

**Development Committee****9 March 2012****Draft Scottish Ferries Plan – Shetland Islands Council Response to Consultation**

TP-02-12-F

**Executive Manager Transport Planning****Transport Planning / Development  
Services****1.0 Summary**

- 1.1 This report provides Members with a set of draft responses to the Scottish Government's Draft Scottish Ferries Plan for discussion prior to submission to Scottish Government.

**2.0 Decision Required**

- 2.1 The Committee is asked to : -
- 2.1.1 Discuss the draft list of responses to the Draft Scottish Ferries Plan contained in Appendix 1 to this report.
  - 2.1.2 Suggest any changes to the draft responses and/ or raise any additional issues Members wish to see addressed in the response.
  - 2.1.3 Delegate authority to the Executive Manager Transport Planning to finalise the response to the Draft Scottish Ferries Plan in consultation with the Chairs of the Development Committee and the Environment and Transport Committee.

**3.0 Summary of Responses to the Draft Scottish Ferries Plan**

- 3.1 The draft response is presented in a tabulated format in Appendix 1 of this report.

- 3.2 The responses in the table in Appendix 1 have been developed from a discussion at a Members' seminar held on Friday 9 January 2012 which included ZetTrans Members and Advisers also.

## **4.0 Implications**

### Strategic

#### **4.1 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.*

- 4.2 Community /Stakeholder Issues – The Scottish Government has approached communities and stakeholders separately on the consultation and they are invited to feed back independently of the Council.
- 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 Scottish Ferries Plan will direct policies and projects for the period to 2022. Therefore it is important that the Council takes the opportunity to contribute fully to the development of the Plan.
- 4.5 Equalities, Health And Human Rights – nothing significant in terms of the Council's individual response.
- 4.6 Environmental – a separate Strategic Environmental Assessment is being undertaken on the Plan by the Scottish Government.

### Resources

- 4.7 Financial – this report has no direct impact on the Council's budgets.
- 4.8 Legal – there are no legal implications for the Council at this stage.
- 4.9 Human Resources - there are no implications for staff at this stage.
- 4.10 Assets And Property – there are no implications in terms of the Council's assets at this stage.

## **5.0 Conclusions**

- 5.1 The Scottish Government's Scottish Ferries Plan will shape Ferries Policies and Projects in Scotland for the period up to 2022.

- 5.2 Both internal and external ferry links are fundamental to Shetland's social and economic well being and therefore it is important that the Council prepares a full response to the content of the plan.

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*5 March 2012*

#### List of Appendices

Appendix 1 – Draft Response to Draft Scottish Ferries Plan

#### Background documents:

Draft Scottish Ferries Plan. Can be found on line at: -

<http://www.transportscotland.gov.uk/files/documents/reports/Draft-ferries-plan-for-consultation.pdf>

A copy is also available in the Members Room

END



SCOTTISH FERRY REVIEW – DRAFT PLAN FOR CONSULTATION - December 2011

<u>ITEM</u>	<u>REFERENCE</u>	<u>COMMENT IN DRAFT PLAN</u>	<u>PROPOSED RESPONSE</u>
<b>Chapter 1: Introduction</b>			
1.		No comments on this section	
<b>Chapter 2: How should ferries be funded and procured?</b>			
2.	Page 7, Paras 9 - 12	During the process of developing the Draft Ferries Plan it was recognised that fixed links could provide a viable and more effective alternative to ferries. This section would be an ideal opportunity to raise this issue.	Fixed links are a viable alternative to ferries particularly on shorter routes and the Scottish Ferries Plan should acknowledge this alternative.
3.	Page 9, Para 24	Transfer LA ports to CMAL & use harbour dues to maintain and develop them.	<p>There is a mix of models in Shetland at the moment.</p> <p>Some ferry terminals are sited within Council owned harbour areas, e.g. Symbister, Ulsta, Toft, West Burrafirth, Fair Isle and Walls. In these circumstances no fees are charged for when ferries use the facilities.</p> <p>There are two terminals within the Lerwick Port Authority harbour (LPA) area. Harbour dues are levied in this case.</p> <p>There are several “stand alone” terminals that are managed and maintained by the Ferry Service. Again no charges are made for the use of the terminals but the cost of maintenance and replacement falls on Ferry Service budgets.</p> <p>If the facilities currently used by Shetland Islands Internal Ferry Services were to be transferred to a third party and a cost recovery model implemented then there would be a risk of disproportionately high fare increases to enable this with significant social and economic impacts.</p> <p>The key difference to have in mind is that the volumes of passengers and vehicles on the inter island services although</p>

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			<p>significant would have difficulty absorbing these costs.</p> <p>Furthermore it is likely there would be a loss of local democratic accountability and therefore loss of local control and prioritisation for investment.</p>
4.	Page 10, Para 26	<p>“It is fair to say that there is a lack of appetite for increasing fares for users of ferry services. There is however some support for allowing operators to manage demand on busier sailings.”</p>	<p>The Council may wish to consider emphasising the already substantial difference in fares that exist between various ferry routes in Scotland (see the table in Appendix 2 to the report). Therefore it is not so much about any appetite to increase fares but more of a need to decrease fares on the Northern Isles services.</p> <p>For islanders the services are lifeline services so the principle of low, mid and high seasons is not as relevant as it is on commercial routes with competition.</p> <p>There should be a commitment to equalising the travel costs to islanders across Scotland. The fare rate should be about equalising the cost of overcoming the travel barrier such that island residents pay broadly similar costs for travel from islands to mainland Scotland (i.e. the cost of overcoming a stretch of water should be broadly similar rather than just the distance of the stretch of water as RET attempts to do).</p>
5.		<p>“....support for allowing operators to manage demand on busier sailings.”</p>	<p>Welcome the principle but need to know more detail to ensure that overall costs to users do not increase as a result.</p>
6.	Page 10, Para 28	<p>“Greater dialogue with the market before tendering and a less prescriptive specification...”</p>	<p>Welcome greater dialogue especially with RTPs and Councils. Need to guard against less prescriptive specification resulting in poorer services. We need to continue to emphasise the point that these are lifeline services and for Shetland in particular with already high fares, constrained capacity and only one daily passenger and one daily freight service, the service is at the bottom end of services in Scotland. It is essential therefore that Scottish Government and bidders take the time to involve stakeholders, RTPs, Councils and Communities at the strategic, technical and operational levels.</p>

7.	Page 11, Para 32	The tone of the summary focuses around CMAL possibly being the principal vehicle for management and procurement of harbours and ferries.	<p>Although it may be considered by some that there are benefits in centralisation of management of procurement and operations this also comes with the risks. These are principally loss of local democratic accountability and undermining the ability of islands to manage their own priorities.</p> <p>The Scottish Ferries Plan should consider introducing an “opt in” clause as a means of enabling Councils to consider how ferry services (particular reference to internal services) are most effectively delivered.</p> <p>The considerable experience of operators such as SIC Ferry Operations should not be ignored.</p>
<b>Chapter 3: Fares.</b>			
8.	Page 13, Para 8 & 9	Rejecting charging more for visitors than residents.	<p>On the Shetland inter island ferry network there is an opportunity to create a fare structure that acknowledges the differences in willingness and ability to pay for ferry travel. For example, it is a commonly stated view that the ferry fares in Shetland are low and indeed for the occasional traveller this is the case. However, for those that must travel at least once and often several times a day then the absolute cost of travel is high. Therefore the Ferries Plan should not dismiss the principle of differential fare structures covering different types of travel need/ patterns.</p> <p>There is a need to understand and differentiate our approaches to charging for lifeline use of ferry services and leisure/ occasional use of services.</p> <p>Concern has been expressed that this philosophy is a precursor to levelling fares for all travellers whether they be islanders or visitors. In the case of external ferry links the islander discount is an important and essential feature and should not be lost or even diminished.</p>

9.	Page 13, Para 10	<p>This paragraph states: -</p> <p><i>“We also need to recognise that people have different incomes and we need to ensure that every resident has the opportunity to travel using their ferry service, regardless of their ability to pay. <b>Equality of opportunity is central point to the Government Economic Strategy of building a fairer society (my bold emphasis).</b> This concurs with what ferry users said in the 2010 consultation that fares needed to reflect the particular needs of students and older people along with other less well off members of the community”</i></p>	<p>This is a core principle in any transport network especially where there are no other choices available to residents. It underpins our argument that RET does not address this important philosophy because it does not do anything to regularise travel costs where residents have similar needs to travel. For example, the need to reach mainland Scotland is no different to a Shetlander, an Orcadian or a Western Islander. However, the cost of travel varies enormously regardless of similarity of the need. Refer once again to the table in Appendix 2.</p>
10.	Page 14, Para 17	<p>“It is our proposal that single journey fares for foot passengers and car traffic should be based on the principle of RET.”</p>	<p>We have a fundamental difficulty with the whole concept of RET. Its only positive feature is that it is administratively convenient and easily understood.</p> <p>However, it fundamentally fails to take account of social and economic pressures that differ across different islands and island groups and therefore fails to do anything to address equality of access to services, economic opportunities, social opportunities and social inclusion. In fact, RET will widen an already intolerable gap in travel costs to Shetland compared to other island groups with consequent impacts on tourism and people’s choices about where to live and business choices about where to locate.</p> <p>The difficulty we face however is the challenge of developing an alternative to RET that is understood and supported by other island groups. It is unfortunately the case that we tend to relate cost of travel to distance and this is the concept most people find easiest to relate to.</p> <p>Despite this it is recommended that we state in the strongest terms that RET is not an effective method of setting fares because it only reduces fares on medium length routes and increases the cost of</p>



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			<p>travel on short routes and longer routes.</p> <p>The aim of fare levels on lifeline routes should be to remove the inequalities of living on islands and the intervention of subsidy is the mechanism to achieve this and bring island groups closer together.</p> <p>It is perhaps worthwhile altering the interpretation of the money allocated to Scottish ferry services from “subsidy” to “investment”.</p>
11.	Appendix 3 - Page 70, Table	<p>“We intend to roll-out RET to all lifeline ferry services. Where we are not responsible for the delivery of these services we will discuss the appropriate form and timing of any roll-out with those who are, e.g. Local Authorities....”</p>	<p>If Members support the position that RET is not an appropriate method of setting fares then the question that arises is, do we consider that it is appropriate that Scottish Government can impose a system of fares on our inter island services when we do not agree with the principle in the first place.</p> <p>We have run the RET model on inter island services and without exception it would result in substantial fare increases on every route.</p> <p>RET is entirely insensitive to the differences in frequency of travel needed in different island communities due to differences in employment locations, services, social opportunities, etc.</p>
12.	Page 15, Para 22	<p>“Our proposal is that while RET will form the basis for the fares structure across all sailings, the operator will have the opportunity to bring forward proposals on how they intend to manage demand. Stakeholders must be consulted on demand management plans.”</p>	<p>Whilst a system of managing demand through pricing is welcomed, it is going away from the principle of RET. If this part of RET doesn’t work, the whole concept is undermined and therefore flawed.</p> <p>Welcome the commitment to consult.</p>
13.	Page 15, Para 23	<p>“...we are replacing RET for large commercial vehicles.....with an enhanced pre-RET discount scheme....”</p>	<p>This philosophy fundamentally departs from the philosophy of RET. If the Scottish Government has a commitment to RET then failing to apply it consistently undermines its integrity entirely.</p> <p>There is an irony insofar that if RET is accepted it is actually more relevant to commercial vehicles and freight than it is to cars and</p>

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			personal travel. Yet the Scottish Government are proposing to apply it the opposite way around.
14.	Page 16, Para 25	Retain the current National Concessionary Travel Scheme.	This needs to be extended to include local authority services.
15.	Page 16, Para 26 & Page 17 , Para 27	Discontinue multi-journey tickets.	<p>Discontinuing multi-journey tickets will adversely affect frequent travellers, such as commuters, further exacerbating the impacts of RET should it be applied. On inter island ferry services it would make commuting impossible as well as severely impacting on social inclusion. In my opinion this would lead to depopulation and social problems as well as pressures on services and infrastructure on mainland Shetland.</p> <p>It will also increase the administrative burden having to sell 10 tickets rather than one and may make ticket sales on short high volume crossings impossible.</p>
16.	Page 17, Para 29	"...no one will pay more for an RET fare....."	<p>The fares on the Northern Isles crossings, especially Aberdeen / Lerwick, are already the highest in Scotland by a large amount. The need is for cheaper fares not a commitment that fares will not increase.</p> <p>This demonstrates once more that the commitment to RET is not about consistency in setting fare levels but for administrative convenience. The fundamental rationale for RET is that everyone pays for the distance they travel but no one will pay more if they currently pay less than they would if RET were applied.</p> <p>Perhaps some care needs to be taken with regard to inter island fares because if this commitment is honoured then it would address the points I make earlier about risks to commuters and social inclusion.</p>
17.	Page 17, Para 32	<i>"There is future work required around the precise rates for RET. Currently how RET fares are set is based on research prior to the start of the Western Isles, Coll and</i>	If Scottish Government is committed to RET then we must ensure we have adequate engagement in any process of reviewing RET and any future form it may take.

		<i>Tiree Pilot in October 2008. These figures (and research) are now out of date, and we wish to update the RET formula.”</i>	
18.	Page 18, Para 34, final bullet.	“...requirement for ferry operators to work with other transport providers to encourage integrated ticketing and better timetabling.”	<p>Integrated ticketing is of greatest benefit to travellers moving between modes, e.g. train to ferry to bus as part of an overall journey. It is certainly a worthy aim and ferry operators should be encouraged to be part of the development of integrated ticketing. Having said that, individual operators can probably do little to develop integrated ticketing on their own. This would need to be part of a wider Scottish Government led objective.</p> <p>Is the reference to timetabling meant to be integration with other modes? If so, this should not interfere with the timetabling of the A/K/L service where times are as good as they can get and necessary for users’ requirements.</p> <p>Integrating timetables between modes is also a worthy aim but care needs to be taken on the Lerwick Aberdeen route for example where departure and arrival times are probably an optimum at the moment and changing these to meet say train times may cause more problems than it solves.</p>
<b>Chapter 4: What kind of ferry services should be funded?</b>			
19.	Page 20, Para 12	“We will ensure that each island .....has at least one direct ferry route to the Scottish mainland.”	I imagine that it is not the intent of this statement that every island in Scotland is linked directly to mainland Scotland. We will feed this back and suggest this is made less ambiguous.
20.	Page 29, Para 78 & Page 40, Para 154, Bullet 3	<p>Provide Coll &amp; Tiree with sailings at least 6 days per week during the winter.</p> <p>Provide Barra with sailings at least 5 days per week during the winter</p>	We welcome the recognition that small island communities rely on frequent and reliable ferry services to support economic growth and social well being.
21.	Page 30, Para 85	“The passenger and vehicle service between Lerwick and Aberdeen runs every day (summer and winter)	Should emphasise that during vessel overhaul periods (9 weeks in spring 2012) this reduces to 3 days per week.

22.	Page 30, Para 86	Describes the Aberdeen / Lerwick service as “.....generally fit for purpose.”	<p>With the successful growth in volumes of passengers, vehicles and freight on the Northern Isles service over the course of the current contract the vessels often reach capacity which means for significant periods of the year the service constrains what can get in and out of Shetland. It is important that we are not thought to be criticising the success of the service to date but by the same token we should not shy away from identifying the significance of these constraints. Capacity constraints and cost of travel are adversely affecting the economic potential and social wellbeing of Shetland and the Scottish Ferries Plan needs to acknowledge the significance of this and the need to develop measures to address these constraints in the future.</p> <p>The difficulty we face is that the evidence we have is anecdotal, provided by members of the public in public meetings etc. However, we do have the evidence that when Northlink “banned” freight from the passenger vessels in June and July 2010 we saw an additional 450 cars transported during that time and this demonstrates the suppressed demand that is available to Shetland.</p> <p>It is recognised that accommodation in Shetland reaches capacity in the summer months and this can be considered a constraint on tourism also. However, if there was confidence that capacity constraints on transport links can be addressed then the local tourist and accommodation sector can have confidence in investing in additional services and volume of accommodation to meet additional demand.</p>
23.	Page 30, Para 87	Looks at options to improve the Northern Isles services.	<p>Exploration of options for improvement will be welcomed. We note the commitment on Para 12 on Page 7 that a STAG type appraisal will be carried out before the final Ferries Plan is published. SIC / ZetTrans has considerable experience in STAG appraisals for ferry services and looks forward to being involved in this work.</p>

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			<p>Whilst the balance between the services to different communities should be considered, it must be recognised that the current service to Shetland is not fit for purpose for existing traffic nor future growth. The sailings to/ from Aberdeen are Shetland's only link.</p> <p>The Ferries Plan should also recognise that Shetland is a net contributor to the UK economy and in 2010/11 had the highest economic growth of all Scottish Local Authorities. Therefore any increased spend on ferry services should be considered as further investment in the local and Scottish economy.</p>
24.	Page 30, Para 88	Commitment for a "broadly similar level of service" from 2012 to 2018.	<p>See comment above.</p> <p>The service from 2012 must be no less than currently provided. The ability to make mid contract changes to service must be built into the contract to allow, for example, for changes in demand. Increase cabin and vehicle capacity.</p> <p>Involve RTPs / LAs.</p> <p>No extra calls at Kirkwall between Lerwick and Aberdeen.</p> <p>Safeguard livestock arrangements.</p>
25.	Page 31, Para 90	"...at least one sailing, each way, per day, every day throughout the year between Aberdeen and Lerwick."	<p>This must be with a passenger vessel and include during vessel overhauls. The Transport Minister gave the commitment to ensure the 2012 reduction in service does not happen again.</p>
26.	Page 31, Para 94	Future responsibility for Shetland's inter island services.	<p>SIC will be happy to discuss future responsibility for, and funding of, inter island services but are reluctant to reduce local control and democratic accountability for the services and will not accept any enforced diminution of services.</p> <p>There is an opportunity here to explore fixed links as an alternative to ferry service which would bring benefits in the long term in the form of reduced year on year operational costs.</p>
27.	Page 31, Para 95	Methodology to assess required service levels.	<p>SIC / ZetTrans has welcomed being involved in the work on this methodology to date. We recognise the benefits of this approach and the conclusion that the Shetland inter island services are, on</p>

			the whole, fit for purpose and not overprovided. We look forward to be involved in taking this work forward.
<b>Chapter 5: Who should be responsible for providing ferry services?</b>			
28.	Page 31, Paras 90 to 93	The draft plan describes the approach to the next Northern Isles Ferry Services contract.	It is important to reiterate here that future services must be able to accommodate future needs and growth and also be able to respond to unanticipated changes and opportunities.
29.	Page 41, Para 2	Scottish Government would be best placed to plan and procure ferry services.	<p>We would need to know more detail about how this would work before accepting that SG could deliver the Shetland inter island services any more efficiently and effectively than SIC does.</p> <p>It isn't clear if this statement is specifically aimed at mainland/ island services or if it includes inter island services also. This needs clarification.</p>
30.	Page 42, Para 7	".....Scottish Government will only become involved if the local authority wishes us to do so."	<p>This suggests that any discussions about responsibility for inter island service would be at the invitation of individual local authorities.</p> <p>We note the further comments later in this paragraph about (revenue?) funding coming back to the SG and transfer of capital funding. This would clearly have consequences for SIC budgets.</p>
31.	Page 42, Para 11	National policy framework.	We note and welcome the proposal for developing a national policy framework for ferry services. Furthermore, the comment that adopting the proposed framework would be optional for those responsible for delivering the services shows recognition of the importance of applying local policies to local circumstances.
32.	Page 43, Para 14 & 15	Procurement of ferry services.	We are grateful for the offer of good practice procurement guidance and to discuss future procurement of ferry services with TS. We note, however, that responsibility for procurement rests with the responsible authority.
33.	Page 44, Para 16 - 20	Ferries Regulator.	<p>We believe that the appointment of a Ferries Regulator would be a positive move.</p> <p>A possible model could be that The authority of this postholder would only apply to subsidised services and be responsible for:</p> <ul style="list-style-type: none"> <li>• Consultation processes</li> </ul>

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			<ul style="list-style-type: none"> <li>• Arbitration</li> <li>• Complaints that cannot be satisfied by the operator</li> <li>• Enforcement of the new Passenger Rights legislation.</li> </ul> <p>Would it be a nationally funded body or would the costs be borne by constituent local authorities?</p>
34.	Page 45, Para 21, bullet 3	Possibility of an LA taking over responsibility for ferry services currently the responsibility of SG.	This is an interesting proposal but without the opportunity for sufficient research it is difficult to define the pros and cons but in principle it is worthy of further discussion and development.
<b>Chapter 6: Accessibility.</b>			
35.	Page 49, Para 19	Accessibility Improvement Fund	May be an opportunity for Shetland Islands Council in terms of accessing funding to improve accessibility of ferries and terminals. The question to be addressed is whether it would be centrally funded and whether it would cover revenue and capital funding.
36.	Page 49, Para 21 - 24	Accessibility Information system	SIC is recognised as being well placed with this.
37.	Page 52, Para 11	Environmental benefits of new vessels.	This paragraph shows a fundamental misunderstanding of the effects of new legislation on ship design. Whilst new engines may be more fuel efficient, the vessels are generally larger for the same carrying capacity and thus any fuel reduction is offset in having to use larger engines.
38.	Page 59, Table 1	Key Dependencies for Each Community	<p>No reference to Shetland (or Orkney) outlying islands. Work was done to match services using the methodology. The only dependency for Shetland Mainland is Freight.</p> <p>The dependency for the Aberdeen – Lerwick route has been identified as freight but there is perhaps a need to consider that there is a local objective to increase tourism and therefore the future of the service needs to acknowledge this. This is highly relevant to the capacity constraints in the summer and the need to resolve this.</p>
<b>Chapter 7: Environmental Issues.</b>			Strategic Environmental Assessment is being carried out separately to the draft plan and will be commented on separately.





