

**Development Committee****25 September 2013****Management Accounts for Development Committee:
2013/14 – Projected Outturn at Quarter 1****F-039-F****Report Presented by Executive Manager -
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 to ensure that expenditure incurred and income generated has been delivered within the approved budget, so that timely action can be taken when required to mitigate projected overspends. The focus of this report is on the projected outturn position for the year as at the end of the first quarter for revenue and capital.
- 1.2 The projected outturn position for Development Committee is to be £36k underspent on revenue, and £50k overspent on capital for 2013/14.

2.0 Decision Required

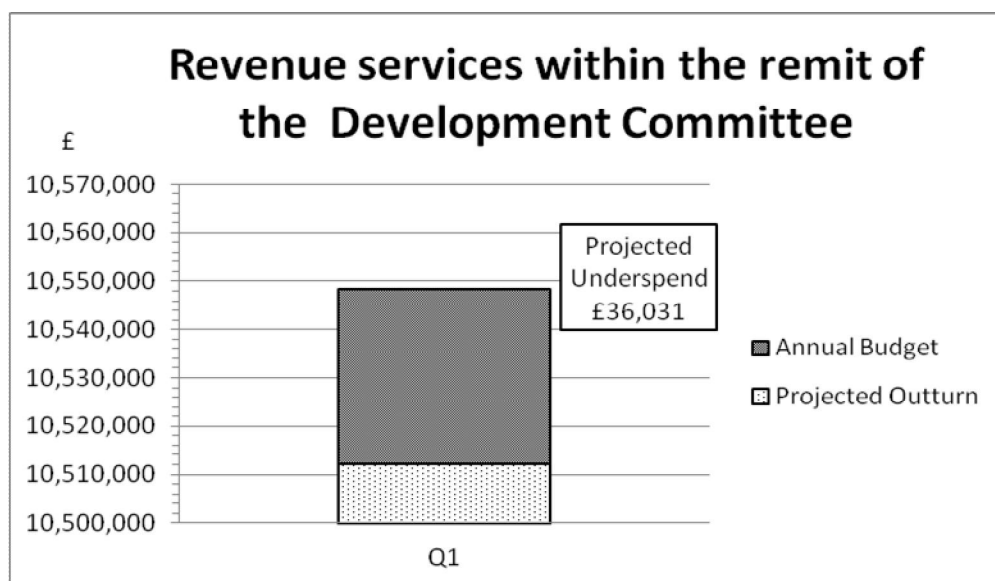
- 2.1 The Development Committee is asked to RESOLVE to:
- review the Management Accounts showing the projected outturn position at Quarter 1; and
 - instruct the Director of Development Services to ensure that the budget is achieved by the year-end.

3.0 Detail

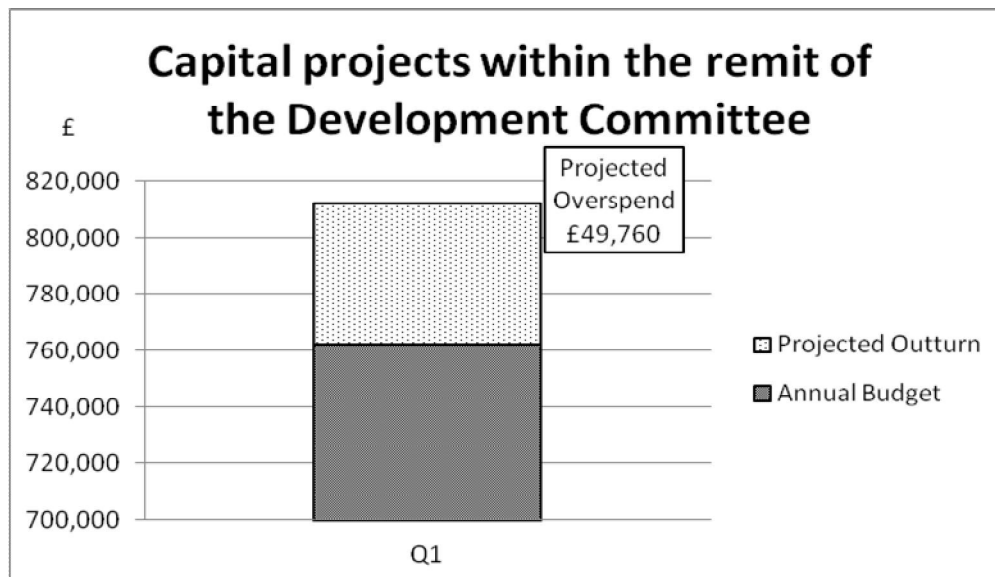
- 3.1 On 20 February 2013 (SIC Min Ref: 9/13) the Council approved the 2013/14 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account, Trading Accounts and Spend to Save) requiring a draw from reserves of

£27.768m. This is still at an unsustainably high level and will need to be reduced to ensure that the Council's reserves are not depleted further in the short term.

- 3.2 The projected revenue outturn position for services within the remit of the Development Committee is an underspend of £36k (0.3%), shown on the following chart:



- 3.3 The projected capital outturn position for projects within the remit of the Development Committee is an overspend of £50k (6.5%), shown on the following chart:



- 3.4 Appendix 1 attached shows the projected revenue outturn position as at the end of the first quarter by service area, along with explanations of the projected outturn variance position.
- 3.5 Appendix 2 attached shows the projected capital outturn position as at the end of the first quarter by service area, along with explanations of the projected outturn variance position.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Plan to ensure that the Council is “Living within our means” with a range of measures which will enable the Council to achieve financial sustainability over the next 4 years, and line up spending with priorities and continue to have significant reserves.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of this Council.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2013/14 financial year. This Report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

There is a risk that revenue services and capital projects will not be delivered within the approved 2013/14 budget resulting in an additional draw on reserves, which is unsustainable. Failure to deliver the 2013/14 budget may result in the Council failing to deliver its Corporate Plan and Medium Term Financial Plan.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

4.7.1 At present the Council’s level of expenditure is not sustainable and, if left unchecked, will result in reserves continuing to decrease further, eventually becoming fully depleted.

4.7.2 Any instances whereby a budget is overspent, savings targets are not being achieved, or there is growth in a budget, will have a direct impact on the Council’s reserves. It is therefore vital to the future economic wellbeing of the Council that its budget is delivered in full with no further growth.

4.7.3 The projected outturn revenue position for services within the remit of the Development Committee is an underspend of £36k.

4.7.4 The projected outturn for capital projects within the remit of the Development Committee is an overspend of £50k.

4.7.5 The Development Services Management Team are closely monitoring the position and a continued downward pressure on spending throughout the rest of the year will be maintained in order to reduce the projected outturn overspends.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The outturn position for services within the remit of the Development Committee is a projected underspend of £36k on revenue, and a projected overspend of £50k on capital projects.

5.2 In order to achieve the Medium Term Financial Plan, the Director of Development will require to take remedial action to ensure that there will be no additional draw on reserves.

