable value of the property.</p> <p>Stores, garages, non-retail charities, places of worship, private car parks and toll free car parks in the area will be exempt.</p> <p>Financial burden has not been cited as a issue during consultation with potential Levy Payers. A number of businesses have commented that paying the BID levy will replace their payments to The Lerwick Town Centre Association (LTCA). The LTCA will be disbanded should the BID be successful.</p> <p>The BID Proposals will not lead to a significant disproportionate burden being imposed on any person or any class of persons.</p> <p>Therefore based on the above it is considered that there are no grounds to exercise the right of veto.</p>
	Business Improvement Districts (Scotland) Regulations 2007
14 (2) (a)	<p><i>'the level of support..... where this information is available;'</i></p> <p>Extensive consultation was carried out by the BID group, in conjunction with AB Associates, to ascertain the aspiration that employers, employees and the general public have for the town centre. This exercise highlighted support for the development of the BID proposal. The indications of support in this early consultation are as follows:</p> <p style="text-align: center;">Yes = 61 No = 4 Undecided = 32 Unanswered = 11</p> <p>The BID project manager interviewed 86 representatives of the 174 properties eligible to vote in the ballot. These interviews showed a high level of support with 81 businesses claiming they would vote yes for the BID at this stage. 5 said that they would not support the BID at this time. Information on the results of the consultation can be found at www.livinglerwick.co.uk</p> <p>As per the regulations Living Lerwick has presented the business plan to all businesses included within the defined BID area. An open meeting was held on Monday 14th November 2011 to allow business owners to view the business plan and raise any concerns relating to the content of the plan. This was followed up by steering group members visiting those businesses who were unable to attend the open meeting. This ensures that all businesses included within the BID area have been consulted and able to express their opinions relating to the business plan.</p> <p>The consultation exercise has demonstrated that there is adequate support to merit the holding of a ballot.</p> <p>Therefore based on the above it is considered that there are no grounds to exercise the right of veto.</p>
14 (2) (b)	<p><i>'the nature and extent of the conflicts mentioned in section 42(4) of the 2006 Act;</i></p> <p>None beyond those previously addressed.</p>
14 (2) (c)	<p><i>'in relation to section 42(4)(c) of the 2006 Act, the structure of the proposed BID levy and how the financial burden of the business improvement district is to be distributed amongst ratepayers and the other eligible persons in the geographical area of the business improvement district;'</i></p> <p>None beyond those previously addressed.</p>
14(2) (d)	<p><i>in relation to section 42(4)(c) of the 2006 Act, how the financial burden of the business improvement district may have been disproportionately distributed among ratepayers and the other eligible persons as a result of the selection of the geographic area or areas of the business improvement district;</i></p> <p>None beyond those previously addressed.</p>
14 (2) (e)	<p><i>'the extent to which the BID proposer discussed the BID proposals with the authority before submitting the BID proposals to the authority under regulation 5;'</i></p> <p>The Council is represented on the Living Lerwick steering group by two Council members, Councillor Alastair Cooper and Councillor Allan Wishart.</p>

	<p>In addition, two Council officers from Development Services attend the steering group meetings in an advisory capacity and to provide liaison between Living Lerwick and the Council. This has led to the development of a Council project group with representation from all services involved in the BID process. The relevant Council services are fully aware of the progress of the BID proposal and can address any potential issues arising from the steering group.</p> <p>Therefore based on the above it is considered that there are no grounds to exercise the right of veto.</p>
14 (2) (f)	<p><i>'The cost incurred by any person in developing the BID proposals and canvassing in relation to the BID proposals.'</i></p> <p>The LTCA received a grant of £20,000 from the Scottish Government to investigate the development of a Business Improvement District for Lerwick. This was matched by the SIC Economic Development Unit who granted discretionary assistance in March 2010 under Economic Development Policy 26: "Support community enterprises engaged in economic development activity". This money had been used in order to develop the BID proposal and to undertake the necessary processes of consultation and canvassing.</p> <p>Therefore based on the above it is considered that there are no grounds to exercise the right of veto.</p>



Operating Agreement

between

Shetland Islands Council

and

Living Lerwick Business Improvements Ltd



January 2012

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Operating Agreement

Between:

- Shetland Islands Council, constituted under Section 2 of the Local Government etc. (Scotland) Act 1994, and having its principal office at the Town Hall, Lerwick, Shetland, ZE1 0HB (the “**Council**”); and
- Living Lerwick Business Improvements Ltd (the “**BID Company**”) whose registered office is at [].

Recitals

- (A) The BID Company is in favour of establishing the BID (as hereinafter defined) and the Council has confirmed that it will not exercise its veto in connection with the BID or the BID Arrangements (as hereinafter defined).
- (B) The Council (or its nominee) is the billing body for the purposes of the Regulations and is responsible for the administration, collection and recovery of the BID Levy (as hereinafter defined).
- (C) The Council is responsible for administering the BID Revenue Account (as hereinafter defined) which will be used towards the operation and funding of the BID Arrangements of the BID in the BID Area (as hereinafter defined).
- (D) The BID Company is responsible for the operation of the BID and for using the BID Levy for the purposes of achieving the objectives and aspirations set out in the BID Arrangements.
- (E) Both parties wish to confirm the arrangements by which the BID Levy shall be collected together with general arrangements as to the relationship to be established between the Council and the BID Company for the duration of the BID.
- (F) The purpose of this Agreement is to:
 - 1. establish the procedure for the setting, collection and remittance of the BID Levy;
 - 2. confirm the basis upon which the Council will be responsible for collecting the BID Levy;
 - 3. set out the enforcement mechanisms available for collection of the BID Levy;
 - 4. set out the procedures for accounting and transference of the BID Levy;
 - 5. provide for the monitoring and review of the collection of the BID Levy; and
 - 6. confirm the manner in which the Council’s expenses incurred (if any) in collecting the BID Levy will be paid.

It is hereby agreed as follows:

1. Definitions

1.1 **“Annual Report”** means a report to be prepared by the Council which details the following:-

1. the total amount of BID Levy collected during the relevant Financial Year;
2. the total amount of interest earned on any part of the BID Levy whilst held in the BID Revenue Account;
3. details of the success rate for the collection of the BID Levy;
4. the Council’s proposals (if any) to help improve its efficiency in the collection and enforcement of the BID Levy;
5. details of those BID Levy Payers who have paid the BID Levy and those who have not paid the BID Levy; and
6. the Council’s proposals for bad or doubtful debts;

“Bad or Doubtful Debts” shall have the same meaning as further described in Part 2 of Schedule 3 of the Regulations;

“Ballot Holder” means the person appointed by the Council under regulation 7 of the Regulations;

“Ballot Result Date” means the date (not later than seven days from the counting of the ballot papers) upon which a successful ballot result has been declared by the Ballot Holder in favour of putting in place the BID Arrangements;

“Baseline Services” means those services which are provided by the Council within the BID Area which the Council is required to provide as part of its statutory function as a local authority as set out at Part 2 of the Schedule;

“BID” means the Business Improvement District which operates within the BID Area and which is managed and operated by the BID Company;

“BID Area” means the precise geographical area which is to be managed and operated by the BID Company and as detailed in the BID Proposal, shown in the map at Part 4 of the Schedule;

“BID Arrangements” means those arrangements to be put in place pursuant to the Regulations for the operation of the BID;

“BID Ballot” means a ballot under section 38(1) of the Planning etc. (Scotland) Act 2006;

“BID Company’s Report” means a report for each Financial Year to be prepared by the BID Company which details the following:-

1. the total income and expenditure of the BID Levy;

2. other income and expenditure of the BID Company not being the BID Levy;
2. a statement of actual and pending deficits; and
4. the various projects and services upon which the BID Levy has been expended by the BID Company;

“BID Levy” means the charge to be levied and collected within the BID area pursuant to the Regulations;

“BID Company’s Termination Notice” means a notice to be served by the BID Company on the Council pursuant to Clause 12.9;

“BID Levy Payer(s)” means those liable to pay non-domestic rates in the BID Area and other eligible owners or tenants responsible for paying the BID Levy;

“BID Levy Rules” means the rules set out at Part 1 of the Schedule which sets out how the BID Levy will be calculated, details of Exempt Properties and other requirements related to the BID Levy (as may be amended by a successful alteration ballot);

“BID Revenue Account” means the Council held account operated in accordance with paragraph 16 of the Regulations and operated in accordance with Schedule 3 of the Regulations;

“BID Term” means the period not exceeding 5 years from the Ballot Result Date;

“Complimentary Services” means those services which are provided by the Council within the BID Area which are additional services to the Baseline Services, as set out at Part 3 of the Schedule;

“Council Funding” means any funding, grants or monies due to be provided by the Council to the BID Company for the purposes of operating the BID;

“Council’s Termination Notice” means the notice to be served by the Council on the BID Company pursuant to Clause 12.2;

“Contributors” means the BID Levy Payers or other contributors making voluntary contributions to the BID Company;

“Demand Notice” shall have the same meaning ascribed to it as further set out in the Schedule to the Order;

“Electronic Communication” means a communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa):

1. by means of a telecommunication system (within the meaning of the Telecommunications Act 1984); or
2. by other means but while in electronic form;

“Enforcement Expenses” means the costs which are reasonably and properly incurred by the Council in issuing a Reminder Notice, obtaining Liability Orders and

associated administrative expenses which may be incurred in recovering unpaid BID Levy;

“Exempt Properties” means the class or classes of properties as identified in the BID Levy Rules which shall be exempt from any requirement to pay the BID Levy;

“External Funding” means any funding, grants or monies due to be provided to the BID Company by the Scottish Government, the European Commission or any other body other than the Council for the purposes of operating the BID;

“Failure Notice” means a notice served by the BID Company on the Council which sets out those aspects of the agreed Statutory Standard which it is alleged is not being adhered to, requesting that the Council secures immediate compliance with the Statutory Standard;

“Financial Year” means the financial year for the BID Company which runs from [] to [] (*insert months*);

“Liability Order” means an order under summary warrant obtained from the Sheriff Court having jurisdiction over the BID Area in accordance with the provisions of paragraph 9 of the schedule to the Order;

“Monitoring Group” means the group to be set up to monitor the collection and enforcement of the BID Levy (as referred to in Clause []) such group to consist of 2 Council officers and [] representatives from the BID Company [and [] the Contributors];

“Operational Date” means the date upon which the BID Arrangements come into force;

“Order” means The Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007;

“Public Meeting” means the meeting to be held of all BID Levy Payers pursuant to the Public Meeting Notice;

“Public Meeting Notice” means a notice to be served pursuant to Clause 12.2 or 12.9 by either the Council or the BID Company which provides the following:

1. confirmation that either party is considering terminating the BID;
2. details of the venue where the public meeting will be held; and
3. confirmation that all BID Levy Payers who attend will be permitted to make representations;

“Regulations” means the Business Improvement Districts (Scotland) Regulations 2007 and such amendments made by The Scottish Ministers pursuant to Part 9 of the Planning etc. (Scotland) Act 2006 (as may be in force from time to time);

“Reminder Notice” means the notice to be served pursuant to Clause 10.1;

“Services” means the administration and management of the BID Revenue Account; and

“Statutory Standard” means the standard to which the Council is required to provide the Baseline Services as local authority for the BID Area.

- 1.2 For the avoidance of doubt where any part of this Agreement is incompatible with the Regulations or any other regulations which the Scottish Ministers may from time to time issue pursuant to Part 9 of the Planning etc. (Scotland) Act 2006 then such part shall be struck out and the balance of this Agreement will remain.
- 1.3 The headings appearing in this Agreement are for ease of reference only and shall not affect the construction of this Agreement.
- 1.4 Where reference is made to a Clause, Part, or Recital such reference (unless the context requires otherwise) is a reference to a Clause, part, plan, or recital attached to this Agreement.
- 1.5 References to the Council include any successors to its functions as local authority.
- 1.6 References to statutes, bye laws, regulations, orders or delegated legislation shall include any such instrument re-enacting or made pursuant to the same power.

2. Statutory Authorities

- 2.1 This Agreement is made in contemplation of the arrangements envisaged by Part 9 of the Planning etc. (Scotland) Act 2006, the Regulations and all other enabling powers.

3. Commencement

- 3.1 This Agreement is conditional upon the Council approving the proposals and business plan of the BID Company and written confirmation being provided by the Council to the BID Company of that approval and shall not take effect until the Ballot Result Date.
- 3.2 In the period prior to the Ballot Result Date, the Council will procure that the Ballot Holder provides the BID Company with all information as the BID Company may reasonably request in relation to the BID Ballot.
- 3.3 In the event that the BID Arrangements are not voted in favour by the BID Levy Payers on the Ballot Result Date then this Agreement shall terminate and cease to be of any further effect between the parties.
- 3.4 This Agreement will continue in full force and effect in the event of the BID Levy Payers voting in favour of the BID Arrangements.
- 3.5 If at the end of the BID Term a renewal ballot is held and is successful then the terms of this Agreement shall continue to be of effect for a new BID Term.

4. Obligations of the Council

- 4.1 Immediately upon the declaration by the Ballot Holder on the Ballot Result Date the Council shall:-

- a) provide the Baseline Services, which may not be varied in any way or withdrawn without reasonable cause and only with the consent of the BID Company which will not be withheld unreasonably;
- b) provide the Complimentary Services, which may not be varied or withdrawn without first consulting with the BID Company; and
- c) perform all obligations placed upon it under this Agreement and in accordance with the Regulations.

5 Obligations of the BID Company

- 5.1 Immediately upon the declaration by the Ballot Holder on the Ballot Result Date the BID Company shall:-
 - a) calculate the BID Levy due from each BID Levy Payer in accordance with the BID Levy Rules;
 - b) confirm in writing to the Council the BID Levy payable annually by each BID Levy Payer; and
 - c) perform all obligations placed upon it under this Agreement and in accordance with the Regulations.

6 Baseline Services and Complimentary Services

- 6.1 The Council shall provide the Baseline Services and Complimentary Services within the BID Area at its own cost and to the Statutory Standard where applicable.
- 6.2 In the event that any of the Baseline Services fall below the Statutory Standard, the BID Company shall be entitled to serve a Failure Notice on the Council.
- 6.3 Upon receipt of a Failure Notice, the Council shall endeavour to ensure that the relevant Baseline Services are brought back to the Statutory Standard failing which the Council may, following consultation with the BID Company, appoint an alternative contractor to provide the relevant Baseline Services identified under the Failure Notice.
- 6.4 In the event that the Council and the BID Company cannot agree on the standard to be set, they shall refer the matter to Arbitration under Clause 16.

7 The BID Revenue Account

- 7.1 The Council must in accordance with section 37(1) of the Planning etc. (Scotland) Act 2006 keep an account to be called the BID Revenue Account and keep the BID Revenue Account in accordance with Schedule 3 of the Regulations.
- 7.2 Within 28 days from the Ballot Result Date the Council shall set up the BID Revenue Account and provide written confirmation to the BID Company once this has been carried out together with details of the account number, sort code and any other details which the BID Company may specify.

- 7.3 Within 14 days from the Ballot Result Date the BID Company shall provide the Council with details of its own bank account into which the BID Levy will be transferred electronically from the BID Revenue Account in accordance with Clause 9.9.
- 7.4 Where the BID Company receives Council Funding and / or External Funding, the full sum of that Council Funding and / or External Funding (as appropriate) will be credited directly to the BID Revenue Account with no sums deducted by the Council in accordance with Clause 8 below.

8 Debits from the BID Revenue Account

- 8.1 The Council undertakes at all times to adhere to the provisions of Part 2 of Schedule 3 of the Regulations.
- 8.2 The Council shall not debit any sums from the BID Revenue Account without first notifying the BID Company of its intention to do so.
- 8.3 The Council undertakes that it shall not debit any of the following from the BID Revenue Account which will for the avoidance of doubt be for the expense of the Council:
- 8.3.1 the collection charges (if any);
 - 8.3.2 the Enforcement Expenses; or
 - 8.3.3 any deductions which in the Council's opinion are Bad or Doubtful Debts.
- 8.4 The Council shall be obliged to recover Enforcement Expenses from the liable BID Levy Payer, in accordance with Clause 9.
- 8.5 The Council shall not be entitled to recover Enforcement Expenses from the BID Company.

9 Collection and Remittance of the BID Levy

- 9.1 The BID Levy will be paid into the BID Revenue Account in accordance with Schedule 3 of the Regulations.
- 9.2 Within 14 (fourteen) days of the Ballot Result Date the Council shall confirm in writing to the BID Company:-
- 9.2.1 the means by which the BID Levy Payers shall be billed for the BID Levy; and
 - 9.2.2 the date when the BID Levy will first be collected (such date to be at least 14 days in advance of the Operational Date).
- 9.3 Pursuant to Clause 9.2.2 the Council shall serve the Demand Notices on each BID Levy Payer and thereafter shall serve the Demand Notices throughout the BID Term.
- 9.4 The Council shall maintain a list which identifies payment and/or non payment of the BID Levy and shall make this available to the BID Company upon its

reasonable request which will at all times be carried out in accordance with the relevant data protection legislation.

- 9.5 The Council shall notify the BID Company if it becomes aware of any change in the occupier of any property or the merger or division of a property. In such an event:
- 9.5.1 the BID Company shall send an updated list of BID Levy Payers to the Council that contains details of the BID Levy payable annually by each BID Levy Payer; and
 - 9.5.2 the Council shall serve a Demand Notice (or alter any existing Demand Notice if appropriate) on the relevant BID Levy Payer.
- 9.6 The Council shall use all reasonable endeavours to collect the BID Levy on the date specified (pursuant to Clause 9.2.2 above) and thereafter in accordance with the Demand Notices.
- 9.7 The Council shall use all reasonable endeavours to take all reasonable steps for collecting the BID Levy which are consistent with its usual procedures for the collection of non-domestic rates. In the event that the Council departs from its usual procedures and decides not to collect an amount of BID Levy which amounts to greater than £150 in aggregate, the Council shall consult with the BID Company as to whether or not that amount of BID Levy is recoverable. If the Council and the BID Company fail to reach an agreement the parties shall refer the matter to Arbitration in accordance with Clause 16.
- 9.8 The Council shall inform the BID Company of the amount of BID levy monies collected every month.
- 9.9 The BID Company shall raise an invoice, including VAT, to the Council every month; or less frequently should the BID Company so decide. Upon receipt of such invoice the Council will be obliged to transmit such monies as are due to the BID Company in terms of the invoice to the BID Company from the BID Revenue Account. The Council's obligation to transmit such monies is subject to the sum of the invoice not exceeding the total amount held in the BID Revenue Account.

10 Procedures available to the Council for enforcing payment of the BID Levy

- 10.1 In the event that the BID Levy is not paid within 28 (twenty eight) days from the date that it becomes payable then the Council shall serve a Reminder Notice on such relevant BID Levy Payer which shall:-
- 10.1.1 identify the sum payable;
 - 10.1.2 provide a further 7 (seven) days for payment to be made; and
 - 10.1.3 confirm that the Council will make an application for a Liability Order to recover the unpaid sum (together with Enforcement Expenses).
- 10.2 If after a further 7 (seven) days from the payment date stated in the Reminder Notice the outstanding sum of the BID Levy has not been paid, the Council shall make an application for a Liability Order to recover the outstanding sum of the BID Levy.

11 Accounting Procedures and Monitoring

- 11.1 Within 1 month from the Operational Date the Council and BID Company shall form the Monitoring Group.
- 11.2 Every 3 months for the duration of BID Term the Council shall provide the BID Company with a breakdown of:-
 - 11.2.1 the BID Levy collected in relation to each BID Levy Payer;
 - 11.2.2 details (together with the outstanding unpaid sum) of those BID Levy Payers who have not paid the BID Levy during those 3 months;
 - 11.2.3 details of the Reminder Notices issued throughout that period; and
 - 11.2.4 details of any Liability Orders obtained or applied for by the Council.
- 11.3 Every 6 months (for the BID Term) the BID Company shall provide the Council with the following details:
 - 11.3.1 the total amount of income received from the Contributors (excluding the BID Levy); and
 - 11.3.2 the total expenditure during that 6-month period.
- 11.4 The Monitoring Group shall meet not less than twice in any one Financial Year. On all other occasions further meetings of the Monitoring Group will be arranged by the service of written notice by either party on the other. Such notice is to be provided not less than 28 (twenty eight) days prior to the date of the proposed meeting (or lesser if otherwise agreed or in cases of emergency). Such meetings can be dispensed with altogether upon the written agreement of both the Council and the BID Company.
- 11.5 At each meeting the Monitoring Group shall:
 - 11.5.1 review the effectiveness of the collection and enforcement of the BID Levy; and
 - 11.5.2 if required, review and assess the information provided by the Council and the BID Company pursuant to Clauses 11.2 and 11.3 above and make any recommendations for implementation as may be agreed (and which are permitted by the Regulations and the terms of this Agreement).
- 11.6 Within 1 (one) month after the date of the end of the Financial Year the Council shall provide the Annual Report to the BID Company.
- 11.7 Within 1 (one) month from the date of receipt of the Annual Report the BID Company shall provide the BID Company's Report to the Council.

12 Termination

- 12.1 The Council undertakes at all times to adhere to the provisions of paragraph 19 of the Regulations.
- 12.2 The Council shall not be permitted to terminate the BID Arrangements because:
 - 12.2.1 in its opinion there are insufficient finances available to the BID Company to meet its liabilities for the chargeable period for the purposes of the BID Arrangements; or

12.2.2 the Council is unable, as a result of any circumstances beyond its control, to provide the works or services which are secured as part of the BID Arrangements;

unless and until it first serves the Public Meeting Notice on the BID Levy Payers and the Council's Termination Notice on the BID Company (which shall be required to contain the reasons for termination). Within 14 (fourteen) days from the date of service of such notice both parties shall arrange to meet where the purpose of such meeting shall be to discuss and/or agree all or any of the following set out in Clause 12.3 or 12.4 (whichever is applicable).

12.3 Where the Council's Termination Notice relates to Clause 12.2.1 both parties shall agree and/or discuss or review the following matters:

12.3.1 the Council is concerned that the BID Company has insufficient finances to meet its liabilities for that period and details of such concerns should be made available to the BID Company;

12.3.2 alternative means by which the insufficiency of the funds can be remedied; and / or

12.3.3 an appropriate time frame to resolve matters;

12.4 Where the BID Company's Termination Notice relates to Clause 12.2.2 both parties shall agree and/or discuss or review the following matters:

12.4.1 the services or works which it is no longer able to provide together with confirmation and details as to why such works or services cannot be provided;

12.4.2 a review by both parties as to whether such works or services are of material importance to the BID so that termination of the BID Arrangements is the only option;

12.4.3 alternative means of procuring the said services or works by third parties or increased financial funding from the BID Company;

12.4.4 alternative replacement services or works which will be acceptable to the BID Company; and / or

12.4.5 an appropriate time frame to resolve matters.

12.5 Notwithstanding Clauses 12.1, 12.2, 12.3 and 12.4 above, the Council shall procure that a Public Meeting is held prior to the termination of the BID Arrangements.

12.6 In the event that the parties cannot reach agreement in relation to any of the matters referred to in Clauses 12.3 and 12.4, and subject to consideration of representations made by any BID Levy Payer at the Public Meeting, the Council shall be permitted to terminate the BID Arrangements provided that notice by the Council to terminate the BID Arrangements will be provided to the BID Company no less than 28 days prior to termination taking place.

12.7 Upon termination of the BID Arrangements the Council shall review whether there is a credit in the BID Revenue Account. In the event that there are sufficient funds in the BID Revenue Account amounting to a refund of at least £10 for each BID Levy Payer (having already deducted a reasonable sum for the cost of the administration of such refund), the Council shall:

12.7.1 calculate the amount to be refunded to each BID Levy Payer;

- 12.7.2 ensure that the amount to be refunded is calculated by reference to the amount payable by each BID Levy Payer for the last chargeable period; and
 - 12.7.3 make arrangements for the amount calculated to be credited against any outstanding liabilities of each BID Levy Payer or, where there are no such liabilities, refunded to the BID Levy Payer.
- 12.8 Upon termination of the BID Arrangements the Council shall as soon as reasonably practicable notify the BID Levy Payers of such termination in accordance with paragraph 19(6) of the Regulations together with confirmation as to whether any part of the BID Levy is to be repaid to the BID Levy Payers in accordance with Clause 12.7.
- 12.9 The BID Company shall not be permitted to terminate the BID Arrangements where:
- 12.9.1 the works or services under the BID Arrangements are no longer required; or
 - 12.9.2 the BID Company is unable, as a result of any circumstances beyond its control to provide works and services which are necessary for the BID Arrangements to continue;
- unless and until it:
- a) serves the Public Meeting Notice on the BID Levy Payers;
 - b) serves the BID Company's Termination Notice on the Council; and
 - c) carries out a proper consultation with all relevant representatives of the BID Area as considered appropriate by the Council.
- 12.10 Upon termination of the BID Arrangements the BID Company shall notify the Council of such termination in accordance with paragraph 19(5) of the Regulations. The Council shall then notify the BID Levy Payers pursuant to paragraph 19(6) of the Regulations and confirm whether any part of the BID Levy is to be repaid to the BID Levy Payers in accordance with Clause 12.7.