## Appendix 2

Travel Costs to the Isles by Sea, based on High Season 2012, for a return journey for a family of 4 with a car

Operator	Origin	Destination	2 Adults (Return)	2 Children (Return)	Standard Car (Return)	Accommodation (Overnight Passage)	Total Cost (Return)
Northlink	Aberdeen	Lerwick, Shetland	152.40	76.40	272.40	201.40	702.60
Northlink	Aberdeen	Kirkwall, Orkney	116.40	58.40	206.60	100.70	482.10
Northlink	Scrabster	Stromness, Orkney	72.40	36.40	108.60	0.00	217.40
Pentland Ferries	Gill's Bay	St Margaret's Hope, Orkney	56.00	28.00	66.00	0.00	150.00
Cal Mac	Oban	Castlebay/Lochboisdale, Western Isles	50.40	25.20	114.00	0.00	189.60
Cal Mac	Ullapool	Stornoway, Western Isles	33.60	16.80	85.00	0.00	135.40



**Development Committee****9 March 2012****Management Accounts for Development Committee - April-December 2011****F-019-F****Report Presented by Head of Finance****Corporate 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 - 31 December 2011;
  - review the Capital Management Accounts, from 1 April 2011 - 31 December 2011; and
  - review the progress on securing savings and efficiencies in the year.

**3.0 Detail**

- 3.1 This Report presents the first 9 months' Management Accounts from 1 April 2011 to 31 December 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 for services under the Development Committee's remit which has occurred since the budget was set in February 2011.
- 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 Management Accounts for 9 Months (April – Sept 2011)**  
**Development Services**

Description	Annual Revised Budget 2011/12 £000	9 Months Budget 2011/12 £000	9 Months Actual 2011/12 £000	9 Months Variance 2011/12 (Adv)/Fav £000	Estimated Outturn 2011/12 £000	Estimated Outturn Variance 2011/12 (Adv)/Fav £000
Directorate	88	66	75	(9)	96	(8)
Economic Development	8,107	5,613	4,732	881	6,847	1,260
Planning	1,921	1,476	1,151	325	1,736	185
Transport Planning	5,270	3,806	3,758	48	5,621	(351)
Community Planning & Development	1,289	1,279	1,187	92	1,289	0
<b>TOTAL Controllable Cost</b>	<b>16,587</b>	<b>12,175</b>	<b>10,829</b>	<b>1,346</b>	<b>15,493</b>	<b>1,094</b>

- 3.4 The major underspends on service areas to period 9, are as follows:
- £881k on Economic Development Service partly due to third parties not drawing down grants on time and also due to a reduced uptake in some schemes;
  - £325k on Planning Service due to vacancies and long term sickness resulting in a reduction in staffing costs and delayed project spend; and
  - £92k on Community Planning & Development in relation to timing of grant payments later than originally anticipated.

This results in an overall service underspend against 9 month budget of £1.346m (11%).

- 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 The estimated outturn position across the services on the revenue account is a £1.094m underspend directly related to the reasons for period 9 underspending at paragraph 3.4.
- 3.8 For the services within the remit of the Development Committee, the summary capital management accounts are set out in Table 2 below with further detail in Appendix 2 to this report.

**Table 2:**  
**Capital Management Accounts for 9 Months (April – Dec 2011)**  
**Development Services**

Description	Annual Revised Budget 2011/12 £000	9 Months Actual 2011/12 £000	Estimated Outturn 2011/12 £000	Outturn Variance 2011/12 (Adv)/Fav £000
Economic Development	1,000	578	700	300
Transport Planning	3,067	1,101	1,956	1,111
<b>TOTAL</b>	<b>4,067</b>	<b>1,679</b>	<b>2,656</b>	<b>1,411</b>

- 3.9 There is an overall estimated annual outturn underspend of £1.411m (34%) against annual budget for 2011/12, relating to slippage on the Fibre Optic Cable, Skerries South Mouth and Fetlar Breakwater projects, and savings on the Inter Island Transport Links and Fetlar Breakwater projects.

## 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 9 months of the year (1 April 2011 – 31 December 2011).

5.2 On the capital account, for the first 9 months, spending is less than would be anticipated at 41% 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 9 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.

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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 – 31 December 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>

Financial Planning & Budgeting Framework Report, SIC July 2011

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12344>

Reserves Policy Update, Executive October 2011

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

Strategic Budget Plan 2012/13 Onwards, Executive October 2011

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

Reserves Policy Update, Executive 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 - 31 December 2011 for Development Committee**

**F-019 Appendix 2**

<b>Cost Centre</b>	<b>Description</b>	<b>Revised Budget</b>	<b>YTD Actual</b>	<b>Estimated Outturn</b>	<b>Est Year End Variance (Adv) / Fav</b>	<b>Actual Spend as a %</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
GCD1576	Fibre Optic Cable	1,000,000	577,728	700,000	300,000	
<b>Economic Development Projects</b>		<b>1,000,000</b>	<b>577,728</b>	<b>700,000</b>	<b>300,000</b>	<b>58%</b>
GCY7213	Inter Island Transport Links	500,000	97,206	120,000	380,000	
GCY7214	Fetlar Breakwater	2,386,004	961,039	1,786,004	600,000	
GCY7215	Skerries South Mouth	181,252	42,804	50,000	131,252	
<b>Transport Planning Projects</b>		<b>3,067,256</b>	<b>1,101,049</b>	<b>1,956,004</b>	<b>1,111,252</b>	<b>36%</b>
<b>DEVELOPMENT SERVICES TOTAL</b>		<b>4,067,256</b>	<b>1,678,777</b>	<b>2,656,004</b>	<b>1,411,252</b>	<b>41%</b>



**Development Committee****9 March 2012**

<b>Performance Overview</b>	
<b>Report No: DV024-F</b>	
<b>Report Presented by Director of Development Services</b>	<b>Development Services Department</b>

## **1.0 Summary**

- 1.1 This report summarises the activity and performance of the Development Services Directorate for the 9 months up to December 2011 against the objectives approved by the Committees in June 2011.

## **2.0 Decisions Required**

- 2.1 Members are requested to discuss the contents of this report and comment on progress against priorities to inform activity for the remainder of this financial year and to inform the planning process for the next and future years.

## **3.0 Detail**

- 3.1 The Development Committee endorsed “service priority plans” on 22 June 2011 (Min Ref: 31/11) to guide activity following the Council’s governance changes and through the current management restructuring activity.
- 3.2 The Council’s Planning and Performance Management Framework and the Council’s constitutional arrangements require periodic reporting of activity and performance to functional Committees.
- 3.3 Reporting of financial performance is a separate item on this agenda and reporting of Council wide measures such as staffing numbers, absence rates, employee review and development and insurance claims will be reported on an integrated basis to the next Executive Committee on 12 March 2012.
- 3.4 This report sets out the key actions and outcomes of the Department so the Committee can understand how its priorities are being delivered. Core performance measures and key risk management activities are

being developed and will be included in future periodic performance reports.

- 3.5 Summaries of the most significant actions, are contained in Appendix 1. They are presented in an interim format, which will be superseded by the Covalent performance management system, which is currently being implemented.
- 3.6 The Committee is asked to consider and discuss any aspect of the information provided.
- 3.7 Planning activity for next and subsequent years has already commenced and the Committee is invited to comment on any issues which they see as significant to sustaining and improving service delivery.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – Effective Planning and Performance Management are key features of the Council's Improvement Plan and part of the "Organising our Business" priority in the Council's Improvement Plan.

- 4.2 Community /Stakeholder Issues – NONE

- 4.3 Policy And/Or Delegated Authority –

The Council's Constitution – Part C - Scheme of Administration and Delegations provides in its terms of reference for Functional Committees (2.3.1 (2)) that they;

"Monitor and review achievement of key outcomes in the Service Plans within their functional area by ensuring –

- (a) Appropriate performance measures are in place, and to monitor the relevant Planning and Performance Management Framework.
- (b) Best value in the use of resources to achieve these key outcomes is met within a performance culture of continuous improvement and customer focus."

- 4.4 Risk Management – Embedding a culture of continuous improvement and customer focus are key aspects of the Council's improvement activity. Effective performance management is an important component of that which requires the production and consideration of these reports. Failure to deliver and embed this increases the risk of the Council working inefficiently, failing to focus on customer needs and being subject to further negative external scrutiny.

- 4.5 Equalities, Health And Human Rights – NONE

- 4.6 Environmental – NONE

## Resources

4.7 Financial – The actions, measures and risk management described in this report has been delivered within existing approved budgets.

4.8 Legal – NONE

4.9 Human Resources - NONE

4.10 Assets And Property – NONE

## **5.0 Conclusions**

5.1 The Development Services Department has delivered the actions in the Appendix, which has resulted in the outcomes also contained there.

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5 March 2012

## List of Appendices

Appendix 1 – Key Actions Undertaken





**Action Plan on Main Priorities from Development Service Priority Plans**
**2011-12**
**Appendix 1**

<b>Objectives</b>	<b>Lead Responsibility</b>	<b>Action Required</b>	<b>Timescale</b>	<b>Desired Outcome</b>	<b>Progress</b>
1. Continue with the development of the Local Development Plan for completion in Autumn 2012.	Executive Manager - Planning	<ul style="list-style-type: none"> <li>Develop and consult on new plan.</li> <li>Regular update reports to Development Committee.</li> </ul>	Sept 2012	Plan ready for submission to Scottish Gov	Progress is being made to meet the timescale of Autumn 2012.
2. Ensure the smooth implementation of the Planning Service back office systems.	Executive Manager - Planning	Back office system implemented.	2011	More efficient use of resources	Complete
3. Manage the Planning Service with 3 less professional posts.	Executive Manager - Planning	Service Review Planned.	2012/13	More efficient use of resources	Ongoing
4. Advise 20 Start Up Businesses.	Executive Manager - Economic Development	Local and specialist advice provided through Business Gateway.	By 31 March 2012	Increase capacity of private sector.	23 Start Up Businesses Advised
5. Approve Development Support to 100 Projects.	Executive Manager - Economic Development	Projects Supported.	By 31 March 2012	Increase capacity of private sector	87 Projects Supported
6. Complete connection to International fibre optic cable and set up a point of presence for high	Executive Manager - Economic Development	<ul style="list-style-type: none"> <li>Install fibre and connections between Lerwick and Faroese SHEFA cable in</li> </ul>	By 31 March 2012	Provide Shetland with a high speed data link.	Point of Presence expected to be operational by 31-03-12.

**Action Plan on Main Priorities from Development Service Priority Plans**
**2011-12**
**Appendix 1**

Objectives	Lead Responsibility	Action Required	Timescale	Desired Outcome	Progress
speed broadband in Shetland.		Sandwich. <ul style="list-style-type: none"> <li>Secure band with agreement with operators.</li> </ul>			
7. Maximise external transport opportunities for Shetland.	Executive Manager - Transport Planning	Work in partnership with Scottish Government to ensure best outcome from ferries review, north isles ferries contract and air links.	March 2012	Maximise external connections	Consultation with Government. Ongoing
8. Evaluate fixed links as an alternative to ferry services.	Executive Manager - Transport Planning	Identify business model and funding options for fixed links.	March 2012	Enable properly informed decision on fixed links to be taken	Socio Economic impact study complete.
9. Demonstrate how ferries and bus services meet economic and social wellbeing.	Executive Manager - Transport Planning	Address through the Public Transport network review.	2011/12 & 2012/13	Better integration of services to eliminate duplication and gaps through more sophisticated approach to the structure of service contracts built into service reviews.	Included in service reviews.

**Action Plan on Main Priorities from Development Service Priority Plans**
**2011-12**
**Appendix 1**

<b>Objectives</b>	<b>Lead Responsibility</b>	<b>Action Required</b>	<b>Timescale</b>	<b>Desired Outcome</b>	<b>Progress</b>
10. New Community Plan and Single Outcome Agreement.	Executive Manager - Community Planning & Development	Use scenario planning to develop new Community Plan and Single Outcome Agreement.	April 2012  June 2012	<ul style="list-style-type: none"> <li>• New Community Plan agreed by Community Partners.</li> <li>• Single Outcome Agreement refreshed.</li> </ul>	Draft submitted to CPP on 23 February and Full Council 21 March.
11. New Community Planning Partnership Governance Arrangements.	Executive Manager - Community Planning & Development	Review Governance arrangements with Community Planning Partners.	April 2012	New governance arrangements adopted by Community Partners.	Draft submitted to CPP on 23 February and Full Council 21 March.
12. Coordinate Community engagement on Council Spending, 'have your say'.	Executive Manager - Community Planning & Development	Organise and record meeting programme.	Dec 2011	Complete	Complete
13. Submit new Local Housing Strategy in line with Scottish Government Guidance.	Executive Manager - Housing	Submit new LHS 2011-16	August 2011	Submit	Complete

**Action Plan on Main Priorities from Development Service Priority Plans**
**2011-12**
**Appendix 1**

<b>Objectives</b>	<b>Lead Responsibility</b>	<b>Action Required</b>	<b>Timescale</b>	<b>Desired Outcome</b>	<b>Progress</b>
14. Continue to seek innovative solutions to the demand for affordable housing in Shetland, whilst recognising the financial challenges.	Executive Manager - Housing	Work with public and private sector partners to reduce deficit in housing stock.	Ongoing	Increased housing stock.	Partnership arrangements with Hjaltsland HA has secured future development programme of 47 units.  Hoofields redevelopment currently 20 units to be onsite March 2012. Land issues for 10 units in Brae now resolved and due on site 2012/13.
15. Continue to work towards national target for eliminating homelessness by 2012, including revised policies and procedures.	Executive Manager - Housing	Develop and implement policies.	March 2012	Prevention and elimination of homelessness.	Prevention Policy, Temporary Accommodation Policy, Homelessness Policy, and Temporary Accommodation Strategy complete. Currently 87.9% of unintentionally homeless cases entitled to settled accommodation.
16. Scottish Housing Regulator – Follow Up Inspection.	Executive Manager - Housing	Resolve issues raised in previous inspection.	June 2011	Positive follow up inspection.	Achieved
17. Continue working towards achieving the Scottish Housing Quality Standard.	Executive Manager - Housing	Continue to work towards standards.	2015	All housing stock meets SHQS.	Currently 85% of stock meets SHQS. Plan to achieve by deadline in place.

**Action Plan on Main Priorities from Development Service Priority Plans**
**2011-12**
**Appendix 1**

<b>Objectives</b>	<b>Lead Responsibility</b>	<b>Action Required</b>	<b>Timescale</b>	<b>Desired Outcome</b>	<b>Progress</b>
18. Implement development plan for Shetland College based on HMle report published 26 May 2011.	Director - Shetland College & Train Shetland	Develop action plan.	June 2012	All development issues raised in HMle report addressed.	Action plan being progressed.
19. Undertake full review of curriculum for Shetland College and Train Shetland.	Director - Shetland College & Train Shetland	Conduct review and follow up actions.	March 2012	Efficient use of resources.	Review planned for 6 <sup>th</sup> , 7 <sup>th</sup> & 8 <sup>th</sup> March 2012.
20. Capital development to extend Shetland College.	Director - Shetland College & Train Shetland	Work with capital project team and builder to achieve new building with minimum disruption to college operations.	2013	Ensure new campus is delivered fit for purpose.	Build contracted awarded.
21. Develop further relationships with local schools through skills for work and Curriculum for Excellence programmes and development of resource sharing mechanisms to support vocational education.	Director - Shetland College & Train Shetland	<ul style="list-style-type: none"> <li>Increased links with schools for S3 &amp; S4 pupils.</li> <li>Development of employability skills.</li> <li>Development of resource sharing mechanisms to support vocational education.</li> </ul>	2013	Efficient use of resources.	Pilot employability programmes being delivered to S6 pupils in AHS and BHS from Sept2011 to June 2012.

**Action Plan on Main Priorities from Development Service Priority Plans**
**2011-12**
**Appendix 1**

<b>Objectives</b>	<b>Lead Responsibility</b>	<b>Action Required</b>	<b>Timescale</b>	<b>Desired Outcome</b>	<b>Progress</b>
22. Ensure skills provision match Shetland's economic need.	Director - Shetland College & Train Shetland	Active involvement in Shetland Skills & Learning Partnership.	Ongoing	Alignment of skills with future industry needs.	Employers Survey and input /output study commissioned.  Additional employability courses delivered.
23. Deliver agreed savings for 2011/12 across all services in Development Directorate, and plan for 2012/13.	Director of Development Services	All savings identified for 2011/12. Budget reduction plan agreed for 2012/13.	2011/12	More efficient allocation of resources.	2011/12 savings as plan. 2012/13 savings identified and service reviews.

**Development Committee****09 March 2012****Economic Development – Culture and Heritage Activity****Report No. DV014-F****Report Presented by Project Manager****Economic Development  
Development Services Department****1.0 Summary**

- 1.1 The purpose of this report is to present to the Committee proposals for the future policy direction of culture and heritage activity as delivered by the Economic Development Service.
- 1.2 The report recommends a series of priorities and actions related to engagement with local enterprise, marketing and promotion, research and development, and links with other agencies. These aims and objectives will guide how Economic Development engages with projects and activities related to the development of culture and heritage in Shetland.

**2.0 Decision Required**

- 2.1 That the Development Committee resolve to approve the proposed “Culture and the Economy” priorities and actions, outlined in Appendix 1, as the policies by which the Economic Development Service will engage with the culture and heritage sector.

**3.0 Detail**

- 3.1 In the recent restructuring exercise the Economic Development Service was given a brief for engagement with the culture and heritage sector. This report seeks to define the scope of that brief, both in terms of providing clear guidance as to what areas Economic Development will engage with, and ensuring there is clarity on which areas fall outside the scope. There is also a requirement to avoid duplication of or conflict with the activities of other service areas both within and outwith the

Council. This report seeks to define clear boundaries while maintaining complementarity with other areas.

3.2 The areas and activities covered by the aims and objectives in this report include:

- engagement with the private sector (primarily business development);
- engagement with the voluntary and charitable sector (primarily related to supporting service delivery);
- promotion - both in terms of the Shetland Brand and for individual businesses, and covering activities within and outwith Shetland;
- marketing and new market development;
- training;
- economic research;
- research and development.

3.3 The Economic Development Service currently assists certain areas such as marketing and tourism through delegated grant schemes which are designed to promote Shetland and Shetland businesses, and to develop high-quality visitor experiences on the isles. Business development, depending on the specific sector involved, is dealt with under a specific creative industries budget, while business planning is dealt with through the Business Gateway service. While these and other areas related to the culture and heritage sector are, or can be, assisted through existing policies, the purpose of this report is to pull disparate areas of current economic policy together into a coherent mechanism for assisting development in the sector and for taking forward projects designed to encourage growth.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – This report links directly to On The Cusp...Shetland's Cultural Strategy 2009-2013 and the Shetland Tourism Plan 2011-2014. While no direct links exist to actions in the Corporate Plan 2010-12 this report seeks to put in place a set of aims and objectives which will define economic policies in this area for future Council, departmental and sectoral plans.
- 4.2 Community /Stakeholder Issues – The attached aims and objectives (Appendix 1) were circulated among interested parties (Highlands and Islands Enterprise, Shetland Amenity Trust, Shetland Arts Development Agency, Shetland College, Voluntary Action Shetland, SIC Schools Service, SIC Community Development & Planning, Shetland Library and Shetland Heritage Association), with particular emphasis on contributors to On The Cusp, for comment and discussion prior to final drafting. .
- 4.3 Policy And/Or Delegated Authority – This report links to the following main aim of the Council's Economic Development Policy Statement 2007-2011 – 'Encourage enterprise and sustainable growth'.



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.

4.4 Risk Management – The purpose of this report is to define the scope of Economic Development engagement with the culture and heritage sector. There is a risk that accepting these aims and objectives will lead to the impression that Economic Development has sole responsibility, operationally and financially, for certain areas, such as research, which are intended to be collaborative. This risk will be mitigated through careful wording of the aims and objectives, and through regular engagement with interested parties through such forums as the Shetland Creative Industries Unit.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

## Resources

4.7 Financial

4.7.1 While there are no direct financial implications from this report, the attached aims and objectives define the scope of Economic Development engagement with the culture and heritage sector, and financial implications will depend on individual projects assisted and specific activities engaged in. Economic Development Service currently has existing specific budgets for certain areas of this sector, including creative industries, tourism, marketing and promotion, and any project or activity costs will be met from these.

4.7.2 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.

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.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

## 5.0 Conclusions

- 5.1 Adopting the recommended aims and objectives as Council policy will clearly define the role of the Economic Development Service in terms of engagement with the culture and heritage sector, and will aid the Service in the effective use of resources towards encouraging a vibrant, creative, innovative and sustainable sector.

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28 February 2012

### List of Appendices

Appendix I: Economic Development Unit – Culture and Heritage Activity

END

**Culture and the Economy****Aim**

To ensure that the economic value of cultural activity in securing a prosperous future is developed and maintained.

**Objective 1**

Increase the contribution made by cultural heritage and activity to sustainable economic development and provide support for appropriate projects.

**Methods**

- 1.1 Support economic development projects based on local cultural heritage, cultural activity and creative enterprise, where such activity complements and enhances the cultural landscape of Shetland and is demonstrated to be economically viable.
- 1.2 Support activity outwith Shetland by organisations and businesses where doing so will provide demonstrable benefits to the culture and heritage sector, in terms of increased profile, new marketing opportunities and access to new or developing markets.
- 1.3 Seek out and develop opportunities for effective and innovative marketing, in and beyond Shetland, of products related to Shetland culture, where doing so will provide net benefits in terms of profile and access to markets.
- 1.4 Develop festivals, showcases and other events which provide promotional and development opportunities for businesses in the creative or cultural sectors, where such opportunities are not currently available or accessible.
- 1.5 Through the Business Gateway, develop good practice among cultural and heritage businesses and groups via advice and training, in order to increase the contribution of the sector to the Shetland economy.
- 1.6 Monitor and engage with potential funding bodies outwith Shetland to increase the amount of external funding available to develop Shetland's cultural and heritage sectors.
- 1.7 Engage in economic survey work to identify gaps in provision in certain discrete areas of the cultural and creative sectors where economic potential is not currently being realised, and, in partnership with other agencies, develop means to address gaps.



## **Economic Development Service - Culture and Heritage Activity**

### **Culture and the Economy**

#### **Objective 2**

Promote and develop Shetland's cultural life and activities in order to contribute to the retention and growth of the population of the islands, especially in fragile areas and outlying communities, and to increase the economic value of tourism to the isles.