For further information please contact:
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List of Appendices

Appendix 1 - Development Committee – Projected Revenue Outturn Position for 2013/14

Appendix 2 – Development Committee – Projected Capital Outturn Position for 2013/14

Background documents:

Approved Budget Report, SIC 20 February 2013

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=14165>

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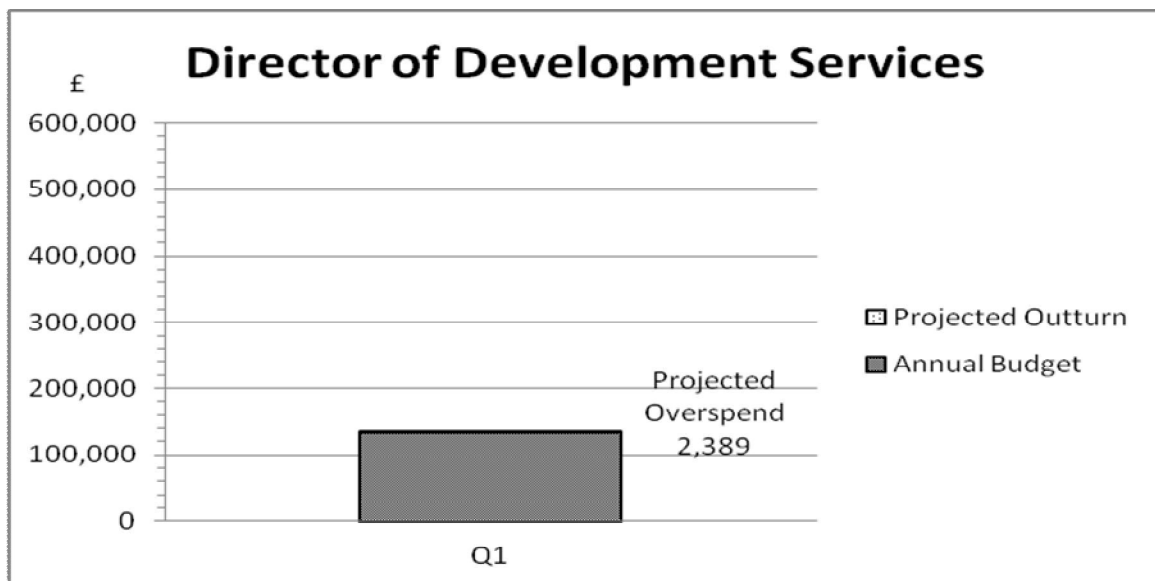
Development Committee – Development Services**Projected Revenue Outturn Position 2013/14**

Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Director of Development Services	133	135	(2)
Community Planning and Development	1,037	1,037	-
Economic Development	2,922	2,814	108
Planning	1,142	1,170	(28)
Transport Planning	5,314	5,356	(42)
Total Controllable Costs	10,548	10,512	36

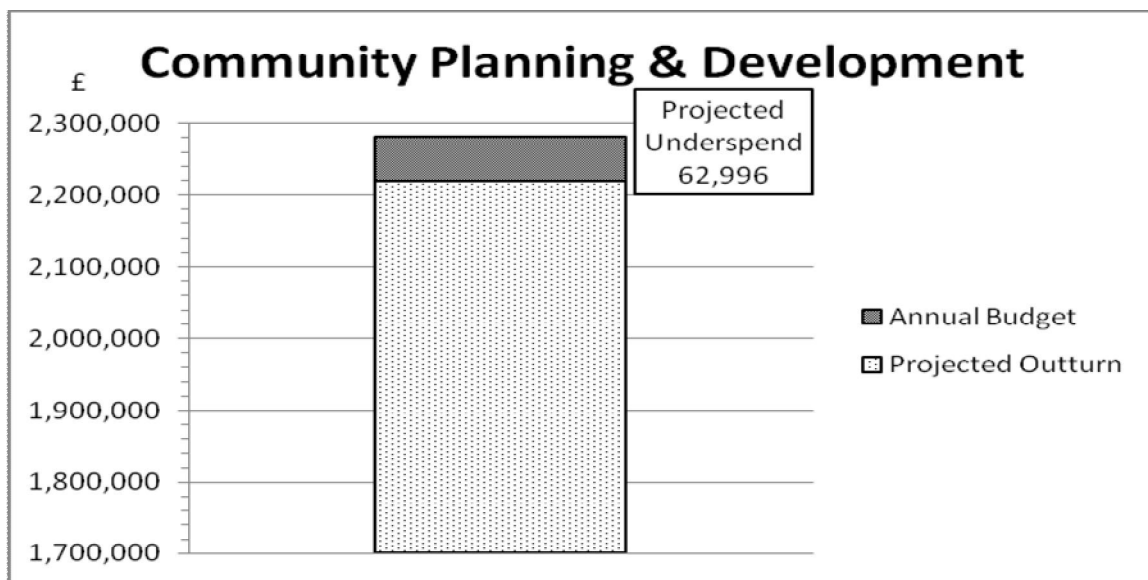
The projected outturn for 2013/14 is £36k less than budget. The reasons for the outturn variance are explained below.

Explanation of Projected Outturn Variances:

- **Director of Development Services** – £2k (1.5%) projected outturn overspend – this is due to a post being budgeted at the wrong grade.