13 Confidentiality

Both the Council and the BID Company agree to keep confidential and not to divulge to any person without the prior written consent of the other party all information (written or oral) concerning the business affairs of the other nor any information which has been exchanged about the BID Levy Payers or the Contributors or about other third parties which it shall have obtained or received as a result of operating the BID. This obligation shall survive the termination or lapse of the BID Arrangements.

14 Notices

- 14.1 Any notice or other written communication to be served or given to or upon any party to this Agreement to the other shall be in writing and shall be sent to the registered office of the parties or such substitute address in Scotland as may from time to time have been notified by that party.

- 14.2 A notice may be served by:
- 14.2.1 delivery to the reception at the Council's principal office;
 - 14.2.2 delivery to the Company Secretary at the BID Company's registered office;
 - 14.2.3 special delivery or recorded delivery post; or
 - 14.2.4 Electronic Communication (provided that it is in legible form and is capable of being used for subsequent reference).
- 14.3 Any notice served shall be deemed to have been validly served or given at the time when in the ordinary course of business it would have been received.

15 Exercise of the Council's Powers

Nothing contained in this Agreement or implied in it shall prejudice or affect the rights, discretions, powers, duties and obligations of the Council under all statutes, bye-laws, statutory instruments, orders and regulations in the exercise of its functions as a local authority.

16 Arbitration

- 16.1 An independent expert shall determine any dispute or difference between the parties in relation to this Agreement.
- 16.2 Such an independent expert shall be agreed between the parties, or, in default of agreement within five days of a request to agree, appointed on the application of either party by the President or other appropriate appointing officer of the Law Society of Scotland.
- 16.3 The expert will have recent relevant experience of the matter in dispute.
- 16.4 The decision of the independent expert shall be final and binding on the parties and the costs of the independent expert shall be borne as he may determine or otherwise shall be borne between the parties in equal shares.

17 Best Endeavours

The Council and the BID Company each confirm that it is their intention to use their best endeavours to promote the best interests of the BID and to consult fully on all matters materially affecting the development of the BID. The Council and the BID Company shall act in good faith towards each other in order to promote the success of the BID.

18 Governing Law

18.1 This agreement and any disputes or claims arising out of or in connection with its subject matter are governed by and construed in accordance with the law of Scotland.

18.2 The parties irrevocably agree that the courts of Scotland have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement. In witness whereof these presents on this and preceding 13 pages together with the Schedule (in four parts) annexed as relative hereto are executed as follows:

Subscribed for and on behalf of the Council

It is sealed with the common seal of the Council and signed for and on behalf of the Council

by.....
Authorised Signatory & Proper Officer

at.....

on.....

Subscribed for and on behalf of Living Lerwick
Business Improvements Ltd.

at
on
by
before

_____	Witness
_____	Full Name
_____	Address

_____	Occupation

The Schedule

This is the Schedule (in four parts) referred to in the foregoing Operating Agreement between Shetland Islands Council and Living Lerwick Business Improvements Ltd

Part 1

The BID Levy Rules

1. Calculation of the BID Levy

- 1.1 The BID Levy ranges from £200 to £850 per year. The BID levy will be fixed for the duration of the BID.
- 1.2 The BID Company will identify the BID Levy Payers.
- 1.3 The BID Company will calculate the BID Levy due from each BID Levy Payer in accordance with the following table:

Rateable Value	Annual Levy	Monthly payment*
£0 to £2500	£200.00	£20.00
£2501 to £5000	£300.00	£30.00
£5001 to £7500	£400.00	£40.00
£7501 to £10000	£500.00	£50.00
£10001 to £15000	£600.00	£60.00
£15001 to £20000	£700.00	£70.00
£20001 +	£850.00	£85.00

2. Collection of the BID Levy

- 2.1 The Council is responsible for collecting the BID Levy.
- 2.2 The Council will send to each BID Levy Payer a Demand Notice during July each year. The BID Levy will be paid either:
- (i) in a single payment with the payment due 28 days from the date of invoice; or
 - (ii) in 10 monthly instalments by direct debit with the first payment on 15th August each year.

3. Exempt Properties

The following properties are exempt from the Bid Levy:

- stores;
- garages;
- non-retail charities;
- places of worship;
- private car parks; and
- toll free car parks.

Part 2

The Baseline Services

- Refuse collection;
- recycling (kerbside and recycling banks);
- street cleaning (including cleaning and maintenance of the lane areas);
- grounds maintenance;
- handling of anti social behaviour (including noise nuisance) complaints;
- food safety advice;
- public health promotion;
- trading standards service;
- regulation of certain activities in the interests of public safety and order through the issue of licenses and permits;
- bus service provision;
- ferry service to Bressay;
- traffic management;
- management of pedestrianised areas;
- lighting;
- traffic lights;
- drainage;
- structures;
- roads, pavements and lanes maintenance;
- early morning road inspection service during winter;
- development management;
- policy and strategy development;
- conservation management;
- access management; and
- building control.

Part 3

The Complimentary Services

- Public toilets;
- neighbourhood support workers;
- monitoring of air quality;
- fly-tipping control;
- taxi stance on Victoria Pier;
- street furniture;
- Christmas lights;
- CCTV provision; and
- Safer Shetland action line.

Part 4

Map of the BID Area



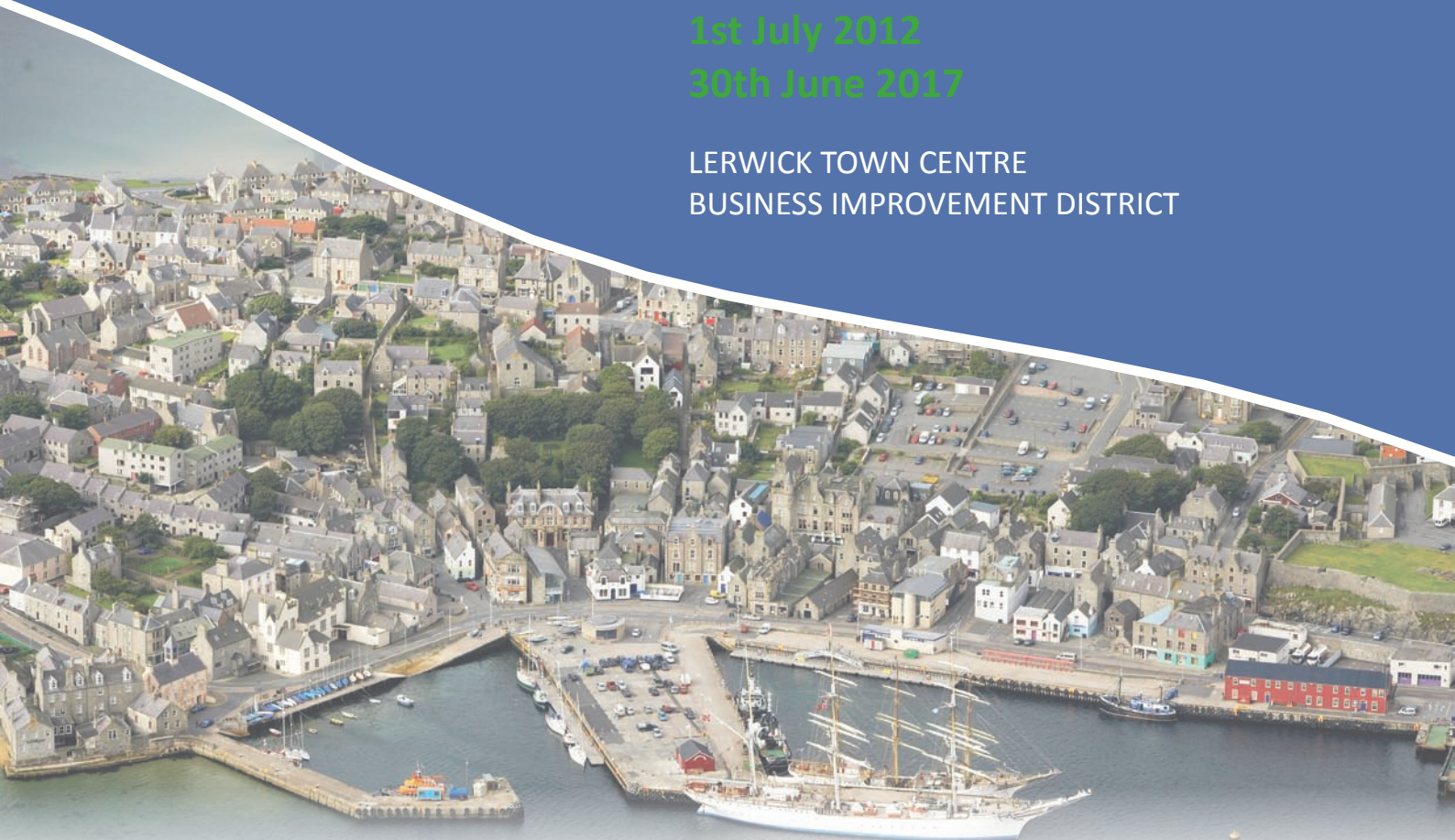
LIVING LERWICK

Business Plan

1st July 2012

30th June 2017

LERWICK TOWN CENTRE
BUSINESS IMPROVEMENT DISTRICT



www.livinglerwick.co.uk

Contact Information
Living Lerwick
7 Mounthooly Street
Lerwick
Shetland
ZE1 0BJ
Tel: 01595 696932
Email: info@livinglerwick.co.uk

Living Lerwick

Living Lerwick was formed to develop a Lerwick Town Centre Business Improvement District in the belief that together, we can improve Lerwick Town Centre.

The Living Lerwick steering group will oversee the transition into a new Company following a successful ballot, at which stage a new Board will be appointed. Only a yes vote will help to make Lerwick Town Centre better.

Name	Sector	Name	Sector
Harry Jamieson (Chair)	Retail	Richard Gibson (Vice Chair)	Professional Services
Cynthia Adamson	National Retail	Emma Gibson	Cafes & Restaurants
Alastair Cooper	Shetland Islands Council	Irene Hambleton	Accountancy
Iain Johnston	Hospitality	Steve Mathieson	Tourism
Peter Morrison	Financial Services	Ken Rae	Retail
Inga Scott	Retail	Suzanne Shearer	Craft
Irene Smith	Hair & Beauty	Allan Wishart	Shetland Islands Council

Christena Irvine is project manager.

“Let’s create a more vibrant, viable and sustainable town centre”

Steering group photo with VOTE
YES posters in their hands

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I'm voting YES detachable poster	Back

.....

If you do not find time to read the whole document,
it is vitally important to read the areas marked with an asterisk.



"I am right behind the whole concept of the
BIDs scheme. We are all facing particularly
challenging times and BIDs will give us the
tools we require to improve our product and
make the current trading environment more
attractive to the Shetland public"

Iain Johnston of KGQ Hotels Ltd

Welcome to The Living Lerwick Business Plan

I'm delighted to present this business plan. It outlines your priorities and gives a taste of how we can make Lerwick Town Centre better by working together.

What is a BID?

A BID is where businesses in a defined area vote to invest collectively in local improvements over and above those provided by statutory authorities. It is a partnership arrangement where the local business community and the statutory authorities work together on projects that will benefit the local economy and local businesses.

Supporting Living Lerwick is a great opportunity to work together and make the changes we all want. The cost to our businesses is low and through Living Lerwick we can access external assistance and funding not available to individual businesses.

All of the proposed improvements in this business plan were ideas from you, your employees and your customers which came out in our surveys. Every business in the area has had the opportunity to let us know what their priorities are. Using Living Lerwick, we can work together to increase footfall, stimulate investment and enhance the reputation of Lerwick Town Centre.

The purpose of Living Lerwick is to support our businesses, increase trade and improve our business environment. You can find more information on Living Lerwick on our website www.livinglerwick.co.uk, or for more general or national information refer to www.bids-scotland.com.

A notice of ballot will be sent to all eligible businesses on the 3rd May 2012, followed by the ballot papers on the 17th May 2012. You will have 6 weeks to cast your vote before the ballot closes at **5pm on 28th June 2012**.

I have lived in the town for over 40 years and know most of the business people in Lerwick. I would ask you all to vote YES so that we can work together to make Lerwick Town Centre better. VOTE YES for your town centre.

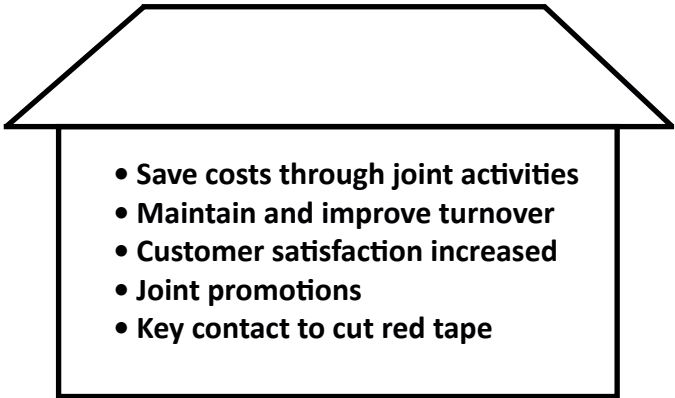
Harry Jamieson
Chairman - Living Lerwick Steering Group

Together we can achieve so much more



What can Living Lerwick do for me?

Together we can directly improve our businesses and trading environment (the foundations that support us);



.....

“A BID gives ownership of the town’s future to the businesses that depend on that future”

Tavish Scott MSP for Shetland

Emma Gibson of Peerie Shop and Peerie Shop Cafe
PHOTO TO COME (and quote)

The Survey

We asked you and your customers

The aim of the survey was to find out how you wanted Living Lerwick to improve Lerwick town centre. We surveyed members of the public and businesses, employers and staff who work in the area. Questionnaires were returned by 108 businesses (representing 82% of businesses in the area), 378 staff and 200 members of the public.

The surveys, analysis and reports were done independently by A.B. Associates Ltd. A summary of the findings is available at www.livinglerwick.co.uk.

We also interviewed a cross section of the businesses in the area. These interviews provided additional information to help us develop the projects and this Business Plan for Lerwick Town Centre.



Your Priorities

You told us you wanted more promotion and events, a better pedestrian environment and to smarten up the area. Our first three objectives are in line with this.

The aim of Living Lerwick is to work together to create a more vibrant, viable and sustainable town centre.

Objectives:

1. To make the town centre more vibrant, friendly, and welcoming = Small Town, Big Heart
2. To make it easier for customers to come to the town centre = Park and Ride.
3. To improve the look and feel and create a more attractive business environment
= Improve What We Have
4. To act for the common good of the businesses
= Give a Little - Gain a Lot
5. To help to identify and resolve safety issues
= Let's Keep Lerwick Safe

“The town centre is a focal point, the better it is maintained, the better it is respected.

Living Lerwick is a good idea”.

Michael Thomson - Surveyor

Summary of services already provided

A range of services are already provided within the area by Shetland Islands Council and Northern Constabulary. Additional services are also provided by Lerwick Port Authority. Establishing the baseline services provided in the area can assist us all in working together to ensure we have a clean, well maintained, functional and accessible area. It also ensures that Living Lerwick will only be providing additional services. It is recognised by Living Lerwick that a very high level of service is provided by Shetland Islands Council (SIC). Living Lerwick will work in partnership with SIC to achieve projects, thereby enhancing a few of the services. An example of this is to "Develop a reporting and feedback system between businesses and the SIC to ensure the street, lanes and drains are clean and well maintained". Shetland Islands Council provides the following services (both statutory and discretionary) within the Lerwick Town Centre area for which the businesses pay non domestic rates:-

Transportation

- Bus Travel Provision
- Bus stop on Esplanade
- Ferry service to Bressay
- Taxi Stance on Pier
- Dial-a-ride Service link to Tingwall airport

Community Safety

- Licensing and Permits (street traders, public entertainment, etc.)
- Neighbourhood Support workers
- Food Safety
- Public Health including Health promotion

Activities

- Anti Social Behavior including noise nuisance

Cleansing

- Refuse Collection
- Recycling (Kerbside)
- Recycling (Banks)
- Street Cleansing
- Public Toilet

Grounds Maintenance

- Drainage
- Structures
- Road/Pavement/Lanes Maintenance
- Winter

Lighting

- Street lighting
- Christmas lights

Traffic

- Traffic Management
- Pedestrianisation/Pedestrianisation Orders
- Traffic Lights

Street Furniture and signage

- Street Furniture
- Signage

Planning

- Development Management

Policy & Strategies

- Conservation issues



Summary of services already provided

Northern Constabulary provide the following services within the area:

- 24/7 Policing response
- Dedicated policing during Peak Times
- Enhanced policing levels during special events
- Operation and control of the town centre CCTV system
- Liaison with partner agencies and other groups
- Crime Prevention - advice
- Employment of a traffic warden

Lerwick Port Authority provide the following services within the area:

- Management, maintenance and regulation of the Port, providing services to commercial and pleasure vessels such as berthing and pilotage
- Berthing for visiting yachts and cruise ship tenders
- "Meet & Greet" welcome ashore pavilion on Victoria Pier as part of the "Meet & Greet" services provided to visiting cruise ships
- Pay & display car parking at Victoria Pier
- Amenity improvements in the area
- Hosting events such as annual yacht races, local and other sailing events.



The Living Lerwick Projects

Based on the feedback provided in the surveys, five key objectives and associated projects have been developed. These are outlined as follows:

Objective 1. Small Town, Big Heart

To make the town centre more vibrant, friendly and welcoming.

Project	Activity	Measurement	Benefit to business
Talk for the Town Co-ordinated promotion of all Lerwick Town Centre businesses and the events and activities taking place throughout the year	A Lerwick Town Centre business directory, visitor map, branded publications, inserts in the local press, radio, social media, internet and mobile technology	Numbers of publications and other promotions Business and public surveys	Cost reduction through collective investment Improved knowledge of goods and services in Lerwick Town Centre
Streets Alive Use the street as a venue to encourage more people to visit and spend time in Lerwick Town Centre	A minimum of three annual events, e.g.: Da Street Day, Shopping week, Winter festival, Street markets	Number of new events Business and public surveys	Increased number of visitors Improved perception of Lerwick Town Centre
Shetland Street Use the street as a showcase of Shetlands local culture to encourage people to visit and spend longer	Da street gallery Themed window displays	Business and public surveys	Increased number of visitors
First Class Improve the quality of products and services to customers	An inspirational window and internal display course Bi-annual Shetland Ambassador customer care training course	Participant evaluation and feedback Business and public surveys	Increased footfall Increased number of visitors
Cruise In Encourage visits and spend by cruise liner passengers.	A new initiative which works with cruise liners to communicate with their passengers	Business surveys	Increased number of visitors

Small Town, Big Heart, year 1 total = £51390

“Success for Living Lerwick will help us to work together as a Town Centre for the benefit of Shetland as a whole and help us breathe new life into our vitally important commercial and social centre”.

Steve Mathieson of Visit Shetland



The Living Lerwick Projects

Objective 2. Park and Bide

To make it easier for customers to come to the town centre.

Project	Activity	Measurement	Benefit to business
Plenty parking Work with SIC and Northern Constabulary to improve parking and promote what already exists.	Improved parking system Promotion of existing parking systems	Business and public surveys	Improved perception of parking availability
Easy access Work with others to improve accessibility	Improved access to the town centre	Business and public surveys	Improved perception of accessibility.

Park and Bide, year 1 total = £3000

Objective 3. Improve What We Have

To enhance the look and feel of the town centre and create a more attractive business environment.

Project	Activity	Measurement	Benefit to business
Look after our area Improve the quality and environment of Lerwick Town Centre linked to local and national initiatives and funding	Business property improvements Enhanced maintenance and cleanliness Improved quality of public spaces e.g. Harrison Square and Merran Moad steps	External funding approved Number of businesses benefitting Number and type of improvements Business and public surveys	Access to funding to reduce property improvement costs. Improved perception, amenity and visual appearance More attractive environment for customers and the general public
Add interest Use our rich culture and heritage to create eye-catching, original detail	Interactive trail and summer scheme	External funding approved New decoration Business and public surveys	Improved perception and visual appearance More attractive environment for customers and the general public

Improve What We Have, year 1 total = £16000

“We have more power together”

The Living Lerwick Projects

Objective 4. Give a Little - Gain a Lot

To act for the common good of businesses in the town centre.

Project	Activity	Measurement	Benefit to business
Reduce costs Use collective bargaining power to reduce costs	Reduced freight costs, collective discounts, reduced lighting costs	Number of businesses benefiting Business and public surveys	Reduced costs
More bang for our bucks Use strength in numbers to attract support	Increased resource for the benefit of Lerwick Town Centre	External funding In kind support Additional resource	Access to funding and support not available to individuals
Say what we think Develop improved partnerships with others to make our views heard	Inclusion in policy working groups	Policy working groups membership	Opinion included in policy development
Support and train Improved flow of information on available support and new specialist training courses	Increased awareness of available business support Designing and developing relevant training for business	Businesses using available support Training courses developed	Support received Better trained staff
What customers want Use market research to develop town centre businesses	A minimum of 2 customer feedback tools designed for business use	Number of businesses using market research tools	Improved customer service Improved efficiency in buying in stock

Give a Little - Gain a Lot, year 1 total = £4000



The Living Lerwick Projects

Objective 5. Let's Keep Lerwick Safe

To help to identify and resolve safety issues in the town centre.

Project	Activity	Measurement	Benefit to business
Feel secure Work with Northern Constabulary to address issues of safety.	Improved relationship with Northern Constabulary Increased awareness of businesses safety concerns Maintain perception of town centre as a safe place to be	Number of concerns reported Business and public surveys	Maintains a safe trading environment
Shop alert/Pub watch Evaluate the need for introduction of a shop alert/pub watch scheme.	Research into the level of shoplifting and evening incidents Introduction of scheme if demand requires Decrease in number of shoplifting and evening incidents	Research report Existence of scheme Crime statistics	Increased sense of security Less stock loss

Let's Keep Lerwick Safe, year 1 total = £500

Overall impacts of the projects during the five-year term

Feedback on individual projects in the business plan will be reported to businesses annually.

In these difficult economic times, with increasing competition and limited budgets, the focus will be on maintaining business levels and quality improvements to meet customer demand.

The overall success of Living Lerwick will be measured against the impacts we hope to achieve from the projects during the life of the BID. These are:

- 1) Increase in number of visitors to Lerwick Town Centre.
- 2) Additional funding levered in by the levy investment.
- 3) Improved visual appearance of Lerwick town Centre.
- 4) Reduction in business costs.
- 5) Improved customer perception of Lerwick Town Centre and it's businesses.

The Living Lerwick Projects - Detail

To help you picture the potential, further details on a few projects are provided. When the new Board is in place, groups will be set up for each of the projects in this plan. This means you can get involved and have some control over what will be achieved.

Co-ordinated Promotion (part of Small Town, Big Heart)

Using Living Lerwick to jointly promote Lerwick Town Centre and the products and services it offers opens up promotional opportunities that one or even a few business could never dream of doing on their own. The following are examples of what can be possible with Living Lerwick:

Promotion

Traditional methods

We can create a Lerwick Town Centre business directory and distribute it as an insert in The Shetland Times. Create positive stories about Lerwick Town Centre and distribute through local media.

Internet, mobile technology and Social Media

Our public survey told us that 69% of people visit the town centre less because they shop online. This figure is nearly double that of any other reason. We all really need to start using the internet as a promotional method.

Research suggests that the majority of shoppers research products they intend to purchase online before buying locally. We can use this in our favour and create a website for Lerwick Town Centre, which holds our business details and details on the products and services we sell. The website could also make use of social media.

If this website were created, the business and product details from it could be automatically fed to a mobile phone app designed for Lerwick Town Centre. This would also attract more visitors and local shoppers to your business and your products.

Events

Together, we can hold large events that are on the street itself to increase the footfall on our doorsteps. The courses on window display and internal displays will also help us encourage the people to come in to our shops/pubs/restaurants.

We would have the ability to plan the events to suit ourselves. All events would be designed and timed to achieve maximum sales potential for our businesses and as much positive media coverage as possible.

All of the above will be developed with other bodies to reduce the overall cost to Living Lerwick.

The Living Lerwick Projects - Detail

Street as a venue, interactive trail (part of Small Town, Big Heart and Improve What We Have)

To develop, encourage and reclaim the street as an exciting social hub through music, art, performance and events. A place to meet, discover, inspire and TRADE.

Street as a stage

Encourage musicians and performers into the Town Centre. Provide power points and marked performance spaces. This would deliver Shetlands diverse music and written word to an everchanging audience. It adds visual and audio interest to the area. Shetland Arts Development Agency are keen to help with this, other funders and sponsorship will also be sought.

Street as a gallery

Facilitating an annual exhibition by an artist This could be in conjunction with schools or local groups and use banners, vacant properties, windows, etc. A range of products including prints to be produced. These would be available for sale in Town Centre shops but also Shetland wide, thus promoting the project further afield and bringing in income to support the costs.