#### **Method**

- 2.1 Facilitate the Shetland Cultural Strategy Group to promote the vision, themes and objectives of On The Cusp...Shetland's Cultural Strategy 2009-2013.
- 2.2 Through appropriate assistance measures, support community groups and voluntary organisations to maintain and develop community facilities related to Shetland's culture and heritage.
- 2.3 Engage with Chair of Creative Industries and Shetland College to develop research and development projects aimed at increasing the overall contribution to the economy of the creative and cultural sector.
- 2.4 Work with Promote Shetland to ensure that promotion of the diversity and quality of available cultural and heritage assets, facilities and activities is appropriate and effective in generating economic benefits for Shetland.
- 2.5 Continue to engage in multi-agency forums such as the Shetland Creative Industries Unit, and sectoral bodies such as the Shetland Heritage Association, in order to develop links and share information with agencies and groups.

**Development Committee****09 March 2012****Shetland Amenity Trust Architectural Heritage Programme 2012/13**

DV017-F

**Head of Economic Development****Economic Development****1.0 Summary**

- 1.1 The purpose of this report is to update the Development Committee on the current position regarding the funding of the Shetland Amenity Trust's Architectural Heritage Programme.

**2.0 Decision Required**

- 2.1 That the Development Committee resolve to approve the proposed reduced core funding grant of £225,000 for the Shetland Amenity Trust's Architectural Heritage Programme for the coming 2012/13 financial year.

**3.0 Detail**

- 3.1 Shetland Charitable Trust (SCT) provided core funding for the Architectural Heritage Programme until 2005/06, when it was transferred to the Council as part of a range of transfers that followed a joint review of services. The Council and SCT undertook that review following a fall in the value of SCT's investments that meant its then current spending commitments would diminish SCT's reserves, contrary to the Trust's policy.
- 3.2 The programme funding was subsequently transferred from the Council's Capital Programme to the Infrastructure Committee, with funds latterly being drawn from the Reserve Fund. In 2009/10 £285,600 of core funding was awarded by Infrastructure Committee to the Architectural Heritage Programme. In 2010/11 the Development Committee took over responsibility and budget for the programme and provided a reduced grant of £250,000. In 2011/12 the Development Committee provided a reduced grant of £245,000.

- 3.3 Shetland Amenity Trust established the following strategic objectives for the Architectural Heritage Programme:
- Protection and restoration of Shetland's architectural heritage to both enhance visual amenity and conserve cultural heritage for the benefit of the public
  - Encourage the use of traditional building methods and materials
- 3.4 The Programme has been involved in the creation of local museums, the development of heritage accommodation and has brought back into use a wide range of historic buildings ranging from modest properties now in use as camping bōds through to lighthouses. The workforce undertakes contractual work for others as well as carrying out maintenance on properties for which SAT is responsible.
- 3.5 The economic benefits of the Programme are identified in Table 1 below:

<b>Measurable benefits</b>	<b>Details</b>
Jobs maintained	16
Turnover generated	Forecast for 2012-13 : £880,600 (including proposed grant funding)
Wages generated	£460,000
Total impact on economy	$£460,000 \times 1.530 = £703,800$ (multiplier from Regional Accounts 2003)
Apprentices	2

- 3.6 The Architectural Heritage Service/Project Plan for 2012/13 is attached in Appendix 1.
- 3.7 The Shetland Amenity Trust have applied for grant funding of £225,000 against the costs of the Architectural Heritage Programme as identified in Table 2 below:

<b>Item or activity</b>	<b>Amount</b>
Salaries % Wages	£460,000
Construction Overheads	£42,600
Health & Safety Management System	£12,000
Planned Maintenance - offices/workshops	£117,000
Project Development	£27,000
Construction costs	£200,000
Vehicle maintenance	£22,000
<b>Total</b>	<b><u>£880,600</u></b>
<b>Funder</b>	<b>Amount</b>
Shetland Amenity Trust	£655,600

## 4.0 Implications

### Strategic

4.1 Delivery On Corporate Priorities – This Programme supports two aims of the Corporate Plan, namely, an environment that is conserved and enhanced and a unique cultural identity and spirit that is celebrated and promoted. As the effects of this Programme are tangible, the significance of the support is large. The Programme will also assist in the achievement of the other two aims - namely a prosperous, competitive and diverse economy and a vibrant and inclusive society.

4.1.1 Individual projects within the programme will also help to deliver a range of Shetland-wide strategies, including:

- The Shetland Structure Plan
- Shetland Local Plan
- Shetland Cultural Strategy and Action Plan
- Economic Development Unit Policy Statement
- A Heritage Plan for Shetland.

4.2 Community /Stakeholder Issues – This Programme provides input to a wide variety of projects throughout Shetland, and these projects have community / stakeholder involvement in their own rights, e.g. Sumburgh Head lighthouse.

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

In 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 – In providing core funding for the Architectural Heritage team at the SAT there is a risk that projects bid for by the SAT could have an element of double funding or provide SAT with an unfair advantage when bidding against other private sector businesses for project work. This risk can be mitigated by monitoring of the attached grant conditions (see Appendix 3).

4.4.1 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.

4.5 Equalities, Health And Human Rights – none.

4.6 Environmental – none.

## Resources

4.7 Financial – The SAT have requested a core funding grant of £225,000 for the 2012/13 Architectural Heritage Programme. This reduced grant funding of £225,000 has been included in the Economic Development discretionary grants budget for 2012/13, which was approved in the General Revenue Estimates report by the SIC on 9 February 2012.

4.7.1 The grant of £225,000 represents a further reduction of 8.2% over and above the 15% reduction in the Architectural Heritage Programme core funding budget that was implemented in 2010-2012 in line with the Council's budget reduction plans. Discussions have taken place with the SAT management team who believe that they can accommodate this reduction in core funding. There is no external funding available for this activity.

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 that 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.

4.8 Legal – none.

4.9 Human Resources – none.

4.10 Assets And Property – none.

## **5.0 Conclusions**

5.1 SAT's Architectural Heritage projects in general and historically have wide community support and the importance of the contribution to local communities is recognised throughout Shetland and beyond. The Architectural Heritage Programme retains a body of expertise and knowledge in restoration techniques which has proven invaluable in the restoration of many of Shetland's historic buildings and monuments (listed in Appendix 2), contributing towards heritage tourism product development; a very important element in the promotion of Shetland as a place to visit and to live.



For further information please contact:

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27 February 2012

#### List of Appendices

- 1 Shetland Amenity trust Architectural Heritage 2012/12 Service / project plan
- 2 Register of works undertaken
- 3 Proposed conditions of grant

#### Background documents:

END



SHETLAND AMENITY TRUST  
ARCHITECTURAL HERITAGE  
2012/13 SERVICE/PROJECT PLAN

## Architectural Heritage 2012/13

### Strategic Objectives:

- Protection and restoration of Shetland's architectural heritage to both enhance visual amenity and conserve cultural heritage for the benefit of the public.
- Encourage the use of traditional building methods and materials.

Key Targets 2011-12	Success Criteria	Progress/Comment
<b>Health and Safety</b> <ul style="list-style-type: none"> <li>• Ensure the provision of a Safety Management System (SMS) for Shetland Amenity Trust (SAT)</li> <li>• Provide suitable advice on Health and Safety issues to all staff.</li> <li>• Check that SMS is being complied with</li> <li>• Ensure that Health and Safety risks with the Architectural Heritage (AH) section are identified, communicated and managed.</li> </ul>	<ul style="list-style-type: none"> <li>• An adequate and fit for purpose SMS in place</li> <li>• Staff are informed of legislation</li> <li>• An adequate audit system is in place</li> <li>• AH workforce is provided with sufficient information, PPE, Welfare facilities, tools and equipment to enable them to work safely.</li> </ul>	
<b>Training</b> <ul style="list-style-type: none"> <li>• Ensure competence of AH staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Training plan in place and training provided.</li> </ul>	<p>Training plan in place.</p> <p>Additional training such as Master classes on: Buildings at Risk; Energy Conservation in traditional Buildings; Structural Masonry; Conservation and Repair of Iron; Use of Thermography and use of Heritage Paints and Lime Washes are currently being provided in collaboration with Historic Scotland. These master classes are open to all.</p>
<b>Heritage Works</b> <ul style="list-style-type: none"> <li>• Promote the conservation of buildings and materials.</li> <li>• Undertake heritage building repairs</li> </ul>	<ul style="list-style-type: none"> <li>• Assist the public and other Shetland contractors to understand and apply conservation techniques.</li> </ul>	

Key Targets 2011-12	Success Criteria	Progress/Comment
	<ul style="list-style-type: none"> <li>• Maintain a store of sufficient materials for use in maintaining and restoring buildings</li> <li>• Undertake repair works to arrest deterioration and possible collapse of structures at: Gloup Memorial and Girlsta Limekiln.</li> <li>• Seek funding to implement findings of Fethaland Haaf Fishing Station conservation study</li> <li>• Carry out specified roofing repairs on Town Hall Clock Tower.</li> <li>• Maintain SAT's portfolio of properties.</li> <li>• Provide maintenance support to Shetland Arts at Bonhoga and the Garrison Theatre.</li> <li>• Support the RNLI to find causes for the staining on the walls of the Tollbooth House and undertake any investigations or repairs as requested.</li> </ul>	
<p>Scheduled Monuments</p> <p>Fethaland</p> <p>Girlsta Limekiln</p>	<ul style="list-style-type: none"> <li>• Review conservation plan with Historic Scotland and seek appropriate funding to undertake conservation works.</li> <li>• 2011 survey highlighted additional works Continue to seek additional funding for identified works and undertake repairs.</li> </ul>	
<p>Sumburgh Lighthouse</p> <ul style="list-style-type: none"> <li>• Lead the day to day development of the project</li> </ul>	<ul style="list-style-type: none"> <li>• Complete the selection process for the main construction contract and progress construction works.</li> </ul>	
<p>Hamars Unst</p> <ul style="list-style-type: none"> <li>• Develop a conservation plan</li> </ul>	<ul style="list-style-type: none"> <li>• Appoint Architect and develop plan</li> </ul>	
<p>Projects</p> <ul style="list-style-type: none"> <li>• Brough Lodge</li> <li>• Complete Scalloway Museum Fit Out works.</li> </ul>	<ul style="list-style-type: none"> <li>• Complete Brough Lodge works by end March 2013.</li> </ul>	

Key Targets 2011-12	Success Criteria	Progress/Comment
<ul style="list-style-type: none"> <li>• Complete roofing works at Viking Longhouse in Unst</li> <li>• Continue to seek funding to build a Textile Museum at Voe House in Walls. In meantime undertake necessary repairs to the walls of the ruin.</li> <li>• Progress land acquisition and seek funds to erect store building to re-house Museum boats; to save on rental costs.</li> <li>• Complete works to provide a memorial garden at the Knab Cemetery.</li> </ul>	<ul style="list-style-type: none"> <li>• Progress other works to satisfaction of clients.</li> </ul>	
<p>Volunteers</p> <ul style="list-style-type: none"> <li>• Support work of local conservation volunteers</li> </ul>	<ul style="list-style-type: none"> <li>• Provide seed funding and identify works</li> </ul>	



App 2

**Property at Risk**  
**Register of Works Undertaken**  
**1984 to 2009**

Appendix 2

	name of property	Address	Work Done	Date	Architect	Buildings at Risk Register Was	Now	Grant Aid	Comment
<b>Offices / Workshops</b>									
1	Garthspool Offices	Garthspool, Lerwick, ZE1 0NY	Restored and converted former Ice Factory to contemporary Office Accommodation.	2001					
2	Staney Hill Workshop	Staney Hill Industrial Estate, Lerwick, Shetland, ZE1 0EL	New Build Workshop	1998					
3	Recycling Unit	Staney Hill Industrial Estate, Lerwick, Shetland, ZE1 0EL	New Build Re-cycling Workshop	2002					
4	Horticulture Unit	Staney Hill Industrial Estate, Lerwick, Shetland, ZE1 0EL	New Build Horticulture Centre	2006					
5	Glass Recycling centre	Enviroglass, Industrial Estate, Cunningsburgh, Shetland, ZE2 9HB	Purchase of established business. Recycling glass and making concrete pavers.						
6	Haroldswick Workshop	Haroldswick, Unst, Shetland, ZE2 9ED	Convert pre-fib units to workshop	2000					
7	Colvister site accommodation	Colvister Quarry, Yell, Shetland, ZE2 9DQ	Recycling centre for vehicle parts	2005					
<b>Camping Bods</b>									
8	Betty Mouats	Scatness, Virkie, Shetland, ZE3 9JS	Restoration of historic building	1995					
9	Sail Loft (Voe)	Voe, Shetland, ZE2 9PX	Restoration of historic building	1991					
10	Johnny Notions	Eshaness, Shetland, ZE2 9RS	Restoration of historic building	1992					
11	Voe House Waas	Walls, Shetland, ZE2 9PB	Restoration of historic building	1997					
12	Skeld Shop	Skeld, Wester Skeld, Shetland, ZE2 9NL	Restoration of historic building	2004					
13	Aithbank	Fetlar, Shetland, ZE2 9DJ	Restoration of historic building	2004					
14	Windhouse Lodge	Yell, Shetland, ZE2 9BJ	Restoration of historic building	1994					
15	Nesbister	Whiteness, Shetland, ZE2 9LJ	Restoration of historic building	1991					
16	Grieves House	Symbister, Whalsay, Shetland, ZE2 9AE	Restoration of historic building	1991					
<b>Museums &amp; Historic Buildings</b>									
17	Quendale Water Mill & Visitor Centre	Quendale, Dunrossness, Shetland, ZE2 9JD	Restoration of historic building	1992	R Gibson Architects				
18	Croft House Museum	Boddam, Dunrossness, Shetland, ZE2 9JQ	Restoration of historic building						
19	Sumburgh Lighthouse Self Catering Acc'n	Sumburgh, Virkie, Shetland, ZE2 9JN	Repairs of historic building	acquired 2002					
20	Sumburgh Lighthouse building	Sumburgh, Virkie, Shetland, ZE2 9JN	Essential Repairs of historic building	acquired 2003					
21	Scatness Visitor Centre	Old Scatness, Virkie, Shetland, ZE2 9JW	Provision of new visitor centre at Old Scatness Broch	2002					
22	Shetland Museum & Archives	Hays Dock, Lerwick, Shetland, ZE1 0WP	Multi award winning new building on waterfront adjacent to historic Hays Dock.	2006					
23	Hays Dock and Sail Loft	Hays Dock, Lerwick, Shetland, ZE1 0WP	Restoration of historic building	2006	Grove-Raines Architects	yes	no	HLF £250k HS £450k	
24	Museum Store	Staney Hill Industrial Estate, Lerwick, Shetland, ZE1 0QW	New Build Store						
25	Bod of Gremista	Lerwick, Shetland, ZE1 0PT	Restoration of historic building						
26	Tangwick Haa Museum	Eshaness, Shetland, ZE2 9RS	Restoration of historic building	1986 and 1990				HIDB, SIC	
27	Eshaness Lighthouse (including self catering Acc'n)	Eshaness, Shetland, ZE2 9RS	Essential repairs to historic building	bought 2005					
28	Bressay Lighthouse Self Catering Acc'n	Bressay, Shetland, ZE2 9ER	Restoration of historic building	2002					
29	Bressay Lighthouse Buildings	Bressay, Shetland, ZE2 9ER	Part Restoration of historic building. Works ongoing.	bought 1995					
30	Scalloway Museum	Main Street, Scalloway, Shetland, ZE1 0TR	Restoration of historic building	1985					
31	Unst Heritage Centre	Haroldswick, Unst, Shetland, ZE2 9ED	Provision of visitor centre in former school building	2001					£75,000 budget
32	Hamars	Haroldswick, Unst, Shetland, ZE2 9EQ	Ruin scheduled to be restored in 2010 2011			yes			
33	Unst Boathaven	Haroldswick, Unst, Shetland, ZE2 9EQ	Provision of facility to showcase Shetland boats	1992					



**Property at Risk  
Register of Works Undertaken  
1984 to 2009**

	name of property	Address	Work Done	Date	Architect	Buildings at Risk Register Was	Now	Grant Aid	Comment
<b>Other Projects</b>									
34	Scalloway Facelift		Landscaping work in historic village including Gibblestone House and Old Haa gardens	1984					
35	Noss Pony Pond	Island of Noss	Restoration of derelict stud farm building and provision of an interpretive centre	1984				£30,000	
36	Scalloway Castle	Scalloway	Interpretive display	1986				HIDB	
37	Bod o Gremista	Lerwick	New Car Park	1987				HIDB	
38	Weisdale Mill	Weisdale	Arts Centre	1989 and					
39	Midden Court Phase 1	Whalsay	Refurbishment of Historic Building for use by the Local History Society	2006					
40	East House Duncanslett	Burra Isle	Refurbishment of Historic Building for use by the Local History Society	2006		yes			
41	Bridge at Herra	Unst	Rebuild wooden bridge	1993					
42	Huxter Water Mills	Sandness	Restoration	1994					
43	Papil Kirk	Burra Isle	Roof repairs	1994					
44	Hunters Tower	Lunna	Restoration	1994					
45	Wooden Cattle grid	Skaw Unst	Restoration	1994					
46	Limekiln	Girista	Stabilised	2001					
47	Hagdale Horse Mill	Unst	Restoration and provide interpretation of former chromate crushing mill	2007					
48	Chancel Arch	Sand	Consolidation of ruin	1990					
49	Uyea Haa	Uyea, Shetland	Consolidation of ruin	2003		Yes			
<b>Current Projects</b>									
50	Belmont House	Uyeasound, Unst, Shetland, ZE2 9DW	Ongoing restoration of Georgian House	2006 to 2010	Grove-Raines Architects	Yes	Can be removed	Historic Scotland, SIC + others	Awarded Goergian society award for best restoration. Scottish Lime centre provided advice on materials.
51	Knab Wall	Temporary Portakabin, Breiwick Road, Lerwick, Shetland, ZE1 0AX	Due to concerns with stability of adjacent cliff, took down and rebuilt 100 year old wall using traditional methods and materials.	2009	SIC				
52	Hermaness Shore Station	Muckle Flugga Shore Station, Haroldswick, Unst, Shetland. ZE2 9EQ	Replaced roof on ex Northern Lighthouse Board building	2009	R Gibson Architects			SIC	
53	St Magnus Church	Lerwick	Replacing stonework around doors and windows.	2009	Grove-Raines Architects			SIC	
54	Lystina House	Lerwick	Replacing stonework around doors and windows.	2009 / 10	SIC			SIC Capital programme.	
55	Huxter Mills	Wall, Shetland	Re-build roofs and thatch 3 nr mills.	2009 / 10				SAT	
56	Fort Charlotte	Lerwick	Feasibility Study	2009 / 10	Grove-Raines Architects				
57	Brough Lodge	Fetlar	Restoration to wind and water tight	2009 / 10	Grove-Raines Architects	yes		Historic Scotland, SIC + others	
58	Leagarth House	Fetlar	Restoration of Dr Cheyne's house.	2009 / 11	Grove-Raines Architects				
59	Stenness Bod	Eshaness	Consolidation of ruin	2009					
60	Town Hall	Lerwick	Repair front steps	2008	SIC				
61	Old Haa	Houses, Burra Isle	Require to re-build collapsed wall	2010	SIC				
62	Fethaland	Northmavine	Consolidation of ruined Haaf Fishing bods	2010 +	Grove-Raines Architects	yes			
63	Sand Haa Gate Piers	Sand	Rebuild gate posts	2009		yes			
64	Park Hall	Bixter	Renovate building	2011 +		yes			
65	Buness House	Unst	Consolidation of ruined Pier	2008		yes			
66	Voe House Ruin	Walls	Restoration for use as a Textile Museum	2006 to ?					Approvals in place, awaiting funding
67	Sumburgh Head	Sumburgh Lighthouse and Bird Reserve	Restoration of the historic buildings to provide: Educational facilities; Interpretation; Offices and Self Catering Accommodation	2008 to 2013				HLF; Historic Scotland; SIC; others.	Project at RIBA stage E. Awaiting funding.
68	Store at pier to Noss	Bressay	Renovation of historic building, new stone slate roof; existing cement render removed and re-rendered with lime mortar; etc.						
	Buness House and Pier	Unst	Stabilise Pier. Advise on aspects of building condition.			yes			
<b>Monuments maintained</b>									
69	White Wife	Yell							
70	Gloup Memorial	Yell							
71	Hagdale Horse Mill	Unst							
72	Girista Lime Kiln	Girista							