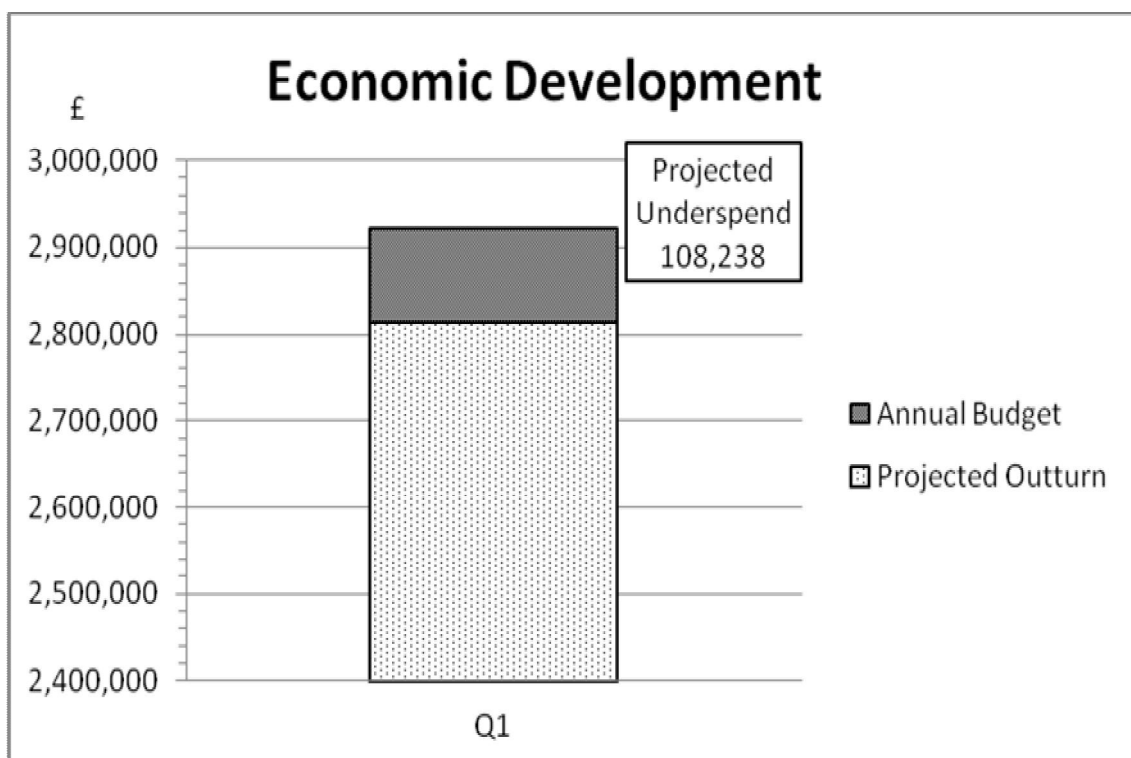


- **Community Planning & Development (part)** – projected outturn on target.

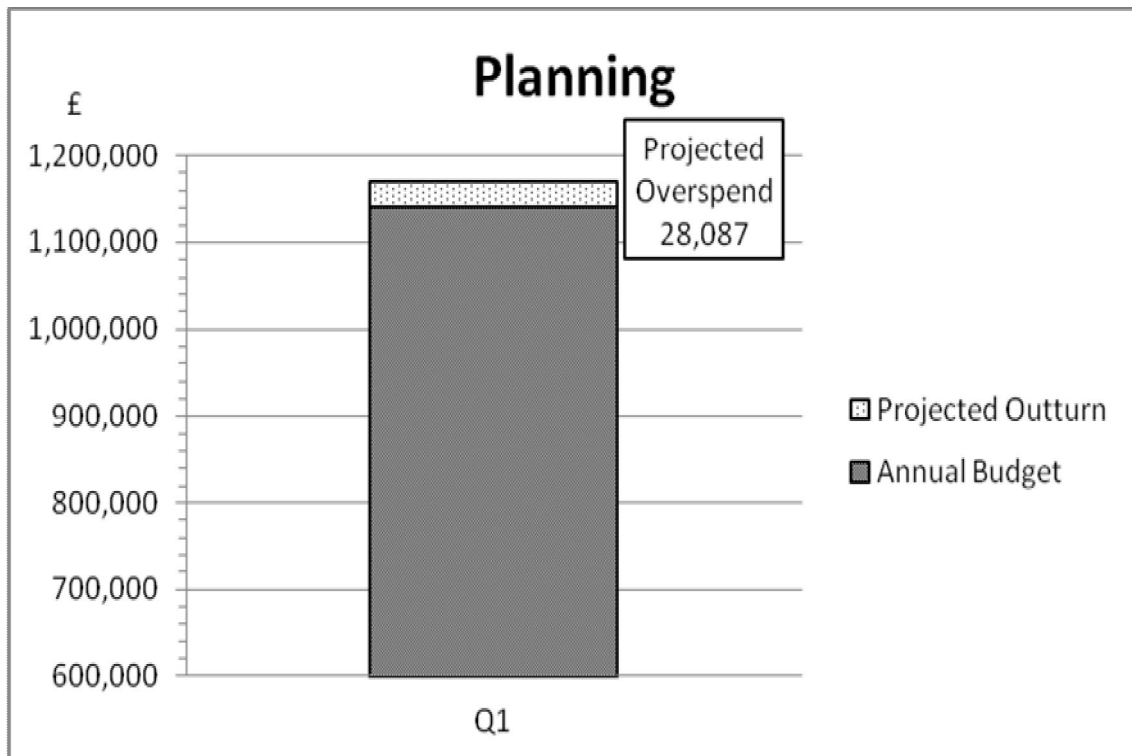


* Please note, the above chart is for the whole of Community Planning & Development, not just the part under the remit of the Development Committee.

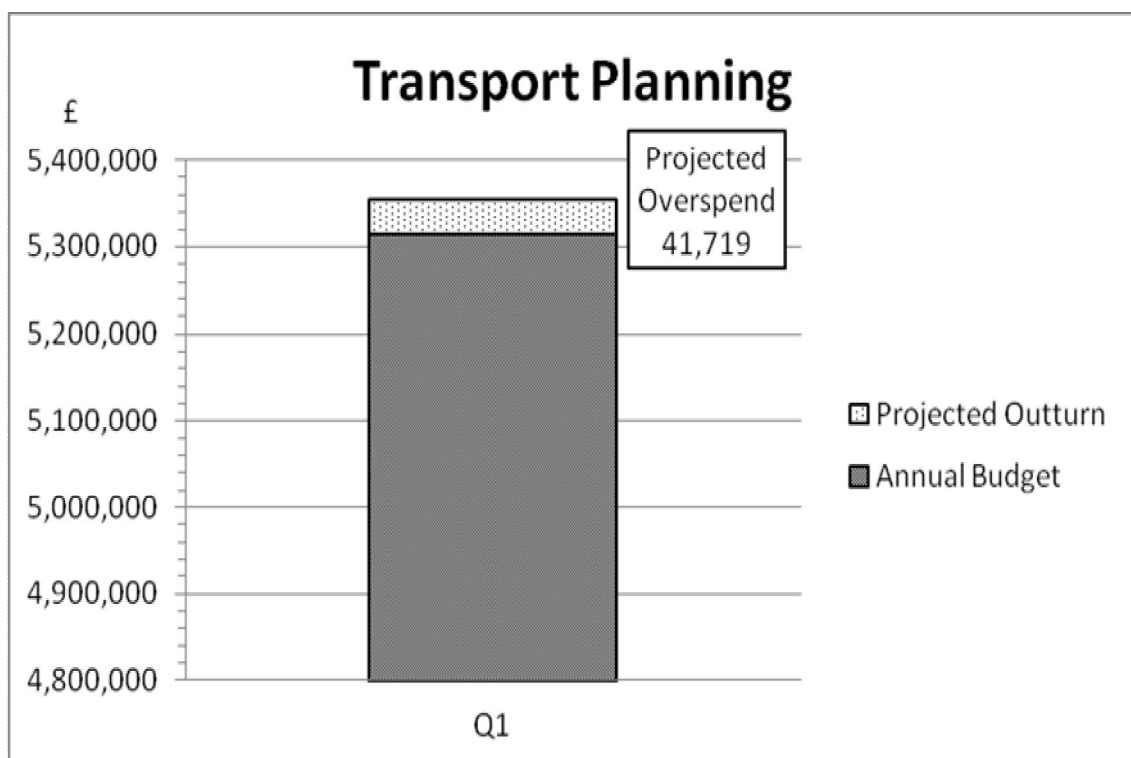
- **Economic Development** - £108k (3.7%) projected outturn underspend – this is due to a late income contribution of £25k from HIE which relates to costs in 2012/13. In addition, a Fisheries Local Action Group grant of £37k is not likely to be paid out until 14/15. Shetland Telecom are estimating a net contribution of £58k as a result of increased business opportunities in the current year.