Street as an art trail

An ongoing project to develop a dynamic cultural Art Trail through Lerwick's historical town centre, depicting our diverse and deep routed relationship with the sea. Intriguing thought provoking works would be commissioned from artists, crafts makers, musicians and writers. These may consist of small bits of writing carved onto a surface, an inlay on a wooden bench, a movement activated sound clip, a piece of etched glass, a small sculpture to discover in the lanes, a piece of metalwork that catches your eye in some railings, an unexpected patch of light. These will all be recorded on a map that will encourage locals and visitors to explore and appreciate Lerwick's rich historical town centre and see what else is on offer today on the street.

We would aim to attract outside funding for this project as well as business sponsorship for individual pieces. The intention is to build on these so that they become part of the fabric of Da Street.

Picture
from
Hull

The Living Lerwick Projects - Detail

Lerwick Town Centre Map and Information Board (part of Improve What We Have)

This scheme will create a new Lerwick Town Centre Map and Information Board that will be distinctive and inspirational and promote the historic and cultural as well as commercial aspects of the Town Centre.

It will feature an attractive and easy to read design, highlighting local landmarks along with the retail establishments and emphasising the uniqueness and diversity of Lerwick Town Centre. The reverse of the map will carry interesting snippets of local information plus full details of all commercial premises (name, address, phone, e-mail, website and brief description of the nature of each business).

Visitors will be able to explore Lerwick with confidence and be informed, inspired and motivated to experience for themselves what is available within the town. The map itself will be a high quality product that visitors will keep as a souvenir of their holiday, allowing them to re-visit the details of retailers at a later date and order goods that were missed previously, creating further opportunities for encouraging e-commerce.

This will be developed with other bodies to reduce the overall cost to Living Lerwick.

Relevant pictures

The Living Lerwick Projects - Detail

Street market (part of Small Town, Big Heart)

To develop, encourage, and reclaim the street as a market for Shetland produce. The idea behind the street market is to encourage people to return to the town centre and provide a place for producer and customer to meet, ensuring what they buy is locally produced, environmentally friendly and has not clocked up huge numbers of transport miles. Street markets create a buzz in town centres, becoming a social and economic meeting place. A changing range of seasonal goods would encourage people to become regular visitors to the street and get to know what is available in both the market and other town centre shops - not just the one-stop shopping we have become accustomed to.

It would also retain the maximum cash in Shetland. Street markets are thriving elsewhere - why not here?

The market would be held at least one day a week in Commercial Street during summer and would be accompanied by other events and entertainments. It would be promoted by Living Lerwick who will own, store and erect the stalls when booked by approved producers (for a small fee to cover costs and renewals). Additional market days will be arranged to co-ordinate with other events such as cruise liners, Christmas, music festivals etc. The initial stage would be to provide twenty, 2.4 x 2.4 meter covered market stalls (with the option of battery-powered display lighting) that could be let individually or in multiples. 37 possible sites have been identified between the post office and Fort Charlotte.

We anticipate that the initial set-up costs would be shared between Living Lerwick and external funding bodies.

**Relevant images
or sketch of how it could look?**

Income and Expenditure

Income	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Living Lerwick Levy	80000	80000	80000	80000	80000	400000
SIC Management support (subject to approval)	19890*	*	*	*	*	19890
Grants, sponsorship, trading	0	0	0	0	0	0
Income Total	99890	80000	80000	80000	80000	419890
Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Small Town, Big Heart	51390	35500	34500	35500	46000	202890
Park and Bide	3000	1000	1000	1000	1000	7000
Improve What We Have	16000	19000	20000	20000	8500	83500
Give a Little - Gain a Lot	4000	2000	2000	1000	2000	11000
Let's Keep it Safe	500	500	500	500	500	2500
Management and operational costs	21000	18000	18000	18000	18000	93000
Contingency	4000	4000	4000	4000	4000	20000
TOTAL	99890	80000	80000	80000	80000	419890

Living Lerwick's estimated income is based on full payment of levy every year. In case a 100% collection rate is not achieved, 5% contingency budget has been included. All of the contingency budget will be spent on your projects if more than 95% of the levy is collected.

Once Living Lerwick is operational, any variations within budgets will be reported to the Living Lerwick board for agreement. The Board will agree on an annual basis how funds for subsequent years will be allocated. This will be based on business feedback during the previous year and your priorities for the coming year, which allows Living Lerwick the flexibility to respond to changing business needs and requirements. Funds will be set aside for the renewal ballot in year 5.

**Shetland Islands Council has agreed to fund 50% of the Living Lerwick management and operations and project management for year one (subject to approval). There is agreement in principle for this arrangement to continue for the duration of the BID up to a maximum of £20,000 per annum, subject to budgetary process and submission of satisfactory evidence of Living Lerwick's performance and impacts. Applications for additional grant funding from the Council for specific projects would also be considered based on their merit.*

The improvement levy will make it easier to obtain other sources of public funding for specific projects and these opportunities will be pursued. Living Lerwick aims to attract other investment, sponsorship and trading income to increase the amount available to spend on your projects as they develop (e.g. Town Centre Regeneration Fund, LEADER, The BIG Lottery).

As Living Lerwick progresses, more income will be attracted. Expenditure will rise in line with income and will be distributed between your projects shown below as decided by the new Board.

Living Lerwick Area

Living Lerwick will cover the areas marked in blue shown on the map below.



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Scale: 1:2500

Date: 10/11/11

What will it cost me?

The Improvement Levy ranges from £200 to £850 per year. Your levy will be fixed for the five years and is based on the cost of delivering the projects and services, identified by you, to improve Lerwick Town Centre.

Rateable Value	Annual Levy	Monthly payment*	No of Businesses
0 to 2500	£200.00	£20.00	27
2501 to 5000	£300.00	£30.00	35
5001 to 7500	£400.00	£40.00	33
7501 to 10000	£500.00	£50.00	27
10001 to 15000	£600.00	£60.00	18
15001 to 20000	£700.00	£70.00	10
20001 +	£850.00	£85.00	24
* You can pay your levy over 10 months by direct debit			

At the lowest end of the range, the daily price of your levy is fifty-five pence per day (less than a cup of coffee). At the highest end, the daily price is £2.33 per day (less than a sandwich).

Your levy is not related to non domestic rates (business rates) and is a separate levy agreed by the businesses to bring about improvements to the town centre through projects and services that are in addition to the statutory services delivered by SIC. The funds collected will be held in a separate account called the BID Revenue Account to which SIC have no access. Your levy cannot be used by SIC as an additional funding source.

Collection of the Levy

Your improvement levy will be collected by Shetland Islands Council under the terms of the Operating Agreement with Living Lerwick. This agreement is available on www.livinglerwick.co.uk or you can request a printed copy. There will be one invoice sent during July each year. The invoice will state "BID improvement levy" and will be payable either in a single payment with the payment due 28 days from the date of invoice or in 10 monthly instalments by Direct Debit with the first payment on 15th August each year. In the event of any non payment of the BID improvement levy, it will be strongly pursued to ensure complete fairness to all the businesses that have paid. A fee will be charged to meet any additional costs incurred. All properties liable to pay non-domestic rates and listed on the Local Assessors Valuation Roll on the day of the ballot will be liable to pay the business improvement district levy. The BID improvement levy will be paid by the occupier. However, the levy will be chargeable to the property owner where a property is vacant on the day the levy invoice is issued.



"Working together makes sense"

Exemptions

Storage units, garages, non-retail charities, places of worship, private car parks and toll free car parks in the area will be exempt.

Arrangements

As charity shops will benefit from Living Lerwick in the same way as any other retail outlet within the area, there will be no exemption from paying the levy.

Any new commercial development or new business with a non domestic rateable valuation coming into the area during the 5 year term of Living Lerwick, will be liable pro rata for that year, for the BID Improvement Levy.

If there is a change, or several changes in occupier to a property, until a new occupier is found the property owner will be responsible for paying the levy.

Self catering holiday accommodation which is not the sole or main residence of any person and which is available (or intended to be available) for letting on a commercial basis, with profit in mind, for short periods totalling more than 140 days in the financial year remain liable for non-domestic rates for the whole year and will be included.



The Ballot

From 17th May to 28th June 2012 each eligible business will be asked to cast their vote for Living Lerwick in a formal, confidential ballot. Shetland Islands Council is responsible for managing the ballot, to ensure it is done fairly and is not influenced by Living Lerwick. All eligible voters (i.e. those persons liable to pay non domestic rates) will have one vote or where an eligible voter has more than one business, that individual shall be eligible to cast more than one vote, however they will be required to pay the levy for each of the properties that they occupy.

A ballot paper will be sent to each rateable business, to be completed by placing a cross in either a 'YES' or 'No' box, as a response to the question 'Are you in favour of the Lerwick Business Improvement District proposals?' The ballot paper should be signed by the person who completed it and returned in the pre-addressed postage-paid envelope by 5pm on Thursday 28th June 2012.

If a business has more than one rateable property it will receive a ballot paper for each property. Each paper counts as one vote. It is important that EVERY paper received is completed and returned.

Living Lerwick will proceed if the following tests are met:

1. A 25% turnout is achieved
2. Of the votes received, a numerical majority of the eligible properties voting in the ballot must vote in favour; and
3. Those voting in favour must represent a majority by rateable value of the rateable properties exercising their vote.



"Together we're stronger"

Management of Living Lerwick

Communication with the levy payers and stakeholders.

Living Lerwick will ensure that levy payers and stakeholders are kept informed of progress. The table below shows how and when we will communicate.

Communication Method	J	F	M	A	M	J	J	A	S	O	N	D
Manager available for discussion												
Website												
Newsletter												
Annual General Meeting and Annual report												
Media coverage from Living Lerwick												
Business networking events												
Open business forums												

Promoting Living Lerwick

All Living Lerwick marketing materials, projects and services will be branded to clearly inform everyone of the activities and progress of Living Lerwick. Living Lerwick will play its part in the national BIDS family and will collaborate with other BIDs in exchanging good practice ideas whilst maximising the collective strength of BIDs by working with BID Scotland. BID Scotland is the national organisation for business improvement districts in Scotland.

Minimising risk

The Board will take all steps necessary to minimise any risk associated with Living Lerwick (financially or otherwise) by only using reputable contractors to deliver projects. The Board will adopt best practice in its procedures and be open and transparent in its operations.

Review

To make sure all the projects and services in this plan are being delivered, Living Lerwick will report regularly to the levy payers, Shetland Islands Council and BID Scotland. There will be an interim review at 2 years and at 4 years. Living Lerwick will also report annual results of auditing to the Board and the levy payers at its AGM.



Management of Living Lerwick

Governance and management

Following a successful yes vote, the management and operation of Living Lerwick will be transferred to a Company which will operate from 1 July 2012. This Company will be managed by the Living Lerwick Steering Group until a Board of Directors is elected. The form of Company will be decided upon by the Steering Group and will ensure the optimum status to benefit Living Lerwick. The Company will operate in a transparent way, answerable to the businesses in the area. There will be a detailed set of protocols which will cover the management of Living Lerwick and billing, collection and transfer of the levy.

A fully constituted Management Board will be established, consisting of up to 15 directors. Every business that pays the levy will have the opportunity to nominate someone to be elected onto the new Company Board. It will be possible to nominate yourself. The new Company will be run by the businesses for the businesses. This Board will be responsible for all decisions relating to staff, contracts and other activities generated by Living Lerwick.

The Living Lerwick Board will have the ability to adapt or alter the projects and services from year to year to reflect any change in economic circumstances or any new opportunities that may arise. This will be in the best interests of the businesses and without recourse to an alteration ballot.

The Board will be representative of the businesses and stakeholders in the area. The Chair, Vice Chair and Treasurer will be elected from the business members of the Board. The Board will include two representatives from Shetland Islands Council. There will also be a non-voting member from Northern Constabulary. Other non voting members may be co-opted onto the Board at the Board's discretion.

The Memorandum and Articles of Association that govern Living Lerwick and annual accounts will be available from www.livinglerwick.co.uk.

“Power in Working together”



Suzanne Shearer of North
Rock Gallery

“Working together makes
sense”

I'm voting



to improve Lerwick town centre

**Development Committee****26 January 2012****Management Accounts for Development Committee –
April – Sept 2011****F-003-F****Report Presented by Head of Finance****Finance Services****1.0 Summary**

- 1.1 The purpose of this report is to enable the Development Committee to monitor the financial performance of services within its remit, on the revenue and capital accounts, in order to determine that the expenditure levels and income generated will be delivered within the approved budget for the year. There are no specific actions to take at this stage in the year beyond ensuring that the efficiency projects already identified in the year are implemented and savings secured, or alternative savings found.

2.0 Decision Required

- 2.1 The Development Committee is asked to RESOLVE to:

- review the Revenue Management Accounts, from 1 April 2011 – 30 September 2011;
- review the Capital Management Accounts, from 1 April 2011 – 30 September 2011; and
- review the progress on securing savings and efficiencies in the year.

3.0 Detail

- 3.1 This Report presents the second quarter's management accounts, for the 6-month period from 1 April 2011 to 30 September 2011. The Report shows the overall position on:

- the revenue account (which includes the General Fund, the Reserve Fund, the Support Services ledger and any rechargeable costs);
- the capital programme.

- 3.2 The Report describes any changes to expenditure or income which has occurred since the budget was set in February 2011. The Development Committee has responsibility for Development Services costs (excluding Housing and Community Planning & Development).
- 3.3 The position is summarised in Table 1 below, showing the revised budget and a comparison of the actual spend and income against what was expected at the time the budget was set.

Table 1:
Revenue Account - Revenue Management Accounts for 6 Months
(April – Sept 2011)

Development Functions

Description	Annual Revised Budget 2011/12 £m	6 Months Budget 2011/12 £m	6 Months Actual 2011/12 £m	6 Months Difference 2011/12 £m
Economic Development	10.9	5.6	3.6	2.0
Planning	1.9	1.0	0.7	0.3
Transport Planning	5.3	2.4	2.4	0.0
Shetland College	0.6	0.3	0.3	0.0
TOTAL Controllable Cost	18.7	9.3	7.0	2.3

- 3.4 There is an underspend of £2.3m (12%), on services under the Development Committee remit which is accounted for as follows:
- Economic Development, £2m - largely due to late claims and complications in the processing of loans; and
 - Planning, £0.3m - in relation to vacant posts and outstanding or unspent grant payments.
- 3.5 For services under the remit of the Development Committee there is a requirement to find recurring savings of £0.4m; to date £0.2m has been achieved. In addition to this, one off savings of £354K have been made for the current year.
- 3.6 There are 4 remaining savings proposals, which have been categorised as not being deliverable this year. These are itemised in Appendix 1 attached.
- Work will be ongoing to identify alternative recurring revenue savings across Development Services to meet the shortfall in the approved recurring savings.
- 3.7 For the services within the remit of the Development Committee, the summary capital management accounts are set out in Table 2 below (more detail of which is included at Appendix 2). This covers the services provided by Development Services (excluding Housing and Community Planning & Development).

Table 2:
Capital Management Accounts for 6 Months (April – Sept 2011)

Development Functions

Description	Annual Revised Budget 2011/12 £m	6 Months Actual 2011/12 £m	Estimated Outturn 2011/12 £m	Difference 2011/12 £m
Shetland College	0.9	0.1	0.9	0.0
Economic Development	1.1	0.5	0.7	0.4
Transport Planning	3.1	0.8	2.5	0.5
TOTAL	5.1	1.4	4.2	0.9

- 3.8 There is an overall estimated annual outturn underspend of £0.9m (18%) against annual budget for 2011/12. Where there is an expected overspend against budget on individual projects, the Executive Managers will review projects to reduce spend or source a virement to meet the additional cost from other projects in the programme.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – There is a specific objective within the Corporate Improvement Action plan to ensure that, “the Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves Best Value”.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority –The Council approved a budget in February 2011 for the 2011/12 financial year. In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to monitor and review the financial performance of the services within its remit, and to discharge the powers and duties of the Council within its functional areas in accordance with the policies of the Council and the relevant provisions in its approved revenue and capital budgets.
- 4.4 Risk Management – There is a risk that the efficiency savings will not be delivered resulting in the need for an additional draw on reserves over that approved in February 2011.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

- 4.7 Financial – There is a need to secure all the savings across the Council to ensure spend is contained within the budget set in February 2011.
- 4.8 Legal – None.
- 4.9 Human Resources – None.
- 4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 This report presents the Development Committee's revenue and capital management accounts for the first 6 months of the year (1 April 2011 – 30 Sept 2011).
- 5.2 On the capital account, for the first 6 months, spending is less than would be anticipated at 27% and has been estimated to remain underspent at the year end.
- 5.3 On the revenue account, expenditure and income on the core budgets is underspent for the first 6 months as described in paragraph 3.4 above. Progress has been made on identifying specific savings of £0.4m within the remit of the Committee. Executive Managers are required to find alternative savings to meet the shortfall where it has been determined that savings will not be achieved this year on specific projects.

For further information please contact:

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List of Appendices

Appendix 1 - Development Committee - Outstanding Savings/Efficiency Projects and Action Plan

Appendix 2 – Capital Management Accounts, 1 April 2011 – 30 September 2011, for Development Committee

Background documents:

Approved Budget Report, SIC February 2011

<http://www.shetland.gov.uk/coins/agenda.asp?meetingid=3195>

Financial Policy Report, SIC March 2011

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=11959>

Reserves Policy Update, October 2011

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12580>

Strategic Budget Plan 2012/13 Onwards

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12581>

Reserves Policy Update, December 2011

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12839>

END

Position Summary

Approved Budget Reduction Totals	Not Deliverable	Under Consideration/ To be confirmed	Savings Actioned	% Savings Actioned	Additional Savings identified in 2011/12	Overall Total Savings in 11/12
394,405	201,088	0	193,317	49%	353,856	547,173

Details of Projects Outstanding

Service Area	Item	Y1 £	Financial Status - Year 1	Action Taken/Required
Economic Development	Reduction of revenue supported costs from re-organisation of service (15%) - double counted in estimates process	150,461	No action	Not deliverable - savings already accounted for during estimates process in error
Planning	Delete existing part-time Building Standards Surveyor post. Statutory changes in Building Standards and Planning require more early intervention in site and increased site inspections which is better fulfilled by other posts in the Planning Service. Increase admin from part-time to full-time. Implementation 2011/12 - permanent saving.	5,627	No action	Not deliverable - possible savings on this item overstated by £5,627 this cannot be found from the savings specified.
Transport Planning	Increase air fares for non-island residents - conservative estimate at this stage - more work required. Implementation 2011/12 - permanent saving.	20,000	Income budget increased	Not deliverable - per Scottish Government guidance.
Transport Planning	Merge all booking services for ferries into one location - one less staff member required. Implementation 2011/12 - permanent saving.	25,000	Budget removed	Not deliverable - Y1 complete as one-off saving found elsewhere. Y2/3 to be found from Infrastructure review.

Capital Management Accounts
1 April 2011 - 30 September 2011 for Development Committee

F-003 Appendix 2

Cost Centre	Description	Revised Budget	YTD Actual	Estimated Outturn	Est Year End Variance (Adv) / Fav	Actual Spend as a %
		£	£	£	£	
UCL5203	Shetland College Extension	885,294	134,669	885,294	0	
	Shetland College Projects	885,294	134,669	885,294	0	15%
GCL4402	Cinema/Music Venue	138,382	138,382	138,382	0	
GCD1576	Fibre Optic Cable	1,000,000	316,249	600,000	400,000	
	Economic Development Projects	1,138,382	454,631	738,382	400,000	40%
GCY7213	Inter Island Transport Links	500,000	62,555	100,000	400,000	
GCY7214	Fetlar Breakwater	2,386,004	698,018	2,386,004	0	
GCY7215	Skerries South Mouth	181,252	42,407	50,000	131,252	
	Transport Planning Projects	3,067,256	802,979	2,536,004	531,252	26%
	Planning Projects	0	0	0	0	
	DEVELOPMENT TOTAL	5,090,932	1,392,279	4,159,680	931,252	27%

**Development Committee****26 January 2012****Local Visitor Information Services**

Report Number DV006 – F

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

- 1.1 The purpose of this report is to examine the key components of providing an effective local visitor information service for the whole of Shetland including the funding and partners required to support it.
- 1.2 The report makes recommendations for how Shetland can continue to provide a high quality local visitor information service, which is responsive to the needs of Shetland's target markets, and offers good value for money.
- 1.3 It recommends that the Development Committee approve the continuation of Council funding, towards the delivery of the service and creation of a delegated scheme for this purpose.

2.0 Decision Required

- 2.1 That the Development Committee resolve to approve the proposed approach outlined in this report to deliver an effective local visitor information service for the whole of Shetland, for the remaining life of the Shetland Tourism Plan 2012 –2014, subject to the availability of funds and approval of annual budgets.
- 2.2 That the Development Committee resolve to approve the Local Visitor Information Services Scheme, attached as Appendix 2, as a delegated scheme.
- 2.3 Delegate authority to the Director of Development Services, or his nominee to administer the Local Visitor Information Services Scheme as set out in Appendix 2.

3.0 Detail

- 3.1 Providing high quality local visitor information and effective methods of gathering and responding to customer feedback is recognised as a major factor in growing the tourism sector.
- 3.2 Shetland's strengths in partnership working and innovation have been fully utilised over the last few years to develop a local visitor information service that recognises the valuable contribution made to Shetland's tourism product by all areas of Shetland.
- 3.3 The method by which Shetland markets itself to the outside world has been the topic of great debate in the last few years. In recognition of its remoteness, unique identity and distinct culture and heritage Shetland has taken the position that, as well as promoting itself to visitors, as part of Scotland, it must also build a strong reputation for Shetland as a destination in its own right. This is not just in relation to tourism but involves all areas of Shetland's economy. For the tourism sector this means that Shetland currently has two strategic organisations actively promoting Shetland to visitors ie VisitScotland and Promote Shetland.
- 3.4 Following on from this pre-arrival marketing it is also important that visitors expectations are met when they arrive and that local information is available, from a range of sources, to meet their needs while they are in Shetland. In the face of an economic downturn targeting limited local resources to provide a high quality sustainable local visitor information service and effective methods of gathering and responding to customer feedback are considered critical if Shetland is to achieve its aim:

"To be a year-round destination offering high-quality products, services and experiences" Ref Shetland Tourism Plan 2011- 2014

- 3.5 In addition to the Tourist Information Centre in Lerwick, which is funded from central government funding to VisitScotland, Shetland has developed a number of local initiatives to provide visitor information throughout the islands. The majority of these are funded by the Council and are carried out under contracts or agreement, by local businesses, Trusts, Community Enterprises and other local organisations working in partnership to build a strong and positive reputation for Shetland.

3.6 Components Of An Effective Local Information Service

An Audit of Shetland's Local Visitor Information Service is attached as Appendix 1. All the recommendations in the audit have been considered with reference to value for money. Wherever possible it is being proposed that existing resources should be used to maintain, enhance and develop the service. Some savings have been identified in the gateway and rural information network but it has been proposed that these would be used to include Whalsay Interpretive Centre and the New Scalloway Museum in the service and to support community museums to extend the season and open by appointment during April and October. For most component parts of the service and for the

service overall the proposal is to have no increase in budget. Publishing costs for example would be fixed for the next 3 years and the introduction of a pricing policy and the development of online information services and mobile technology is intended to reduce visitor dependence on printed information and savings in the longer term.

- 3.7 The central ambition of the tourism sector is to grow and increase its absolute contribution to the Shetland economy. To achieve this Shetland's tourism plans since 2006 have highlighted the importance of making more of existing resources to deliver a good value and quality experience to visitors; better targeting support to the sector and partnership working to provide improved gateway and information services.
- 3.8 Quantifiable evidence of the current value of tourism has not been measured since the last visitor survey in 2006. At that time annual visitor expenditure was £16.4 million and 1,200 people derived part of their income from tourism. The visitor expenditure figure is probably now well over £20 million due to the growing number of visitors in recent years.
- 3.9 Measuring the volume, value and nature of the islands tourism is critical if Shetland is to develop and grow the sector sustainably. With this in mind and taking into consideration the £50,000+ cost of an island survey, Shetland is currently developing a proposal together with the Western Isles and Orkney to share the costs and carry out a pan island survey between March 2012 and March 2013.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – This report has strong links with Council Corporate Plan Policies to “Promote Shetland as a tourist destination” and “Further improve Shetland’s reputation as a place that offers excellent products and meets the needs of consumers”
- 4.2 Community /Stakeholder Issues –The recommendations in this report were agreed in consultation with the partners and stakeholders identified in section 3 in particular Promote Shetland and VisitScotland. They were also discussed in detail at a meeting of local information providers held at the Shetland Museum on Thursday 10 November. 2011. Attendees included representatives from the Lerwick Port Authority; Shetland Tourism Association, Shetland Heritage Association, Shetland Tour Guides Association; Shetland Amenity Trust, Community Museums and Heritage Centres, and representatives from the private sector involved in providing local visitor information.

- 4.3 Policy And/Or Delegated Authority – The subject of this report complies with the Council's Economic Policy Statement 2007-2011 and in particular policy numbers 5, "Continue to develop Shetland as a tourist destination through the development of high quality products and services "; 6 "Continue to promote Shetland as a high-quality visitor destination" and 7 "Support people involved in products and services for the tourism sector". 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).