**Property at Risk  
Register of Works Undertaken  
1984 to 2009**

name of property	Address	Work Done	Date	Architect	Buildings at Risk Register Was	Now	Grant Aid	Comment
<b>Properties Grant Aided by Shetland Amenity Trust</b>								
NB. These properties are either: 'listed' by Secretary of State or within a designated Conservation area or of local architectural or historic interest.								
<b>1984</b>								
73	St Margaret's Church	Sandness	Stained glass window		yes		£5,000	
74	Bod o Gremista	Lerwick	Electricity supply				£363	
75	St Magnus Church	Lerwick	Decorative lead rainwater hoppers				£278	
76	Meal Kirk	Burra Isle	exterior cleaning				£500	
77	Scalloway Youth Centre	Scalloway	Exterior painting				£500	
78	Sandsayre Pier Trust		Emergency repairs				£1,500	
79	Aithsvoe Pier Trust	Aith	Contribution to new pier and interpretive board				£7,650	
80	Tingwall Agricultural Museum	Tingwall	New stairway and emergency lighting.				£3,330	
<b>1985</b>								
81	CreekHaven	Scalloway	Renovation				£809	
82	Bod o Gremista	Lerwick	Install sewage system				£3,172	
83	Scalloway Hall	Scalloway	Re-slate clock tower				£2,350	
84	King Harald Street	Lerwick	Replacement of Victorian conservatory				£3,768	
85	Booth	Hillswick	Repairs				£4,000	
86	Burravoe Church	Yell	Replace floor				£1,000	
87	Bird Observatory	Fair Isle	Improvements				£6,330	
<b>1986</b>								
88	North Haa	West Sandwick, Yell	renovation and repairs				£3,750	
89	Bigton Church	Bigton	renovation and repairs				£2,250	
90	Lime Kiln	Noss	renovation				£5,000	
91	Grand Hotel	Lerwick	renovation of façade				£1,500	
92	St Magnus Bay Hotel	Hillswick	renovation				£2,500	
93	St Columba's Church	Lerwick	renovation				£20,000	
94	St Margaret's Church	Burravoe Yell	Replace floor and repair Belfry				£1,000	
95	Church of Scotland	Mid Yell	renovation				£3,844	
<b>1987</b>								
96	Conochies	Commercial St, Lerwick	renovation				£3,000	
97	St Magnus Bay Hotel	Hillswick	renovation				£3,000	
98	55 King Harald St	Lerwick	renovation				£2,000	
99	Harbour view, Symbister	Whalsay	renovation				£3,000	
100	2 Hill Lane	Lerwick	renovation				£360	
101	Scalloway Public Hall	Scalloway	renovation				£6,350	
102	Bayhall House	Walls	renovation				£2,762	
103	St Clair Court	Scalloway	renovation				£2,000	
104	Greigs Pier	Lerwick	renovation				£2,050	
105	78 St Olaf St	Lerwick	renovation				£813	
106	Tweed Mill	Voe	renovation				£2,000	
107	Malcomson & Co	Lerwick	renovation				£1,863	
108	111 Commercial St	Lerwick	renovation				£1,214	
109	Gardiesting	Mid Yell	renovation				£2,000	
110	80/82 Commercial St	Lerwick	renovation				£3,000	
111	57 King Harald St	Lerwick	renovation				£960	
112	St Colman's Church	Burravoe, Yell	renovation				£570	
113	Busta House Jetty	Brae	renovation				£1,000	
114	Bona Vista	Scalloway	renovation				£2,000	
115	6 Prince Alfred St	Lerwick	renovation				£1,350	
<b>1988</b>								
116	Whalsay Café	Whalsay	renovation				£3,000	
117	Reawick House	Reawick	renovation				£3,000	
118	St Olaf Church	Lerwick	renovation				£984	
119	NorthRoe Methodist Church	North Roe	renovation				£743	
120	Church of Scotland	Burra Isle	renovation				£1,753	
121	Gibblestone House	Scalloway	renovation				£7,500	
122	Albert Buildings	Lerwick	renovation				£4,500	
123	Skerries Kirk	Skerries	renovation				£875	
124	Scalloway Public Hall	Scalloway	renovation				£2,000	
125	The Auld Haa	Fair Isle	renovation				£3,207	
<b>1989</b>								
126	66 St Olaf St	Lerwick	renovation				£200	
127	Vaila House		renovation				£1,147	
128	9 Hill Lane	Lerwick	renovation				£172	
129	Scalloway Hall		renovation				£3,000	
130	55 King Harald St	Lerwick	renovation				£146	
131	Baxter Chapel	Foula	renovation				£600	
132	Lifeline Mission	West Yell	renovation				£2,506	
133	Skerries Kirk		renovation				£3,000	
134	North Haa, Westsandwick	Yell	renovation				£2,079	
135	12 law lane	Lerwick	renovation				£475	
136	2 Mounthouly St	Lerwick	renovation				£3,000	
137	Anderson Institute	Lerwick	Repair Clock				£2,094	
138	Congregational Church	Lerwick	renovation				£3,307	
139	68 St Olaf St	Lerwick	renovation				£660	
140	Church of Scotland	Mid Yell	renovation				£300	
141	Scalloway Fire Festival Building		renovation				£2,500	
142	Public Hall	Lunnasting	renovation				£1,500	
143	St Margaret's Church	Lerwick	renovation				£4,394	



**Property at Risk  
Register of Works Undertaken  
1984 to 2009**

name of property	Address	Work Done	Date	Architect	Buildings at Risk Register Was	Now	Grant Aid	Comment
<b>Properties Grant Aided by Shetland Amenity Trust</b>								
<b>1990</b>								
144	76 King Harald St	Lerwick	renovation				£1,378	
145	66 St Olaf St	Lerwick	renovation				£172	
146	Methodist Manse	Lerwick	renovation				£1,286	
147	Skerryholm Croft House	Fair Isle	renovation				£3,000	
148	11 Hill Lane	Lerwick	renovation				£245	
149	65 King Harald St	Lerwick	renovation				£290	
150	Blöburn	Foula	renovation				£30	
151	61 King Harald St	Lerwick	renovation				£2,000	
152	108 Commercial St	Lerwick	renovation				£2,297	
153	7 Mounthouly St	Lerwick	renovation				£943	
<b>1991</b>								
154	Old Manse	Lerwick	renovation				£2,092	
155	1 Market St	Lerwick	renovation				£747	
156	3 Market St	Lerwick	renovation				£747	
157	The Taing	Reawick	renovation				£3,000	
158	St Olaf Church	Lerwick	renovation				£2,600	
159	Kennaby Croft	Fair Isle	renovation				£3,000	
160	Shetland Times Ltd, Commercial St	Lerwick	renovation				£3,000	
161	Gardie House	Bressay	renovation				£3,000	
162	St Magnus Church	Lerwick	renovation				£2,491	
163	Duncanslett	Burra	renovation				£2,700	
164	6 Mounthouly St	Lerwick	renovation				£2,820	
<b>1992</b>								
165	Toll Booth Clock	Bolts, Lerwick	renovation				£1,514	
166	Methodist Church	Lerwick	renovation				£3,000	
167	Fetlar Interpretive Centre	Fetlar	renovation				£1,757	
168	Tangwick Haa	Eshaness	renovation				£1,750	
169	St Magnus Church, Burravoe	Yell	renovation				£2,578	
170	Old Haa Trust		renovation				£1,417	
171	Buness House	Unst	renovation				£3,000	
172	The Haa, Gloup	Unst	renovation				£3,000	
173	5 Garthspool	Lerwick	renovation				£1,000	
174	10 Ronald St	Lerwick	renovation				£1,000	
175	Kergord Hatchery	Kergord	renovation				£4,500	
176	Unst Boathaven	Unst	renovation				£9,000	
<b>1993</b>								
177	Quendale Mill	Dunrossness	renovation				£9,265	
178	Agricultural Museum	Tingwall	renovation				£4,827	
179	Interpretive Centre	Fetlar	renovation				£1,612	
<b>1994</b>								
180	Old Scatness Broch	Dunrossness	excavation				£7,582	
<b>1995</b>								
181	Voe House	Walls	renovation				£2,000	
182	Anderson High School	Lerwick	renovation				£2,350	
183	Burrastow House	Walls	renovation				£2,000	
<b>1996</b>								
184	Belmont House	Unst	Restoration		yes		£5,000	
185	Buness House	Unst	Repairs		yes		£2,000	
<b>1997</b>								
186	Church of Scotland	Weisdale	repairs				£3,066	
187	St Ringans Church	Lerwick	Restoration and conversion to Library				£10,000	
<b>1999</b>								
188	Brough Lodge	Fetlar	repairs		yes		£1,078	
189	Midden Court	Whalsay	restore west wing				£33,500	
190	Methodist Chapel	Vidlin	repairs				£600	
<b>2000</b>								
191	St Magnus Church	Lerwick	repairs				£1,452	
192	Gardie House	Bressay	repairs				£733	
<b>2001</b>								
193	Parish Church	Unst	repairs				£2,000	
<b>2004</b>								
194	Belmont House	Unst	restoration		yes		£16,000	
195	Sand House	Sand	repairs		yes		£5,000	
<b>2006</b>								
196	Belmont House	Unst	restoration		yes		£60,000	
197	Brough Lodge	Fetlar	repairs		yes		£5,000	

**Shetland Amenity Trust (Grantee)  
Architectural Heritage Programme**

**Proposed Grant Conditions**

- a) This grant is made towards the running costs of the Architectural Heritage Programme run by the Grantee in line with Appendix 1 (2012/13 Service/Project Plan)
- b) The grant will be paid by single bank transfer upon receipt of the Council's grant offer letter duly signed by authorised representatives of the Grantee; such grant offer letter to be issued near the beginning of the period specified in the offer.
- c) The Grantee undertakes to spend the grant, and any interest earned thereon, solely in the interest of Shetland and its inhabitants for the grant purpose specified at (a) above.
- d) The grant is offered to fund the Trust's work on Architectural Heritage for 2012/13 and will be allocated towards the cost of maintaining and improving built heritage assets, such as listed buildings, utilising traditional building methods and materials, conserving and recycling valuable or scarce materials and artefacts where practicable.
- e) The Grantee undertakes to monitor the application of the grant by means of monthly financial management reports to meetings of its management board, such reports to be provided to the Council's Head of Economic Development or nominee.
- f) The Grantee will provide access to Officers of the Council, Internal Audit and External Audit to its operational and financial records upon receipt of written request for the purpose of following the trail of public money from the Council through the Grantee.
- g) The Grantee will provide to the Council evidence that the Grantee is pricing all projects which are supported by the council with full cost recovery such that the Grantee is not afforded any unfair advantage over the private sector when bidding for work, and that the Council is not double funding the Grantee.
- h) The Grantee maintains appropriate insurance cover, in amounts not less than £5,000,000 for Public Liability and £10,000,000 for Employer's Liability.
- i) The Grantee will provide, within six months of the end of the period for which the grant was given, audited accounts showing how the grant was applied and what surplus remains (if any). In particular the accounts should show that support was used in accordance with these conditions.
- j) Any unused monies at the end of the period funded be repayable to the Council unless further approval for its use has been sought and given.
- k) If the grant conditions are breached, the grant may be repayable, in whole or in part, at the sole discretion of the Council.



**Development Committee****09 March 2012****Rural Shops Improvement Scheme 2012-16****DV019-F****Report Presented by Researcher****Economic Development  
Development Services Department****1.0 Summary**

- 1.1 The purpose of this report is to present a case for the continuation of the Rural Shops Improvement Scheme which assists retailers and post offices in rural areas of Shetland.
- 1.2 The report makes a recommendation as to how the Council can best assist rural shops with a reduced budget through continuation of a revised Rural Shops Improvement Scheme.

**2.0 Decision Required**

- 2.1 That the Development Committee resolve to approve the revised Rural Shops Improvement Scheme, attached as Appendix 1, as a delegated scheme.
- 2.2 Delegate authority to the Director of Development Services, or his nominee to administer the revised Rural Shops Improvement Scheme as set out in Appendix 1.

**3.0 Detail**

- 3.1 The current Rural Shops Improvement Scheme, which has been running since 01 April 2008, has approved £206,800 funding to 27 of 47 rural shops and post offices which are in business. The grant assistance is provided to help proprietors cover the cost of capital projects. £163,361 of this funding has been claimed to date.

- 3.2 This funding has been available to **all** rural shops and post offices in Shetland.
- 3.3 It is proposed under the new scheme to continue to support larger scale retail developments in all areas but to link support for smaller projects to the more fragile parts of Shetland, and where shops are run as Community Co-operatives. The reason for this change is that the bigger operators are more financially able to pay for smaller items.
- 3.4 The fragile areas mentioned in paragraph 3.3 are those areas recognised in the Community Regeneration Policy, namely: North Isles of Yell, Unst and Fetlar;
- Northmavine;
  - Firth and Mossbank, Staneyhill;
  - Small outer isles such as Skerries, Fair Isle, Foula and Papa Stour;
  - Walls, Sandness; and
  - Whalsay
- 3.5 Rural shops and post offices throughout Shetland play a large part in maintaining economic activity in small communities and are a crucial part of community identity and social infrastructure. It is important to maintain economic activity in small communities in order for them to remain vibrant and viable, so that they may retain their population and attract new residents and new investment.
- 3.6 Rural retailers in Shetland provide services to communities that are otherwise very difficult for some people in remote parts of Shetland to access.
- 3.7 Rural shops operate in a difficult environment, with small customer bases and strong competition from larger retail outlets in Lerwick. These difficulties are exacerbated by high transport costs, population decline and distance from services and wholesalers.
- 3.8 The Rural Shops Improvement Scheme is important for providing finance that is otherwise very difficult to access, either from within the business or external sources.
- 3.9 In 2010, the turnover of Shetland's network of Rural Shops was estimated to be around £34,218,243, net profit £1,093,731 representing an average net profit margin of 3%.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – This report has strong links with Council Corporate Plan Policies to “improve non-public service provision in remoter areas” and to “Support the development of six new businesses in remoter areas”.

- 4.2 Community /Stakeholder Issues – A letter which detailed all of the proposed revisions to the scheme was circulated to all rural shop proprietors and postmasters/postmistresses which prompted them to respond in writing with any comments or questions. A copy of the letter, revision document and mailing list is attached as Appendix 2. Responses are attached as Appendix 3.
- 4.3 Policy And/Or Delegated Authority – The subject of this report complies with the Council's Economic Development Policy Statement 2007-2011 and in particular policy number 26, "Support community enterprises engaged in economic activities" under which the Economic Development Service pledged to undertake a review of the Rural Shops Improvement Scheme. 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 an existing policy, the Development Committee has delegated authority to make a decision.

- 4.4 Risk Management – Removing Council support from our network of rural shops altogether may result in rural shops being less sustainable and fewer services being available in rural communities. This may lead to reduced economic activity and population in rural areas, and small communities becoming less vibrant and viable.
- 4.5 Equalities, Health And Human Rights – none
- 4.6 Environmental – none

#### Resources

- 4.7.1 Financial – The continuation of a revised Rural Shops Improvement Scheme has been budgeted for in the 2012/13 financial year. A sum of £49,000, reduced by 18.3% from £60,000 on the previous financial year was included in the General Fund Revenue Estimates 2012/13 report and approved by the SIC on 9 February 2012. In subsequent years the scheme will continue subject to finance being available. It is proposed that the budget for this service should continue until 31 March 2016.
- 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
- a priority to be given to the provision of statutory services.

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

4.8 Legal – none

4.9 Human Resources – none

4.10 Assets And Property – none.

## **5.0 Conclusions**

5.1 The Rural Shops Improvement Scheme has been an extremely valuable source of funding to Rural Shops in Shetland for raising capital to make improvements to their business. By supporting our network of rural shops, they have in turn been able to provide valuable services to rural communities, helping them to remain viable and vibrant. Changes to the scheme have been recommended to direct the funds as the remoter services at a time when the budget is under pressure.

For further information please contact:  
*Lizzie Nicolson, Researcher*  
744911 [lizzie.nicolson@shetland.gov.uk](mailto:lizzie.nicolson@shetland.gov.uk)  
29 February 2012

### List of Appendices

1. Rural Shops Improvement Scheme 2012-2016
2. Consultation Documents
3. Rural shop responses

### Background documents:

Community Regeneration Policy

END





**Shetland Islands Council  
Economic Development Unit**

**Supplement for**

**Rural Shop Improvement Scheme**

**Explanatory Notes and Additional Information**

**Please complete all sections of the Council's Application for Funding - Corporate Form with reference to this Supplement, the Guidelines and the Help Notes.**



## **Economic Development Projects**

### **Rural Shops Improvement Scheme**

#### **Explanatory Notes and Supplementary Information Required**

##### **Conditions**

1. Under this scheme, applications for assistance towards business development projects will be considered from any rural shop keeper or postmaster/postmistress in Shetland who is embarking on a project to develop their business. Eligible projects include extending premises, building new premises or extensive internal improvements to improve the service which the business offers to its customers.
2. Assistance for more routine replacement of shop fittings and equipment (including vans) is available to shops and post offices which are located within any of the fragile areas recognised in the Community Regeneration Policy namely:
  - North Isles of Yell, Unst and Fetlar;
  - Northmavine;
  - Firth and Mossbank, Staneyhill;
  - Small outer isles such as Skerries, Fair Isle, Foula and Papa Stour;
  - Walls, Sandness; and
  - Whalsay

Or run as a Community Co-operative

3. Eligible improvements for these businesses include:
  - Shelving
  - Refrigerated displays, refrigerated counters and deep freezers
  - Tills, scales and similar equipment
  - Shop vans
  - Fuel pumps and accessories
  - Floorcoverings
  - Other minor internal and external improvements
4. Ineligible improvements include:
  - Decoration and maintenance expenditure
  - Second-hand equipment (with the exception of reconditioned petrol pumps)
5. Only grocer/general merchant shops and/or post offices and filling stations with a range of stock acceptable to the Council are eligible to receive assistance.
6. Assistance to rural shops and post offices will only be provided on the basis of established need.
7. All eligible businesses can receive grants of 50% of the cost of eligible improvements.
8. All eligible businesses can receive maximum grant assistance of £10,000 during the 4 year period beginning on 01 April 2012 and ending on 31 March 2016 subject to availability, and approval, of finance on an annual basis.

9. Major improvements such as extending premises, building new premises or extensive internal improvements which require funds in excess of £10,000 may be assisted at the discretion of the Development Committee.
10. In addition to the above, working capital assistance can be considered up to a maximum grant of £5,000 during the 4 year period to 31 March 2016, subject to availability, and approval, of finance on an annual basis. Working capital assistance will only be provided on the basis of established need and when a business has carried out a project to improve the level of service it provides to its customers.
11. **Applicants must not order, purchase or otherwise commit themselves to expenditure in respect of which they intend to apply for grant before receiving a written offer of grant from the Council. Expenditure incurred or committed prior to the aforementioned written offer being received by the applicant will not be eligible for grant.**
12. All grants are discretionary, and subject to the availability of finance. They are not automatic.
13. Grants will be paid out on actual expenditure as shown by satisfactory original invoices satisfactorily receipted.
14. Applicants must be prepared to maintain and operate their premises, machinery and equipment in such a way as to conform, to the satisfaction of the Council, with current Food, Health and Safety at Work and Trading Legislation.
15. Applicants must be prepared to supply a copy of their business accounts to the Council, within 9 months of the end of their financial year, for each of the five years following receipt of grant.
16. If the property/equipment is sold, transferred or otherwise disposed of, within the five years from receipt of grant, the new owner must accept the grant conditions for the remaining period, failing which the grant will be repayable by you, in full, at the date of sale or transfer.
17. The business will continue to operate for a period of at least 5 years from the date of receipt of grant. Failure to do this may lead to the grant being paid back in full.
18. Please use the attached Help Notes to complete the Shetland Islands Council's Grant Application Form.

Shetland Islands Council  
Development Services Department  
Solarhus  
3 North Ness Business Park  
LERWICK  
Shetland  
ZE1 0LZ

Phone No: 01595 744911  
Fax No: 01595 744961  
e-mail: [lizzie.nicolson@shetland.gov.uk](mailto:lizzie.nicolson@shetland.gov.uk)



## **Appendix 2**

# **Shetland Islands Council**

Executive Manager: Douglas Irvine  
Director: Neil Grant

Proprietor  
Address

Economic Development  
**Development Services Department**  
Solarhus  
3 North Ness Business Park  
Lerwick  
Shetland  
ZE1 0LZ

Telephone: 01595 744940  
Fax: 01595 744961  
development@shetland.gov.uk  
www.shetland.gov.uk

If calling please ask for  
**Lizzie Nicolson**  
Direct Dial: 01595 744911  
Email:  
lizzie.nicolson@shetland.gov.uk

Our Ref: DI / PEN / RFxxxx / RSIS  
Your Ref:

Date: 11 January 2012

Dear Proprietor,

### **Rural Shops Improvement Scheme**

I am writing to inform you of our proposal for the continuation of the Rural Shops Improvement Scheme (RSIS). With Council budgets being reduced, it is important for us to target our scarcer funding to areas which need them most.

We are aware that RSIS is very important to rural shops which operate in a difficult environment and provide services that are otherwise very difficult to access. The Council is very keen that the scheme continues to help the businesses which are most in need of assistance.

Enclosed with this letter is our proposal for the next round of the scheme. If you have any comments or questions regarding the document, I will welcome these by e-mail or letter to Lizzie Nicolson, as shown above by Friday 27 January.

Yours sincerely,

Douglas Irvine  
Executive Manager, Economic Development

## **Revision Document:**

### **Revised proposal for Rural Shops Improvement Scheme**

The current Rural Shops Improvement Scheme ends on 31 March 2012 – in order to continue the scheme beyond this date in a way that is sustainable, it is proposed to alter the conditions of the Rural Shops Improvement Scheme in order to focus our restricted budgets where they are needed most.

Currently, the conditions of the scheme mean that any rural shop, post office or filling station outside of Lerwick are eligible to apply for assistance to make improvements to their shops (up to 50% of the cost of making improvements). Eligible improvements include:

- Shelving
- Refrigerated displays, refrigerated counters and deep freezers
- Tills, scales and similar equipment
- Shop vans
- Fuel pumps and accessories
- Floorcoverings
- Other minor internal and external improvements

Grants made to post offices and filling stations are only provided on the basis of established need. All grants are discretionary, and subject to the availability of finance. They are not automatic.

It is proposed to revise the conditions outlined above by making the following alterations:

To restrict funding to shops which are:

- Located within the fragile areas recognised in the Shetland Islands Council Community Regeneration Policy:
  - North Isles of Yell, Unst and Fetlar;
  - Northmavine;
  - Firth and Mossbank, Staneyhill;
  - Small outer isles such as Skerries, Fair Isle, Foula and Papa Stour;
  - Walls, Sandness; and
  - Whalsay
- Run as Community Co-operatives

It is also proposed to exercise discretion with applications for funding from shops which do not fit either of the above criteria but are embarking on a project to develop their business.

## **Mailing List:**

### **Business Name**

Midway Stores  
Ollaberry Community Enterprises Ltd  
Stackhoull Stores  
Skibhoul Stores (Sandison's (Unst) Ltd)  
Mainlands Ltd  
Fetlar General Merchants  
R S Henderson  
Walls Shop  
Bigton Stores  
Mossbank Shop  
John I. Herculson  
Tetley & Anderson  
Robertson and Read  
Sandwick Baking Company  
J & K Anderson  
Aywick Shop  
The Final Checkout - P & T Coaches  
Hillswick Shop  
John Goudie  
Skerries Co-operative Society Ltd  
JWJ (Whalsay) Ltd  
Robinson and Morrison Ltd  
Linkshouse Stores Ltd  
H Henderson  
Tagon Stores  
Andrew Halcrow's Shop  
Ollaberry Post office  
Eid Community Co-operative  
Ulsta Shop  
Mail Shop  
Salloway Meat Company  
C. G. Williamson  
Brae Garage (Shetland) Ltd  
The Checkout  
Bolts Car Hire  
Salloway Post Office  
Skeld Creamery  
North Bridge Stores  
Brae Co-op  
Burravoe Post Office  
Camb Post Office  
Eshaness Post Office  
Foula Post Office  
Mossbank Post Office  
North Roe Post Office  
Reawick Post Office  
Westerskeld Post Office





**26/01/2012**

It is heartening to know the SIC intends to continue this scheme in a sustainable way, as the 50% grants have enabled us to make improvements it would have been difficult to finance otherwise.