- **Planning** - £28k (2.5%) projected outturn overspend – this is due to a drop in planning application income which is unlikely to be recouped in the year.



- **Transport Planning** - £42k (0.8%) projected outturn overspend – the Air Services budget not being set high enough due to the figures in the activity sheets being submitted before the Direct Flight contract was approved. Once approved the activity sheets weren't updated to reflect the contract amount.

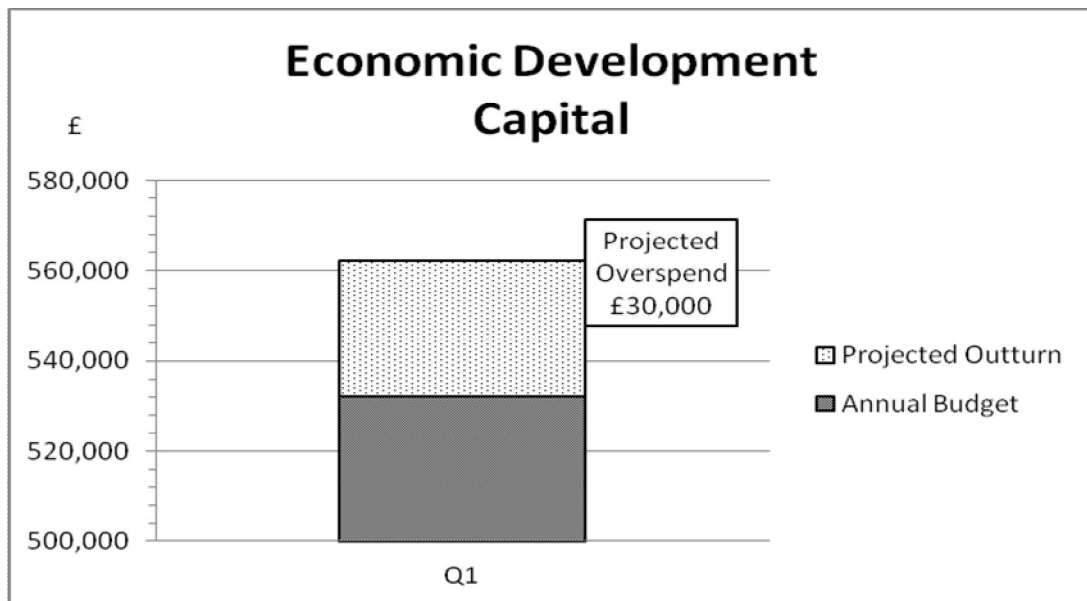


Development Committee – Development Services**Projected Capital Outturn Position 2013/14**

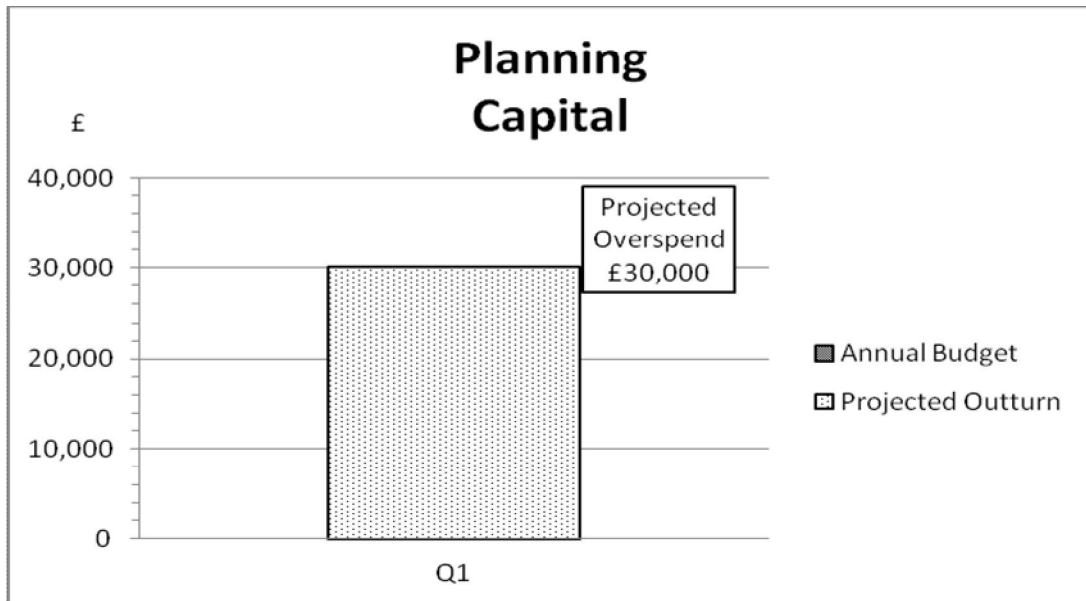
Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Economic Development	532	562	(30)
Planning		30	(30)
Transport Planning	230	220	10
Total Controllable Costs	762	812	(50)

Explanation of Projected Outturn Position:

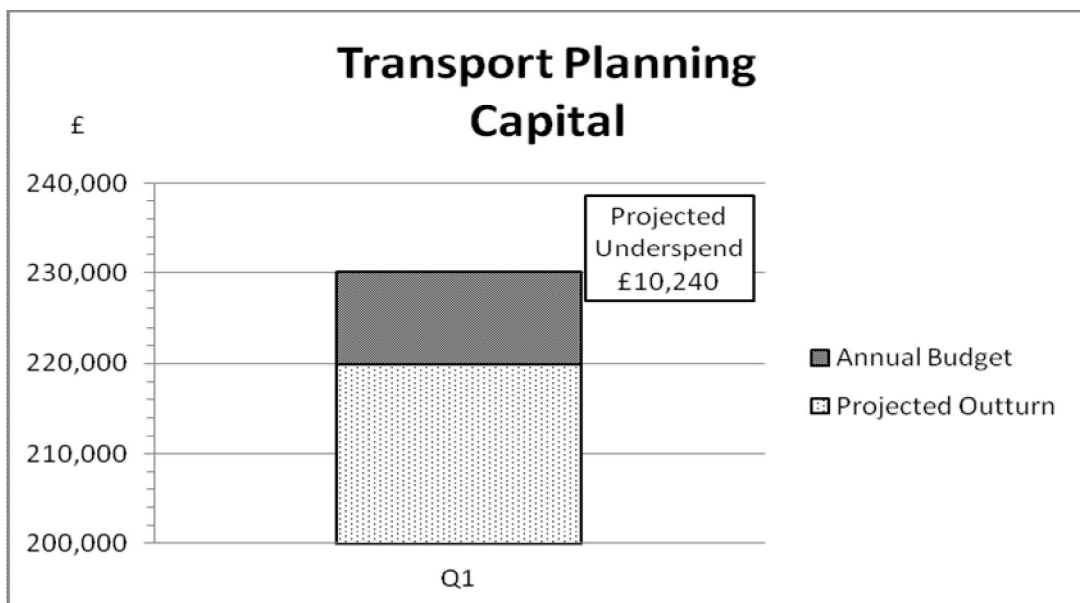
- **Economic Development** – £30k (5.6%) projected outturn overspend - this relates to the Broadband project. This budget was set too low at the beginning of the year.