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

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

- 4.4 Risk Management –Highlighting the value of Shetland's local visitor information service could result in an expectation on the Council to continue to support the service. Reducing or removing strategic Council support for Shetland's local information service would result in a significant reduction in the range and quality of local visitor information services, particularly in rural areas and may have a detrimental impact on Shetland's aspiration to grow the tourism sector.
- 4.5 Equalities, Health and Human Rights – none.
- 4.6 Environmental – none.

Resources

- 4.7 Financial:

4.7.1 The existing budget for provision of this service amounts to 64k, no increase is proposed in this report. The following table shows a breakdown of the anticipated spend. It is proposed that the budget for this service should continue for the remaining life of the Shetland Tourism Plan 2012-2014, subject to the approval of annual budgets.

<u>LOCAL VISITOR INFORMATION SERVICES: ANNUAL COSTS</u>	
Local Information Points	
Manned visitor information and feedback, networking and training, event, displays, stands, equipment etc. (May – Sept)	£24,000
Extending the season in rural areas (April and Oct)	£5, 000
Publications	
Free strategic leaflets, mini guide, tear-off maps etc	£20,000
Promotion	£2,000
Monitoring	
Visiting yachts and post card questionnaires etc	£1,000
Service Development	
Mobile technology, local information downloads, etc	<u>£12,000</u>
TOTAL	£64,000

4.7.2 Smaller initiatives designed to better align the service to customer requirements eg revising leaflets; and road signs, improved access to WiFi and extending the season in rural areas have been included as an average cost per year. Larger “one off” investments such as the proposed Shetland App would still be considered individually on their merit, and progressed if funding could be identified.

4.7.3 Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements, which secure Best Value. Best Value is continuous improvement in the performance of the authority’s functions taking into account efficiency, effectiveness, economy and equal opportunities.

4.7.4 The Council approved a Financial Framework and Reserves Policy, which includes:

- a presumption against service extension, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- priority to be given to provision of statutory services.

The proposal in this report is compliant with the Council's Financial Framework and Reserves Policy.

4.7.5 External Funding - The majority of the local visitor information services are funded by the Council but as detailed in Appendix 1 some services are funded by external bodies such as, Highlands and Islands Airports Ltd, VisitScotland and Lerwick Port Authority.

4.8 Legal – none.

4.9 Human Resources – none.

4.10 Assets And Property –none

5.0 Conclusions

The audit attached to this report highlights the ways in which Shetland has worked in partnership to maintain and continually develop its local visitor information service. Adopting this approach has proved an extremely effective way of providing a high quality local visitor information service, for the whole of Shetland, that is cost effective and responsive to a rapidly changing environment.

For further information please contact:

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Date: 16 January 2012

List of Appendices

Appendix 1: Audit of Shetland’s Local Visitor Information Service.

Appendix 2: Visitor Information Services Scheme

AUDIT OF SHETLAND'S LOCAL VISITOR INFORMATION SERVICE

The purpose of this audit is to examine the key components of Shetland's local visitor information service including the funding and partners required to support it.

1.0 GATEWAYS:

The entry and exit points for visitors to Shetland. With regards to local visitor information, gateways offer visitors their first and last impression of Shetland as a destination and provide orientation and local information.

1.1 Sumburgh Airport

This service was designed locally and relies on shared resources to provide a joint airport information and visitor information service.

Funding: Formerly funded by Shetland Islands Council (SIC) and Highlands and Islands Airports Ltd (HIAL) the service is currently funded by VisitScotland and HIAL. A contract is in place until 31 December 2013.

Service Provision: Strategically located in the airport terminal with local imagery and displays that can be changed to reflect current events eg Shetland Wool Week. It is manned for most flight arrivals with a slightly reduced service in the winter and provides airport information; free leaflets; local information; a booking service and Wi-Fi access coupons.

Visitor Feedback: Postcard questionnaires; data capture cards and footfall count. Sumburgh Airport is the best location for carrying out surveys on visitors leaving Shetland by air.

Comments: This is a very good example of effective partnership working. The service has been in operation for 9 years and provides a valuable service at a key entry and exit point.

Recommendation: No change required

1.2 Scatsta Airport

An Increasing number of business visitors are arriving at Scatsta Airport.

Service Provision There is currently no local visitor information service at Scatsta Airport.

Comments: Discussions with the main contractors suggest that due to the nature of the passengers a local information service would not be used at this location. A leaflet service in the new temporary accommodation facility at Sella Ness may be a better use of resources, especially if the information provided is relevant to the particular needs of shift workers.

Recommendations: EDU to discuss the provision of a new tourist information display with key contractors at the new Gas Plant (ie free leaflets, brochures and other local information on events and relevant activities in the accommodation block shop, which would be stocked by VisitScotland staff).

1.3 Holmsgarth Ferry Terminal

The Holmsgarth terminal is Shetland's main entry and exit point for visitors arriving by ferry.

Service Provision The terminal has a visitor information display with free leaflets and brochures and is stocked by VisitScotland staff.

Visitor Feedback Northlink records the number of visitors using the ferry service. The terminal is also the best location for carrying out surveys on visitors leaving Shetland by ferry.

Comments: The majority of passengers arriving at Holmsgarth leave immediately and do not hang around the terminal. Having staff available in the morning when the ships arrive, in addition to the leaflet service, is not considered a priority. However, improving the visitor information specific to Shetland, which is available on the ferries would be desirable.

Free Wi-Fi is available in public areas on the Northlink ferries and in some cabins.

Recommendations: Promote Shetland to discuss the improved provision of Shetland visitor information and data capture from visitors on the ferries, at an early stage, with the company that wins the new ferry contract.

Onboard advertising of how to get local information when arriving in Shetland. Mini Guides available onboard.

1.4 Cruise Liner “ Meet and Greet” Service

This is a face to face onboard and pierside service welcoming cruise line passengers to Shetland.

Funding: For several years this service has been match funded by Lerwick Port Authority (LPA) and the Council. However SIC funding was withdrawn at the end of the 2011 season.

Service Provision: Tour Guides welcome visitors and provide local information, dedicated maps, and a “Meet and Greet” leaflet in English, Italian and German.

Visitor Feedback LPA monitor the number of cruise liners and cruise line passengers coming to Shetland.

Comments This excellent service is considered an example of good practice and has served to strengthen the ports reputation.

The logic for withdrawing SIC funding from the “Meet and Greet” service is that because it has proved its value LPA is likely to continue the service, in some form, without a contribution from the SIC, particularly now that they have a building on the pier for this purpose.

Recommendations: No change required.

1.5 **Marinas and Piers**

Multiple entry points for yachts people arriving in Shetland.

Funding: From 2006 to 2009 the SIC commissioned the Shetland Marinas Piers and Boating Clubs Association to collect and collate annual visitor feedback on visitor numbers, the length of their stay and their homeports.

The Shetland marina website www.shetlandmarinas.com was developed with funding from the Shetland Development Trust and the Shetland Marina Guide was funded by Shetland Island Council.

Service Provision: Twenty-two marinas and piers throughout Shetland providing guest berths and visitor services are promoted on the Shetland Marinas website and in the Shetland Marinas Guide. Free Wi-Fi is currently available in Baltasound, Delting and the Small Boat Harbour, Lerwick.

Visitor Feedback: Currently no formal visitor feedback on the yacht numbers and crews

Comments: In the last five years Shetland has put considerable effort into developing and promoting Shetland as a yachting destination (eg upgrading visitor berths and services, developing the Shetland Marina Guide and the Shetland marina website, a stand at the London Boat show). The impact of this investment and targeted marketing cannot be measured unless Shetland continues to monitor yachts arriving in Shetland.

The Shetland Marina Guide and the Shetland Marina website require regular updating and there is currently no identified resource to do this.

No website is preferable to an out of date inaccurate website.

Recommendations: Reinstate the annual collection and collation of data on yachts and yacht passengers arriving in Shetland. The most cost effective way of doing this is by making a small donation to the Shetland Marinas, Piers and Boating Clubs Association as a contribution to the administration cost and time it takes to collect and collate the data from marinas throughout Shetland for annual submission to EDU and inclusion in Shetland in Statistics.

In the longer term, subject to project funding being identified, consideration could also be given to gathering visitor information by supplying free Wi-Fi at marinas, with a usage limit, in exchange for visitor feedback. Promote Shetland would collate this data.

Consider the future of the Shetland Marina Website and Shetland Marina Guide in consultation with the Shetland Marinas Piers and Boating Clubs Association and with reference to other recommendations in the audit eg pricing policy and greater use technology etc.

2.0 LOCAL INFORMATION POINTS

These centres provide a face-to-face visitor information and advice service and "daily what's on" in local areas and more generally throughout Shetland. They also provide information on accommodation, activities, and events and have a stock of leaflets, brochures, guides and maps.

2.1 Lerwick Information Centre

The Lerwick Visitor Information Centre is strategically located in the centre of town at the Market Cross, and is Shetland's main local visitor information point.

Funding: Fully funded by VisitScotland

Service Provision: Open 7 days a week from April to September and 6 days a week from October to March. It stocks the full range of Shetland information leaflets, guides and maps etc. Staff provide information and a booking service for accommodation, tours and local events. There are two public access computer terminals as well as Wi-Fi access cards. The centre showcases local craftspeople and window displays are regularly changed to promote current activities, e.g. Peerie Willie Guitar Season. It employs additional seasonal staff in summer.

Visitor Feedback Post card questionnaires; data capture cards and footfall count.

Comments: This service is part of a strategic network of visitor information centres throughout Scotland. It has a Local Area Manager but VisitScotland makes all strategic decisions about the service centrally. There is no suggestion at the present time that this service will be withdrawn.

Recommendations: No change required

2.2 Shetland Museum and Archives

The Shetland Museum and Archives is Shetland's heritage hub providing a gateway and orientation service to Shetland's heritage and culture and links into Shetland's other heritage and cultural facilities, events and activities.

Service Provision: The Museum is open all year round with a slightly reduced service in the winter. Staff are available to provide information and advice on all aspects of Shetland heritage and increasingly on general visitor information. The Museum stocks the full range of thematic, geographic and trails leaflets; guides and site specific publications; information on events, attractions and activities related to Shetland's natural cultural and built heritage, throughout Shetland and showcases local artists and craftspeople.

Visitor Feedback: Visitor book, postcard feedback and footfall count.

Comments: As most holiday visitors come to experience some aspect of Shetland's natural or cultural heritage and the Shetland Museum and Archives is Shetland's most visited attraction it is not surprising that museum staff are increasingly providing a local information service to visitors.

Recommendations: Formally recognise and promote the Shetland Museum and Archives as part of Shetland's local visitor information network. Include the provision of visitor information as a core duty in the job description of Shetland Museum and Archive, Visitor Services staff.

2.3 Visitor Attractions

Shetland has developed a unique method of providing visitor information, throughout Shetland: - by asking each community to identify the best place in the area to get visitor information and then formally recognising this venue as part of Shetland's local information network.

Most of these sites are Community Museums and Interpretive Centres run by community enterprises namely: -

- Quendale Water Mill
- Hoswick Visitor Centre
- Bressay Heritage Centre
- The Cabin Museum
- Tangwick Haa Museum
- Fetlar Interpretive Centre
- Old Haa Museum
- Unst Heritage Centre
- Fair Isle Bird Observatory

Three of the current attractions providing a local information service are commercial retailers ie Shetland Jewellery, Bakers Rest Tea Room and Yealtaland Books.

Funding: SIC, Economic Development funds the delivery and promotion of the service. A contract is agreed annually with each organisation and a nominal sum is donated to each organisation for each day that the service is provided.

Service Provision: All contributing attractions must be open from 1 May to 30 September, provide local information: - "whats on" in the local area and generally in the whole of Shetland; a telephone link to other local visitor information services; display the full range of Shetland thematic and geographic leaflets; guides and maps alongside their own publications; and, local site specific information.

Visitor Feedback: Post card questionnaires and all participants in the network collect and supply to SIC EDU visitor feedback and a footfall count annually.

Comments: The service is an extremely cost effective way of providing high quality visitor information throughout Shetland. Feedback has shown that visitors and local communities highly value the service.

Providing a small but regular income to Shetland's community museums and heritage centres, in exchange for them providing visitor information and a visitor feedback service provide a number of added benefits. It helps to recognise the significant contribution that the voluntary sector makes to Shetland's tourism product as a whole and offsets their running costs - which they are increasingly struggling to meet. It also ensures that rural attractions are open for a minimum of 5 full months of the year and encourages visitors to experience the whole of Shetland.

Recent consultation suggests that the incentive payment scheme used to support community museums and heritage centre during April to September could also be used to encourage some community museums and heritage centres to open by appointment during April and October.

Whalsay is actively developing its tourism sector and trying to raise its profile as a high quality visitor destination. The Whalsay Heritage Centre meets all the criteria for providing local information and would be a valuable addition to Shetland's local visitor information network.

In 2006, when the network was first set up the Scalloway community decided that the Scalloway Post Office was the best place to get visitor information and when the business was sold the service was transferred to Yealtaland Books. However it was always the intention that when the new museum opened in Scalloway this would be the best location for a visitor information point.

The Bakers Rest Tearoom was included on a temporary basis, until the new Shetland Textile Museum could provide a local information service for the Westside. This museum, which will eventually be housed in Voe House, Walls has been put on hold until funding can be identified to restore this historic building.

With budgets under pressure one way of keeping costs down would be to stop giving a financial incentive to the commercial operators. The logic for this would be that they are less dependant on the small donation received from SIC and having experienced the business benefits of providing this service they are likely to continue to do so whether they receive a cash incentive or not.

Recommendations: Continue to support the rural information network with some revisions.

- Enter into an annual service level agreement with all the existing community museums and heritage centres described above.
- Include the Whalsay Heritage Centre and the new Scalloway Museum in Shetland's local information network on the same terms as the other community Museums and Heritage Centres.
- Stop giving a financial incentive to commercial operators and discuss with them whether they would still like to be promoted as part of Shetland's local information service. It should be noted that Shetland Jewellery, in particular, is very strategically placed and has provided a consistently high level of service since the network was established.
- Use the incentive payment system developed for the rural information network to encourage some community Museums and Heritage Centres to extend their season and open by appointment during April and October.

3.0 UNMANNED VISITOR INFORMATION SERVICES

Maps; contacts; local and general information; timetables and, events etc on display at strategic outdoor locations.

3.1 **Information Boards**

Shetland currently has VisitScotland branded information boards at internal ferry terminals and one in Burn Beach Car Park, Scalloway, which have not been updated for several years.

Funding: Historically funded by SIC, as part of its service level agreement with VisitScotland. No funding currently identified.

Service Provision: Most of the time since they were installed the boards have been either out of date or empty. Updating the information manually is time consuming and has regularly been overlooked because of lack of staff time. The current VisitScotland team does not consider itself responsible for the boards and has no resources available to maintain and update them.

Visitor Feedback: Complaints have been received that the information is out of date. Locals who object to the use of the thistle logo have defaced the units.

Comments: The boards require replacement and rebranding or removal.

With increasing number of people using mobile technology to access information this kind of visitor service is far less important and in comparison to other methods of providing information is relatively costly.

There are electronic notice boards at Shetland's Inter Island ferry terminals, which currently give up to date ferry information and have the potential to provide additional local visitor information.

Too much visitor information on electronic notice boards could detract from their core function.

Free Wi-Fi is available at all ferry terminals, except Fair Isle on the SIC-Guest Network. This enables visitors to access up to date local information from the Internet eg transport timetables www.SHETLAND.org www.shetlandboxoffice.org and other local and site specific websites. However the Wi-Fi service is sensitive and if it goes down the current system involves it being reported and reset manually by SIC, ICT Services. This can only happen during office hours on weekdays. Resolving the reliability of the Wi-Fi service (ie agreeing a system, which allows the service to be reset in the evening, at the weekend and during holidays would benefit both visitors and local people).

Promoting an unreliable service to visitors could be counter productive.

Recommendations: Remove the VisitScotland notice boards.

Enhance the local information provided on the electronic ferry information boards with a limited amount of visitor information ie one page per sign - Promote Shetland to work in partnership with SIC Ferries.

Design an effective system for improving the reliability of the SIC Guest Wi-Fi service - SIC ICT to work in partnership with SIC, Ferries and SIC, Development.

4.0 TOURIST SIGNS AND INTERPRETATION

Signage to direct visitors to visitor attractions and to interpret key sites.

4.1 Brown Tourist Road Signs

All tourist signs must conform in every aspect with government traffic sign regulations and general guidance. Under Scottish law VisitScotland must also approve all signposted tourism destinations. The thistle is the existing symbol for tourist attractions on tourism signs in Shetland approved by VisitScotland.

Funding: Key visitor attractions throughout Shetland were quality assured and signposted using LEADER, HIE and Council funding in 1998. All subsequent brown signs have been purchased by eligible individual businesses.

Service Provision: Brown signs are easily recognised by visitors for signposting visitor attractions and are in place throughout Shetland.

Visitor Feedback: Visitors do not criticise the existing brown signs but commonly request increased signage in visitor surveys.

Comments: Shetland has given a very mixed reception to its brown tourist signs. Tourism businesses have paid to have them erected to promote their location and the fact that they have been quality assured under the VisitScotland star-grading scheme. However locals who object to the use of the thistle logo have repeatedly defaced the signs to remove the thistle.

For the last 15 years Shetland Amenity Trust has led on the development and implementation of Shetland's Interpretive Strategy ie the development of a Shetland heritage and culture brand, the building of a heritage hub - the Shetland Museum and Archives and the development of, maps; leaflets, guides; trails; and, panels interpreting Shetland's rich natural and cultural heritage at key sites throughout Shetland. A key component of this strategy is to develop a Shetland Heritage Trail linking all the sites throughout Shetland and signposting them using the distinctive Shetland Heritage and Culture logo.

Recommendations: SIC, Roads, in consultation with Shetland Amenity Trust and SIC, Economic Development to seek VisitScotland and Scottish Government approval to signpost a Shetland Heritage Trail using the Shetland Heritage and Culture logo.

4.2 Interpretive Boards and Displays

Interpretation of Shetland's rich natural and cultural heritage on panels at strategic outdoor locations, such as at the Burn of Lunklet, the Cliffs at Eshaness and the Scord Viewpoint in Scalloway.

Funding: A transnational project developed and implemented by Shetland Amenity Trust and fully funded by Europe (INTERREG IIB) has resulted in the erection of 52 interpretive panels.

Service Provision: Local communities identified key sites and 52 high quality Shetland Culture and Heritage branded interpretive panels and displays have been installed throughout Shetland.

The project recognised the value of this type of interpretation but chose the sites carefully to avoid cluttering the landscape with interpretive panels.

Visitor Feedback: The interpretive panels are well received by visitors

Comments: Shetland Amenity Trust and local community groups can add panels over time, as required.

Mobile technology is becoming increasingly important in providing site interpretation and will be of particular value in places like Shetland that has a harsh climate, that is hard on displays and where too many panels would detract from Shetland's natural landscape.

Recommendations: Additional interpretation under the Shetland Culture and Heritage brand to be progressed as part of individual project development in consultation with local community groups.

Careful consideration given to the location and number of panels erected.

Consider the use of mobile technology to direct and inform visitors about strategic sites throughout Shetland.

5.0 PUBLICATIONS

Printed local information designed to promote all parts of Shetland and encourage visitors to fully experience the best of what Shetland has to offer.

5.1 Free Local Information

In addition to the VisitScotland, Shetland Islands, Visitor Guide and the Shetland Visitor, printed by Shetland Times, which are both free to visitors and organisations own free printed marketing material, Shetland has developed a comprehensive range of locally branded printed thematic geographic and trail leaflets, tear off maps and guides for visitors.

Funding: For the last 10 years SIC Economic Development has had a policy in place to support the development and production of strategic local marketing materials rather than ad hoc applications for area and thematic leaflets from every area and community group. In practice this has meant that the Council has funded the reprinting of Shetland's suite of thematic and geographic leaflets, guides and tear off maps for free circulation to all local information providers throughout Shetland. Responsibility for developing, revising and branding these resources has changed over the years but SIC, Economic Development has always had a key role in ensuring they are in print and distributed.

Service Provision: Strategic core visitor information, provided free of charge to visitors and available at information points throughout Shetland:

Geographic leaflets - Bressay and Noss; Central Mainland; Fair Isle; Fetlar; Foula; Lerwick; Nesting Lunnasting and Delting; Northmavine; Papa Stour; Skerries; South Mainland; Unst; Westside; Whalsay; and Yell.

Thematic Leaflets- Archaeology; Geology; Heritage Crafts; Maritime Heritage; Museums and Heritage Centre; Public Art; Sea birds; Sea mammals; Sea Shores; Wildflowers.

Proposed thematic leaflets: History; Place Names; and, Dialect.

Shetland Mini Guide: Provides a guide to Shetland's visitor information service, summary descriptions of Shetland's top visitor attractions; key contacts and a mileage chart in a credit card size format. Requires updating to include Twitter, Facebook, 60 North FM and Wi-Fi Access, SIC- Guest and www.SHETLAND.org

Tear off maps Cover all areas of Shetland. These are double sided with a map of the whole of Shetland on one side; and more detailed specific areas of Shetland on the other. Require brand alignment and updating to include details of Twitter, Facebook, 60 North FM and Wi-Fi Access, SIC- Guest and www.SHETLAND.org

1. Northmavine and Central Mainland
2. South Mainland; Lerwick, Bressay and Fair Isle
3. Unst; Yell; and Fetlar
4. West Mainland; Papa Stour and Foula
5. Lunnasting and Nesting, Whalsay and Outer Skerries

Visitor Feedback: Postcard questionnaires, the level of demand and feedback from visitors demonstrates that Shetland's strategic suite of free visitor publications continues to be highly valued by visitors and is recognised as an example of good practice in other areas of Scotland.

Comments: Having a flexible partnership approach to developing, revising, printing and distributing high quality branded local visitor information in Shetland has proved to be good value for money and an effective method of providing consistently high quality local information to Shetland's visitors.

Shetland branded leaflets, maps and guides have become a public resource that Shetland inhabitants take for granted.

There is a strong and ongoing demand for free local visitor information.

In a fast changing environment where an increasing number of visitors have access to mobile technology there may be less dependence on printed information.

When new types of trails and guides are being developed to create more sophisticated, higher quality publications eg walking guide, trout fishing guide volcano trail etc it is unrealistic to expect local funders to pick up the full cost without a contribution from visitors.

Recommendations: Taking into consideration budgetary constraints and visitor feedback, seek consensus on what is still considered core and strategic local information that benefits from being in print, free to visitors and available throughout Shetland.

Council to continue to support the revision and reprinting of core visitor information in partnership with Shetland Amenity Trust, Promote Shetland and VisitScotland.

Encourage all local organisations providing visitor products and services to adopt a pricing policy to cover their own marketing costs from visitor income. See Appendix 1

Explore the potential for creating and extending a range of higher quality publications that can be charged for; and, project funding to establish a mechanism for developing self guided walks for visitors, as a means of promoting Shetland's rich culture and heritage and increasing visitor numbers eg Shetland at War.

Agree a pricing policy for different types of printed local information.

6.0 TECHNOLOGY

Fast developing and growing access to pre and post arrival visitor information.

6.1 Websites

Most tourism providers in Shetland have an online presence and either have their own website or are linked to an umbrella website such as <http://www.shetlandtourismbusiness.org> and www.SHETLAND.org. From an industry wide perspective www.SHETLAND.org is Shetland's primary tool for both pre and post arrival visitor marketing and visitor feedback ie promoting Shetland as a destination, providing local visitor information and monitoring Shetland's performance through the collection and monitoring of visitor data and feedback.

Funding: www.SHETLAND.org is funded by SIC Economic Development as part of a contractual agreement with Promote Shetland.

Service provision: With particular reference to local visitor information provides information on accommodation and transport; visitor activities; area and themed guides; a weather forecast and an up to date all year round events calendar. It has links to social media channels Twitter and Facebook, Shetland's network of webcams and 60 North FM radio.

Visitor Feedback: www.SHETLAND.org is constantly monitored tracking web visits collecting and collating visitor data using Google Analytics. In addition targeted campaign evaluation surveys include feedback on the effectiveness of the site

Comments Conducting business online is no longer considered an optional extra in running a tourism business- it is expected by our visitors.

A recent Shetland Tourism Association survey suggests that many of Shetland's tourism businesses accept that they could make more of their online presence eg collecting customer feedback and online booking etc.

is constantly monitored tracking web visits collecting and collating visitor data using Google Analytics. In addition targeted campaign evaluation surveys include feedback on the effectiveness of the site is the highest-ranking Shetland website on Google with an average of 24,111 unique visits per months. Websites are a cost effective and increasingly effective way of providing up to date information to visitors.

Recommendations: Ongoing development of is constantly monitored tracking web visits collecting and collating visitor data using Google Analytics. In addition targeted campaign evaluation surveys include feedback on the effectiveness of the site in response to visitor feedback including downloadable itineraries for visitors.

SIC, Marketing to develop better targeted support for businesses seeking to make better use of their online presence.