Regarding engagement of business advisers - while this may be helpful to some businesses, in our experience benefits from on-site sessions with a business adviser were minimal, and didn't justify the significant costs associated with the visits. We would not be in favour of engaging a business adviser becoming a requirement for funding!

CONTENT REMOVED

**E-mail****26/01/2012**

FAO Douglas Irvine.

Thank you for your letter regarding the draft proposal for the Rural Shops Improvement Scheme.

Unfortunately I cannot say that I am impressed with your proposal.

The scheme since its inception more than a decade ago has been seen as a means for all rural shops to access matched capital spending to allow for the improvement of Shetland's rural shops.

For example we have over the years used funding to install a new EPOS system and also more recently to purchase new fuel pumps. Both these items require considerable capital input which most financiers are not prepared to look at funding due to the small profit return generated.

The alterations which you are proposing will lead to a two tier system where neighbouring shops will be advantaged, or equally, disadvantaged by whether they fall into an area which is considered as being of special need.

ie. CONTENT REMOVED would not be eligible for funding but neighbouring shops in CONTENT REMOVED and if one should open in CONTENT REMOVED or CONTENT REMOVED would be eligible. When we are all competing for the same custom this does not seem particularly fair.

By the same virtue why should Yell be eligible for funding when there are more shops per head of population in Yell than anywhere else in Shetland?

I also note that the Staney Hill is included, since when has the Staney Hill been rural. So far as I am aware it is part of Lerwick, being represented by a Lerwick Councillor and Lerwick Community Council. The scheme was to assist the shops outside of Lerwick, what is next will TESCO and the Lerwick CO-OP be eligible next.

It is my understanding that the scheme has never been over subscribed if this is the case what is the justification to fix something that is not broken.

If it is the case that there is not sufficient funding to operate the scheme over a five year period why not extend it to six years.

If this is still not acceptable perhaps you should take a look at how much of our tax payers money has been given to TESCO to advertise on trailers that are only seen sitting on the pier in Aberdeen before being shipped by rail.

All in all the proposal you have put forward is not acceptable to us and I imagine will not be acceptable to most of the shops in the central mainland who appear to have been singled out to be excluded.

I look forward to hearing from you soon regarding this matter.

Yours sincerely  
CONTENT REMOVED

Dear Lizzie

Thank you for your response to my earlier e-mail.

Since sending my original response I have had opportunity to discuss this matter with several other shop owners who will be affected by the proposed changes.

We are all of the same opinion that nothing has improved in the rural shop sector since this scheme was introduced that would merit the limitations that are being proposed. If anything the challenges now being faced are far greater than they were when the scheme was first made available.

I appreciate that budget cuts must be made but feel that the country shops are seen as an easy target. The amount of funding that goes into this scheme is minimal compared to that given to other industry sectors within Shetland but the services provided by the rural shops are essential to a large number of islanders.

If this is really about budget cuts then myself and a number of the other Shop Owners would be very pleased if a meeting could be organised where we can put forward why we feel that the scheme should be left alone all be it with an eye to streamlining and cost savings.

Funding from commercial sources is very difficult to come by for certain items that are essential to the operation of rural shops. For example no funding is available to purchase fuel pumps and funding for shop fittings is also difficult to come by. This scheme has meant that a network of rural fuel stations has remained. Without it in future there may not be any mainland filling stations outside of Lerwick. How is that supporting the rural economy. I am certain that Councillor Cooper would not be happy if we all put up the price of fuel to a point that it was actually worth our while and the return on it was sufficient to purchase new pumps every five years. By the way two new pumps cost in the region of £25,000, thats an awful lot of fuel at a profit of 5p or less per litre.

I look forward to your thoughts and hope that Mr Irvine and even Mr Grant will recognise the importance of this funding to all the rural shops and will see fit to arrange a meeting with us to find an acceptable way forward for every rural district in Shetland not just the chosen few. If this is not forthcoming we can only assume that the intention is simply to railroad this through regardless of the effect on our communities.

Assuming this to be the case we will have to inform our respective customers and ask them to show there opposition to this move by lobbying their councillors to protect what lies at the very heart of most rural communities.

CONTENT REMOVED



**Development Committee****09 March 2012****Performance Report – 2007-2012****DV016-F****Executive Manager – Economic Development****Development Services Department****1.0 Summary**

- 1.1 The purpose of this report is to check back on the economic development work of the Council from 2007 to 2012 against the targets set in the Economic Development Policy Statement. The Statement was approved by the Development Committee on 24 April 2008 and by the Council on 14 May 2008.
- 1.2 A discussion is needed on the effectiveness of the Council economic development work in relation to the expectations that were set for the period of this Council.

**2.0 Decision Required**

- 2.1 The Committee should resolve to provide guidance on:
- Continuing aspects of service that have worked well
  - Changing aspects of service that could be improved
  - The future direction of economic development work undertaken by the Council

**3.0 Detail**

- 3.1 This report concerns an assessment of actions taken by the Council in relation to the targets set in the Economic Development Policy Statement. Most of the work described has been done by the Council's economic development service. However, it is important to understand that some activities have been led by other parts of the Council, with

the economic development service making a contribution to the outcome. For example, the service has contributed a significant amount to ensuring that the local supply chain has benefited from Total's gas plant development. Negotiations to secure the development in Shetland were conducted by a Council team led by the Chief Executive.

3.2 Our assessment of the work done to achieve the policies set by the Council is detailed in appendix one. Targets, output and comments are shown for the 29 policies.

3.3 The headline elements and figures are;

- Total grant assistance spend of £29 M
- Total loans paid of £8.5 M
- Funding of £2.6 M towards economic support projects
- £7.6M of external funding secured (ERDF, ESF, EFF, LEADER and Convergence funding)
- Potential increase on annual output of £19.6 M
- Potential annual output retained of £14.2 M
- Potential jobs increase of 484
- 310 jobs retained
- Local businesses engaged in Total Gas Plant development
- Viking Energy project developed to the point of a decision on planning permission
- Fibre Optic broadband service about to be launched in the central part of Shetland
- Mareel set to open in 2012
- Promote Shetland operational
- Successful Hamefarin Festival in 2010
- Successful Tall Ships Races event in 2011

3.4 A conservative approach has been taken in estimating the potential impact of development projects. I have included a figure of 200 jobs at the Total plant once it is operational but I have not included the construction jobs, currently around 300 but expected to increase to about 1000 at peak. I have not included any renewables jobs that will result from the Viking Energy project and the achievement of an interconnector. These jobs can only materialise with a positive decision from the Scottish Government to proceed with the project. Should the development go ahead then the impact on the economy and jobs will be significant, 100+ jobs are likely.

## **4.0 Implications**

### **4.1 Delivery on Corporate Priorities**

The work of the Economic Development Service is largely carried out under the Sustainable Economy section of the Council Plan and also has connections to other parts of the Council Plan.

#### 4.2 Community/Stakeholder Issues

There is industry and community involvement in decision making in relation to larger scale activity and changes in policy direction. The analysis concludes that some improvement in how engagement is done could be achieved.

#### 4.3 Policy and Delegated Authority

This report has been prepared under all 29 of the policies contained in the Economic Development Policy Statement, which was approved by the Development Committee on 24 April 2008 (02/08) and by the Council on 14 May 2008 (55/08). In accordance with section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee has delegated authority to implement decisions within its remit.

#### 4.4 Risk Management

No risks identified.

#### 4.5 Equalities, Health and Human Rights

No issues identified.

#### 4.6 Environmental

As this is a retrospective analysis, any environmental related issues should have been considered in the decision making process for the individual projects.

### Resources

#### 4.7 Financial

There will be no impact on financial resources from this report.

#### 4.8 Legal

There are no legal implications arising from this report.

#### 4.9 Human Resources

There are no HR issues in the report.

#### 4.10 Assets and Property

There will be no implications on Council assets and property.

## 5.0 Conclusions

- 5.1 The achievements under most policies appear to be reasonably strong and the assessed positive impacts on the economy are therefore equally strong. Several of the projects referred to in the analysis will be transformational in nature (the gas plant, Mareel, fibre optic broadband and the Viking Energy development) with the potential to strengthen the economy to a significant extent. Shetland's economy still appears to be in a relatively buoyant state and the Council's economic development work makes a clear contribution towards that success.

For further information please contact:

*Douglas Irvine, Executive Manager, Economic Development*

74 4932 – [douglas.Irvine@shetland.gov.uk](mailto:douglas.Irvine@shetland.gov.uk)

27 February 2012

### List of Appendices

Appendix 1 - Summary of Performance Against the Targets Set in the Economic Development Policy Statement 2007 - 11 (12)

END



**Summary of Performance Against the Targets Set in the Economic Development Policy Statement 2007 - 11 (12)**

**Main Aim**

“The main aim of the Council’s economic development service is to improve the quality of life of Shetland residents by promoting an environment in which traditional industries can thrive and innovate alongside newer emerging industries.”

To help us achieve this vision our aims are to:

- Encourage enterprise and sustainable growth
- Expand knowledge and skills
- Improve access and extend opportunities
- Focus on Quality

**Section A**  
**Traditional Sectors**

**Policies**

**1. Rebuild confidence in the fish catching industry, particularly as regards the white fish sector, and consolidate the position of the pelagic sector (catching and processing).**

Targets: 10 new and replaced fishing vessels  
Extend Quota Purchase scheme  
Establish a dedicated mentoring training programme to support new crews  
Create 25 jobs, retain 25 and increase output by £5 million

Output: 3 loans totalling £1M awarded to help retain 3 vessels  
5 Quota purchase loans awarded totalling £4.2M  
Output increased by £748,000  
Sales of £7.3 M retained  
65 jobs retained  
Upgrade of Shetland Seafood Auctions equipment supported  
Grant awarded for new ice plant in Cullivoe  
Grant awarded for improved Pier at Skeld

Comment: Throughout the period the economic conditions were against new and replacement vessel projects. However the Council’s support has helped to retain the fleet in a reasonably strong position. The electronic sales system is now making a huge contribution to the viability of the white fishing fleet and to all the ancillary services. In addition the work of the Shetland Shellfish Monitoring Order has been supported throughout the period at a cost to the Council of £171,000 and this important work continues to protect our inshore fisheries.

**2. Enhance Shetland's reputation as a high quality producer of fish and fish products.**

Targets: Support 4 projects  
Create 50 jobs  
Increase turnover by £4million

Output: Shetland Seafood Strategy approved  
Core funding of £821,000 awarded to Shetland Seafood Quality Control Company throughout the period  
One loan of £750,000 was awarded to Whalsay Fish  
One grant of £25,000 was awarded to LFT towards a £1.5M upgrade  
10 jobs created  
55 jobs retained  
£1.5 M turnover retained

Comment: While the Whalsay Fish project failed, continuity was achieved until a new operator came forward to run the plant. The relatively low number of fish processing development projects is unusual and is in stark contrast to the developments in the aquaculture sector over the period (policy 3).

**3. Encourage sustainable growth in Shetland's aquaculture industry.**

Targets: Support 4 projects aimed at improving the aquaculture industry to be versatile, profitable and efficient  
Retain 60 jobs

Output: 5 loans totalling £1.58 M awarded for development projects  
12 grants totalling £428,159 awarded for development projects  
Turnover created estimated to be £8.3 M  
Turnover retained estimated to be £5 M  
54 jobs created  
43 jobs retained

Comment: Aquaculture experienced strong trading conditions for most of the period, hence the interest to invest.

During the period NAFC Marine Centre has been awarded core funding of £8 M to provide training and research services for the fisheries sector, among other work. Around 650 students benefit every year from the work of the Centre and 48 people are employed. EFF Axis 4 funding of £217,879 has been secured to develop fisheries related projects. This funding will be disbursed by the Fisheries Local Action Group, which has been set up for this sole purpose as specified by the Scottish Government.

**4. Improve access to Shetland through better air and sea links.**

Targets: Re-establish the continental shipping link  
Maintain the direct air link between Sumburgh and Stanstead Airport

Output: Neither project has proven to be successful. Efforts to gain a shipping link to the Continent have not worked out so far. The air link that was established to London was not a viable proposition in the difficult economic conditions that prevailed.  
£25,000 was approved to Atlantic Airways for route development.

Comment: Both projects should be revisited when the economic conditions are better. The economic impact of both the Norrona, when she visited, and Atlantic Airways' flights were significant.

**5. Continue to develop Shetland as a tourist destination, through development of high quality products and services.**

Targets: 4 significant quality improvements to visitor accommodation  
4 new commercial activities for visitors  
4 country museums/attractions to open during the shoulder season  
6 heritage related capital improvement projects  
Create 40 jobs

Output: Accommodation  
£1.1 M grant awarded for new Bird Observatory on Fair Isle  
£139,369 grant awarded to Belmont House self catering accommodation  
Caravan pitches supported in Brae, Skeld, Collafirth and Burravoe  
3 quality B&B upgrades supported

Commercial Activities  
£1.1 M grant awarded to Sumburgh Head redevelopment project  
£200,000 grant awarded to new Scalloway Museum  
£267,500 grant towards the restoration of Sandsayre Pier  
Grants awarded to 3 other commercial projects

Shoulder Season Opening  
5 attractions helped to open in the shoulder season

Heritage Related Improvements  
Shetland Geopark status achieved with support of £115,565  
20 heritage centres/sites supported to improve facilities  
Visitor Information services provided throughout Shetland  
50 new interpretative signs throughout Shetland  
8 new themed leaflets produced

Comment: This was a period of transformation for tourism facilities in Shetland building on the earlier opening of the new Museum and Archives. Until figures are available it is difficult to estimate the impact on jobs and turnover. However it would be fair to say that the very strong tourism seasons in recent years combined with ever improving facilities have caused a significant increase in earnings and employment levels. 40 jobs is a conservative number.

**6. Continue to promote Shetland as a high quality visitor destination.**

**Targets:** Work together with VisitScotland to plan and resource marketing activities in a manner that reflects changing market conditions and identifies imaginative solutions for Shetland's complex circumstances.  
Increase occupancy rates by 10%.

**Output:** £725,000 awarded to VisitScotland in 2007/08 and 08/09  
£1.29 M awarded for Promote Shetland in 2009/10, 10/11 and 11/12

**Comment:** Following long discussions with VisitScotland and the Scottish Government, the Council tendered an independent place branding and destination marketing contract which was awarded to Promote Shetland. Promote Shetland has operated very successfully since 2009, as was evaluated independently at the meeting of the Development Committee in January 2012.

Better ways to measure Shetland's occupancy rates are being devised. However, by any standard the occupancy rates will be significantly higher than they were in 2006. 2010 and 2011 have been exceptionally busy years with high rates of accommodation.

**7. Support people involved in products and services for the tourism sector.**

**Targets:** Derive and implement 4 projects to drive up quality standards in tourism  
Run an interactive local event for the cultural/heritage part of the industry to encourage best practice

**Output:** 3 Shetland Tour Guiding Courses have been organised through Shetland College.  
One interactive local event is organised in October/November every year.

**Comment:** See comments for policies 5 and 6.

**8. Shift the emphasis of the agricultural industry in Shetland to a market - led economy.**

**Targets:** Foster growth in direct income in the agricultural industry of 10-15% by 2011  
Construct and facilitate operation of new community abattoir  
Support the development of air dried meat processing

**Output:** £437,525 grant awarded to Shetland Abattoir Cooperative Limited to build new abattoir  
£407,200 grant awarded to Shetland Livestock Marketing Group to redevelop the Marts facilities  
2 jobs created  
Improved turnover of £400,000 at these facilities  
Growth in direct income of 42% between 2006 and 2010

Comment: The air dried meat project did not go ahead. Modern agricultural sales and abattoir facilities are now operational. There has been a substantial increase in the prices for livestock and wool over the period.

**9. Add value in all areas of production, but especially in meat products and wool.**

Targets: Operate Shetland Agricultural Business Scheme and Agricultural Business Development Scheme  
Investigate new production methods for finishing livestock  
Encourage use of local produce in schools, care homes and other establishments  
Assist 2 projects engaged in wool production  
30 new jobs

Output: £550,000 spent to retain Animal Health Scheme  
73 grants totalling £189,502 awarded to agricultural holdings improvements  
882 grants totalling £476,735 awarded under SABS  
1 horticultural development project assisted  
1 Organic Production and Marketing project (including wool) assisted  
30 jobs retained

Comment: The much improved abattoir facilities should lead to more value adding projects in the future.

**10. Support agricultural development projects that derive income from and enhance Shetland's natural heritage.**

Targets: Offer support for industry groups and businesses engaged in the marketing of Shetland agricultural products (3 projects)  
Approve a Shetland Rural Agricultural Development Strategy and implement findings, particularly in relation to grant schemes  
Ensure that all assistance schemes help towards finding market led solutions

Output: SLMG supported to promote new marts and abattoir facilities  
SCFWAG, then SRDA supported to promote agricultural heritage projects  
SAC supported to hire second adviser to prepare agri-environment applications  
Preparation of the Agricultural Strategy still in progress

Comment: Support for agricultural environmental related projects mostly rests with Government Schemes.

**11. Encourage the expansion of the Shetland textile sector.**

**Targets:** Foster output growth of 10% by 2011  
Support 4 projects through commercial investment or grant assistance  
5 new jobs

**Outputs:** 1 loan of £50,000 awarded  
Support of £96,772 awarded for new Shima 12 gauge knitting machine at Shetland College  
7 grants awarded totalling £35,695  
6 jobs created  
20 jobs retained  
£170,000 output created  
£400,000 output retained

**Comment:** No estimate of output growth has been made for the period. However it is known that the industry has experienced strong trading conditions in recent years so the 10% target has been exceeded by some distance.

**Section B**  
**Oil Industry**

Most of the work in this section was largely outside the remit of the Development Committee, although the larger new Development Services department now has a wider remit. For example the negotiations with Total were conducted at senior officer level and the main forums for discussing oil and harbour related matters are the Harbour Board and the Sullom Voe Association.

**12. Increase production of hydrocarbons through Sullom Voe Oil Terminal (SVT)**

**Targets:** Achieve delivery of raw gas from Laggan gas field into SVT for further production by 2011  
Encourage commitment of Rosebank/Lochnagar finds to SVT by 2011  
All crude tanks to be refurbished by 2011  
Promote SVT as a centre for ship-to-ship oil transfer  
SVT Port Study concluded by March 2009

**Outputs:** Negotiations concluded successfully with Total  
Gas plant development underway  
Local Supply Chain promoted by Economic Development Service  
£10 M + benefit to the economy from current construction phase  
Estimated 300 jobs so far in construction phase  
200+ full-time jobs when Gas Plant is operational  
Crude tanks have been refurbished  
Ship-to-ship transfer on an occasional basis  
SVT Port Study concluded

**Comment:** Securing the future of hydrocarbons in Shetland for a period of another 20+ years has been a major achievement of this Council.

**13. Diversify the Port of Sullom Voe to be less reliant on oil products.**

- Targets:** 2 projects committing inward investment to SVT by 2010  
Retention of existing job numbers in oil industry and related sectors
- Output:** BP has made a firm commitment to SVT for another 20+ years  
Employment in the oil sector as a whole remains high
- Comment:** The aspirations for diversification outside of hydrocarbons have not materialised so far but the future of hydrocarbon production is looking more secure than in 2007

**14. Encourage logistical operations at Lerwick, Scalloway, Scatsta and Sumburgh.**

- Targets:** Engage with partners to attract 2 further large-scale offshore decommissioning projects to Shetland  
Improve and develop Port Facilities and services to attract vessels serving the oil and gas fields West of Shetland
- Output:** While no significant projects have been supported in offshore decommissioning, the local partners are now in a very strong position to attract in large scale work  
Lerwick and Scalloway Ports have both experienced a significant upturn in oil related business  
Oil related airport traffic at Scatsta and Sumburgh is still very brisk

**Section C**

**New and Emerging Industries  
Creative Industries**

**15. Establish robust broadband services to businesses, organisations and homes in Shetland**

- Targets:** Achieve full integration of fibre-optic cable  
Full broadband service (at least 4-8 MB) to 80% of Shetland's population by 2011  
Point of Presence set up in Shetland  
Establishment of 20 new businesses dependent on high speed data links  
60 new jobs
- Output:** £367,500 ERDF funding secured for developing fibre optic network in Shetland  
Fibre optic cable integration to Lerwick should be in operation in March 2012  
Point of Presence site will run at the same time  
Sea cable between Scalloway and Maywick to be laid in summer 2012  
Pilot project for wireless broadband in Vidlin and Fetlar implemented

Comments: Good progress has been made on this project but at a much slower pace than was stated in 2007. City levels of broadband will happen for part of Shetland very soon and the rest of Shetland will benefit in the period of the next Council. The conservative estimate of 60 new jobs will materialise as a consequence of this project.

**16. Support growth of businesses in the creative industries sector.**

Targets: Invest in new Cinema and Music Venue  
20 new businesses engaged in the creative industries sector  
40 new jobs

Output: £965,000 awarded to Mareel  
5 new craft related workshops established  
Potential for 46 new jobs

Comments: Mareel is a transformational project which should lead to a step shift in the performing arts in Shetland and related activities to support their development such as courses at Shetland College. The high number of new businesses predicted were related to the better broadband which has been delayed.

**Renewable Energy**

**17. Continue the development of the Viking Energy community wind farm project**

Target: Gain full planning permission for Viking Energy project  
Establishment of a fixed interconnector to the UK Mainland by 2012  
At construction stage by 2011

Output: Project awaits planning consent from the Scottish Government

Comment: The planning process has been much slower than predicted. The decision of the Scottish Government is key in understanding how Shetland will engage with the development of renewables to any meaningful extent.