- **Planning** – £30k projected outturn overspend – this is in relation to works carried out at Harrison Square. It was fully funded in prior years and this slippage to 13/14 is due to delays in 2012/13.



- **Transport Planning** – £10k (4.3%) projected outturn underspend – this is due to contingencies in the project contract not being used. Good weather meant that there were no delays in the project.



**Development Committee****25 September 2013****Development Services Directorate - Quarter 1 Performance Overview****Report No: DSD-15-13-F****Report Presented by Director of Development Services****Development Services****1.0 Summary**

- 1.1 This report summarises the activity and performance of the Development Services Directorate for the first quarter of 2013/14, against the objectives and actions in the Development Directorate Plan endorsed by the Development Committee on 27 March 2013 (Min ref:14/13), Education & Families Committee on 22 May 2013 (Min Ref: E&FC 23/13), and Social Services Committee on 24 May 2013 (Min Ref: SSC 18/13).

2.0 Decisions Required

- 2.1 Members are requested to discuss the contents of this report and comment on progress against objectives and outcomes to inform the 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 the Development Directorate Plan on 21 June 2012 (Min Ref: 36/12).
- 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. The Development Directorate report will be reported to Development Committee, Social Services Committee, and Education & Families Committees, in line with the reporting requirements of each of the services in the Development Directorate.
- 3.3 The Development Directorate Plan identified 32 Directorate wide objectives.
- 3.3.1 The Development Directorate Plan, including each service area's improvement plan, also identified 75 actions for

implementation within the individual services areas. The overall performance for the directorate against all actions are that 27% of actions were complete or on track and classed as 'Green' and 67% were progressing and classed as 'Amber' and 6% classed as "Red". Details of the actions are classified in table 1.

Table 1

Service	Number of Actions	RAG Rating	Number	%
Directorate Plan	32	Green	5	15%
		Amber	24	75%
		Red	3	10%
Community Planning & Development	14	Green	8	57%
		Amber	6	43%
		Red	0	0%
Economic Development	13	Green	8	61%
		Amber	5	39%
		Red	0	0%
Housing	15	Green	2	13%
		Amber	13	83%
		Red	0	0%
Planning	4	Green	2	50%
		Amber	2	50%
		Red	0	0%
Transport Planning	11	Green	4	36%
		Amber	5	45%
		Red	2	19%
Shetland College & Train Shetland*	18	Green	1	6%
		Amber	17	94%
		Red	0	0%
Development Services Directorate Plan Total	107	Green	29	27%
		Amber	72	67%
		Red	6	6%

(* Shetland College year commences July)

4.0 Change Programme

4.1 Within the Councils' overall Change Programme there are 12 projects being led from within Development Directorate. These projects and a brief progress report are detailed below.

Project code and Title	Start Date	Due Date	Progress	RAG Rating
GC02 Shetland College Phase 3 Development	31-Mar-2011	30-Jun-2014	Next Project Board 28 August. Project Plan and Move in Plan to be tabled at that meeting.	Amber
GD01 Community Planning &	01-May-2013	31-Mar-2014	Devlin Beattie Report has been received. Report will go to Council on 9 October. Informal consultation with staff and	Green

Development Service Review			unions ongoing.	
GE01 Marketing / promotional services	29-Apr-2013	31-Mar-2014	This is nearly concluded. There is to be a meeting with staff and unions next week for the 30 day displacement / redeployment phase, expected that this would be concluded by the beginning of August. The project will be complete by 31 August 2013.	Green
GE02 Fibre optic broadband infrastructure	29-Apr-2013	01-Mar-2014	Consultant's report received end of July. Councillors seminar to be held.	Green
GE03 Commercial Investment & Shetland Development Trust	14-Aug-2013	31-Mar-2014	KPMG have produced their findings. The areas of impact has been turned into a matrix but this needs to be built on. He has commissioned KPMG to do further work on this. PID to Development Committee on 30 August.	Green
GG01 Implementation of Tertiary Education Review	01-Mar-2013	31-Mar-2014	Strategy Group meeting held 16 September. Resources to be assessed.	Green
GH01 Redesign of Housing Support Services	01-Mar-2013	01-Mar-2014	Change Fund Allocation approved. Project team progressing	Green
GH02 Resolution of Housing debt	01-Mar-2013	01-Nov-2013	The Working Group continues to meet. New proposals made to UK and Scottish Governments	Amber
GH04 Housing Asset Management Team Review	01-Mar-2013	31-Mar-2014	In final stages of working changes through with staff and representatives. Implementation 30 September.	Green
GT01 School & Public Transport Review	01-Mar-2013	31-Mar-2014	Report to ZetTrans and Special SIC meeting 9 September. New tendering packages to be considered.	Amber
GT02 ASN & Social Care Transport Review	03-Jun-2013	29-Aug-2014	Work within Social Care & Children's Services is progressing to identify transport need, to be concluded by 21 March 2014, with implementation of transport changes by August 2014.	Amber
GT03 Ferry fares review	01-Mar-2013	09-Oct-2013	Consultation completed and being analysed, undertaking fare modelling but awaiting ticket sales data from external contractor, anticipate to full Council on 9 October.	Amber

5.0 Performance Indicators

- 5.1 The Development Directorate Plan includes performance indicators for both the Directorate and Service action plans. Appendix 1 details the “corporate health” indicators for the Directorate.

6.0 Budget

- 6.1 A detailed report on the Quarter 1 projected outturn financial position of the Development Directorate Services are presented separately.
- 6.2 **Revenue Expenditure:** At the end of Quarter 1, the anticipated out turn for the Directorate for 2013/14 is an overspend of £146k against a budget of £16.791M (1%). Close monthly monitoring of the budget by the Directorate Management team and a continued downward pressure on spending will be maintained in order to reduce this predicted overspend by year end.
- 6.3 **Capital Expenditure:** At the end of Quarter 1, the anticipated out turn for the Directorate for 2013/14 is an overspend of £228k against a budget of £3.581M. There are 6 projects which make up this budget; Broadband 1 & 2, Inter Island Transport Links, Fetlar Breakwater, Harrison Square, Shetland College P3 and Skerries South Mouth Dredging.

7.0 Implications

Strategic

- 7.1 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.
- 7.2 Community /Stakeholder Issues – Consultation with customers and other stakeholders is on-going as an integral part of each aspect of service delivery.
- 7.3 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.”
- 7.4 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.

7.5 Equalities, Health And Human Rights – As part of the process of change, Equality Impact Assessments will be carried out to ensure that there are no disproportionate, adverse affects on the rights of particular groups arising from the re-design of services.