6.2 Social Media

Facebook is a social networking website where users create and customise their own profiles with photos, videos, and information. Friends can browse the profiles and write messages on their pages. Each Facebook profile has a "wall," where comments can be posted. Wall postings are basically a public conversation.

Twitter is an online social networking service that allows users to send and read text-based posts of up to 140 characters known as "tweets".

"Promote Shetland"- the name used by Shetland Amenity Trust, under contract to Shetland Islands Council, to promote Shetland as a destination - has a profile on both Facebook and Twitter.

Funding: Funded by SIC Economic Development as part of a contractual agreement with PromoteShetland.

Service provision: Ongoing interaction between visitors to the Facebook page responding to images and content. Enquiries about Shetland are responded to immediately in order to keep participants interested and engaged.

Regular tweets on twitter to keep followers interested and, as tweets can be sent to mobile phones as text messages users are encouraged to sign up to get information while on holiday in Shetland.

Visitor Feedback: Comments to twitter and enquires from Facebook give an insight into how many people like the service and how well it works.

Google Analytics is also used to see how many people are referred to the is constantly monitored tracking web visits collecting and collating visitor data using Google Analytics. In addition targeted campaign evaluation surveys include feedback on the effectiveness of the site from Facebook and Twitter.

Comments: The main demographic of people using the PromoteShetland Facebook pages is 35- 45 year old women.

Facebook currently refers the most people to is constantly monitored tracking web visits collecting and collating visitor data using Google Analytics. In addition targeted campaign evaluation surveys include feedback on the effectiveness of the site out of all referring sites.

Twitter currently has 647 followers and this in continuing to grow.

Recommendations: Continue to develop Shetland's Facebook and Twitter presence as part of Shetland's core offer to visitors.

6.3 **Mobile Tourist Technology**

The use of mobile equipment and new technology to access information.

Funding: A Smart Phone application to interpret Shetland's key geological attractions is currently being piloted by Geopark Shetland with LEADER Funding.

VisitScotland has also funded a Scottish App, in partnership with Historic Scotland and the National Trust for Scotland.

Service provision: The smart phone application being developed by Geopark Shetland, managed by Shetland Amenity Trust, to interpret Shetland's key geological attractions could be developed to include local information.

Days Out - VisitScotland is currently piloting a free App for i phones in partnership with Historic Scotland and the National Trust for Scotland, which has a GPS powered "near me" option to suggest the closest attraction to where a visitor is situated. This particular service is currently of little value to Shetland visitors but it does show the potential of developing a Shetland App.

Promote Shetland used to provide an SMS messaging service but this has been replaced with Twitter and Facebook feeds Ref 6.2

Visitor Feedback: VisitScotland's App has achieved 31,000 downloads in 10 months, which highlights how quickly interest in this kind of service is growing.

Comments: The potential of mobile technology is of increasing interest as a growing number of people use smart phones and information tablets etc to access local information.

As technology develops, access to visitor information via mobile technology is likely to become the norm with far less dependence on printed materials.

Recommendations: Attract project funding to develop the use of mobile technology to direct and inform visitors about strategic sites throughout Shetland and to provide local visitor information in the longer term.

6.3 **Tourist Information Radio**

Local radio 60 NORTH FM

Funding: Funded by SIC Economic Development as part of a contractual agreement with Promote Shetland.

Service provision: Broadcasts from 6 locations across Shetland (ie Sumburgh Head, Walls, Bressay, Brae, Eshaness, and Unst.). Visitors can tune their car radio to 97.7MHz to listen to Shetland's 24 hour visitor information service and find out more about Shetland culture and heritage, local music, whats on and a local weather forecast

60 NORTH FM is also played online to accompany the webcam feed.

Visitor Feedback: A comments bar on the www.SHETLAND.org website allows visitors to feedback their views on the website.

Comments: comments on the website suggest that the online version of the radio station is very popular, particularly the music.

Recommendations: Continue to support 60 NORTH FM as a core local information service for visitors.

6.5 60 NORTH Wi Fi

Wi-Fi Hot Spots in different locations around Shetland.

Funding: funded by SIC Economic Development as part of a contractual agreement with PromoteShetland.

Service provision: Current hot spots for Wi-Fi are Sumburgh Airport, Lerwick Town Centre, Hays Dock Café, Braewick Café, Saxa Vord, Baltasound Hotel and Unst Heritage Centre. The service is free to visitors and is accessed via a unique code, which is printed on coupons supplied by Promote Shetland and available at outlets around Shetland.

Visitor Feedback: Feedback received via email and from the number of Wi-Fi access coupons used by visitors.

Comments: Free access to the Internet is valued by visitors and making local information available online is a cost effective way of providing a local visitor information service.

Recommendations: With reference to recommendations in 1.5 Marinas and Piers and 3.1 SIC- Guest Wi-Fi consider the strategic provision of Wi Fi access as a means of providing local visitor information at strategic locations throughout Shetland.

Better promotion of the service particularly in areas where it is available.

7.0 MONITORING

Method by which the tourism sector measures its performance; understands who is visiting Shetland in order to inform and prioritise investment and promotion decisions; measures the value of individual projects and the value of tourism as a whole to the Shetland economy; and benchmarks Shetland against other destinations.

Data collection and visitor feedback related to individual activities as described above is gathered along with ad hoc research on specific subjects

7.1 Visitor Survey

Carried out as an exit survey this has been the most reliable tool for measuring the performance of the tourism sector and has been used in Shetland for the past 20 years. The survey involves interviewing individuals at Shetland's two main exit points: Sumburgh Airport and Holmsgarth Ferry Terminal, at various times, over a full year period.

Funding: The cost for this kind of survey is high ie £50,000.and is usually met either in partnership or wholly by SIC.

Service provision: A visitor survey provides an analysis of the volume and value of Shetland's tourism sector and of visitor's profiles and behaviours.

Comments: Understanding the volume value and nature of the islands tourism is critical if Shetland is to develop and grow the sector sustainably.

Shetland's last visitor survey was carried out in 2005- 2006. Consideration needs to be given to gathering this critical information by some means, as soon as possible.

Ideally Shetland would be less dependent on expensive visitor surveys but using other methods is risky unless there is evidence that it will capture data from all visitor types.

Online surveys are becoming increasingly popular; can be done more frequently and are a low cost option in comparison to face-to-face surveys but may only capture data from certain types of visitors.

VisitScotland recently carried out a Scottish visitor survey but excluded Shetland, Orkney and the Western Islands.

If Shetland is to benchmark itself against other areas there is an advantage in generating data that can be compared with other regions that have carried out similar research eg Scottish Islands, Mainland Scotland.

SIC has been working in partnership with the Councils from Western Isles and Orkney to consider the potential for a pan island survey.

Recommendation: Commission a joint island survey with the Western Isles and Orkney with common questions that refers to Shetland, Orkney or the Western Isles, as appropriate with some additional questions specific to each island. At the same time leave business cards in visitor accommodation; visitor information points and visitor attractions that offer good prizes if visitors fill out an online visitor survey. This would be hidden on www.SHETLAND.org so that the information gathered was from recent visitors to Shetland rather than locals and people browsing the website who wanted to be included in the prize draw. Data to be collated by Promote Shetland

Compare the results from both surveys and if they are very different consider how you could better align the online survey and / or add additional low cost methods of data collection to capture the types of visitors the online survey has missed. By the time the next exit survey is due advances in technology and the percentage number of visitors using technology may have developed to the point where you do not need to do expensive exit surveys.

EDU to work in partnership with Orkney and Western Isles Council's in consultation with Promote Shetland, VisitScotland and Highlands and Islands Enterprise.

Continue to research specific tourism related topics as required.

8.0 MARKET DEVELOPMENT

The central ambition of the tourism sector is to grow and increase its contribution to Shetlands economy by: becoming a year round destination offering high quality products, services and experiences. Ref The Shetland Tourism Plan 2011-2014

Funding: New sector development usually attracts project funding. All projects should have an exit strategy ie a project should either come to a natural end with the intended outcomes achieved or include a strategy for being sustainable in the longer term through for example increased income from visitors.

Service provision: Visitor projects and services are being continually developed to improve and diversify Shetland's offer to visitors, throughout Shetland. Projects range from multi million pound infrastructure projects, such as the new Museum and Archives; business developments such as a new café or upgraded guest house, sectoral developments like Geopark Shetland right through to community initiatives, events, services, and products developed by community groups with voluntary support and occasional small grant funding. eg Shetland Folk Festival, Foula Rests, A walk with the gutter lasses., Trout Fishing in Shetland etc.

Visitor Feedback: Some form of relevant monitoring and evaluation is usually included in project proposals both as a requirement of attracting funding and so that the organisers can measure the value of the project.

Comments: Project funding is usually time limited. Organisations providing an ongoing product or service must be able to match service provision with the resources available if the product or service is to be sustainable.

With ongoing local, national and European budgetary cuts projects that require ongoing revenue funding are under increasing pressure.

Volunteer fatigue and attracting new volunteers and resources in Shetland can be a problem for smaller community enterprises, which may be relying on only one or two active but ageing individuals.

In a rapidly changing and competitive tourism environment where there is an increasing demand for customer led services and improved quality, not all local visitor products and services will survive.

Recommendations: Encourage all tourism providers to take stock of their core aims and objectives and better target their activities to meet defined development goals within the resources available.

9.0 CONCLUSION

This audit clearly demonstrates the ways in which Shetland has worked in partnership to maintain and continually develop a high quality local visitor information service.

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Paul Nadin
Emma Miller
Robina Barton
Colin Manson
Colin Reeves
Michael Craigie
Davy Cooper
Alec Miller
Wendy Inkster
Robin Mouat

Organisation / Attraction

Shetland Amenity Trust
Promote Shetland
Island Vista & Shetland Tour Guides Association
Quendale Water Mill
Tangwick Haa Museum
Tangwick Haa Museum
NB Communications
Hoswick Visitor Centre
Hoswick Visitor Centre
The Cabin Museum
Old Scatness Visitor Centre
Old Scatness Visitor Centre
Quendale Water Mill
Shetland Tour Guides Association
Shetland Amenity Trust
STA Chair & Busta House Hotel
Shetland Times / Shetland Litho
Shetland Amenity Trust
Lerwick Port Authority
Lerwick Port Authority
Promote Shetland
HIE
SIC Economic Development
Promote Shetland
SIC, Marketing
Fetlar Interpretive Centre
Shetland Amenity Trust
VisitScotland
Scalloway Museum
Shetland Museum and Archives
Scalloway Museum
Walls Bakery
Community Planning and Development
Busta House Hotel
Bressay Heritage Centre
Fetlar Interpretive Centre
Bressay Heritage Centre
Shetland Museum and Archives
Shetland Museum and Archives
Shetland Amenity Trust
Geopark Shetland
Ferry Operations
Ferry operations
SIC, Transport Services
Scalloway Museum
Shetland Anglers Association
Shetland Arts and Crafts
VisitScotland

Introducing a Publication Pricing Policy

Appendix 1

All organisations, regardless of their legal status should consider adopting a pricing policy to cover its ongoing publishing costs from visitor income.

Understand your customer

Is printed material the best option for your target market? If yes what would be the best value and most effective type of publication to serve the purpose?

- Basic leaflet (eg local heritage leaflets)
- Enhanced leaflet (eg, Shetland Craft Trail)
- A5 Guide Book (eg Along the Dyke Unst Heritage Trust)
- Bespoke: Guide (eg Shetland Marinas, Shetland's Volcano)

Understand your costs

How much would it cost to develop the publication, print and distribute it?

Consider:

- Design
- Copyright
- Content development
- Printing
- Transport costs
- Distribution
- Commission

Example 1 Basic and Enhanced Leaflets (eg Colour, A3 Folded leaflet)

Type	Basic / Enhanced Visitor Leaflets	In House	Contracted Average
Design	Consider how much can be done in -house	£0	1000
Copyright	Eg photos and maps etc	£0	£500
Content	Staff or voluntary time	£0	
Print inc transport	Smaller print runs cost relatively more per item (assume 10000)		£300- £800

In the example above a basic leaflet could be produced for an estimated £300 (0.03p per leaflet if most of the preparatory work and photos can be sourced at no additional cost to the organisation).

Basic leaflets that can be produced for a few hundred pounds may be offered free to visitors and the ongoing costs met through other sources of income.

Example 2: Bespoke High Quality Visitor Guide (eg broadsheet fold out, with gloss finish cover, colour brochure or folder with Inserts)

Type	Bespoke Visitor Guide	In House	Contracted Average
Design	Specialist design skills required		£2000
Copyright	Photos and maps etc	£0	£1000-£1500
Content	Staff or voluntary time some written material or specialist content may require payment.	£0	£500
Print Including transport	Smaller print runs cost relatively more per item (assume 10000) Include transport costs if it is not printed in Shetland		£5000-£8000

A bespoke high quality visitor guide is likely to involve more specialist input and significantly higher printing costs. In the examples above the bespoke guides would cost an estimated £8,500- £12,000. (0.85p - £1.20 per item). This is a significant outlay for any organisation.

In many cases the first time a guide is published it will be developed as part of a bigger sectoral development project so the cost may be part funded from grants. However if the guide requires reprinting the cost would normally be met, in full by the organisation.

For publications costing more than a certain amount organisations should consider offering them for sale so that the income generated can be used to offset the cost.

How much would an organisation have to charge to cover the costs from visitor income?

Consider:

- How many free copies will your organisation give away for promotional purposes?
- If a third party organisation sells your guide they will expect commission.
- What do other tourism providers charge for similar publications?

Notes:

- A figure of between £1.50 and £2.50 is likely to cover the full cost of most bespoke high quality visitor guides.
- Shetland is unusual in offering so many free publications. Paying £2.50 for high quality visitor guides is not unusual in other areas.

There would be an advantage if all local providers adopt a similar pricing policy so there isn't a divide between those local organisations that charge and those that do not.

Shetland Islands Council Economic Development Unit**Local Visitor Information Services Scheme**

The aim of the Local Visitor Information Services Scheme is to support the delivery of high quality local visitor information services at strategic locations throughout Shetland; and, effective methods of gathering and responding to customer feedback. This will be done through partnership working and third party contracts for eligible activities.

Eligibility

Any contract entered into under the scheme must deliver one or more of the following elements:

- Manned and unmanned visitor information services at strategic locations throughout Shetland. eg signage, contacts, maps; local information, timetables, interpretation and events information
- Networking and training events related to the provision of high quality local visitor information and / or providing effective methods of gathering and responding to customer feedback.
- Displays, stands; signage and other equipment required to support the provision of a high quality local visitor information service at strategic locations throughout Shetland.
- Core Shetland branded leaflets, guides, booklets, maps, posters, postcards and other printed local information designed to promote all parts of Shetland and encourage visitors to fully experience the best of what Shetland has to offer
- Access to visitor information through the use of the Internet and mobile technology eg local information downloads, tourism information radio, electronic messaging; web cams; wi fi and social media etc.
- Visitor feedback, footfall count and data capture, collection and collation
- Promotion of Shetland's local visitor information service.
- Service Development that is cost effective and responsive to a changing environment eg increases use of mobile technology.

Ineligible:

Any existing activity or service provided as a core function

The scheme will be operated in compliance with the Council's small contracts, low value procurement procedures.

Assistance approved for individual contracts under the scheme will be under a ceiling of £25,000. Requests for larger sums will be referred to the Development Committee for a decision.

**Development Committee****26 January 2012****Shetland Seafood Quality Control (SSQC) Funding 2012/13****Report No: DV007-F****Report Presented by
Project Manager****Economic Development
Development Services Department****1.0 Summary**

- 1.1 This report recommends the provision of core funding for Shetland Seafood Quality Control (SSQC) of up to £174,781 for the financial year 2012-13.

2.0 Decision Required

- 2.1 I recommend that the Development Committee resolve to provide a grant of up to £174,781 to the SSQC for provision of core funding for 2012/13, subject to the approval of budgets in the 2012/13 estimates process, availability of funds, and the conditions specified in the draft offer letter attached as Appendix 1.

3.0 Background

- 3.1 The SSQC receives grant funding from the Council in return for providing a diverse range of services to the Shetland community.
- 3.2 The organisation has grown from a one man operation with a 50/50 input from industry and local government funding to a company that now employs 15 full-time equivalent members of staff. SSQC has remained flexible in dealing with industry and its legislative requirements, and the Company has grown with the seafood industry by successfully developing eleven different seafood core activities over its 25 year history.
- 3.3 The SIC provided core funding to SSQC for the financial year 2010/11 of £188,952. The benefits, to date, from this funding are identified in Appendix 2.

4.0 Proposal

- 4.1 The SSQC have requested funding to assist the non commercial activities provided by the business. These activities include the aspects covered by the SSQC Scheme which has previously been notified to the EU, namely the Salmon Inspectorate Services, Whitefish Improvement Scheme, and Analytical and Marine Farm Services. The provision of this funding will allow the Council to achieve objectives within the Corporate Plan, Economic Development Unit Service Plan and part delivery of the Shetland Seafood Development Plan.
- 4.2 Following the need to reduce SIC spending SSQC were asked to prepare for a budget cut on their core funding request for 2012/13. SSQC have worked hard to comply with this budget cut and have applied for a core funding grant of £174,781 for the financial year 2012/13. This represents a 7.5% budget cut on 2011/12 core funding provision.
- 4.3 Following a report from the Head of Business Development to Committee on 18 November 2010 (Minute Reference 70/10), it was agreed that the economic benefits of grant funding from the Shetland Islands Council be more clearly defined. With this in mind a schedule of benefits from the SSQC has been provided as Appendix 3 to the report. There are also a number of qualitative measures which will be monitored for the financial year 2012/13.
- 4.4 The grant will be subject to the conditions detailed in the draft offer letter, attached as Appendix 1.

5.0 Implications

Strategic

- 5.1 Delivery On Corporate Priorities – The work of SSQC helps to achieve outcomes for the Sustainable Economy section of the Corporate Plan 2010-12. In particular, under the wealthier outcomes of “assisting businesses to develop quality products” and “encourage sustainable fisheries by Shetland vessels under the terms of the Common Fisheries Policy”, and under the smarter outcomes which enable skills to be developed to match economic needs.
- 5.2 Community /Stakeholder Issues – SSQC helps support a vibrant £300 million+ seafood industry by providing:
- continuous independent assessment of the fish market maintaining Shetland’s high quality image
 - local inspection service for the aquaculture industry maintaining focus on quality
 - training and work experience blocks encouraging opportunities for young people to work in the seafood sector
 - science based apprenticeships and further learning initiatives

5.3 Policy And/Or Delegated Authority – This report has been prepared with regard to a combination of elements of the Economic Development Policy Statement, including:

- 1 rebuild confidence in the fish catching industry
- 2 enhance Shetland's reputation as a high quality producer of fish and fish products
- 3 encourage sustainable growth in Shetland's aquaculture industry
- 21 encourage new activities not presently located in Shetland
- 27 enable individuals to achieve their full economic potential

The Economic Development Policy Statement was approved by the Development Committee on 24 April 2008 (Minute Reference: 02/08) and by the Council on 14 May 2008 (Minute Reference: 55/08).

The Development Committee has delegated authority to implement decisions within its remit, in accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, in addition to appropriate budget provision, including:

- Economic Strategy
- Europe

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

5.4 Risk Management – This report concerns a funding request from SSQC which supplies general services to the fisheries industries located in Shetland. The complexity of the business gives risk to non compliance with state aid regulations. Therefore the provision of grant funding to SSQC was developed as a scheme and notified to the EU in June 2010. The scheme covers funding provision of up to £250,000 per annum between 2010 and 31st December 2013 thus minimising the risk of providing grant funding to the business.

The scheme covers a grant to fund the Salmon Inspection Services and Whitefish Improvement Scheme up to 80% and Analytical and Marine Farm Services grant aid of up to 100% will be paid due to the status of SSQC being a company limited by guarantee whereby all profits are reinvested into the industry for its benefit, no dividends are paid.

There is also a potential risk that the best value for the services being provided by the applicant, and funded by the Council grant, is not achieved. Therefore an assessment for options to deliver the services i.e. the salmon inspectorate service, whitefish improvement scheme, analytical service and marine farm services will be undertaken during the financial year 2012/13 to ensure best value for money is being achieved.

Failure to reduce the net ongoing running costs of the Council carries a significant risk of the Council's financial policies not being adhered to and will require a further draw on reserves.

5.5 Equalities, Health And Human Rights – None

5.6 Environmental – None

Resources

5.7 Financial

5.7.1 The financial projections for SSQC for 2011/12 are as follows:

Income

Micro Lab	£151,412	
Chemistry	£ 65,078	
Inspectorate	£ 82,752	
Marine Farm Service	£136,226	
Sample Collection	£ 99,710	
SIC Grant	<u>£174,781</u>	
		£709,959

Expenditure

Consumables	£ 48,728	
Salaries and Staffing Costs	£493,502	
Boat and Vehicle Expenses	£ 23,850	
Travel and Catering	£ 5,907	
IT and Services	£ 15,370	
Professional Fees	£ 37,479	
NAFC Support Services	£ 61,500	
Marketing	£ 1,500	
Equipment Costs	£ 13,000	
Finance and Depreciation Costs	<u>£ 9,123</u>	
		<u>£709,959</u>

Net Profit/Loss £ 0

The SIC Grant will be used to fund the non-commercial activities within each of the following headings:

Salmon Inspectorate Service	£ 39,148
Whitefish Improvement Scheme	£ 60,887
Analytical Services	£ 47,797
Marine Farm Services	<u>£ 26,949</u>
Total Grant	£174,781

The proposed SSQC core funding grant of £174,781 will be paid from the Development budget. Any grant assistance will be subject to the 2012/13 revenue estimates process and the availability of funds.

5.7.2 Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements which secure Best Value. Best value is continuous improvement in the performance of the authority's functions taking into account efficiency, effectiveness, economy and equal opportunities.

5.7.3 The Council approved a Financial Framework and Reserves Policy which includes:

- a presumption against service extension, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- priority to be given to the provision of statutory services.

The proposal in this report is compliant with the Council's Financial Framework and Reserves Policy.

5.7.4 There are no alternative funding sources available for the costs associated with the Salmon Inspectorate Service, Whitefish Improvement Scheme, Analytical Services and Marine Farm Services operated by SSQC. However, the SIC grant funding can be used as match funding to enable SSQC to apply for external sources of funding to build on the work of the Company, outwith these services.

5.8 Legal – None

5.9 Human Resources – None

5.10 Assets And Property – None

6.0 Conclusions

6.1 The funding requirements of SSQC for the financial year 2012/13 is £174,781. The subsequent economic benefits derived from the proposed grant provision, as defined in Appendix 3, is deemed to justify the grant requested for approval.

For Further information contact:

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Date: 16 January 2012

List of Appendices:

Appendix 1 – Draft Offer Letter

Appendix 2 – Benefits/Impacts from 2011/12 Funding

Appendix 3 – Proposed Benefits/Impact from 2012/13 Funding

Background Reports:

18 November 2010, [DV068](#), Investment in Economic Development Projects – Defining Benefits, Decision: [Minute Reference 70/10](#)

24 April 2008, [DV012](#), Shetland Economic Development Policy Statement 2007 – 2011, Decision: [Minute Reference 02/08](#)

Full Council 14 May 2008, Decision: Minute Reference 55/08



Shetland Islands Council

Executive Manager: Douglas Irvine
Director: Neil Grant

Seafood Quality Control Ltd.
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 Scalloway
 Shetland
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Draft

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www.shetland.gov.uk

If calling please ask for
Sheila Keith
 Direct Dial: 01595 744967

Our Ref: SK/RF39/DV007/527/2738
 Your Ref:

Date:

Dear Sir

Funding for 2012/13 – Shetland Seafood Quality Control Grant Scheme

On behalf of Shetland Islands Council ("the Council"), I am pleased to offer Shetland Seafood Quality Control ("the Organisation") grant assistance of £174,781 (One Hundred and Seventy Four Thousand and Seven Hundred and Eighty One Pounds) for funding activities of the Salmon Inspection Service, Whitefish Improvement Service, Analytical Services and Marine Farm Services which comply with the attached grant scheme, for the financial year 2012/13.

This funding will be allocated as follows:

The grant will be paid subject to the following conditions:

1. The purpose of the grant is to enable the Organisation to implement the objectives of the Shetland Seafood Quality Control Grant Scheme. Claims cannot be made for activities which are outwith the terms and conditions of this scheme.
2. The grants will be paid to the Organisation in four equal quarterly instalments, April 2012, July 2012, October 2012 and January 2013.
3. The Organisation will, by 31 August 2013, provide an actual statement of the income and expenditure of the Organisation, showing clearly the funding obtained from external sources and the final deficit in running costs for the financial year 2012/2013. If the actual deficit is lower than the amount awarded by the Council at the beginning of the year, the Council, or its nominee, reserve the right, at its sole discretion, to reclaim the difference or to deduct it from any future grant.
4. The Organisation will endeavour to secure external funding for any additional projects to its core activities and for sums which may reduce the amount of money presently sought from the Council.