**18. Support research and development projects in renewable energy across the isles, in homes, businesses and community organisations**

Target: Support 7 renewable energy projects through commercial investment and grant assistance  
Support 2 Marine renewable projects  
Engage in 3 research projects  
20 new jobs



- Output: Completion of Shetland Renewables Strategy and Implementation Plan  
Organisation of Dynamic Shetland conference in 2011  
£266,700 ERDF funding secured for a scheme promoting Business Energy Efficiency in Shetland  
A loan of £300,000 awarded to one aerogenerator project  
18 grants totalling £289,756 awarded  
560 Kw of renewables capacity developed  
2 loans totalling £1M awarded to marine renewable service projects  
1 grant of £25,000 awarded to a marine renewable service project  
2 research projects completed (marine renewables capacity, domestic heating)  
Seaweed biomass research project in progress  
25 jobs created  
MOU signed with Vattenfall for wavepower project
- Comment: The interest in renewable energy projects has grown throughout the 5 year period. Of greatest note is the number of jobs created in the marine service sector (23), which now involves a considerable number of Shetland workers.

**19. Investigate the establishment of manufacturing processes in the renewable energy sector in Shetland**

- Target: Consolidation of PURE hydrogen project in Unst  
Integration of low-energy in local build standards for business projects
- Output: £96,560 grant awarded for construction of manufacturing premises  
3 jobs created  
PURE continues to operate in Unst  
Help given for SIC and Hjaltsland Housing Association to secure £1.3 M ERDF grant for energy efficiency in social housing  
Help given for Charitable Trust to secure £800,000 of ERDF funding for Thermal Storage project
- Comment: While the Council has only supported 1 manufacturing related operation, it is known that there have been other developments in this activity in Shetland recently.

**General**

**20. Investigate the provision of a drydock/lift for vessel maintenance in Shetland**

- Target: Complete research project into drydock/lift provision
- Output: This research was commissioned and completed. A fully developed drydock/lift would require a considerable public sector investment beyond the commercial capacity of the local industry to meet. The Scottish Government has advised that the project would not be state aid compliant.

Comment: The development of a drydock/lift facility requires either a substantial investment from the private sector or sufficient trade to pay a commercial lease to the public sector.

**21. Encourage new activities not presently located in Shetland**

Target: Support 3 new projects

Output: No specific projects have been supported

Comment: Given the continuing high levels of activity in the economy, it is perhaps not surprising that entirely new areas of activity are not being explored. A number of projects described under other policies are new to Shetland, such as the gas plant development.

**22. Encourage the expansion and development of new manufacturing and businesses providing new services**

Target: Support 4 projects  
Create 15 jobs

Output: 5 development projects have been awarded grants of £53,934  
5 jobs retained

**23. Facilitate new food and drink processing activities**

Target: 2 projects supported  
10 jobs

Output: Loan of £45,000 awarded for setting up a butchery  
Grant of £17,550 awarded to support Shetland cheese production  
Shetland Refreshments have developed new premises with support of £45,000  
6 jobs created, 1 retained

Comment: Given the huge level of participation in the Shetland Food Festival by smaller local food businesses, there is clearly a lot of interest in adding more value to food in Shetland. There is likely to be a higher demand for support in the future from this sector.

**Section D**  
**Marketing**

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

Products of excellent quality that meet the needs and aspirations of the consumers most likely to be interested in what Shetland has to offer

Services provided to a standard that consistently exceeds customer expectations

Targets:    Work towards a common brand standard and identity  
              Improve Shetland's online image  
              Develop Shetland's reputation for high standard food and drink

Output:    Introduction of Promote Shetland Contract (referred to earlier under policy 6)  
              [www.shetland.org](http://www.shetland.org) overhauled to be a very successful online presence  
              Brand Pack developed  
              Food directory published, written and online  
              Food Festival organised, 08, 09, 10 and 11  
              Johnsmaas Foy organised, 07, 08 and 09  
              Flavour of Shetland organised, 07, 08, 09 and 10  
              17 exhibitions organised (Fisheries, Offshore Europe, All Energy, One Life Live, Foodies, Celtic Connections and London Boat Show)  
              Energy at the Edge Conference organised in 2007  
              Sumburgh Airport Image Improvement Project supported  
              Sponsorship of Round Britain and Ireland Race 2010  
              Shetland Showcase at Tall Ships Races 2011  
              Approval of Shetland Marketing Strategy  
              Approval of Shetland Events and Festivals Strategy  
              Promotion of Shetland as a location for filming

Comment: Shetland's brand is now understood much better and our place profile is much more positive and higher than at any other time.

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

Targets:    Improve the marketing skills of individuals and organisations  
              Promote Shetland to consumer markets  
              Support businesses to improve product marketing  
              Organise Shetland Hamafarin 2010 and Tall Ships 2011

Output:    £488,544 awarded to 167 projects under the Market Development Programme to improve marketing activities  
              Marketing skills courses regularly organised by Train Shetland  
              Website diagnostic service offered to clients  
              Craft and textile quality testing contracts awarded  
              Hamafarin 2010 celebration organised successfully (900+ visitors)  
              Tall Ships Races 2011 organised very successfully

Comment: Strong progress has been made on this policy, as was clearly evidenced by the products and services on offer during the highly successful Hamefarin and Tall Ships Races events.

**Section E**

**People and Community**

**26. Support community enterprises engaged in economic activities**

Targets: Support 8 projects engaged in community enterprises  
Investigate ways to improve the Rural Shops Improvement Scheme  
Research ways to retain active rural populations

Output: £2M Leader/Convergence funding secured  
47 projects processed and approved under LEADER/Convergence programmes  
31 jobs created  
32 communities supported  
54 rural shops awarded improvement grants totalling £212,778  
15 FTE equivalent jobs retained in rural shops  
Rural Shop Improvement Scheme under review  
Shetland Community Regeneration Policy approved – activities supported in Fetlar, Northmavine and Yell  
Fetlar population increased to 70+ from under 50  
Reopening of Hillswick shop  
Lerwick Town Centre Association supported to engage with Business Improvement District scheme  
£300,000 ERDF funding secured for Fetlar Berthing Facility  
£112,500 ERDF funding secured for Foula ferry element of new Waas Pier  
Help given to secure £32,238 ERDF for the Shetland Community Transport Scheme  
Submission of an ERDF application for the Skerries dredging project (£71,530)

Comment: LEADER projects now take up a considerable part of the service's effort. Shetland's network of rural shops has been retained and expanded. The Community Regeneration Policy has been very successful in improving Fetlar and Northmavine. With hindsight this policy should have been worded slightly differently to place more emphasis on wider community effort rather than just community enterprises.

**27. Enable individuals to achieve their full economic potential**

Target: Engage with Learning Centres to provide skills at the forefront of industry needs  
Reinvigorate the Graduate Placement Scheme to attract more fresh skilled people into industry  
Ensure the better integration of migrant workers into the local community  
Develop a programme to engage schoolchildren and college students with economic development

Encourage the employment of disadvantaged people

Output: Support provided for the STEP programme in 07/08  
Support provided for Young Enterprise Scotland programme in 07/08  
£210,000 awarded for Shetland College remote learning centres  
£175,000 funding awarded to COPE for core funding  
20 Shetland College students participate in Creative Students Support Scheme  
Shetland Credit Union awarded a grant of £25,000  
Childcare Strategy prepared and adopted  
8 Childcare businesses supported  
12 childcare jobs maintained

Comments: The ability to support many of these initiatives has diminished due to the contracting of available Shetland Development Trust surplus funding as the investments reduce.

## **Section F** **Business Guidance and Engagement**

### **28. Encourage knowledge transfer into new and emerging businesses**

Targets: Operate the Business Gateway as part of the national network  
Engage suitable qualified mentors to assist with the achievement of business aims and objectives  
Provide advice for 100 clients every year

Output: 450+ clients advised since the Business Gateway was launched in Shetland in 2009  
Business Advisers are qualified to required standard(ILM diploma level)  
36+ short courses provided through Train Shetland  
£85,500 ESF funding secured for Business Growth Training Scheme  
21 applications processed under Business Growth Training Scheme  
98 new business starts advised

Comments: The Business Gateway is now an integral and increasingly valuable part of the economic development service.

### **29. Establish meaningful dialogue with Shetland's industries**

Targets: Engage with industry through panels and working groups  
Investigate setting up of a new Shetland Chamber of Commerce

Output: A system of panels was established - most successfully in tourism and general industry (particularly in relation to renewable development)  
Co-ordination of local supply chain opportunities in relation to the Total project

Comment: The Chamber of Commerce project was not advanced. While there has been notable business engagement success over the past 5 years, getting better engagement with industry is still a general weakness in service delivery that needs to be addressed.

**Development Committee****09 March 2012****Shetland Local Development Plan- Development Plans Scheme Current Position****PL-10-12-F****Executive Manager - Planning****Development Services Department/  
Planning****1.0 Summary**

1.1 As agreed by the Development Committee an update report on progress relating to the preparation of the Shetland Local Development Plan, is presented to the Committee each cycle. This particular report provides Members with :

- The Vision, for approval ( Appendix 1).
- The Spatial Strategy, for approval (Appendix 2).
- The Proposed sites with Development Potential, for comments (Appendix 3).

**2.0 Decision Required**

2.1 That the Development Committee resolve to approve the Vision and Spatial Strategy, attached as Appendix 1 and Appendix 2.

**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, alongside the Strategic Environmental Assessment and other impact assessments.
- 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 One of the main thrusts of the Scottish Government's Modernising Planning priority, legislated for in the Planning etc (Scotland) Act 2006 was to establish a plan-led system where national, strategic and local plans clearly set out development priorities and guide individual planning decisions. The National Planning Framework sets out national priorities for development planning and provides the context for regional and local developments. Four new strategic plans and 34 new local development plans will replace structure and local plans and these should be updated every five years. These new plans are mandatory and set out the priorities for development at the regional and local area levels.
- 3.4 Local development plans concentrate on the long-term development of local areas and all planning authorities, including the national parks, must prepare these. Development planning shapes the areas we live in.
- 3.5 It should be noted that we have been working closely with the planners in the Scottish Government Built Environment Directorate. At regular meetings, we have ensured that our process, consultations, strategies and planning policies comply with statutory processes and national policies.
- 3.6 The Shetland Local Development Plan is required by the Planning etc. (Scotland) Act 2006, to contain a Vision and a Spatial Strategy.

#### 3.6.1 The Vision (Appendix 1):

A Vision is a broad statement of how the development of the area could and should occur. Vision statements should provide a realistic expression of what the plan area could be like in 20 years time and a useful springboard for the spatial strategy of the LDP.

A draft version of the Shetland Local Development Plan Vision was contained within the Main Issues Report. The Shetland Local Development Plan, Main Issues Report was the subject of a major public consultation in the Spring of 2010 and the responses to the initial Vision were generally supportive. Comments made by respondents to the Main Issues Consultation have been used to produce the revised version.



### 3.6.2 The Spatial Strategy (Appendix 2)

A Spatial Strategy is a statement of the planning authority's policies and proposals on development and use of land in the area. Issue B within the Main Issues Report discussed a number of spatial options, and after extensive consultation, the response to the Main Issues report clearly identified a strong desire to ensure Shetland's rural communities thrived, with development distributed throughout the Isles. To achieve this the Shetland Local Development Plan incorporates Sites with Development Potential and Areas of Best Fit.

### 3.6.3 Sites with Development Potential (Appendix 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.

- 3.7 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.
- 3.8 Running in tandem with the public information sharing exercise the Planning Service consulted relevant stakeholders. Officers from the Development Plans team have been undertaking site visits to each of the sites. Once all stakeholder comments were received, the Planning Service commenced the assessment of these sites.
- 3.9 In other authorities, there is a long history of allocated sites where developers come forward with detailed proposals for inclusion in the LDP. This is the first time that Shetland has opted for a system where landowners have been asked to come forward with sites for development. As such, these sites are largely aspirational, and do not have detailed plans. Therefore we are looking to put forward those areas of land that have been assessed as suitable as 'Sites with Development Potential.' Thereafter, we will work with developers through the Action Programme to progress these sites towards full allocation status within the lifetime of the LDP and beyond. This will ensure that an adequate supply of land has been identified in the LDP, as required by the statutory development plan process. Inclusion as a Site with Development Potential does not guarantee planning approval. It does provide a greater degree of certainty than exists at the moment and sets in train a process of negotiation through the Action Programme.

3.10 Owners and occupiers of neighbouring structures are also required to be notified.

3.11 There are a number of sites which the Planning Service needs further information on in order to make a final assessment. The Planning Service will continue to liaise with stakeholders, site submitters, landowners and other Council departments (as appropriate) before a final decision on their inclusion or otherwise can be made. The Planning Service will come back to this Committee at a later date with an updated list of Sites for Development Potential and a list of sites which, at this time, are deemed unsuitable for development. It should be noted that this process does not prevent a developer from submitting a planning application at any time.

3.12 Areas of Best Fit:

One of the key findings of the Main Issues Report consultation was the desire to strengthen and enhance rural communities. In response, the Planning Service has identified Areas of Best Fit to provide hubs in each locality. This will provide a focus for growth within the largest community in each of the seven localities in Shetland.

Within Areas of Best Fit amenities such as schools, shops, employment and essential infrastructure are readily available through a range of transport options. We would encourage new housing (specifically large scale, social and mixed tenure developments), employment and community development within these areas. Relevant stakeholders have been involved in the creation of these areas. The creation of Areas of Best Fit does not preclude development elsewhere. Planning applications can be submitted and will be assessed against the appropriate policies.

3.13 Community Plan and Corporate Plan

In compliance with Community Plan and Corporate Plan priorities, and statutory requirements, we have focussed on meeting the requirements of the Local Housing Strategy (LHS) in providing a generous and developable land supply for housing. The LDP is also required to identify land suitable for other uses including industry. The proposals support the creation of sustainable mixed communities.

3.14 The Vision, Spatial Strategy and Sites with Development Potential are currently being assessed through the Strategic Environmental Assessment and Socio-economic Impact Assessment.

3.15 Action Programme

We are required to produce an Action Programme. This will set out how the authority proposes to implement the LDP. It will set out a list of actions required to deliver each of the LDP's policies and proposals; name the person(s) responsible for carrying out this action and a timescale for undertaking each action. Actions, which we expect will be identified, include the delivery of key infrastructure projects and preparation of supplementary guidance. Actions are not limited to those by the Planning Authority and may include actions by developers to

facilitate progress on sites assigned in the LDP as having development potential’.

- 3.16 The Planning Authority is required to consult and consider the views of key agencies, the Scottish Ministers and anyone the authority proposes to assign an action to within the programme. The proposed action programme must be published and submitted to the Scottish Ministers alongside the proposed LDP. It must be published within 3 months of the LDP to which it relates being approved/adopted. There is a requirement to keep the Action Programme under review and update and re-publish it at least every 2 years.
- 3.17 One of the new provisions now available under the new development planning regime is Supplementary Guidance. Despite being called “guidance”, Supplementary Guidance actually has the weight of policy when assessing planning applications. It can be adopted and issued by a Planning Authority in connection with the LDP and any Guidance issued forms part of the LDP. The Scottish Ministers have stated in Circular 1, paragraph 96, that it is their intention ‘that much detailed material can be contained in supplementary guidance, allowing plans themselves to focus on vision’. Supplementary Guidance on particular topics should be referenced in the LDP and be limited to the provision of further information and/or detail in respect of policies set out in the LDP. It is then suitable for detailed policies on a particular topic or issue to be included in Supplementary Guidance where the main principles are already established in the LDP. It is also appropriate for Supplementary Guidance to be created for Masterplans, Development Briefs and Aquaculture framework documents.
- 3.18 Supplementary Guidance can be prepared and adopted alongside the LDP or at a later date. The Planning Service intends to produce a number of Supplementary Guidance documents alongside the proposed LDP and undertake consultation and adoption procedures at the same time. There will however be a number of topics for which Supplementary Guidance will be prepared post LDP adoption. Details of these will be included in the Action Programme.
- 3.19 It should be noted that the Supplementary Guidance is needed to have a rounded set of policies to meet government policy and local aspirations. This, and other activities, will be set out in our Action Programme, and will require significant resources.
- 3.20 Resources

Members have asked for an update on resourcing the development plan process. As part of the review of the management structure, the Development Plans Service and the Heritage Service are being combined under one team leader. At the time of writing, the recruitment exercise is still ongoing.

## 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 extensive consultation exercises already undertaken have been identified in this report and explained in detail previously. Stakeholder consultation is ongoing during the policy writing aspect of LDP preparation.

As plan preparation continues over the coming months the information contained in the appendices to this report as well as additional LDP content will be before the Members on at least two further occasions before the Council is asked to approve the completed draft LDP as the settled view of the Council. Once a settled view has been achieved the community will have a further opportunity to comment on the LDP. It is likely that a Public Inquiry will be undertaken.

- 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. The Planning Service is currently embarking on a review which will look at the delivery of the Local Development Plan.

- 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 LDP. A full assessment will have to be completed for submission alongside the LDP.

- 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 LDP. 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 – All costs in relation to the Local Development Plan Project will be met from existing budgets.
- 4.8 Legal – None.
- 4.9 Human Resources – In agreement with the Director of Development Services a set of measures have been identified to ensure appropriate human resources are provided to achieve the challenging timescales of this project, that also deliver on the required efficiency savings. These measures include provision of project resources from other services within the Development Directorate.
- 4.10 Assets And Property – None.

## **5.0 Conclusion**

- 5.1 The report highlights the ongoing work to produce an up to date and fit for purpose Local Development Plan that meets statutory requirements, national policy and local priorities and aspirations.

For further information please contact:  
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29 February 2012

## List of Appendices

The Vision (Appendix 1)  
The Spatial Strategy (Appendix 2)  
The proposed sites with Development Potential (Appendix 3)

END



## **A vision for Shetland's Planning Role within Scotland – National Context**

The Scottish Government in its 'National Planning Framework for Scotland 2' indicates that the primary development goals for Scottish Authorities to 2030 should be:

- To contribute to a wealthier and fairer Scotland by supporting sustainable economic growth and improved competitiveness and connectivity.
- To promote a greener Scotland by contributing to the achievement of climate change targets and protecting and enhancing the quality of the natural and built environments.
- To help build safer, stronger and healthier communities, by promoting improved opportunities and a better quality of life.
- To contribute to a smarter Scotland by supporting the development of the knowledge economy.

## **The Role of Planning within Shetland's Strategic Vision**

The Shetland Community Planning Partnership and the Scottish Government are working to achieve the above aims at a local level through annual Single Outcome Agreements throughout the life of the Shetland Local Development Plan to deliver measurable improvement on key social economic and environmental indicators. These include measures to tackle climate change, promote healthier lifestyles, regenerate disadvantaged communities and improve transport and telecommunications links.

The Single Outcome Agreement mechanism should be a powerful vehicle for change in the Islands because it brings together stakeholders and the Scottish Government to make sure undertakings are carried out. The Shetland Local Development Plan should therefore be consistent and effective in supporting the objectives of the Agreements and becoming a method for promoting their delivery in spatial planning terms.

Alongside the Single Outcome Agreement, the Shetland Islands Council has developed a strategic vision for the Islands in the 2008 – 2011 Corporate Plan. The targets in the Corporate Plan form part of the basis of the vision for the Shetland Local Development Plan.

## **Local Development Plan**

A Vision for Shetland

*“Work together for a future that is better and brighter. In particular, we aim to create a secure livelihood, look after our stunning environment and care well for our people and our culture.” Shetland Resolution (2004).*

Land use planning can assist in achieving the Shetland Resolution by :

- Enhancing existing communities throughout Shetland by encouraging sustainable development to create strong and vibrant communities.
- Supporting new and existing sustainable economic opportunities.
- Promoting the efficient use of land, buildings and infrastructure whilst minimising waste.
- Conserving and promoting Shetland's historic assets and cultural traditions.
- Furthering the conservation of biodiversity and geodiversity throughout Shetland.
- Ensuring new development is sustainable, environmentally sensitive, and of good quality and design.
- Protecting and enhancing areas for recreation and natural heritage.
- Supporting better access across the Islands by foot, cycle and public transport.
- Ensuring that land use policies reflect the Council's commitment to the Scottish Climate Change Declaration.



## **Spatial Strategy for Shetland**

The planning system has a key role to play in delivering sustainable development and the creation of sustainable, vibrant, mixed communities. Planning decisions should promote development that safeguards and enhances the long-term needs of the economy, society and the environment.

To meet the sustainable economic and social needs of Shetland's dispersed settlement pattern, the Plan identifies, allocated land, sites with development potential and Areas of Best Fit.

### **Proposed Development Sites and Allocations**

Through extensive consultation on the Main Issues Report, Shetland has opted for a developer-led allocations based system. Between March 2010 - November 2011, the 'Call for Sites' process invited developers and landowners to submit potential development sites for consideration.

Many landowners have come forward with their aspirations for development but without detailed plans. Therefore these areas have been assessed as 'sites with development potential' and will progress to an allocation status through the Action Programme when more detailed proposals are established.

A function of the Shetland Local Development Plan (SLDP) is to meet the requirements of the Local Housing Strategy (LHS) in providing a generous and developable land supply for housing. The SLDP has identified sufficient land throughout Shetland to meet the requirements of the LHS. The SLDP is also required to identify land suitable for other uses such as industry.

### **Areas of Best Fit**

In 2004, the Community Planning Board agreed on seven localities for Shetland:

- North Isles
- Whalsay & Skerries
- North Mainland
- West Mainland
- Central
- Lerwick & Bressay
- South

The localities provide a basis for service planning at a local community level. The Areas of Best Fit (AoBF) have been identified to provide a focus for growth within and adjacent to the largest community in each locality and the large islands in Shetland, whilst recognising the dispersed settlement pattern of Shetland.

Within Areas of Best Fit amenities such as schools, shops, employment and essential infrastructure are all readily available through a range of transport options; and will support large, medium and small scale developments. AoBF have been identified as desirable for development because they;

- Can connect to the main sewer.
- Are within 800 m (walking distance) of two of the following; convenience store/post office (only one in any count), GP surgery, primary school, public hall, play park.
- No part of any of the Shetland Mainland Areas of Best Fit is more than 400 metres from a public bus service (either feeder buses or primary routes).
- No part of any AoBF is below the 5m contour or shown on the SEPA flood maps.