7.6 Environmental – NONE

Resources

7.7 Financial – The actions, measures and risk management described in this report will be delivered within existing approved budgets.

7.8 Legal – NONE

7.9 Human Resources - NONE

7.10 Assets and Property – NONE

8.0 Conclusions

8.1 The report demonstrates good progress against the priorities identified in the 2013/14 Development Services Directorate Plan. For actions that are rated as Red or Amber corrective action has been or will be taken.

For further information please contact:
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18 September 2013

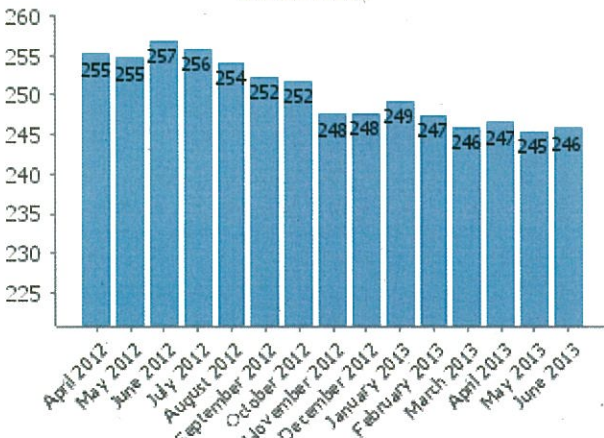
List of Appendices

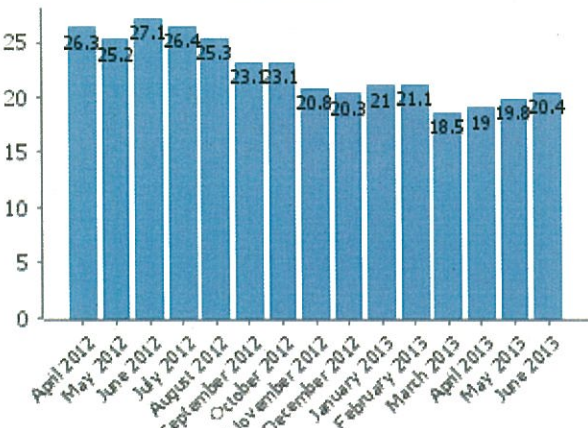
Appendix 1 – Performance Indicators.

Background documents:

[Development Services Directorate Plan 2013/14](#)

Appendix 1 – Performance Data

Full-time equivalents in Development Services Directorate - Contracted Hours only				
June 2013 result 246	OPI-4A-G FTE (Contracted Hours) - Development Directorate 			
	Note	Short Trend	Getting Worse	↓
Service/Directorate	Development Services Directorate	12-month Trend	Improving	↑
Linked Performance Indicators	FTE (Contracted Hours) - Whole Council	2432	Purpose & Guidance This PI is a measure of headcount, at the moment it only includes contracted hours. It does not include hours worked beyond contract (either straight-time or time-and-a-half overtime). It does not include hours worked by Relief staff, and it does not include hours worked by "passed-to" staff (those staff with multiple contracts who only receive one payslip). Work is ongoing to address these omissions.	
	FTE (Contracted Hours) - Shetland College	76		
	FTE (Contracted Hours) - Community Planning & Dev	17.6		
	FTE (Contracted Hours) - Economic Development	17.2		
	FTE (Contracted Hours) - Development Services Director's Section	1		
	FTE (Contracted Hours) - Housing	91.4		
	FTE (Contracted Hours) - Planning	32.5		
	FTE (Contracted Hours) - Transport Planning	10		

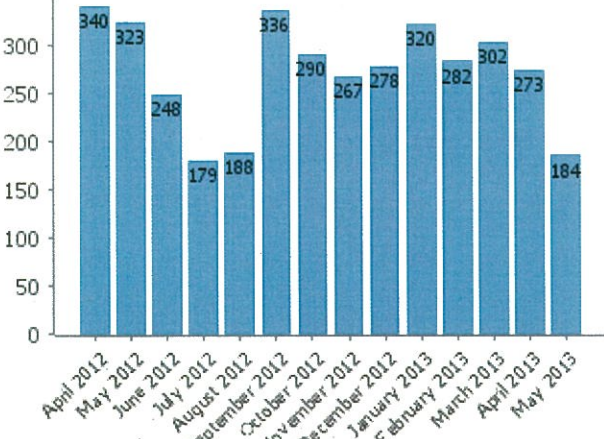


Temporary Staff (FTE) in Directorate - Development Services	
June 2013 result 20.4	OPI-4At-G Temporary Staff (FTE) - Development Directorate 

Note		Short Trend	Getting Worse	↓
Service/Directorate	Development Services Directorate	12-month Trend	Improving	↑
Linked Performance Indicators	Temporary Staff (FTE) - Whole Council	161.8	Purpose & Guidance This PI is a measure of the number of FTE staff on temporary contracts. These temporary staff ARE also included in the total FTE (Contracted Hours) PI. It does not include the hours they work beyond their contract (either straight-time or time-and-a-half overtime). It does not include Relief staff, and it does not include hours worked by "passed-to" staff (those staff with multiple contracts who only receive one payslip). Work is ongoing to address these omissions.	
	Temporary Staff (FTE) - Shetland College	8.9		
	Temporary Staff (FTE) - Community Planning & Dev	1		
	Temporary Staff (FTE) - Economic Development	2.6		
	Temporary Staff (FTE) - Corporate Services Director Direct Reports	0		
	Temporary Staff (FTE) - Housing	6.9		
	Temporary Staff (FTE) - Planning	1		
	Temporary Staff (FTE) - Transport Planning	0		

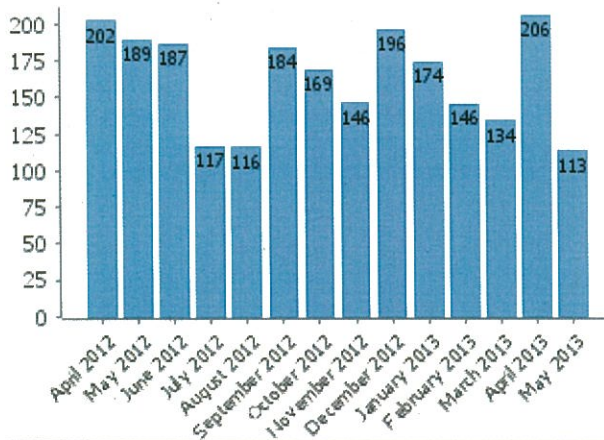

Temp Contracts Ending in Directorate - Development Services


August 2014 result 5	OPI-4AtI-G Temp Contracts Ending - Directorate - Development Services 			
Note		Short Trend	Getting Worse	↓
Service/Directorate	Development Services Directorate	12-month Trend	Getting Worse	↓
Linked Performance Indicators	Temp Contracts Ending - Whole Council	12	Purpose & Guidance This PI shows when current temporary contracts are due to end. These temporary staff ARE included in the total FTE (Contracted Hours) PI.	
	Temp Contracts Ending - Shetland College	4		
	Temp Contracts Ending - Community Planning & Dev	0		
	Temp Contracts Ending - Economic Development	0		
	Temp Contracts Ending - Corporate Services Director Direct Reports	0		
	Temp Contracts Ending - Housing	1		
	Temp Contracts Ending - Planning	0		
	Temp Contracts Ending -	0		