5. The Organisation will, by 30 June 2013, provide a report on the Organisation's performance over the year.
6. The Organisation will supply a copy of its professionally audited accounts within nine months of the end of the financial year.
7. The Organisation will maintain and operate its premises, machinery and equipment in such a way as to conform, to the satisfaction of the Council, or its nominee, with current Health and Safety legislation, and other relevant legislation.
8. The grant is offered to you under the Shetland Seafood Quality Control Grant Scheme which was registered with the Directorate General for Maritime Affairs and Fisheries Under number: XF 12/2010. The Scheme is operated by the Council, in line with the Block Exemption Regulations 736/2008 Article 17, "Aid for Collective Actions".
9. The Organisation will supply on request any additional information the Council, or its nominee, may require to monitor the conditions under which the grant is made.
10. The Organisation will ensure that appropriate insurance is in place.
- 11. In the event of a breach of the foregoing conditions, the Council, or its nominee, may, at its sole discretion, require repayment of all or part of the grant, and may also disqualify the Organisation from receiving any other grant or loan in terms of the Schemes operated by the Council, or its nominee.**
12. Grant recipients must inform the Council, or its nominee, of any changes in circumstances affecting the grant conditions, in particular if the Organisation gives up the business/work for which grant assistance was given.

If these conditions are acceptable, please sign and date this letter and return it to me as soon as possible.

This offer of grant is valid only until 31 March 2013. If, by that date, the grant has not been claimed or paid or if, by that date, an extension has not been requested and given, this offer of grant lapses. If grant is still sought at that time, a fresh application would be required.

A spare copy of this letter is enclosed for your retention.

Yours faithfully

Executive Manager Economic Development

Enc

We, and
being two authorised signatories of the Shetland Seafood Quality Control, accept the offer of grant on the conditions specified in the attached offer letter dated **xxxxxxxxx**.

Signed:.....Date.....

Signed:.....Date.....

SSQC PROVISION OF CORE FUNDING 2011/12
QUANTITATIVE MEASURES FOR MONITORING PURPOSES

Description	Number
Aquaculture industry meetings	6
Aquaculture process and production audits	60
Whitefish industry meetings	5
Fishmarket inspection total	308
Fishmarket box check total	1,700
Promotional events – Tall ships Event	1
Outreach community meetings	6
Individual school student work experience	12
Individual third level student work experience	3
Site visits from schools, government agencies and Seafood industry representatives	12
Advice and guidance queries	175

Development and Expansion of SSQC Services

Not included but supplementary to the service above, recent EFF/SIC funding has allowed for the following to take place in 2011/12:

- Increase in reporting and quality checking of whitefish landings.
- Provision of faster electronic quality statistics on fish landings.
- Ensure food safety regulations are undertaken efficiently at processor premises.
- Use of Safe and Local Supplier Approval (SALSA) accreditation to ensure processors are working to a recognised quality standard.

Description	Number
Additional box checks	108
Additional Inspection reports	600
Processor development: Shetland seafood processors	6
SALSA accreditation: Shetland seafood processors	6

ECONOMIC BENEFITS FROM PROVISION OF SSQC CORE FUNDING 2012/13

Measurable Benefits	Details	Achieved by Date
Jobs Created	Sample Collection Staff	April 2012
Jobs Maintained	15 staff	March 2012
Total Jobs Impact	17 staff	April 2012
Turnover Generated	Forecast for 2011-2012 income generated not including SIC grant: £467K	March 2012
Turnover Maintained	Actual 2010-2011 income generated not including SIC grant £402K	March 2011
Total Impact on Economy	Economic benefit using type II employment multiplier: £535,000 * 1.74 = £931,000 (Local professional service factor: 1.74 source: University of Aberdeen Business School)	March 2013

Other Measurable Benefits	Details	Achieved by Date
New product or services	Funding will allow SSQC to develop training and work experience partnerships with local schools, and third level organisations. We aim to maintain the number of students accessing SSQC laboratories for work experience and project themes prior to third level education in a science based discipline. The service will allow students to get a true experience of routine requirements in a professional laboratory. During 2011, 15 individual students came to SSQC for week to 3 month blocks.	March 2013
Improved product or service	Additional staff time on the fish market will allow for a more comprehensive and efficient service for both markets and the salmon scheme. Funding will help improve efficiency in report dissemination to the user group.	March 2012
New Market	Delivery of Laboratory Technician training in partnership with Train Shetland and day course training development with NAFC.	On-going
Improved Productivity	£27K increase on 2010/11	March 2013
Turnover per employee	£31K (£535K/17 staff)	March 2012
Costs Reduction	£10k reduction in cost of sales forecast for 2012-2013	March 2013

Increase in exports	Increased services to UK companies in 2011 accounted for £20K of income generated (or 5%) not attributed by the SIC grant	December 2011
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Non Measurable Benefits	Details	Achieved by Date
Impact on Shetland Brand	SSQC helps ensure that the correct quality and environmental image for each seafood sector in Shetland is maintained. The organisation is also responsible for testing and survey requirements of non-seafood industries such as swimming pools, boats, non-seafood industries, port and harbours and research and development.	On-going
Environmental Improvements	Reduction in paper usage by electronic audit reporting and electronic submission of analytical reports	March 2012
Improved staff working conditions	Inclusion of new air conditioning system at NAFC has improved laboratory and office working conditions	2011
Development in remote areas	Accreditation, best practice and quality standard development for companies in remote areas	March 2012
Skills development	In-house training of staff in order to maintain a specialised, multi-disciplined, competent team	On-going

Our Ref: SK/RF39
09 January 2012

Report No: DV007-D

**Development Committee****26 January 2012****Shetland Shellfish Management Organisation (SSMO) Core Funding 2012/13****Report No: DV008-F****Report Presented by
Project Manager****Economic Development
Development Services Department****1.0 Summary**

- 1.1 This report identifies the funding requirements of Shetland Shellfish Management Organisation (SSMO), for the financial year 2012/13.

2.0 Decision Required

- 2.1 I recommend that the Committee resolve to provide a grant of £60,000 to SSMO as core funding for the financial year 2012/13. The grant will be monitored against the measures found in Appendix 1 and subject to the conditions found in the offer letter attached as Appendix 2.

3.0 Background to SSMO

- 3.1 The SSMO is a partnership organisation with an interest in the sustained future of Shetland's shellfish fisheries. The organisation is legally constituted as a company limited by guarantee and is run by a Board of Directors nominated by the partner organisations.
- 3.2 The SSMO is granted the legal right to be responsible for the management and administration of the Regulated Fishery Order (also known as a "Regulating Order" (RO)). The RO covers the management of the commercial fisheries around Shetland for lobsters, crabs, scallops, queens, whelks, razorshells, cockles, mussels and oysters.
- 3.3 The SSMO's main objectives are:
- to manage and regulate the fisheries for shellfish within Shetland's six mile limit, through the issuing of licences and the implementation of regulations and other measures, to ensure the long-term sustainability of these fisheries;

- to promote the recovery of shellfish stocks through stock enhancement and other management measures; and
 - to promote the environmental sustainability of Shetland's shellfish fisheries.
- 3.4 The work of the SSMO in the past 11 years has set the foundations for collaborative management of the inshore waters as well as the development of a protocol and benchmark for data collection and analysis.
- 3.5 Shetland has a large, diverse and modern fishing industry, which is of prime importance to its economy. In 2010 shellfish landings totalled 2,116 tonnes. The value of landing was over £5.8 million. The benefit to the Shetland economy is significantly more.
- 3.6 The (SSMO) is entering a key phase in terms of the long term sustainable management of the Shetland inshore fishery. In addition to as the day to day tasks related to the management and development of the RO and stock assessments, they aim to develop projects in the management of quality and marketing of produce.
- 3.7 The SSMO are currently working hard to gain and maintain Marine Stewardship Council (MSC) Accreditation for Shetlands' Inshore Fishery.
- 3.8 At Development Committee on 04 March 2010, Minute Reference 14/10, a core funding grant of £46,000 was approved for 2012/2013, subject to available funds.

4.0 Funding Request From SSMO

- 4.1 The SSMO have requested a grant of £60,000 for the financial year, an additional sum of £14,000 on the previous approval. This grant will ensure that the SSMO can continue to support the shellfish sector, a vital part of the Shetland economy and many rural communities throughout the Islands.
- 4.2 The SSMO have requested the additional funds as they recognise the growing challenges in the industry and want to build on the hard work, which has been achieved on very limited resources in the past. It is fair to say that the work of the SSMO has substantially changed over its 11 year existence. As part of this process the Board of SSMO have commissioned an independent review of the Company to ensure that its structure and operational ability is suitable for the work it is required to do.
- 4.3 The shellfish sector is now operating in a global market, which has suffered as a result of the recession and cheaper lower quality imports flooding the market, thus lowering demand and price for shellfish products.
- 4.4 Therefore it is essential to retain Shetland's competitive advantage over other areas, specifically the retention of the RO, which determines sustainable management of the commercial inshore fishery. During 2012/13 the RO requires renewal. This will take intensive effort to go

through the required consultation, reporting and then presentation process. As there is only one employee in the SSMO it is essential that they are supported by the provision of additional administration effort during this busy financial year. Hence, the request for the £14,000 of additional funding for this financial year only.

- 4.5 The SSMO are also about to be awarded MSC certification for some species of shellfish. Therefore, it is now necessary to gain a better understanding of the market opportunities and develop a strategy to ensure delivery of high quality products. The long-term aim is to ensure the viability of shellfish fishing within Shetland and therefore ensure that there is a clear link between the sustainability of the product and the long-term viability of the shellfish sector.
- 4.6 Achieving the MSC accreditation is only the first step in putting Shetland on the map for being providers of sustainable shellfish. There is as much effort required to retain the accreditation as there has been in achieving it. The SSMO will continue to be supported by the NAFC Marine Centre to this end.
- 4.7 Following a report from the Head of Business Development to Committee on 18 November 2010 [Min. Ref: 70/10], it was agreed that the economic benefits of funding from the Council be more clearly defined. The benefits from this proposal are defined in Appendix 1.

5.0 Implications

Strategic

- 5.1 Delivery On Corporate Priorities – The activities of the SSMO help to achieve outcomes for the Sustainable Economy section of the Corporate Plan 2010-12. In particular, under the wealthier outcomes: “encourage sustainable fisheries by Shetland vessels under the terms of the Common Fisheries Policy” and “encourage firms operating in Shetland to develop stricter environmental criteria”.
- 5.2 Community /Stakeholder Issues – The SSMO will continue to work with key partners such as the NAFC Marine Centre, Shetland Islands Council, national bodies and government leaders in inshore shellfish fisheries management. This will ensure that through good resource management long-term environmental, economic and social sustainability is achieved.
- 5.3 Policy And/Or Delegated Authority – This report is in line with Economic Development Policies number 1 “Rebuild confidence in the fish catching industry, number 2 “Enhance Shetland’s reputation as a high quality producer of fish and fish products” and number 27 “Enable individuals to achieve their full economic potential”. The Economic Development Policy Statement was approved by the Development Committee on 24 April 2008 (Minute Reference: 02/08) and by the Council on 14 May 2008 (Minute Reference: 55/08).

The Development Committee has delegated authority to implement decisions within its remit, in accordance with Section 2.3.1 of the

Council's Scheme of Administration and Delegations, in addition to appropriate budget provision, including:

- Economic Strategy
- Europe.

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

- 5.4 Risk Management – This report concerns a grant application towards the core funding of the SSMO. A potential risk is that the Council does not achieve best value from providing core funding to SSMO. This risk is mitigated by the provision of a business plan, which has been prepared by the organisation. This document details ambitious projects, which will see fisheries management in Shetland move into a new phase. Projects include marketing and quality management, which will have a direct benefit to Shetland's economy. These projects require very little, if any, future funding from the SIC.

What has been achieved by the SSMO in recent years is highly commendable, especially on the previous grant award and limited manpower. However, there is a huge risk of this work being lost if additional grant support is not being provided to enhance the work of the SSMO.

Should a grant of less than the recommended level be approved, this will significantly impact on the ability of SSMO to achieve the work required to meet the required salary and running costs of the Organisation. This would subsequently lead to a detrimental impact on the shellfish sector economy as well as the social aspects of Shetland's rural communities as many families rely on the income achieved through fishing either on a full or part time basis.

Failure to reduce the net ongoing running costs of the Council carries a significant risk of the Council's financial policies not being adhered to and will require a further draw on reserves.

- 5.5 Equalities, Health And Human Rights – None.

- 5.6 Environmental – This project supports the recovery of shellfish stocks through stock enhancement and other management measures. It will promote the environmental, social and economic sustainability of Shetland's shellfish fisheries.

Resources

- 5.7 Financial

- 5.7.1 The proposed grant of £60,000 will be paid from the Development budget. This is subject to the approval of the 2012/13 revenue estimates. The grant will fund the following:

Staff Costs	£46,698
Running Costs	£13,302

The increase in costs will ensure that the existing SSMO's staff member can get additional administration support to continue the SSMO services to the shellfish sector and work to obtain the renewal of the RO.

5.7.2 Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements which secure Best Value. Best value is continuous improvement in the performance of the authority's functions taking into account efficiency, effectiveness, economy and equal opportunities.

5.7.3 The Council approved a Financial Framework and Reserves Policy which includes:

- a presumption against service extension, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- priority to be given to the provision of statutory services.

The proposal in this report is not compliant with the Council's Financial Framework and Reserves Policy as it is a request for additional finance. However, it is only for the financial year 2012/13. Without funding the additional resources required to renew the RO there would be no need for the services of the SSMO as there would be no RO.

5.7.4 There are no alternative funding sources available for the core staffing and running costs of the SSMO. However, this SIC grant funding can be used as match funding to enable the SSMO to apply for external sources of funding to build on the work of the organisation, outwith the existing service.

5.8 Legal – None.

5.9 Human Resources – None.

5.10 Assets And Property – None.

6.0 Conclusions

6.1 This report concerns an application from SSMO for a grant of £60,000 to cover its core costs during the financial year 2012/13. The Organisation's role in Shetland's successful shellfish sector has significantly changed since its inception in 1999. Therefore they are looking to become more fit for purpose whilst fulfilling its new role and wider objectives.

6.2 The grant requested is higher than the grant approved at the Development Committee on 04 March 2010, Minute Reference 14/10. However, the additional resource is required during this financial year to provide administration support to renew the regulating order whilst continuing the existing services of the SSMO to the shellfish sector. This additional grant will not extend the services the SSMO.

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Date: 16 January 2012

List of Appendices:

Appendix 1 – Economic Benefits From Provision of SSMO Core Funding 2012/13

Appendix 2 – Draft Offer Letter

Background documents:

Development Committee:

4 March 2010, [DV015](#), Shetland Shellfish Management Funding, Decision: [Minute Reference 14/10](#)

24 April 2008, [DV012](#), Shetland Economic Development Policy Statement 2007 – 2011, Decision: [Minute Reference 02/08](#)

18 November 2010, [DV068](#), Investment in Economic Development Projects – Defining Benefits, Decision: [Minute Reference 70/10](#)

Full Council 14 May 2008, Decision: Minute Reference 55/08

ECONOMIC BENEFITS FROM PROVISION OF SSMO CORE FUNDING 2012/13**Benefits/Impact to be achieved by 31 March 2013****Measurable Benefits**

Measure	Details	Output	Achieve by date
Total Jobs impact	Direct FTE jobs related to shellfish catching sector	Help support stability of total number of jobs related to shellfish catching	March 2013
Total percentage impact on the Shetland Economy	Percentage of direct income derived from Shellfish fishing	Percentage to be calculated on completion of Dependency Model	March 2013
Development and implementation of Shetland Inshore Dependency Model	A model to assign value to each SSMO grid square to the six mile limit	Further development of Dependency Model	March 2013
Development and Delivery of integrated data capture and reporting system	A bespoke database to report on a spatial basis on all aspects of the Shellfish Fishery	Development and testing of system	March 2013

Environmental Benefits

Measure	Details	Output	Achieve by date
Renewal of the Shetland Regulating Order	Delivery of a revised Regulating order for Shetland	Initial Discussions with Marine Scotland	January 2012
		Consultation	April 2012
		Report Delivery	Sept 2012
		New order in place	Jan 2013
Completion of Shetland Shellfish Fishery MSC Certification	Complete MSC Assessment Process	Undertake year 1 Surveillance Audit	Jan 2013
Implementation and monitoring of Spatial Habitat Plan	Development of Habitat Spatial Plan	Ongoing survey and reporting	Jan 2013

Marketing and Quality

Measure	Details	Output	Achieve by date
Development of bid for Marketing Initiative for	Work with partners in fish sector to develop a	Initial Meetings	April 2012

Shetland MSC products	coordinated MSC marketing plan		
Represent SSMO at local and national level to further the knowledge and appreciation of the Shetland Shellfish product	Work to further the knowledge and understanding of the Shetland shellfish product	Attend Brussels Fishing Expo	April 2012
Represent Shetland Fishing interests at National Liaison Groups	Work to further the knowledge and understanding of the Shetland shellfish product	Attend Crab & Lobster Working Group Scallop Working Group World Fishing Symposium	2012/13



Shetland Islands Council

Executive Manager: Douglas Irvine
Director: Neil Grant

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If calling please ask for
Sheila Keith
Direct Dial: 01595 744967

Our Ref: DI/SK/RF677/DV008/349/2767
Your Ref:

Date:

Dear Sir

Core Funding for 2012/13

On behalf of Shetland Islands Council ("the Council"), I am pleased to offer Shetland Shellfish Management Organisation ("the Organisation") grant assistance of £60,000 (Sixty Thousand Pounds) for the provision of core funding of the Organisation for the financial year 2012/13, subject to the following conditions:

1. The purpose of the grant is to enable the Organisation to implement its business plan for 2012/13. Any future changes to the terms of the business plan must be notified to and agreed by the Council being implemented.
2. The grants will be paid to the Organisation in four equal quarterly instalments, April 2012, July 2012, October 2012 and January 2013.
3. The Organisation will, by 31 August 2013, provide an actual statement of the income and expenditure of the Organisation, showing clearly the funding obtained from external sources and the actual deficit in running costs for the financial year 2012/2013. If the actual deficit is lower than the amount awarded by the Council at the beginning of the year, the Council, or its nominee, reserve the right, at its sole discretion, to reclaim the difference or to deduct it from any future grant offer.
4. The Organisation will manage the Regulating Order, on behalf of the Council.
5. The Organisation will endeavour to secure external funding for any additional projects to their core activities, i.e. the MSC Certification of the shellfish species.

6. The Organisation will work with bodies such as the NAFC Marine Centre, Scottish Government and MSC to develop best practice for the inclusion of small inshore fisheries into the MSC process.
7. The Organisation work towards the development of a Best Practice Guide for the shellfish sector in Shetland.
8. The Organisation will work in partnership with the NAFC Marine Centre to secure and produce the Scottish Industry Science Partnership (SISP) Project and to produce an annual stock assessment allowing proactive management decision making
9. The Organisation will supply a copy of its professionally audited accounts within nine months of the end of its financial year.
10. The Organisation will supply on request any additional information the Council, or its nominee, may require to monitor the conditions under which the grant is made.
11. The Organisation will ensure that appropriate insurance is in place.
- 12. In the event of a breach of the foregoing conditions, the Council, or its nominee, may, at its sole discretion, require repayment of all or part of the grant, and may also disqualify the Organisation from receiving any other grant or loan in terms of the Schemes operated by the Council, or its nominee.**
13. Grant recipients must inform the Council, or its nominee, of any changes in circumstances affecting the grant conditions, in particular if the Organisation gives up the business/work for which grant assistance was given.

If these conditions are acceptable, please sign and date this letter and return it to me as soon as possible.

This offer of grant is valid only until 31 March 2013. If, by that date, the grant has not been claimed or paid or if, by that date, an extension has not been requested and given, this offer of grant lapses. If grant is still sought at that time, a fresh application would be required.

A spare copy of this letter is enclosed for your retention.

Yours faithfully

Executive Manager Economic Development

Enc

**Development Committee****26 January 2012****Fixed Links Strategy**

Report Number: DV013-F

Executive Manager - Transport Planning**Transport Planning
Development Services Department****1.0 Summary**

- 1.1 This report provides Members with a summary of the Fixed Links Strategy Socio Economic Study, seeks the Committee's approval for the prioritisation of the links and advises Members of the proposed next steps.

2.0 Decision Required

- 2.1 The Committee is asked to: -
- 2.1.1 Note the conclusions of the Shetland Fixed Links Strategy Socio Economic Study.
 - 2.1.2 Consider and, if so minded, approve the recommendations of the Fixed Links Steering Group in terms of the priority to be applied to the fixed links.
 - 2.1.3 Note the proposals to engage with Scottish Government and European Commissioners with regard to developing support for the Fixed Links Strategy and establishing the likelihood and potential sources of funding to support the strategy.

3.0 Summary of the Shetland Fixed Links Strategy Socio Economic Study

- 3.1 A copy of the Executive Summary and the Conclusions of the study are attached as Appendices 1 and 2 respectively. A copy of the full study is available in the Members' Room.

3.2 The main points from the study are: -

- 3.2.1 Looking at **Transport Economic Efficiency (TEE)** for each of the four fixed link proposals has a positive Net Present Value (NPV) and high or very high Benefit/ Cost Ratio (BCR) and therefore can be considered as socially worthwhile.
- 3.2.2 If we take NPV (i.e. the value of benefits minus the value of costs) as the measure of priority then this supports a priority of: -
- Yell
 - Bressay
 - Whalsay
 - Unst
- 3.2.3 If we take BCR (i.e. value for money) as the measure of priority then this supports a priority of: -
- Bressay
 - Yell
 - Unst
 - Whalsay
- 3.2.4 The Bressay fixed link is worthwhile building on cost saving grounds alone without having to take into account wider social and economic benefits because building and operating a tunnel over 60 years is cheaper than a ferry based alternative.
- 3.2.5 In terms of wider **Service provision** it has not been possible to quantify the level of savings to the public sector through more integrated and efficient service delivery. Service providers anticipate reductions in levels of staff but this is considered likely regardless of fixed links as funding reduces and efficiencies need to be found.
- 3.2.6 Looking at **Economic Impacts**: -
- Initial increase in population in Yell and Whalsay and then a reversion to trend.
 - Bressay harder to predict and contingent on level of residential and commercial development on the island.
 - No anticipated major changes in economic activity in the isles but greater commuting due to ease of access to opportunities throughout Shetland.
 - Communities will be more resilient and able to deal with external economic changes.
- 3.2.7 Looking at **Social Impacts**: -
- Bressay likely to see most significant change from what is essentially a rural community to a much more populous one.
 - The other three islands likely to simply increase the rate of existing changes to the population mix including people moving in initially.
 - Expect that each island will retain strong individual identities.

- Island residents will have better access to services elsewhere, but with the possibility of fewer services available locally. This could adversely affect those without access to a car or public transport.

3.2.8 Looking at **Implementation**: -

- The main issue is around the affordability of a programme of fixed links. It is well known to Members that a programme of this scale cannot be afforded within the Council's resources alone and therefore additional funding sources and support are required.

4.0 **Recommendations of the Fixed Links Steering Group**

- 4.1 The Fixed Links Steering Group met on 9 December 2011 to consider the conclusions of the Fixed Links Strategy Socio Economic Study and the prioritisation of each of the fixed links.
- 4.2 The group acknowledged the conclusions of the report and if working by those conclusions alone then the prioritisation reached through considering value for money was reasonable.
- 4.3 However, the group also acknowledged that there is a pressing need to deal with the transport link to Whalsay.
- 4.4 After lengthy discussion the group agreed that at this stage it would be prudent to give equal priority to the Bressay and Whalsay fixed links, and officers should continue to develop these projects initially with a particular focus on establishing support from Scottish Government and the European Commission and developing appropriate funding models for consideration by the Committee.

5.0 **Engagement with Scottish Government and EU Commissioners**

- 5.1 Members and officers met with Keith Brown MSP, Minister for Housing and Transport, on 05 January 2012.
- 5.2 The Minister made it clear that capital funding at the national level is one of the most severely hit budget areas and that any significant capital funding support in the next few years is unlikely. However he did agree that support at the European level can be explored and that he would welcome a paper from Shetland Islands Council describing our strategy and case for support.
- 5.3 At the time of writing this report we are still awaiting a date to meet with EU Ministers.
- 5.4 Officers are working on a paper to be presented to Scottish Government describing the case for support for the Fixed Links Strategy and work is ongoing to establish dates for a meeting with European Commissioners as soon as possible.

6.0 Implications

Strategic

- 6.1 Delivery On Corporate Priorities - The Council's Corporate Plan states:

Shetland's communities are scattered and have different needs. To best address those, we must have sustainable road, sea and air transport systems, internally and externally, that ensure everyone is able to access the places, services and opportunities they need.

- 6.2 Community /Stakeholder Issues – During the course of the Fixed Links Strategy Socio Economic Study consultants engaged widely with stakeholders and Community Councils. Further engagement will be required as projects are developed in more detail.

- 6.3 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.

- 6.4 Risk Management – There is a pressing need to establish if and how the Fixed Link Strategy can be funded to enable the Council to take informed strategic transport decisions to ensure that inter island transport links can be planned and delivered efficiently. Continuing uncertainty could affect the confidence of communities and businesses in the islands affected resulting in greater risk of outward migration particularly of the young.