Each locality has an AoBF and these have been identified as;

1. Baltasound
2. Mid Yell
3. Symbister
4. Brae
5. Aith
6. Scalloway
7. Lerwick
8. Sandwick

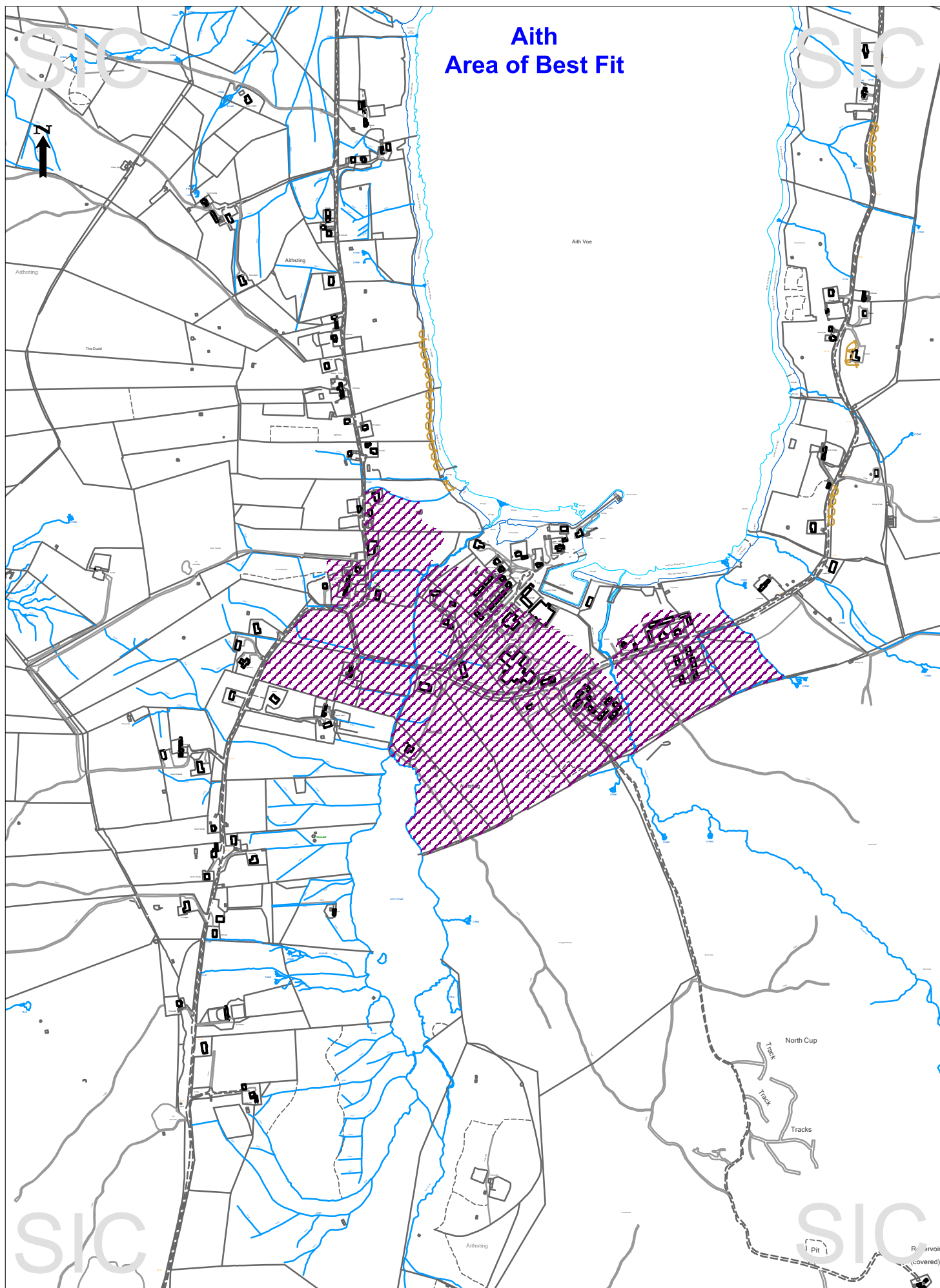
Maps of the AoBF are attached.

It should be noted that the creation of an AoBF does not preclude development elsewhere nor does it mean that land must be developed. The creation of AoBF is to focus development near to existing services and facilities, in order to promote sustainable economic growth thus creating strong vibrant communities throughout Shetland.

### **Outwith Areas of Best Fit**

The policies and proposals of the Plan seek to balance community and environmental considerations and benefits, enabling opportunities for sustainable development in established settlements outwith AoBF.

Planning applications can still be submitted at any time and will be assessed against the relevant policies. Proposals that do not support, or are remote from established communities are unlikely to be permitted.



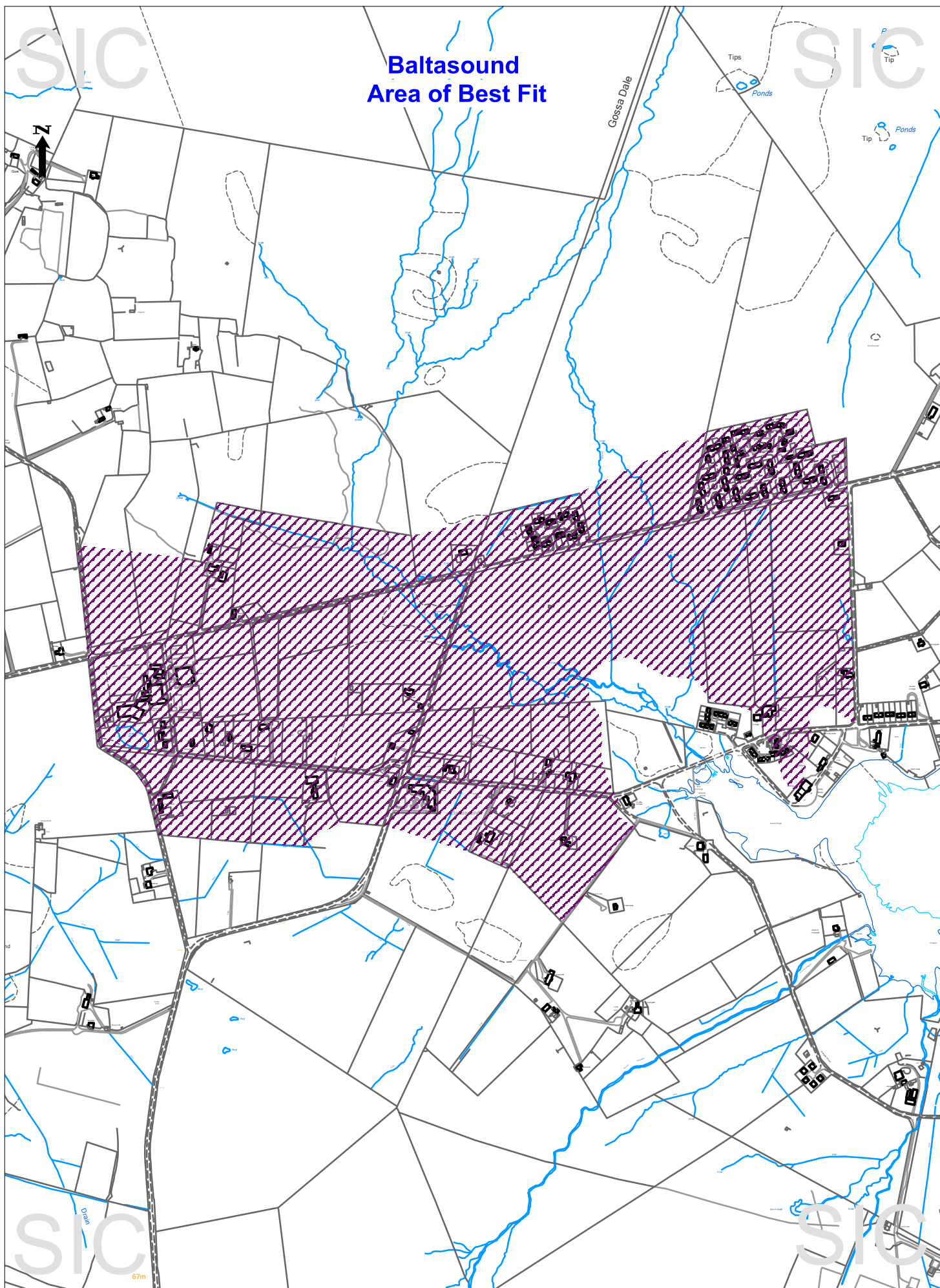
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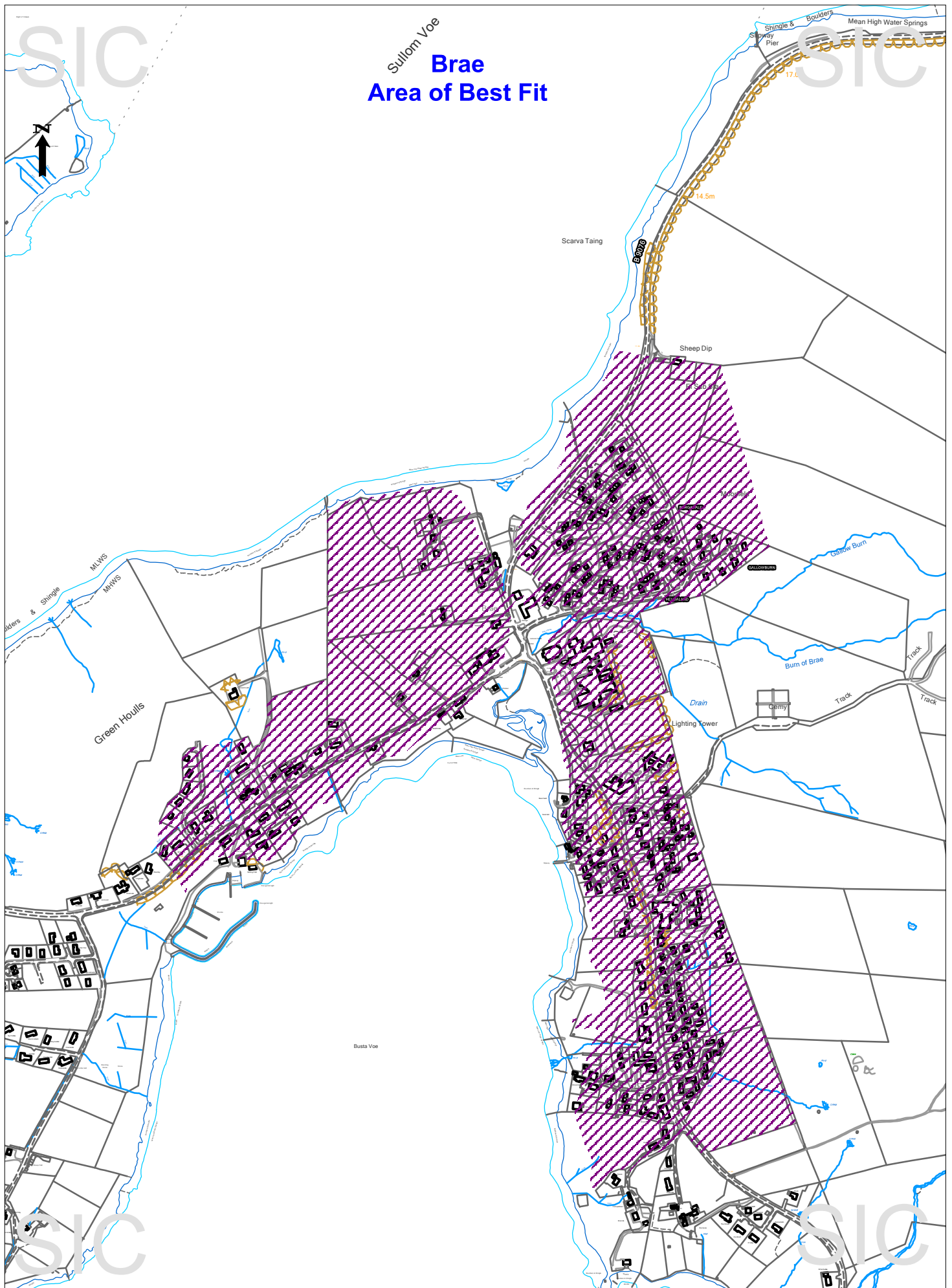
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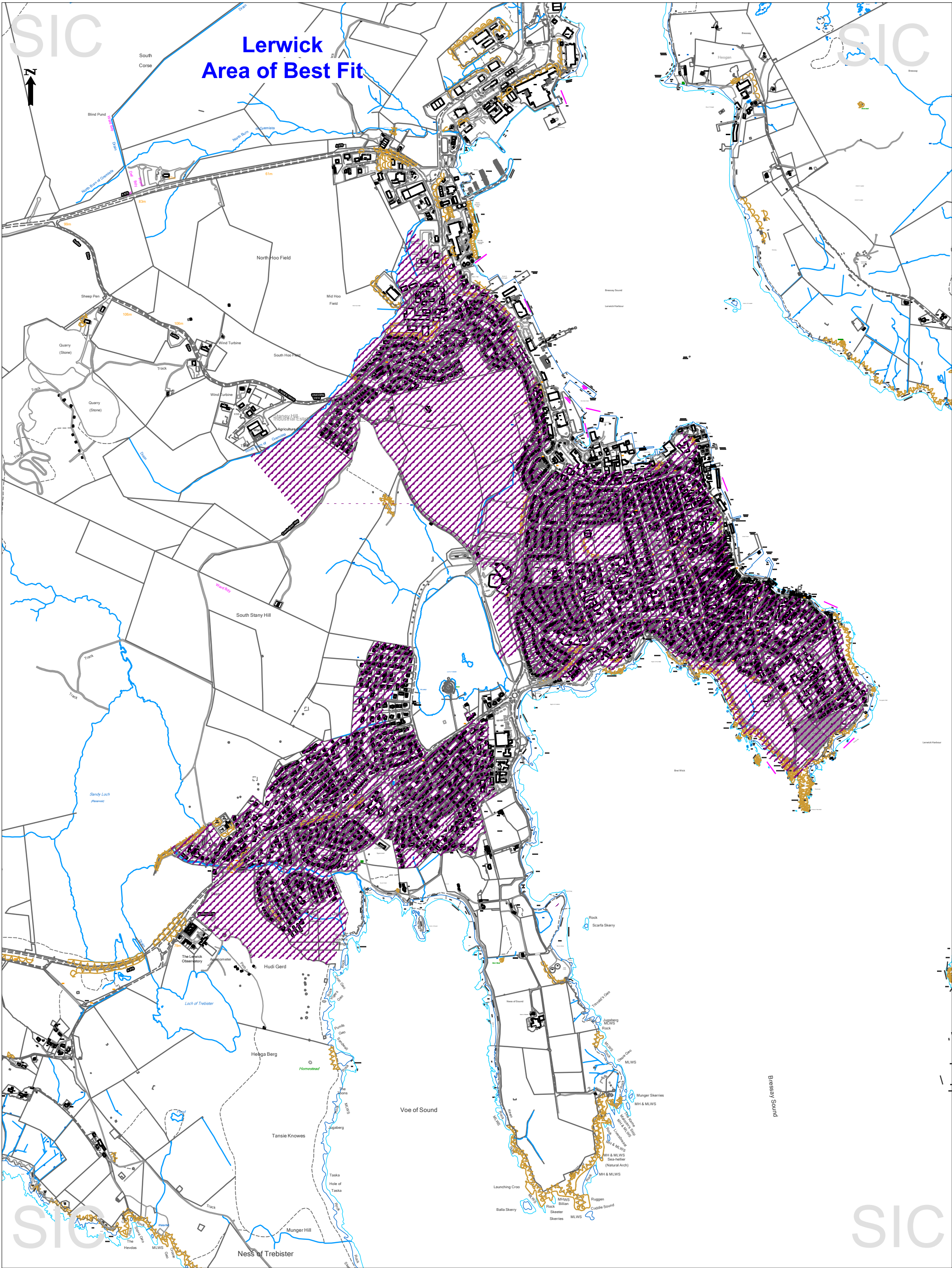
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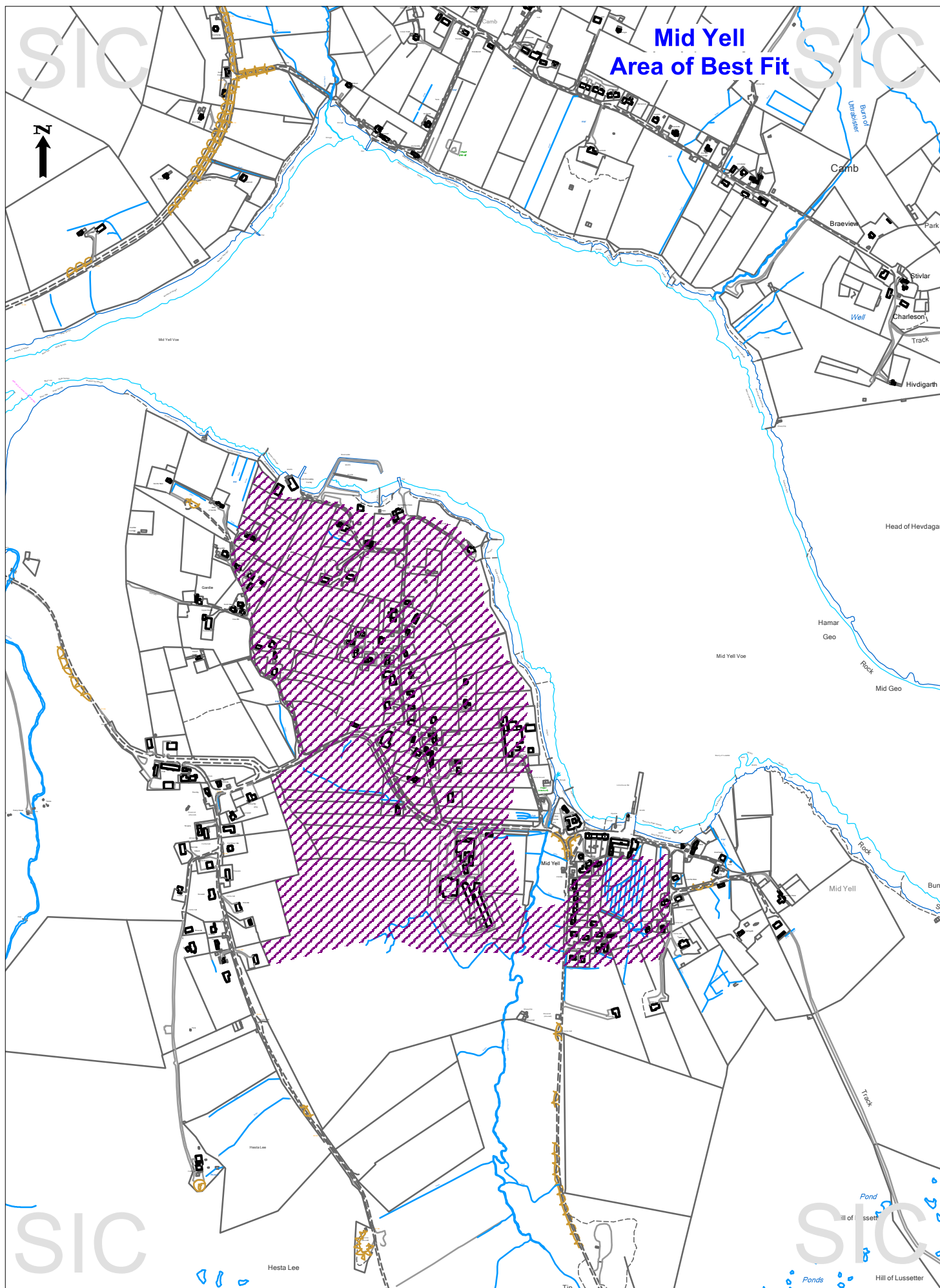
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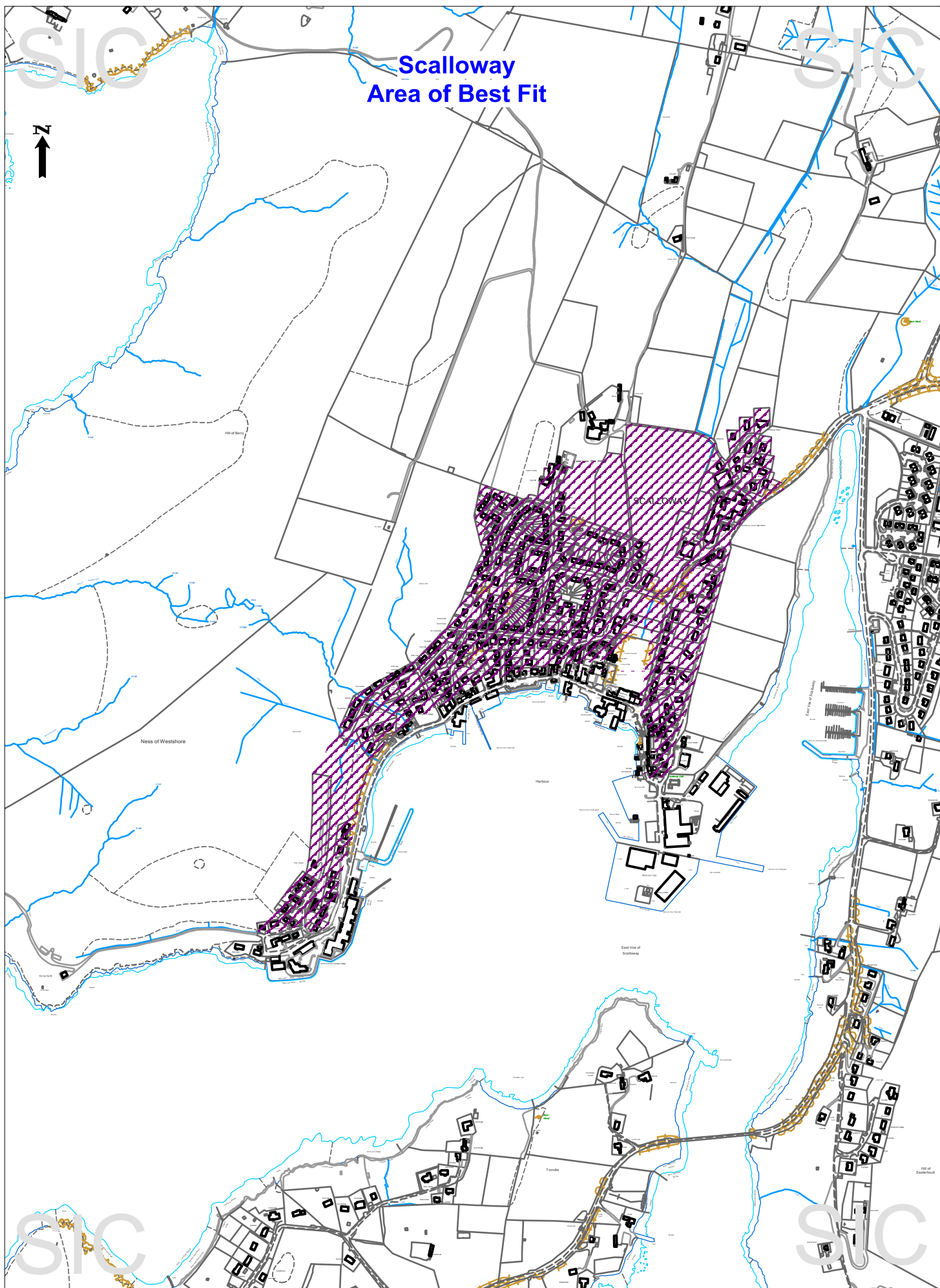
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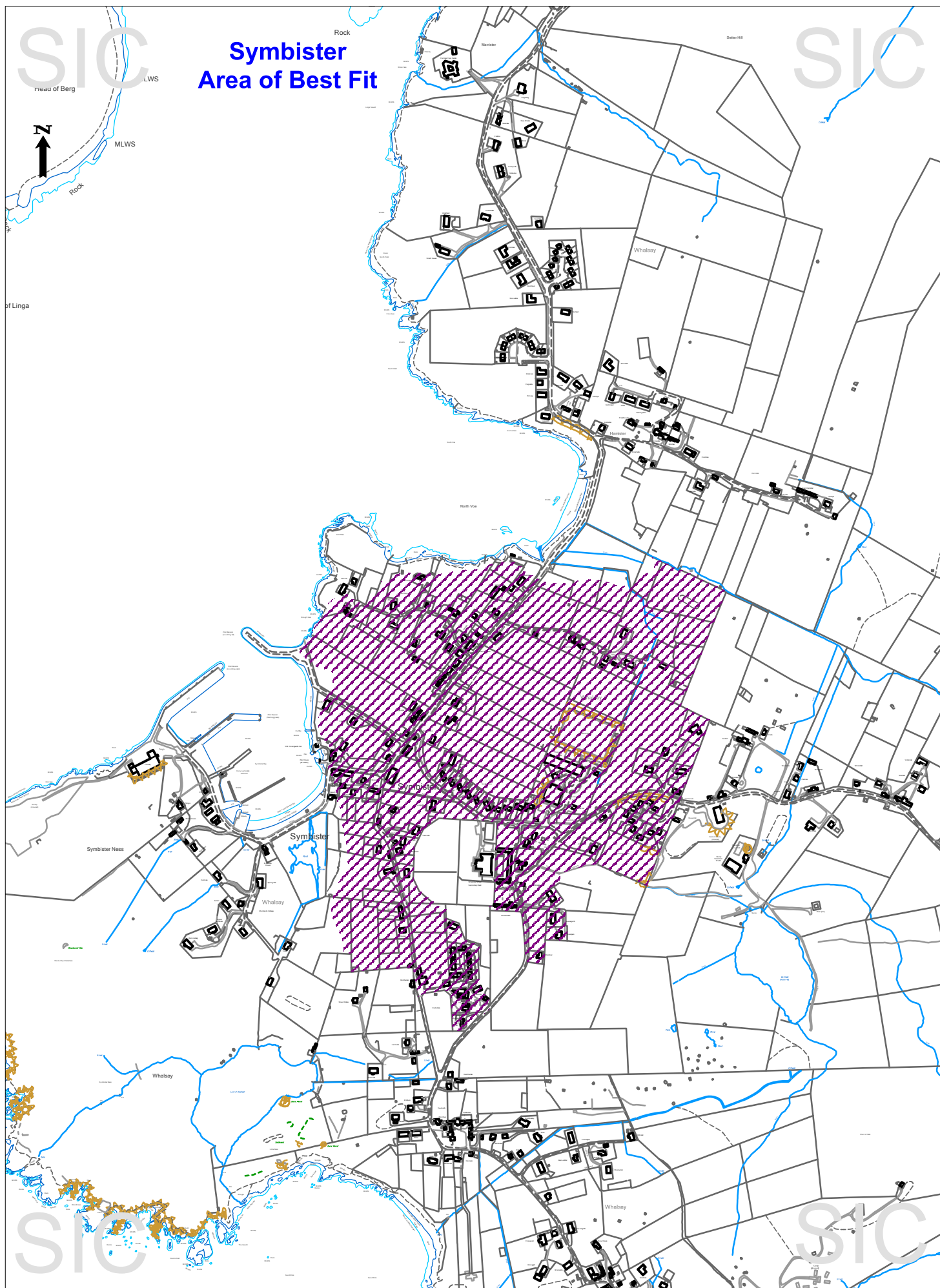
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## Sites with Development Potential