Days lost due to sickness in Directorate - Development Services

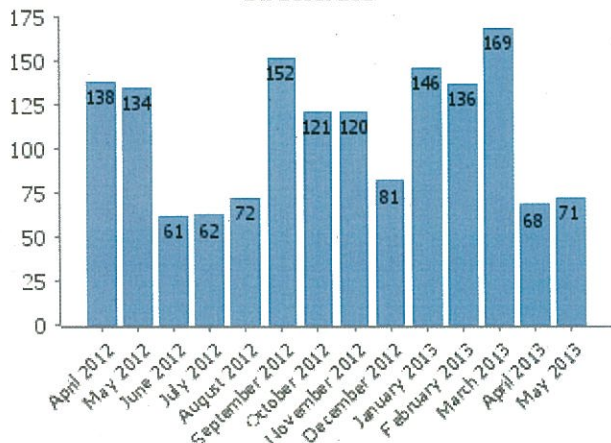


<p>May 2013 result 184</p>	<p>OPI-4B-G Days Sick - Development Directorate</p> 																
<p>Note</p>	<p>Short Trend Improving </p>																
<p>Service/Directorate</p>	<p>Development Services Directorate 12-month Trend Improving </p>																
<p>Linked Performance Indicators</p>	<table border="1"> <tr> <td>Days Sick - Whole Council</td><td>2411</td></tr> <tr> <td>Days Sick - Shetland College</td><td>98.1</td></tr> <tr> <td>Days Sick - Community Planning & Dev</td><td>5</td></tr> <tr> <td>Days Sick - Economic Development</td><td>8</td></tr> <tr> <td>Days Sick - Development Services Director's Direct Reports</td><td>0</td></tr> <tr> <td>Days Sick - Housing</td><td>57.2</td></tr> <tr> <td>Days Sick - Planning</td><td>9</td></tr> <tr> <td>Days Sick - Transport Planning</td><td>7</td></tr> </table> <p>Purpose & Guidance</p> <p>This indicator shows the number of CALENDAR days that are "absent due to sickness", it does not measure "working days". It does not include compassionate leave, Maternity/Paternity or any other leave other than sickness. It does not take into account whether a person is on full-pay, half-pay or zero-pay.</p>	Days Sick - Whole Council	2411	Days Sick - Shetland College	98.1	Days Sick - Community Planning & Dev	5	Days Sick - Economic Development	8	Days Sick - Development Services Director's Direct Reports	0	Days Sick - Housing	57.2	Days Sick - Planning	9	Days Sick - Transport Planning	7
Days Sick - Whole Council	2411																
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Days Sick - Development Services Director's Direct Reports	0																
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Days Sick - Transport Planning	7																

Days lost due to long-term sickness in Directorate - Development Services

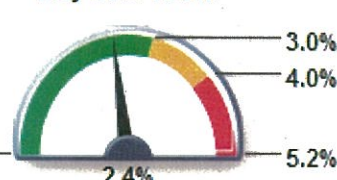
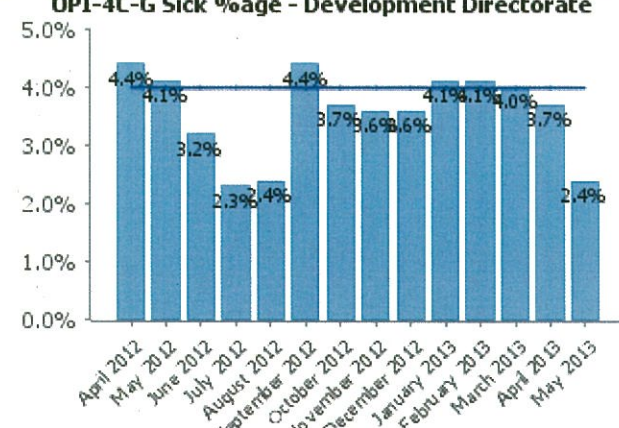
<p>May 2013 result 113</p>	<p>OPI-4B1-G Days Sick (Long-term) - Development Directorate</p> 
<p>Note</p>	<p>Short Trend Improving </p>

Service/Directorate	Development Services Directorate	12-month Trend	Improving	
Linked Performance Indicators	Days Sick (Long-term) - Whole Council	1581	Purpose & Guidance This PI measures the number of days, in the overall total number of sick days, that are classed as part of a long-term sickness. Long-term sickness is sickness episode which lasts 4 weeks or more. All Executive Managers should already be aware of absences which last more than 4 weeks.	
	Days Sick (Long-term) - Shetland College	82		
	Days Sick (Long-term) - Community Planning & Dev	0		
	Days Sick (Long-term) - Economic Development	0		
	Days Sick (Long-term) - Development Services Director Direct Reports	0		
	Days Sick (Long-term) - Housing	31		
	Days Sick (Long-term) - Planning	0		
	Days Sick (Long-term) - Transport Planning	0		

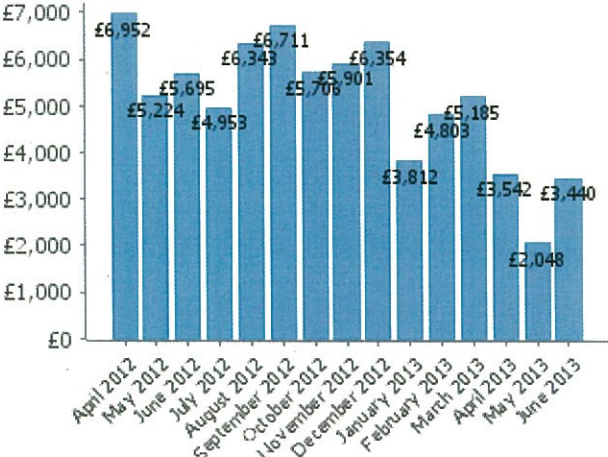
Days lost due to short-term sickness in Directorate - Development Services