- 6.5 Equalities, Health And Human Rights – nothing significant at this point in time but may become an issue the longer it takes to establish clearly what the future strategy is.

- 6.6 Environmental – the Fixed Link Strategy will require a Strategic Environmental Assessment. This will be a significant and relatively costly exercise and it is recommended that this is only undertaken once there is greater certainty regarding the funding of projects.

Resources

- 6.7 Financial – the budget of £500k originally set for 2011/12 is significantly under spent due to reconsideration of the priority and scheduling of work to be done. It is anticipated that a budget of £100k will be required in 2012/13 and this is being dealt with through the Capital Programme process.

Consideration of Fixed Links projects will have a significant impact on the Council's current capital and revenue budgets and more information will be needed in the future reports before a full assessment of the implications can be made.

The Council's financial policy framework is:

- the General Fund discretionary Reserves (the Reserve Fund, Capital Fund and Repairs and Renewals Fund) should be maintained at no less than £250 million (the Reserves Floor policy)
- the reserves levels will be reinstated to £250M over a 10 year period
- the draw on the Capital Fund for the 5 Year Capital Programme be limited to a sustainable level (4.5% of the market value of the fund)
- the Council remains debt free for general capital investments.

However, it was acknowledged that separate consideration needed to be given to the significant capital projects, including the Fixed Links projects.

The cost of the Ferry Service is supported through the Revenue Support Grant. At the moment, the Grant Aided Expenditure is based on the gross cost of the ferry service. It varies according to the actual expenditure level each year and the actual expenditure of other authorities which operate ferry services. Also, the global amount awarded to support Ferry Services in Scotland can be adjusted by the Scottish Government. The overall amount payable to Shetland Islands Council can therefore fluctuate considerably year on year. Generally, if gross expenditure on the ferry service is reduced, the Council can expect a reduction in Revenue Support Grant.

The creation of Fixed Links between the islands would add to the overall roads network length. The Grant Aided Assessment indicator for Roads / Winter Maintenance would therefore increase. This is a very small element of the overall Revenue Support Grant settlement

6.8 Legal – there are no legal implications for the Council at this stage.

6.9 Human Resources - there are no implications for staff at this stage.

6.10 Assets And Property – there are no implications in terms of the Council's assets at this stage.

7.0 Conclusions

7.1 The Fixed Links Strategy has concluded that each of the individual links in the Strategy is worthwhile in its own right.

7.2 The Fixed Links Steering Group has considered the conclusions of the study alongside other relevant issues and has recommended that priority be given equally to the Bressay and Whalsay links and that work continues to establish how these projects can be delivered with the principal focus on funding models for consideration by Members.

For further information please contact:
Michael Craigie, Executive Manager Transport Planning
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17 January 2012

List of Appendices

Appendix 1 – Shetland Fixed Links Strategy - Executive Summary

Appendix 2 – Shetland Fixed Links Strategy - Conclusions

Background documents:

None.

END

EXECUTIVE SUMMARY

Introduction

This study undertook initial scoping work comparing the likely costs and benefits of the creation of fixed links between:

- Unst and Yell.
- Yell and mainland Shetland.
- Whalsay and mainland Shetland.
- Bressay and Lerwick.

Existing Ferry Services

Each island's ferry service has distinctive features, notably:

- A high level of resident trip making on the Bressay service.
- No ferry fares are charged on the Unst service. The island is also reliant on another service (Yell Sound) for travel to/from mainland Shetland.
- Yell has the largest carryings, reflecting its role in moving traffic between Unst/Fetlar and mainland Shetland.
- There is increasing pressure on vehicle capacity on the Whalsay route, both during the commuter peaks and at other times.

In recent years passenger traffic on the Unst service has continued to grow. Growth on Yell Sound has, by comparison, been modest. Passenger numbers have fallen on both the Bressay and Whalsay services.

Fares have increased above inflation in recent years. There is a requirement to renew vessels and shore infrastructure on the Bressay, Unst and Whalsay routes.

The islands' communities are concerned that the quality of their ferry services will decline in future years. There is an expectation in the communities that future years will see a combination of above inflation fare increases, less frequent sailings and shorter operating days.

Population and Economy

Bressay has a low number (under 400) of residents with a largely static population level in more recent times. With relatively few jobs on the island there is a high degree of commuting by Bressay residents. The island's own employment base is narrow. Despite this, Bressay has relatively high household income levels in Shetland terms.

Unst has a quite low number (600) of residents. Significant population decline has occurred over the longer term although population levels appear to have stabilised. It has a relatively diverse employment base, albeit that a high proportion of jobs are part-time. The island is visited by a good proportion of tourists. Unst has a growing amount of off-island commuting, although numbers are less than in the other three islands. Household income levels are below those in all parts of mainland Shetland.

At over 1,000 residents, Whalsay has the highest population of any of Shetland's isles. Its current population level is similar to that in 1981. Whalsay has a relatively high number of jobs on the island compared to its population levels, with full-time jobs well represented. However, there is a narrow employment base. A growing number of residents are commuting off-island to work. Whalsay has relatively high household income levels in Shetland terms.

With over 1,000 residents Yell has one of the highest populations of any of Shetland's isles. Its current population is below its 1971 level, although there are indications that numbers have increased in the last ten years. There are a relatively high number of jobs on the island compared to its population levels, although many are part-time. The employment base is particularly concentrated in public sector activities. Yell has a relatively large and still growing number of off-island commuters. The island's household income levels are low in Shetland terms.

Current Service Provision

Public services are provided both by staff who live on the island in question and by those based elsewhere who travel to deliver services. Reflecting its proximity to Lerwick, Bressay has relatively few services provided by staff based on the island.

As well as SIC there are a range of other providers such as NHS, police, fire and ambulance. Major employers on the islands themselves are the ferry services, schools and care centres. However, on some islands many or all of the ferry crew do not live on the island served. In contrast, the vast majority of school and care centre staff live on the island where they work.

Experience Elsewhere In Scotland and Beyond

Some fixed links carry much larger traffic volumes than those seen under the former ferry service. The extent of any traffic growth reflects the:

- Level of any tolls that are charged.
- Quality of the previous ferry service in terms of journey time, frequency and hours of operation. The poorer the quality of the previous ferry service the larger the uplift in demand.
- Proximity of the crossing to population centres. Crossings that mainly serve short distance trips usually provide a larger percentage increase in traffic.
- Availability of services and employment on the island. A lack of services and employment opportunities will increase the propensity to travel off the island after the fixed link is built.

In terms of wider impacts:

- There is generally a positive relationship between fixed links and population trends.
- Fixed links have generally not led to islands developing significant amounts of new economic activity. The main exception is growth in tourism.
- Economic impacts-including increased off-island commuting-have been strongest where the fixed link provides immediate or reasonably close access to main centres. Distance from main centres remains an important influence on prosperity-whether an island is served by a ferry or a fixed link.

- In most cases islands with a fixed link have remained distinctive communities with their own identity.

Transport Impacts

A sketch TEE (Transport Economic Efficiency) analysis was undertaken. This compared two options: the ferry service continuing *versus* its replacement with a fixed link. Costs and benefits were assessed over a 60 year period with a discount rate applied to produce present values.

Under the ferry service option SIC receives a revenue stream from fares. There is no such revenue stream for the fixed link as in the scenario analyses tolls were not charged.

The transport impacts of the fixed link were measured and a monetary value assigned to them. They included: journey time savings; no longer having to pay a fare to make the crossing; greater convenience of being able to travel at any time; and changes in operating costs for vehicles making the crossing.

For Bressay a meaningful Benefit Cost Ratio (BCR) could not be calculated for the central scenario. This is because the Present Value of Costs for the ferry option is greater than those for the fixed link. The economic implication of this is that the Bressay fixed link should be built even if the benefits are zero. The most pessimistic sensitivity test for Bressay however gives a BCR of 4.6-which can be interpreted as a lower bound to the central scenario BCR. The central scenario BCRs for the other three fixed links are:

- Yell: 4.29.
- Unst: 3.05.
- Whalsay: 2.62.

Thus after Bressay, Yell performs the next best. Based on Department for Transport guidance Bressay's and Yell's BCR can be classed as *very high* given that it is greater than 4. Those for Unst and Whalsay can be classed as *high* given that they are more than 2.

The transport benefits of the fixed links derive largely from the ability to travel when desired, rather than from shorter journey times or no longer having to pay ferry fares.

In terms of Net Present Values (NPVs) the results were:

- Yell: £76 million.
- Bressay: £59 million.
- Whalsay: £45 million.
- Unst: £28 million.

Overall, the results show that all four fixed links schemes are socially worthwhile.

Ranking based on NPV would indicate a phased construction would begin with Yell first, followed by Bressay, Whalsay and then Unst. If finances are constrained rankings should be based on BCRs which implies a phased construction would begin with Bressay.

The Bressay and Yell proposals are strong enough to deliver BCRs greater than 2 even under the combined pessimistic sensitivity tests. In contrast, the Unst and Whalsay proposals are not as robust to such changes in the underlying assumptions.

Wider Impacts

For some service providers, the fixed links are likely to lead to little change to operations or costs. For others, the fixed links could possibly result in closure of facilities on the islands in question and significant reductions in the numbers employed there. In particular, this relates to ferries, secondary education and care centres.

The fixed links' impact at a Shetland level would be the ability to deliver a more integrated and efficient service.

The issue for all service providers is whether the numbers they employ will fall anyway over time. This is in light of drives for cost savings and efficiency gains irrespective of the introduction of fixed links.

It is expected that the fixed links would lead to a population increase on each of the islands within the decade after they are built. Thereafter, it is anticipated that the population will revert to the Shetland trend-which according to government statistics is a slight decline.

Apart from possibly Bressay, we would not expect the fixed links to lead to any major change in the amount and nature of economic activity on the isles. One of the main effects will be to accelerate the existing rate of growth in off-island commuting.

In general, growth in new and existing sectors on Unst, Whalsay and Yell will be limited. This is due to distances to main centres and the improved availability of off-island commuting opportunities. The partial exception could be in Yell. Offsetting the impacts of any job losses among service providers will depend on those losing their jobs mostly being able to find work on mainland Shetland, rather than getting employment on the island where they live.

The overall economic impacts for Shetland would be generally modest. However, the scale of development on Bressay could be significant. If the Shetland economy is buoyant at the time of a fixed link to Bressay, then the link would help support some activity and growth that would not otherwise occur in Shetland.

The scale of development on Bressay could change it from what is an essentially rural community to a much more populous one; more akin to other areas close to Lerwick. On the other three islands the fixed links would likely simply increase the rate of existing changes to the population mix.

Each of the four communities appears highly distinctive, with a strong identity. Physically connected to mainland Shetland, they would no longer be islands. However, we would expect that each would retain its own identity, given their historic status as islands.

Residents would have improved access to services elsewhere, although with the possibility of less services available on their own island. For most, there would be improved quality of life through being able to travel on a more efficient transport link. However, not all residents on each island are necessarily in favour of a fixed link.

8 CONCLUSIONS

8.1 SKETCH TEE ANALYSIS

The TEE analysis shows that all the schemes have positive NPVs, and BCRs for Unst, Whalsay and Yell are greater than 1. This indicates that the schemes are socially worthwhile.

Using DfT value for money guidance (there is no equivalent in Scotland) a BCR greater than 2 is classed as *high*, while a BCR greater than 4 is classed as *very high*. Thus, Yell has a very high BCR, while those of Unst and Whalsay are high.

Our interpretation of the Bressay result is that the BCR should also be classified as very high. Furthermore, as noted earlier, the Bressay fixed link would appear to be worthwhile building on cost saving grounds alone, irrespective of the benefits that would accrue.

Ranking based on NPV would indicate a phased construction would begin with Yell first, followed by Bressay, Whalsay and then Unst. Noting that the most pessimistic sensitivity test for Bressay has a BCR of 4.6 would imply a ranking based on BCR of Bressay first, followed by Yell, Unst and Whalsay.

The Bressay and Yell proposals are strong enough to deliver BCRs greater than 2 even under the combined pessimistic sensitivity tests. In contrast, the Unst and Whalsay proposals are not as robust to such changes in the underlying assumptions.

8.2 SERVICE PROVISION

Different service providers will react differently to the introduction of fixed links. For some, there may be little changes to operations or costs. The impacts would be limited to efficiency gains and cost savings for staff travel. This is notably for providers whose staff are based on mainland Shetland and travel out to deliver services on the four islands.

Some other providers would require further thought about how the fixed links would affect how they deliver services.

For a third group, the fixed links could result in closure of facilities on the islands in question and significant reductions in the numbers employed there. In particular, this relates to ferries, secondary education and care centres.

The first of these employs largely men. For some ferry services (e.g. Whalsay and Bressay) the vast majority of staff live on the island served. In contrast, Unst residents hold few of the crew jobs on the Bluemull Sound service. In education and the care centres, almost all staff are women who live on the island where they work.

The issue for these and other providers is whether the numbers they employ will fall anyway over time. This is in light of drives for cost savings and efficiency gains-irrespective of the introduction of fixed links.

The impact at a Shetland level would be the ability to deliver a more integrated and efficient service. There would be a greater ability to deploy staff where and when they are required, rather than being dictated largely by where they are based.

8.3 ECONOMIC IMPACTS

On Unst, Yell and Whalsay the fixed links are expected to generate an initial increase in population, followed by a reversion to trend. On Bressay the impacts are much harder to scale. They are contingent on the level of residential and commercial development on the island. This, in turn, will reflect the degree of buoyancy in the Shetland economy.

Apart from Bressay, we would not expect the fixed links to lead to any major change in the amount and nature of economic activity on the isles. One of the main impacts will be to accelerate the rate of growth in off-island commuting beyond that which would occur with the ferry services.

In general, growth in new and existing sectors on Unst, Whalsay and Yell will be limited. This is due to distances to main centres and the improved availability of off-island commuting as a means for residents to earn their living.

The partial exception could be in Yell. Improved access to markets elsewhere in Shetland and a greater ability to employ mainland Shetland residents should support growth in a number of existing sectors and businesses.

The fixed links would better support existing economic activity. They will also leave the isles better placed to deal with external shocks or downturns in their main economic sectors.

These economic impacts could serve, in the short to medium term, to offset the impacts of any job losses in service provision. However, this will depend on those losing their jobs mostly being able to find work on mainland Shetland, rather than relying on getting other jobs on the island where they live. Further, some redundant staff may choose early retirement or may be redeployed elsewhere in their employer's organisation.

However, the short-term impacts would also reflect the state of the Shetland economy and those on the isles. If service jobs were being reduced at the time of a major downturn in a key sector (e.g. fisheries) then the impact would be more keenly felt.

The overall impacts for Shetland would be generally modest. However, the potential scale of development on Bressay could be significant. If the Shetland economy is buoyant at the time of a fixed link to Bressay then it would help support some activity and growth that would not otherwise occur in Shetland. To the extent that growth is more muted, then development on Bressay may largely be displaced from other areas close to Lerwick.

8.4 SOCIAL IMPACTS

Again, Bressay is the exception to the other three isles. The scale of development on Bressay could change it from what is an essentially rural community to a much more populous one; more akin to other areas close to Lerwick. On the other three islands the fixed links would likely simply increase the rate of existing changes to the population mix, including the number of people moving in from outside.

Each of the four communities appears highly distinctive and with a strong identity. Physically connected to mainland Shetland, they would no longer be islands. However, we would expect that each would retain its own identity, given their historic status as islands. This appears to reflect what has happened on Burra & Trondra and in most other cases of fixed links outside Shetland.

For Unst and Yell, their distance from main centres would leave them continuing to look to their own community for many social activities. This would reinforce their distinctive identities.

Residents of the four islands would have better access to services elsewhere, but with the possibility of less services available on their own island. The latter could adversely affect those without access to their own vehicle.

For most, there would be an improved quality of life through being able to travel on a more efficient transport link to mainland Shetland. In particular, these benefits would flow from an ability to travel when desired, rather than to a fixed timetable. However, not all residents on each island are necessarily in favour of a fixed link.

8.5 IMPLEMENTATION

8.5.1 SIC Capital Programme

The estimated capital costs of the fixed links are very large. Excluding optimism bias and contingencies, they range from £26 million (Bressay) to £86 million (Whalsay). This is in a context where SIC's current Capital Programme is set at £100 million over five years, a considerable proportion of which comes from reserves.

It is possible that the value of the Capital Programme could be reduced in future years. This could result from reduced Scottish Government support, as well as greater funding calls from other types of activities (e.g. increased demand for social care for the elderly).

Even allowing for a construction period across three separate years, 45% of a fixed link's cost is likely to accrue within a single year. Thus the cost in a single year would range between around £12 million for Bressay and around £39 million for Whalsay.

Clearly, the fixed links project would be a long term one. At present the largest item in SIC's Capital Programme is for Anderson High School: of £40 million-£60 million. One of the other largest ones is for Mid Yell Junior High School (£8.5 million).

The impact on SIC's Capital Programme would depend on what other projects were on the stocks at the time a fixed link was being built. However, there would still be a very large call on the Programme's resources. If significant funding support was available from Scottish Government and/or European sources then the affordability challenge would be reduced.

8.5.2 Shetland Construction Projects

Our consultations suggest that that Shetland's construction companies are well scaled up for small and marine projects of up to £8 million-£10 million. They are seen as possessing various skills relating to marine works which would be required for tunnel projects.

It was viewed that few Shetland companies have won much work from the Total construction project. Where they have, it has tended to be in areas like plant hire and haulage.

Where work is at or below £5 million, Shetland companies tend to be cheaper than those from outside the islands. However, this can change depending on the market conditions faced by external contractors.

Thus it appears that a considerable proportion of the tunnel work would have to be undertaken via contractors from outside Shetland. This would require the transportation of workers and some machinery to Shetland, plus provision of workers' accommodation. These are, of course, issues that have arisen in the past and most recently through the Total project.

The ability of the local construction and accommodation sectors to cope with the scale of tunnel projects would depend on what other large scale projects were also in train at that time. Apart from SIC projects, these could include the Viking Energy project (with an estimated value of £250 million), along with those that might be undertaken by others (e.g. Lerwick Port Authority).

**Development Committee****26 January 2012****Shetland Local Development Plan - Current Position**

PL-03-12-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) (available as a background paper), and
 - an indication of work still to be undertaken with timescales (appendix 1).
- 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”
- 1.3 An update on progress with the Local Development Plan was reported to Development Committee on 9 November 2011. The Committee noted, at that meeting, the intention to report progress to each cycle of meetings to focus and encourage debate and ensure the date for adoption of the Local Development Plan is on target.

2.0 Decision Required

- 2.1 Members are asked to note the contents of the report.

3.0 Detail

- 3.1 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.
- 3.2 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.
- 3.3 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.
- 3.4 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.
- 3.5 Running in tandem with the public information sharing exercise the Planning Service consulted relevant stakeholders, with responses received by 31 July.
- 3.6 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.
- 3.7 I have also taken the decision to outsource other statutory requirements associated with development plans including equalities impact and health impact assessments.

Resources

- 3.8 Previously, 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.
- 3.9 The Director of Development Services has 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.

- 3.10 The Corporate Management Team has now fixed the new structure of the Planning Service. We now have to embark on a root and branch review of the services provided by Planning, with the assistance of one of the Council's consultants.

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 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 -The Corporate Management Team and the Director of Development Services have put in place a structure aimed at ensuring service delivery whilst making resource cuts.

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. The team will continue to strive to meet this demand.

For further information please contact:
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19 January 2012

List of Appendices

Appendix 1 – Proposed Timetable for LDP Development Oct 2011 – Sept 2012

Background papers

[Timetable for LDP Development Jan 2008 – September 2011](#)

END

[illegible]

**Development Committee****26 January 2012****NAFC Marine Centre Funding 2012/13****Report No: DV003-F****Presented by
Project Manager****Economic Development
Development Services Department****1.0 Summary**

- 1.1 This report concerns a funding application from the NAFC Marine Centre for £1,729,369 towards its core costs during the financial year 2012/13.

2.0 Decision Required

- 2.1 I recommend that the Development Committee resolve to provide a core funding grant of £729,369 to the NAFC Marine Centre for the financial year 2012/13 subject to the terms and conditions in the draft letter, attached as Appendix 1.
- 2.2 I also recommend that the Development Committee resolve to approve the distribution of £500,000, from the 2009/10 Shetland Development Trust surplus, to the NAFC Marine Centre during the financial year 2012/13.

3.0 Background to NAFC

- 3.1 The North Atlantic Fisheries College (NAFC) opened in 1992 after being established by the Shetland Islands Council as part of its strategy to support Shetland's fishing industries, including fish catching, aquaculture, and fish processing.
- 3.2 The development of the College reflected the importance of these industries to Shetland's economy, and their growing need for a well trained and qualified workforce. Since it opened the range of training and other activities undertaken by the NAFC has expanded dramatically in response to the needs of industry. Merchant Navy training was added at an early stage for the crews of Shetland's inter-island ferries, and this led to the launch in 2004 of a Merchant Navy

Officer Cadet Programme. An active research and development programme has also been developed, focussing on projects that will bring benefit to the local maritime industries.

- 3.3 The NAFC has also taken on a range of functions for Shetland Islands Council, including the provision of advice and guidance on fisheries and aquaculture issues. The NAFC regularly responds to consultation documents from both Westminster and Brussels on behalf of the Shetland Community.
- 3.4 The growing range of College activities, and the numbers of students being taught, resulted in a significant expansion of College facilities, starting with the addition of a marine hatchery in 1999. This was followed by Port Arthur House in 2000, which provides self-catering en-suite accommodation for students and visitors, and the John Goodlad Centre in 2001, which provided additional offices, laboratories and classrooms, as well as a new state-of-the-art library.
- 3.5 In September 2005 the NAFC became the NAFC Marine Centre as it was thought that the name better reflected the increasing range and scope of the work being undertaken. Although training and education remain important, they now only account for about one third of the centre's activity; being balanced by an increasing amount of industry driven applied research, development, innovation, knowledge exchange and other activities.
- 3.6 The Shetland Fisheries Training Centre Trust (SFTCT) manages the NAFC Marine Centre. A Board of Trustees to which the Director of the NAFC Marine Centre reports, manages the Trust. The objects for which the Trust was established are:-
 - 3.6.1 "To promote the development of the Shetland fishing industry, including fish catching, fish processing, fish farming, marine engineering, navigation, seamanship, research and all related and ancillary activities by providing formal and informal education and training in all or any such aspects of the Shetland fishing industry and in particular to maintain a Shetland Fisheries Training Centre (The NAFC Marine Centre)."
- 3.7 The NAFC Marine Centre's vision is to provide a focus for education, training, research and advice in support of all the maritime activities of Shetland, with strong links to other similar organisations across Europe, The North Sea and the North Atlantic regions; to act as a catalyst for innovation and entrepreneurship within the Shetland community and beyond.
- 3.8 The organisation's strategic plan for 2009-2014 states its mission is to be internationally recognised by industry and academia as a Centre of Excellence. To be the service provider of choice for training, research, services and advice for the nautical, fisheries, engineering, aquaculture and food industries within Shetland and Scotland. To provide the best possible services to our clients and partners; delivering proven benefits to both customers and the wider economic area.

- 3.9 It is expected that the NAFC Marine Centre will continue to strengthen its contribution to the communities of Shetland by:
- Offering a flexible approach to training and education for people and businesses
 - Promoting and supporting the development of fisheries, aquaculture, nautical, engineering & related industries both nationally and internationally
 - Encouraging innovation for better, cost-effective, strategies to conserve energy, reduce waste and provide better value for money
 - Forging partnerships with schools, universities, other research & training providers and others (including local and national governments, non-governmental organisations, funders, etc) to meet their needs in the most effective way
 - Maintaining a commitment to provide high quality service delivery by monitoring performance regularly and reviewing opportunities for improvement
 - Encouraging social inclusion, ensuring that services, training and education are available to all and that we are fair, courteous, consistent and accountable
 - Recognising the value of staff, their professionalism, knowledge, skills and judgement and provide opportunities for their continuous development
- 3.10 The NAFC Marine Centre received a grant of £1,780,953 from the Council for the financial year 2011/12. The benefits and impacts of this funding will be presented to a future Development Committee in line with the terms and conditions of the previous grant offer.

4.0 Previous Decision to Provide Core Funding for 2012/13

- 4.1 On 17 February 2010 (Minute Reference 22/10) Shetland Islands Council approved a three year funding request as follows, subject to the Council's annual budget setting process:

<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
£1,883,387	£2,098,276	£2,055,722

- 4.2 The income and expenditure forecast on which the 2012/13 grant application is based is presented in paragraph 5.3.
- 4.3 The finalised accounts for the NAFC Marine Centre for the financial year 2010/11 show a surplus of £387,788. The surplus is due to reduced costs on the budgets after appreciating the economic climate and the need for cost cutting at the time as well as increased commercial activities.

5.0 Revised Funding Request for 2012/13

- 5.1 The NAFC Marine Centre have requested a grant of £1,729,369 net of the surplus carried forward from 2010/11, as reported in the table in paragraph 5.3, for its core funding grant for the financial year 2012/13.