Log Number	Site Address	Notes
001	The Houllands, Weathersta, Brae	Part of site has development potential
003	Brae (South End of Village)	Full Site
004	Stove, Sandwick	Full Site
006	Nesbister, Whiteness	Full Site
007	Former Decca Station, Lerwick	Full Site
008	Hellister, Weisdale	Full Site
010	Gardie, Weisdale	Full Site
014	Burravoe, Brae	Full Site
015	Dalsetter, Dunrossness	Full Site
018	Sundibanks, East Voe	Part of site has development potential
019b	Heathery Park, Gulberwick	Full Site
019c	Hillside, Gulberwick	Full Site
020	Sundibanks, East Voe, Scalloway	Part of site has development potential
021	Strand, Greenwell, Gott	Full Site
022	Quee Cunningsburgh	Part of site has development potential
023	Flugalee, Cunningsburgh	Part of site has development potential
024	Upwall, Wester Quarff	Full Site
026	Upper Couster, Quarff	Full Site
029a	Black Hill Industrial Estate	Full Site
029b	Gremista, Lerwick	Full Site
029c	Gremista, Lerwick	Full Site
029d	Rova Head, Lerwick	Full Site
029e	Port Business Park/Black Hill Industrial Est, Lerwick	Full Site
029f	Port Business Park, Lerwick	Full Site
031a	Veensgarth, Tingwall	Full Site
031b	Kirkidale (Near), Walls	Full Site
031d	Scatsta Airport	Full Site
031e	Scatsta Airport	Full Site
031f	Firth	Full Site
031g	Upper Lea, Firth	Full Site
031h	Firth Camp	Full Site
031i	Maidenfield, Mossbank	Full Site
031k	Braehead, Mossbank	Full Site
031m	Bankhead, Mossbank	Full Site
031n	Hall, Mossbank	Part of site has development potential
031o	Oxlee, Lerwick	Part of site has development potential
031q	Lower Sound, Lerwick	Full Site

### Appendix 3

031r	Seafield, Lerwick	Part of site has development potential
031s	Staney Hill, Lerwick	Full Site
031t	Staney Hill, Lerwick	Full Site
031u	Norstane, Lerwick	Full Site
031v	Gremista Industrial Estate, Lerwick	Full Site
031w	Anderson High School, Lerwick	Full Site
031x	Horseshoe Close, Virkie	Full Site
031y	Loch of Haggrister, Sullom	Full Site
033	Kirkhouse, South Whiteness	Full Site
035	Breck, South Whiteness	Full Site
036	Spiggie Lodge, Scousburgh	Full Site
037	Hall Park, Vidlin	The South/Southwest section of this Site has Development Potential
038	Gardens Croft, Sandness	Full Site
039a	Opposite Aith Hall, Aith	Full Site
039c	Behind Whitelaw Road, Aith	Full Site
043f	Observatory, Lerwick	Full Site
047a	Veensgarth, Tingwall	Full Site
050	Various Sites at Busta, Brae	Part of the site has development potential
051	East Ham, Bressay	Full Site
052	Stove, Sandwick	Full Site
053a	Stove, Sandwick	Full Site
053b	Stove, Sandwick	Full Site
053c	Stove, Sandwick	Full Site
055b	Land along Rompa Road, Sandwick	Full Site
056b	Land around Bigton Shop	Full Site
058	Hillside, Voe	Full Site
059a	Stucca, Hillswick	Full Site
059b	Stucca, Hillswick	Full Site
060	Urafirth	Full Site
062a	Sellaness, Scasta	Full Site
064	Hestigott, Virkie	Full Site
065	Scatness, Virkie	Full Site
066	Scatness, Virkie	Full Site
067	Toab, Virkie	Full Site
068a	Wormadale, Whiteness	Full Site
068b	Wormadale, Whiteness	Full Site
069	Ham, Bressay	Part of site have development potential
070	Aithsetter, Cunningsburgh	Full Site
073	Northouse Croft, Burra	Site with development Potential for a single house in the south western part of the site
075	Ellangowan, Gulberwick	Part of site has development potential

### Appendix 3

080	House, Bridge End, Burra	Part of the Site has development Potential for a single dwellinghouse
082	Scatness, Dunrossness	Full Site
083	Whilliearth, Scousburgh	Full Site
084a	Whilliearth, Scousburgh	Full Site
084b	Whilliearth, Scousburgh	Full Site
092b	Railsbrough, South Nesting	Full Site
095	Braeside, Lower Sound, Lerwick	Full Site
098	Old School Road, Trondra	Part of the site has development potential
100a	Ulista, Yell	Full Site
100b	Ulista, Yell	Site with development potential for single house site
108b	Newhouse, West Yell	Part of site has development potential
109	Upper Kjurkhul, Quarff	Full Site
110	Lower Kjurkhul, Quarff	Full Site
113	Meadow Bank Road, Burravoe, Yell	Part of site has development potential
114a	Gremista, Lerwick	Full Site
114c	North Greenhead, Lerwick	Full Site
114d	North Greenhead, Lerwick	Full Site
114f	Dales Voe, Lerwick	Full Site



**Development Committee****09 March 2012****Local Nature Conservation Sites****PL-07-12-F****Report Presented by Natural Heritage Officer****Development Department /  
Planning Service****1.0 Summary**

- 1.1 This report highlights the background to and work undertaken so far, to identify potential Local Nature Conservation Sites that will be part of the Local Development Plan. Also included in this report is an outline of the proposed next steps in this process.

**2.0 Decision Required**

- 2.1 Members are requested to discuss the contents of this report and comment on the progress made in identifying potential local nature conservation sites, which will become part of the Local Development Plan.

**3.0 Detail**

- 3.1 Due to changes in Scottish Planning Policy, the Local Protection Areas that are identified in the current Local Plan cannot continue in their current form. Scottish Planning Policy 2010 requires that local designations are restricted to two types; one of which is the Local Nature Conservation Sites.
- 3.2 Local Nature Conservation Sites are non-statutory and the protection afforded to them through the Local Development Plan will not be as high as the level of protection given to international or national designations.
- 3.3 Local Nature Conservation Sites are a method of flagging up sites with important natural heritage to both potential developers and Development Management Officers.

- 3.4 It is important to consider what Local Nature Conservation Sites do not do. In identifying Local Nature Conservation Sites we are not seeking to prevent development. They are a way of providing more information to ensure that development takes into account the important and sensitive features of these sites.
- 3.5 Identifying potential Local Nature Conservation Sites does not place any duty on the Council to manage these sites, nor do they require landowners and land managers to undertake specific management practices or change their current practices.
- 3.6 According to Scottish Planning Policy 2010, Local Nature Conservation Sites should be assessed against the following factors:
- Species diversity, species or habitat rarity, naturalness and extent of habitat;
  - contribution to national and local biodiversity and geodiversity objectives;
  - potential contribution to the protection or enhancement of connectivity between habitats or the development of green networks; and
  - the potential to facilitate enjoyment and understanding of the natural heritage.
- 3.7 In the case of sites assessed for their geodiversity it is important to consider their value for scientific study and education, their historical significance and other cultural and aesthetic value, particularly for their potential for promoting public awareness and enjoyment. This is particularly important when considering Shetland's status as a Geopark.
- 3.8 The initial list of sites considered was comprised of the existing Local Protection Areas and sites that were submitted as part of a call for proposals that ended in April 2011. These sites were then put through an initial high level sift, which identified those with significant natural heritage features.
- 3.9 The initial list of sites was supplemented by suggestions from a working group established to provide advice through the process of identifying potential Local Nature Conservation Sites. This working group consists of representatives from:
- Scottish Natural Heritage
  - Scottish Environment Protection Agency
  - Royal Society for the Protection of Birds
  - Shetland Amenity Trust
  - SIC Economic Development
  - SIC Development Plans
  - SIC Heritage
- 3.10 The list of sites resulting from the initial sift and those suggested by the working group was then assessed in more detail in order to determine the very best sites to go forward for potential inclusion. With advice from the working group local criteria have been developed for the



assessment of potential Local Nature Conservation Sites, these include:

- Habitat and/or species rarity.
- Species diversity.
- Contribution to biodiversity objectives.
- Links with other habitats.
- Benefits to the local environment.
- Ownership and accessibility.
- Safety
- Recreation
- Education
- Specific threats.

- 3.11 During the summer of 2011, all potential Local Nature Conservation Sites that came through the initial sift and those suggested by the working group were visited to assess their potential suitability.
- 3.12 By the end of March 2012, a list of potential Local Nature Conservation Sites will have been completed. Currently, there are between 40 and 50 sites, which will go forward for public consultation. It is important to note that this will not be the only opportunity to add sites to this list, as the list of Local Nature Conservation Sites will be periodically reviewed.
- 3.13 Each Local Nature Conservation Site will have an accompanying Site Statement, which will include a map of the site, details of the justification for its selection and contacts for further advice on specific aspects of the site's features. It is envisioned that developers and development management officers will use these to provide further information for any development that has the potential to affect the site.
- 3.14 The Site Statements will be adopted as Supplementary Guidance to the Local Development Plan.
- 3.15 Before the proposed Local Nature Conservation Sites go out to formal public consultation, informal consultation will take place with relevant internal and external stakeholders. This will take place over the spring and summer of 2012.

## **4.0 Implications**

### Strategic

#### 4.1 Delivery On Corporate Priorities

The identification of Local Nature Conservation Sites as part of the Local Development Plan has the potential to contribute to the Corporate Priority of "maintaining a sustainable environment" through the protection of Shetland's natural environment.

As part of the Local Development Plan, Local Nature Conservation Sites contribute to the strategic tool for the Council's development priorities. In conjunction with other Council policies, it will contribute to

meeting the spatial aims of the Community Plan and the Corporate Plan.

#### 4.2 Community/Stakeholder Issues

A public call for proposals for Local Nature Conservation Sites was made in 2011. Further consultation with relevant internal and external stakeholders will be undertaken when the first tranche of sites is finalised, and before formal consultation is undertaken.

#### 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 Local Development Plan would 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 - None.

#### 4.6 Environmental

The content and actions identified in this report have the potential to have a direct positive impact upon biodiversity and geodiversity. There may also be indirect positive impacts upon other aspects of the environment, such as water.

### Resources

#### 4.7 Financial - None.

#### 4.8 Legal - None.

#### 4.9 Human Resources - None.

#### 4.10 Assets and Property - None.

## **5.0 Conclusion**

5.1 As part of the production of the Local Development Plan, Local Nature Conservation Sites will replace Local Protections Areas, which are no longer supported by Scottish Planning Policy. Potential Local Nature Conservation Sites have been selected and assessed using a robust and transparent process, which involved assessing each site against national and local criteria.

For further information please contact:

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29 February 2012

Background documents

Scottish Natural Heritage, 2006, [Guidance on Establishing and Managing Local Nature Conservation Site Systems in Scotland](#)

END



**Development Committee****09 March 2012****Mapping Oil Pollution****Report No DV026-F****Report Presented by Director of  
Development Services****Development Services Department****1.0 Summary**

- 1.1 This report identifies a project to access European funding to work with other north Atlantic communities to map oil pollution risk.

**2.0 Decisions Required**

- 2.1 The Development Committee resolve to approve the work plan identified in this report.

**3.0 Detail**

- 3.1 The threat from oil spills, tanker accidents and environmental degradation in the North Sea and Atlantic waters surrounding Shetland are more apparent than ever. Sea traffic, oil & gas developments, subsea pipelines and cables, wind, wave and tidal energy equipment, fishing, aquaculture and tourism are just a few of the many interests competing for the limited space in Shetland waters.
- 3.2 It is proposed that a project is scoped out which builds on the work already carried out in Shetland's Marine Spatial Plan, and that Shetland requests the involvement of North Atlantic communities, Faroe islands, Iceland, Orkney and Norway. This project would also link to the work of KIMO.
- 3.3 Such a project has been achieved in the Baltic Sea where regions, governments and international organisations work together to ensure that existing conventions and regulations are observed and protective measures are introduced to prevent maritime accidents.

## 4.0 Implications

### Strategic

4.1 Delivery On Corporate Priorities – This report is mainly focused on the Sustainable Economy section of the corporate plan.

4.2 Community /Stakeholder Issues – There will be significant community, government and industry stakeholder involvement.

4.3 Policy And/Or Delegated Authority –

This report has been prepared under all 29 of the policies contained in the Economic Development Policy Statement, which was approved by the Development Committee on 24 April 2008 (02/08) and by the Council on 14 May 2008 (55/08). In accordance with section 2.3.1 of the Council's Scheme of Administration and Delegation, the Development Committee has delegated authority to implement decisions within its remit.

4.4 Risk Management – The outcomes of this project will assist in the management of risks associated with marine activities in the sea areas around Shetland.

4.5 Equalities, Health And Human Rights – NONE

4.6 Environmental – NONE

### Resources

4.7 Financial – The actions, measures and risk management described in this report has been delivered within existing approved budgets.

4.8 Legal – NONE

4.9 Human Resources - NONE

4.10 Assets And Property – NONE

## 5.0 Conclusions

- 5.1 Shetland has already made significant progress in Marine Spatial Planning, and Emergency Planning. The development of the Oil & Gas sector, marine renewables, and the continued development of the seafood industry in Shetland, are a balance between economic prosperity and managing the risks to our environment. The proposals contained in this report are aimed at creating better understanding of the relationship between our industries and our natural environment which in turn will increase our competitiveness.

For further information please contact:

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**Development Committee****09 March 2012****Development Trust Surpluses – COPE Ltd****Report No DV025-F****Report Presented by Director of  
Development Services****Development Services Department****1.0 Summary**

- 1.1 The purpose of this report is to update the Development Committee on the current position regarding the funding of COPE Ltd.

**2.0 Decisions Required**

- 2.1 That the Development Committee resolve to approve the proposed distribution of £129,600, from the 2010/11 Shetland Development Trust surplus, to COPE Ltd during the financial year 2012/13.

**3.0 Detail**

- 3.1 On 22 February 2012 the Council's Social Services Committee approved a report entitled "Update on funding arrangements – COPE Ltd" (Min Ref 10/12). The report gave a detailed breakdown of proposed funding for 2012/13 as follows:

- Infrastructure Services (SIC) £52,000
- Community Care Services (SIC) £114,000
- Shetland Charitable Trust (SCT) £154,967
- Shetland Development Trust £259,200

The Shetland Development Trust element of £259,200 towards the core funding of COPE Ltd, can be achieved by the Shetland Development Trust providing a surplus distribution of £129,600, and COPE Ltd claiming tax relief directly from HMRC.

- 3.2 The Shetland Development Trust has previously provided funding from its surpluses to COPE Ltd and in 2011/12 the surplus was distributed to the Charitable Trust who provided the core funding element. It is proposed that the surplus this year, 2012/13 is provided directly from the Shetland Development Trust, as there is no benefit in providing the Surpluses through the Charitable Trust.
- 3.3 Members should note that the proposed 2012/13 funding from the Charitable Trust represents a stand still budget, whilst the funding from SIC Infrastructure Services, Community Care, and Shetland Development Trust represent a 10% reduction from 2011/12.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – continues to assist the aim of achieving Sustainable Economy, by supporting enterprise and sustainable economic growth and projects of community enterprise.
- 4.2 Community /Stakeholder Issues – Council officers continue to work closely with COPE Ltd staff to achieve the best value community outcome.
- 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.  
The Council's role as sole Trustee of the Shetland Development Trust is deemed to fall within the performance of its development Function.
- 4.4 Risk Management – the report sets out a proposal to reduce funding contribution to COPE Ltd by 10%> This report also highlights financial pressures that will be faced by COPE Ltd. There is a risk that with fewer resources COPE will have to reduce service delivery and this could potentially impact on Council Services.
- 4.5 Equalities, Health And Human Rights – COPE Ltd caters for a number of vulnerable people. It is a welcoming and inclusive organisation that provides a range of opportunities and services for people with additional support needs and other issues.
- 4.6 Environmental – COPE Ltd delivers a recycling service via its scrap store project that restores large volumes of furniture and other items for reuse in the community.

### Resources

- 4.7 Financial – It is proposed that a distribution of £129,600 be allocated from the Shetland Development Trust 2010/11 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 be worth £259,200 to COPE Ltd. This represents a 10% reduction in the equivalent funding, which COPE Ltd received from the Charitable Trust in 2011/12.

4.8 Legal – NONE

4.9 Human Resources - NONE

4.10 Assets And Property – NONE

## **5.0 Conclusions**

5.1 COPE Ltd continues to deliver important services in the community by employing and supporting people with additional support needs. COPE Ltd operates a number of enterprises and makes a significant contribution to the local economy.

For further information please contact:

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