- 5.2 This funding request is less than the funding approved on 17 February 2010 (Minute Reference 22/10) as the applicant was asked to reduce its requested grant as a result of the 2012/13 revenue estimate process and the need to cut SIC budgets.
- 5.3 The original and revised income and expenditure for 2012/13 for the NAFC Marine Centre costs are as follows:

	Approved 17/02/10, Minute Ref 22/10	Revised Application For Funding
<u>Income</u>		
Funding Council Grants	£293,985	£210,848
Tuition Fees and Educational Contracts	£308,525	£301,386
Research Grants and Contracts	£200,000	£148,958
Other Income	£486,033	£375,867
Investment Income	<u>£3,700</u>	<u>£1,300</u>
	£1,292,242	£1,038,359
<u>Expenditure</u>		
Staff Costs	£2,415,951	£2,284,660
Other Operating Expenses	£930,333	£869,046
Interest and Other Finance Costs	<u>£1,680</u>	<u>£1,800</u>
	£3,347,964	£3,155,506
Funding Gap	(£2,055,721)	(£2,117,147)
<i>Less Surplus from 2010/11</i>	<u>£0</u>	<u>£387,778</u>
SIC Grant Requirement	<u>£2,055,721</u>	<u>£1,729,369</u>

- 5.4 The NAFC Marine Centre staff have produced a revised grant application which represents a 15.9% cut on the previously approved budget for 2012/13. However, only £729,369 will be provided from a revenue budget representing a saving of 64.5% on the previous funding approval. The balance will be provided by surplus from the Shetland Development Trust, see paragraph 6.7.
- 5.5 The reduction in grant requested is due to identified savings and by deducting £387,778 of surplus from 2010/11.

6.0 Implications

Strategic

- 6.1 Delivery On Corporate Priorities – The activities of the NAFC Marine Centre help to achieve outcomes from the Sustainable Economy section of the Corporate Plan 2010-12. In particular under:

The Wealthier outcomes to:

- work with the aquaculture sector to investigate new ways to organise site management and different types of production

- assist in the development of two marine renewables projects
- develop offshore renewables capacity (equipment, infrastructure and skills)
- encourage sustainable fisheries by Shetland vessels under the terms of the Common Fisheries Policy
- encourage firms operating in Shetland to develop strict environmental criteria, in order to ensure Shetland's renowned environment is retained
- assist four businesses with research and development projects, including maximising opportunities with higher education bodies

The Smarter outcomes to:

- provide young people with the skills and competencies necessary to match economic needs by increasing the level of vocational pathway opportunities between schools and colleges
- assist in re-skilling people to meet the current and future needs of the economy, by:
 - establishing the needs of the business and commercial sector
 - ensuring there are opportunities to upskill the workforce (around employability and vocational skills) through providing vocational training, short courses and access to national programmes, such as Modern Apprenticeships;
 - improving employability skills in response to Shetland's changing need"

6.2 Community /Stakeholder Issues – One of the pledges in the Economic Development Statement is to support NAFC Marine Centre through core funding arrangements and continually review the structure and activities to ensure full relevance with the needs of the Shetland community.

This grant represents a large proportion of the Economic Development Unit's budget, therefore it is crucial that the NAFC Marine Centre becomes the delivery mechanism for Council policy. Relevant policy includes parts of the SIC Corporate Plan and the policy and pledges outlined in the Economic Development Statement. In addition, support will be provided to the fisheries and aquaculture sectors of the economy. The Management Agreement at Appendix 2 identifies the policies and stakeholders supported through the provision of this funding.

6.3 Policy And/Or Delegated Authority – Support to the NAFC Marine Centre fits with the following policy statements and pledges in the Economic Development Policy Statement approved by the

Development Committee on 24 April 2008 (Minute Reference: 02/08) and by the Council on 14 May 2008 (Minute Reference: 55/08):

2. Enhance Shetland's reputation as a higher quality producer of fish and fish products
3. Encourage sustainable growth in Shetland's aquaculture industry
18. Support research and development projects in renewable energy across the isles, in homes, businesses and community organisations
21. Encourage new activities not presently located in Shetland:
27. Enable individuals to achieve their full economic potential

The NAFC Marine Centre acts as a key partner in the delivery of "Successful and Sustainable – A Strategy for Shetland Seafood 2009-2013" and should deliver specific activities to fulfil the outcome of the document which was adopted by the Council on 11 June 2009 (Minute Reference 57/09), specifically outcomes:

1. Sustainable and appropriate management of seafood resources
2. Knowledge of the Shetland industry
3. Promote best practice
4. Research & Development
7. Knowledge Transfer between producers and the market
9. Efficient and effective operational techniques
11. Routes into the industry for young people
12. Personal and workforce development
13. Business management skills

The Development Committee has delegated authority to implement decisions within its remit, in accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, in addition to appropriate budget provision, including;

- Economic Strategy
- Europe.

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

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

- 6.4 Risk Management – This report concerns the core funding of the NAFC Marine Centre with the potential risk being that the best value for the services being provided by the applicant is not achieved. This risk is mitigated by the provision of a Management Agreement and the definition of benefits and impacts to be achieved from this investment.

To ensure that the funding provided to the NAFC Marine Centre meets the policies of the Shetland Islands Council its use will be monitored against its delivery of all the policies outlined in paragraph 6.2 and 6.3.

The defined actions of how these policies will be delivered should be delegated to the Executive Manager of Economic Development, or his nominee, but will include all the activities defined in the Management Agreement, attached as Appendix 1.

Failure to reduce the net ongoing running costs of the Council carries a significant risk of the Council's financial policies not being adhered to and will require a further draw on reserves.

6.5 Equalities, Health And Human Rights – None

6.6 Environmental – The NAFC Marine Centre will be tasked to deliver some of the environmental policies on behalf of the Shetland Islands Council, specifically those listed below:

Corporate Plan

- encourage sustainable fisheries by Shetland vessels under the terms of the Common Fisheries Policy
- encourage firms operating in Shetland to develop strict environmental criteria, in order to ensure Shetland's renowned environment is retained
- assist four businesses with research and development projects, including maximising opportunities with higher education bodies

Resources

6.7 Financial

6.7.1 The funding to the NAFC Marine Centre will be a mix of revenue grant and surplus funding.

It is proposed that a grant of £729,369 be paid from the Development budget. In addition, a distribution of £500,000 will be allocated from the Shetland Development Trust 2009/10 surplus. However, the surplus sum must be awarded unconditionally to ensure the recipient can claim tax relief on the distribution. The distribution will therefore be subject to a tax relief and will be worth £1m to the NAFC Marine Centre.

In addition to the provision of grant funding for the core costs of the NAFC Marine Centre the Council meets the repair and maintenance, lease costs and insurance which will be paid from the Asset and Properties budget and is estimated to be £340,136 for the financial year 2012/13.

The total funding to the NAFC from the Council in 2012/13 will therefore be £1,569,505.

Any grant assistance will be subject to the 2012/13 estimates process and the availability of funds.

Any NAFC Marine Centre surplus for the financial year 2011/12 will be deducted from any future grant request.

6.7.2 Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements which secure Best Value. Best value is continuous improvement in the performance of the authority's functions taking into account efficiency, effectiveness, economy and equal opportunities.

6.7.3 The Council approved a Financial Framework and Reserves Policy which includes:

- a presumption against service extension, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- priority to be given to the provision of statutory services.

The proposal in this report is compliant with the Council's Financial Framework and Reserves Policy.

6.7.4 There are no alternative funding sources available for the costs applied for in this application. However, the SIC grant funding can be used as match funding to enable the NAFC Marine Centre to apply for external sources of funding to build on their work outwith the work that this application relates to.

6.8 Legal – None

6.9 Human Resources – None

7.0 Outputs and Impacts

7.1 Following a report from the Head of Business Development to Committee on 18 November 2010 (Minute Reference 70/10), it was agreed that the economic benefits of grant funding from the Council be more clearly defined.

7.2 With this in mind the Director of the NAFC Marine Centre was asked to provide a schedule of defined benefits achieved through the provision of the core funding grant from the Council, attached as Appendix 3.

7.3 The schedule contents of the Management Agreement and the economic benefits from provision of the NAFC Marine Centre core funding 2011/12, Appendix 1 and 2 will be used to monitor the activities expected by the proposed grant funding.

8.0 Conclusions

8.1 The NAFC Marine Centre is vital in providing education, training, research and advice in support of all maritime activities in Shetland, both indigenous and emerging sectors. It is essential to ensure that it is strengthened by making sure it can deliver aspects of the SIC's Corporate Plan, Economic Development statement and Seafood strategy, therefore justifying this level of support so that these activities can be fulfilled.

For further information please contact:

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Date: 16 January 2012

List of Appendices

Appendix 1 - Draft Offer Letter

Appendix 2 - Management Agreement

Appendix 3 - Economic Benefits From Provision of Funding

Background Documents

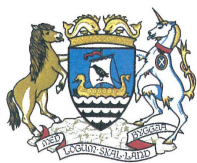
17 February 2010, [DV011](#), NAFC Marine Centre Funding, Decision: [Minute Reference 22/10](#)

11 June 2009, [DV056](#), Successful and Sustainable – A Strategy for Shetland Seafood 2009-2013, Decision: [Minute Reference 57/09](#)

18 November 2010, [DV068](#), Investment in Economic Development Projects – Defining Benefits, Decision: [Minute Reference 70/10](#)

24 April 2008, [DV012](#), Shetland Economic Development Policy Statement 2007 – 2011, Decision: [Minute Reference 02/08](#)

Full Council 14 May 2008, Decision: Minute Reference 55/08



Shetland Islands Council

Executive Manager: Douglas Irvine
Director: Neil Grant

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If calling please ask for
Sheila Keith
Direct Dial: 01595 744967

Our Ref: SK/RF339/496/2757

Your Ref:

Dear Sir

NAFC Marine Centre Core Funding for 2012/13

On behalf of Shetland Islands Council ("the Council"), I am pleased to offer Shetland Fisheries Training Centre Trust ("the Trust") grant assistance of £729,369 (Seven Hundred and Twenty Nine Thousand, Three Hundred and Sixty Nine Pounds) for the provision of services, during the year 2012/13, subject to the following conditions:

1. The grants will be paid to the Trust in four equal quarterly instalments, April 2012, July 2012, October 2012, and January 2013.
2. The Trust will supply the Council, or its nominee, with quarterly income and expenditure accounts within 21 days of the end of each quarter and will, by 31 December 2012, submit income and expenditure projections for the remainder of the year to 31 March 2013 and for the period 1 April 2013 to 31 March 2014.
3. The Trust will, by 31 August 2013, provide an actual statement of the income and expenditure of Shetland Fisheries Training Centre Trust, showing clearly the funding obtained from external sources and the final deficit in running costs for the financial year 2012/13. If the actual deficit is lower than the amount awarded by the Council at the beginning of the year, the Council, or its nominee, will deduct it from any future grant.
4. The Trust will, as part of the offer of grant, provide, on behalf of the Council, or its nominee, the fisheries and marine resource activities as set out in the attached Management Agreement – dated **xxxxx**.
5. The Trust will, as part of the offer of grant, fulfil the terms of the contract with the Council, or its nominee, for the provision of services and management of The NAFC Marine Centre.

Draft

Date:

6. The Trust will undertake to amend its objects, as necessary, to fulfil the activities required by the Council, or its nominee. If any amendment of the objects affects the charitable status of the Trust, the Council will amend the Management Agreement and subsequently reduce this offer of grant accordingly.
7. The Trust will make every effort to obtain external funding which might further reduce sums presently sought from the Council.
8. The Trust will, by 30 June 2013, provide a report on the delivery of the activities fulfilled by the NAFC Marine Centre compared to the Management Agreement and defined economic benefits.
9. The Trust will supply a copy of its professionally audited accounts within nine months of the end of the financial year.
10. The Trust will maintain and operate its premises, machinery and equipment in such a way as to conform, to the satisfaction of the Council, or its nominee, with current Health and Safety legislation, Food Hygiene legislation and other relevant trading legislation.
11. The Trust will comply with the conditions of the Management Agreement it has with the Council, or its nominee, and will continue to operate The NAFC Marine Centre as Agent of the Council, or its nominee, under the terms of the said Management Agreement.
12. The Trust will supply on request any additional information the Council, or its nominee, may require to monitor the conditions under which the grant is made.
- 13. In the event of a breach of the foregoing conditions, the Council, or its nominee, may, at its sole discretion, require repayment of all or part of the grant, and may also disqualify the Trust from receiving any other grant or loan in terms of the Schemes operated by the Council, or its nominee.**
14. Grant recipients must inform the Council, or its nominee, of any changes in circumstances affecting the grant conditions, in particular if the Trust gives up the business/work for which grant assistance was given.

If these conditions are acceptable, please sign and date this letter and return it to me as soon as possible.

In addition, to the aforementioned grant the sum of £500,000 will be provided from 2009/10 Shetland Development Trust surpluses as an unconditional distribution.

This offer of grant is valid only until 31 March 2013. If, by that date, the grant has not been claimed or paid or if, by that date, an extension has not been requested and given, this offer of grant lapses. If grant is still sought at that time, a fresh application would be required.

A spare copy of this letter is enclosed for your retention.

Yours faithfully

Executive Manager Economic Development

Enc

We, and
being two authorised signatories of the Shetland Fisheries Training Centre Trust,
accept the offer of grant on the conditions specified in this letter.

Signed: Date

Signed: Date

MANAGEMENT AGREEMENT

This Agreement is between Shetland Islands Council (“the Council”) and the Shetland Fisheries Training Centre Trust (“the Trust”) with regard to the provision of grant assistance totalling of £729,369 (Seven Hundred and Twenty Nine Thousand, Three Hundred and Sixty Nine Pounds) to provide a range of services, as defined below.

This Agreement covers the period 01 April 2012 to 31 March 2013 unless otherwise stated.

The Trust agrees to continue to strengthen its contribution to the communities of Shetland by:

- Offering a flexible approach to training and education for people and businesses
- Promoting and supporting the development of fisheries, aquaculture, nautical, engineering & related industries both nationally and internationally
- Encouraging innovation to encourage better, cost-effective, strategies to conserve energy, reduce waste and provide better value for money
- Forging partnerships with schools, Universities, other research & training providers and others (including local and national governments, non-governmental organisations, funders, etc) to meet their needs in the most effective way
- Maintaining commitment to provision of high quality service delivery by monitoring performance regularly and reviewing opportunities for improvement
- Encouraging social inclusion, ensuring that services, training and education are available to all and that we are fair, courteous, consistent and accountable
- Recognising the value of their staff, their professionalism, knowledge, skills and judgement and provide opportunities for their continuous development

In return for the provision of the grant funding the Trust will provide the following activities:

- nautical, engineering, fisheries and aquaculture training and education for Shetland.
- supply all of the engineering training for Shetland
- working closely with schools and local communities to ensure that young people are aware of the career opportunities available in engineering and in the maritime industries.
- founding academic partner in the UHI Millennium Institute and is working in partnership with Shetland College building up the provision of higher education in Shetland, especially at the post-graduate taught and research degree levels.
- run the Merchant Navy Cadet programme

- high-quality research on Shetland's fisheries and marine environment, with the intention of contributing to the sustainability of Shetland's marine resources and improving knowledge and understanding of the local marine environment.
- shellfish research and stock assessments for the Shetland Shellfish Management Organisation, an association of local fishermen which manages shellfish stocks in the waters around Shetland.
- other research on fish and shellfish is funded by the Scottish Government and from other external sources.
- work with, and support, Shetland Shellfish Management Organisation (SSMO) towards their Marine Steward Ship Council Accreditation Assessment and in the renewal of the local regulating order.
- assist SSMO with the Regulated Fishery Order (also known as a 'Regulating Order') to legally right to manage the commercial fisheries for lobsters, crabs, scallops, queens, whelks, razorshells, cockles, mussels and oysters within the area between the low water mark and the six mile limit around Shetland. Amongst other things, the Order gives the SSMO powers to impose restrictions and regulations, to issue licences, and to impose tolls.
- deliver crucial training, educational courses and Continuing Professional Development for the fishing, aquaculture and ferry services of Shetland through the list of approved courses identified below.
- running the marine hatchery & sea site trials unit for use in research and training
- delivery of the National Progression Award & Scottish Vocational Training in Aquaculture
- outreach work to schools and other external bodies
- research on biology and stock health of marine fishes and shellfish of commercial importance
- maintaining a database of fisheries logbook information for inshore sector and conducting annual shellfisheries stock assessment
- maintaining and operating vessels for ongoing research and training purposes
- providing advice, information and assistance to the SIC, SFA, SFPO, SSMO and SHOAL
- correspondence with State agencies (including responses to consultation) and other regulatory bodies in relation to fisheries, aquaculture, marine planning, policy and environment
- short research projects of direct areas of immediate concern (e.g. cod survey 2009)
- monitoring of national and European fisheries and marine environmental policy developments and circulation of information as appropriate

- collection, collation and analysis of local fisheries landings statistics; preparation and circulation of summary reports to key parties
- preparation and circulation to all interested parties (including councillors and industry representatives) of 'briefing notes' on fisheries and marine environmental issues
- data collection for national fisheries monitoring programme (for shellfish, pelagic and whitefish species)
- providing 'short courses' (e.g. Seafish type) to industry in seafood sector
- providing advice and project development services to local industries
- preparation and submission of externally funded research proposals that are of direct relevance to Shetland and wider Scotland
- providing knowledge transfer and innovation expertise to the industry
- provide advice, information and assistance on fisheries and marine environmental issues to the SIC, the Shetland Fishermen's Association, SHOAL and other interested parties.
- provide responses to consultations to the Scottish and UK Governments' proposed Bills
- provide information or assistance on a range of issues including local fish landings statistics, marine policy developments, and other issues as instructed by Council officials
- provide an active aquaculture research programme along with industry

In return for accepting the grant offer, reference SK/RF339/496/2757 the Trust agrees to provide services to fulfil the following actions outlined in the Council's Corporate Plan 2010-12, Economic Development Policy Statement and the Shetland Seafood Strategy.

Corporate Plan 2010-2012, specifically the following actions:

- work with the aquaculture sector to investigate new ways of organising site management and different types of production
- assist in the development of two marine renewable projects
- development of offshore renewables capacity (equipment, infrastructure and skills)
- encourage sustainable fisheries by Shetland vessels under the terms of the Common Fisheries Policy
- encourage firms operating in Shetland to develop strict environmental criteria, in order to ensure Shetland's renowned environment is retained
- assist at least four businesses with research and development projects, including maximising opportunities with higher education bodies
- provide young people with the skills and competencies necessary to match economic needs by increasing the level of vocational pathway opportunities between schools and colleges
- assist in re-skilling people to meet the current and future needs of the economy by:
 - establishing the needs of the business and commercial sector;
 - ensuring there are appropriate opportunities to up-skill the workforce in Shetland through providing vocational training, short courses and access to national programmes
 - improving employability and vocational skills in response to Shetland's changing economic and community needs;

Economic Development Policy Statement (approved by the Development Committee on 24 April 2008 (02/08) and by the Council on 14 May 2008 (55/08)), specifically the following actions:

Statement No. 2 - *Enhance Shetland reputation as a higher quality producer of fish and fish products*

Statement No. 3 - Encourage sustainable growth in Shetland's aquaculture industry:

Specifically, to support 4 projects aimed at improving the aquaculture industry to be versatile, profitable and efficient; and to support industry to gain a better understanding of optimum growing conditions in the aquaculture sector

Statement No.18 - Support research and development projects in renewable energy across the isles, in homes, businesses and community organisations

Specifically to be involved and support 2 renewable energy projects in the marine environment and work with the marine renewables group to investigate opportunities that exist in this area

Statement No. 21 - Encourage new activities not presently located in Shetland:

Statement No. 27 - Enable individuals to achieve their full economic potential

Strategy for Shetland Seafood (as adopted by the Council on 11 June 2009, minute reference 57/09), specifically outcomes:

1. Sustainable and appropriate management of seafood resources
2. Knowledge of the Shetland industry
3. Promote best practice
4. Research & Development
7. Knowledge Transfer between producers and the market
9. Efficient and effective operational techniques
- 11 Routes into the industry for young people
- 12 Personal and workforce development
- 13 Business management skills

The funding will enable the delivery of the following courses:

The list of approved courses delivered by The NAFC Marine Centre to the local fishing, aquaculture and maritime industries which are fully or partially funded by the SIC core funding allocation:

Deck Officer (FV) Class 1
Deck Officer (FV) Class 2
SVQ Level 2 MVS (Fishing)
Personal Survival Techniques
Boatmaster's Licence
NARAST (Management)
NARAST (Operational)
Electronic Navigation Systems (FV)
Signals
Efficient Deck Hand
RYA Powerboat Level 2
Introduction to Fishing
RYA Day Skipper
RYA Yachtmaster Coastal Skipper/Yachtmaster Offshore Skipper
RYA Yachtmaster Ocean
SVQ Level 2 MVS (MN)
GMDSS LRC
RYA Advanced Powerboat
GMDSS SRC
Personal Safety & Social Responsibility
Workboat Skipper (Part 1)
Workboat Skipper (Part 2)

Master <500GT Near Coast Vessel STCW95 Reg 2/3
 OOW Deck <500GT Near Coastal Vessel STCW95 Reg 2/3
 Workboat Stability
 Master 3000GT Revision
 Class 1 (FV) to OOW Unlimited (conversion)
 RYA Radar
 Fishermans Safety Awareness
 Skipper Full to OOW Unlimited (conversion)
 VHF Upgrade to SRC
 ARPA
 Safety Officer Course
 Safety Training Course
 Stability Awareness (Intermediate)
 Deck Officer Written Examination Revision
 5-day Bridge Watchkeeping
 Net Mending
 Class 1 (FV) to OOW Unlimited Open Learning Route
 Class 2 (FV) to OOW 500GT Open Learning Route
 Care of the Catch
 Class 1 Engineering Officer (FV)
 Class 1 Engineering Officer (FV) Eng Science
 Class 1 Engineering Officer (FV) Eng Knowledge
 Class 2 Engineering Officer (FV)
 MCA Diesel Engine
 NC Engineering (external studies)
 SVQ Level 2 Engineering Manufacturing
 SVQ Level 3 Engineering Maintenance
 Modern Apprenticeship Engineering
 Marine Engineer Operator's Licence
 Marine Engineer Operator's Licence to EOOW Unlimited
 SVQ Level 3 Engineering Production
 Class 4 Endorsement
 Oral examination preparation
 Class 1 Engineering (FV) Distance Learning preparation
 Small Diesel Engine
 EOOW Written Examination preparation
 STCW '95 Second Engineer <3000 KW
 NC Engineering Practice
 STCW '95 Second Engineer <3000KW Distance Learning
 <3000KW C/E
 EOOW Unlimited
 Level 3 Fishing Engineering
 Modern Apprenticeship SVQ Level 3
 <3000KW 2/E M<N Engineering Knowledge only
 Distance Learning Workshop Skills
 Distance Learning Workshop Skills Electrical tasks
 Class 1 MN <6000KW
 Modern Apprenticeship in Engineering SVQ 2 & 3
 Engineering Science 1 & 2
 NC Modules for Modern Apprenticeship
 2-day Engine Room Watchkeeping
 MCA Oral Preparation – outreach
 MA in Engineering Fabrication & Welding
 MA in Fabrication & Welding (NC)

By signing this Agreement the Trust understands that if for any reason it cannot fulfil the activities contained herein, it should be reported to the Head of Economic Development, or his nominee, in early course and may result in the core grant for 2012/13 being limited. Any such changes will be reported to the Council's Development Committee, or equivalent.

We hereby agree to fulfil the activities detailed above and agree to be monitored on our delivery and understand that any departure from the delivery of these activities may result in reduced funding for 2012/13 and in the future:

We,..... and being two authorised signatories of the Shetland Fisheries Training Centre Trust, accept the above Management Agreement.

Signed:.....Date.....

Signed:.....Date.....

For and on behalf of the Shetland Islands Council by
Authorised Signatory.

Signed:.....Date.....

**ECONOMIC BENEFITS FROM PROVISION OF
NAFC MARINE CENTRE CORE FUNDING 2012/13**

Appendix 3

Benefits/Impacts to be achieved by 31 March 2013

Measurable Benefits	Details
Jobs Maintained	45
Project Jobs Maintained	5
Turnover Generated	Forecast for 2012-2013 income generated not including SIC grant: £1,038,359
Wages Generated	£1,800,000
Total Impact on Economy	£1,800,000 * 1.530 = £2,754,000 *(Multiplier from Regional Accounts 2003)

Benefits/Impacts to be achieved in academic year August 2012 to July 2013:

Other Measurable Benefits	Details
No. of students enrolled	675
No. of students enrolled FTE	145
Student retention rate	95%
Student success rate	95%
Range of courses provided to industry	45
No. of new courses developed for industry	3

(FTE – full time equivalent)

Benefits/Impacts to be achieved by 31 March 2013:

Other Measurable Benefits	Details
No. of active research and consultancy projects	10
No. of collaborative funding partners for active research and consultancy projects	8
No. of briefing notes produced for industry	5
Amount of levered finance	£184,458