May 2013 result 71	OPI-4Bs-G Days Sick (Short-term) - Development Directorate																																
	 <table><caption>Days Sick (Short-term) - Development Directorate</caption><thead><tr><th>Month</th><th>Days Sick</th></tr></thead><tbody><tr><td>April 2012</td><td>138</td></tr><tr><td>May 2012</td><td>134</td></tr><tr><td>June 2012</td><td>61</td></tr><tr><td>July 2012</td><td>62</td></tr><tr><td>August 2012</td><td>72</td></tr><tr><td>September 2012</td><td>152</td></tr><tr><td>October 2012</td><td>121</td></tr><tr><td>November 2012</td><td>120</td></tr><tr><td>December 2012</td><td>81</td></tr><tr><td>January 2013</td><td>146</td></tr><tr><td>February 2013</td><td>136</td></tr><tr><td>March 2013</td><td>169</td></tr><tr><td>April 2013</td><td>68</td></tr><tr><td>May 2013</td><td>71</td></tr></tbody></table>				Month	Days Sick	April 2012	138	May 2012	134	June 2012	61	July 2012	62	August 2012	72	September 2012	152	October 2012	121	November 2012	120	December 2012	81	January 2013	146	February 2013	136	March 2013	169	April 2013	68	May 2013
Month	Days Sick																																
April 2012	138																																
May 2012	134																																
June 2012	61																																
July 2012	62																																
August 2012	72																																
September 2012	152																																
October 2012	121																																
November 2012	120																																
December 2012	81																																
January 2013	146																																
February 2013	136																																
March 2013	169																																
April 2013	68																																
May 2013	71																																
Note		Short Trend	Getting Worse																														
Service/Directorate	Development Services Directorate	12-month Trend	Improving																														
Linked Performance Indicators	Days Sick (Short-term) - Whole Council	830	<u>Purpose & Guidance</u> This PI measures the number of days, in the overall total number of sick days, that are classed as part of a short-term sickness. Short-term sickness is sickness episode which lasts less than 4 weeks.																														
	Days Sick (Short-term) - Shetland College	16																															
	Days Sick (Short-term) - Community Planning & Dev	5																															
	Days Sick (Short-term) - Economic Development	8.1																															
	Days Sick (Short-term) - Development Services Director Direct Reports	0																															
	Days Sick (Short-term) - Housing	26.2																															
	Days Sick (Short-term) - Planning	9																															
	Days Sick (Short-term) - Transport Planning	7																															

Percentage Rate Of Sickness in Directorate - Development Services

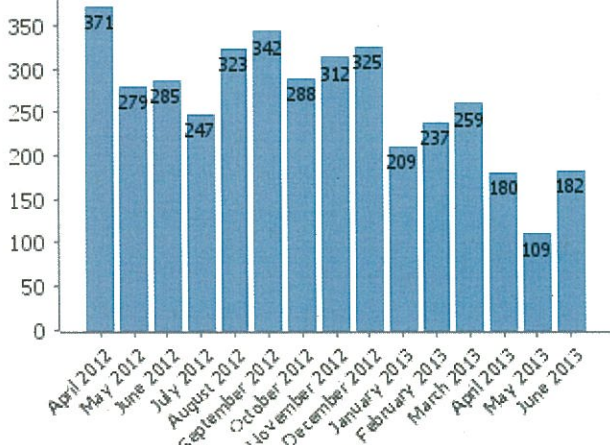


<p>May 2013 result</p> 	<p>OPI-4C-G Sick %age - Development Directorate</p>  <table><caption>Monthly Sick %age Data (April 2012 - May 2013)</caption><tr><th>Month</th><th>Sick %age</th></tr><tr><td>April 2012</td><td>4.4%</td></tr><tr><td>May 2012</td><td>4.1%</td></tr><tr><td>June 2012</td><td>3.2%</td></tr><tr><td>July 2012</td><td>2.3%</td></tr><tr><td>August 2012</td><td>2.4%</td></tr><tr><td>September 2012</td><td>4.4%</td></tr><tr><td>October 2012</td><td>3.7%</td></tr><tr><td>November 2012</td><td>3.6%</td></tr><tr><td>December 2012</td><td>3.6%</td></tr><tr><td>January 2013</td><td>4.1%</td></tr><tr><td>February 2013</td><td>4.1%</td></tr><tr><td>March 2013</td><td>4.0%</td></tr><tr><td>April 2013</td><td>3.7%</td></tr><tr><td>May 2013</td><td>2.4%</td></tr></table> <p>— Target (Months)</p>				Month	Sick %age	April 2012	4.4%	May 2012	4.1%	June 2012	3.2%	July 2012	2.3%	August 2012	2.4%	September 2012	4.4%	October 2012	3.7%	November 2012	3.6%	December 2012	3.6%	January 2013	4.1%	February 2013	4.1%	March 2013	4.0%	April 2013	3.7%	May 2013	2.4%
Month	Sick %age																																	
April 2012	4.4%																																	
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June 2012	3.2%																																	
July 2012	2.3%																																	
August 2012	2.4%																																	
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October 2012	3.7%																																	
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January 2013	4.1%																																	
February 2013	4.1%																																	
March 2013	4.0%																																	
April 2013	3.7%																																	
May 2013	2.4%																																	
Note		Short Trend	Improving	↑																														
Service/Directorate	Development Services Directorate	12-month Trend	Improving	↑																														
Linked Performance Indicators	Sick %age - Whole Council	3.2%	<p>Purpose & Guidance</p> <p>This indicator shows the percentage of CALENDAR days that are "absent due to sickness", it does not measure "working days". It does not include compassionate leave, Maternity/Paternity or any other leave other than sickness. It does not take into account whether a person is on full-pay, half-pay or zero-pay.</p>																															
	Sick %age - Shetland College	4.2%																																
	Sick %age - Community Planning & Dev	0.9%																																
	Sick %age - Economic Development	1.5%																																
	Sick %age - Development Services Director's Direct Reports	0.0%																																
	Sick %age - Housing	2.0%																																
	Sick %age - Planning	0.9%																																
	Sick %age - Transport Planning	2.3%																																

Overtime Cost in Directorate - Development Services (non-contractual)

<div>June 2013 result £3,440</div>	<div>OPI-4D-G Overtime Cost - Development Directorate</div>  <table><thead><tr><th>Month</th><th>Overtime Cost (£)</th></tr></thead><tbody><tr><td>April 2012</td><td>£6,952</td></tr><tr><td>May 2012</td><td>£5,224</td></tr><tr><td>June 2012</td><td>£5,695</td></tr><tr><td>July 2012</td><td>£4,953</td></tr><tr><td>August 2012</td><td>£6,343</td></tr><tr><td>September 2012</td><td>£6,711</td></tr><tr><td>October 2012</td><td>£5,708</td></tr><tr><td>November 2012</td><td>£5,901</td></tr><tr><td>December 2012</td><td>£6,354</td></tr><tr><td>January 2013</td><td>£3,812</td></tr><tr><td>February 2013</td><td>£4,803</td></tr><tr><td>March 2013</td><td>£5,185</td></tr><tr><td>April 2013</td><td>£3,542</td></tr><tr><td>May 2013</td><td>£2,048</td></tr><tr><td>June 2013</td><td>£3,440</td></tr></tbody></table>				Month	Overtime Cost (£)	April 2012	£6,952	May 2012	£5,224	June 2012	£5,695	July 2012	£4,953	August 2012	£6,343	September 2012	£6,711	October 2012	£5,708	November 2012	£5,901	December 2012	£6,354	January 2013	£3,812	February 2013	£4,803	March 2013	£5,185	April 2013	£3,542	May 2013	£2,048	June 2013	£3,440
	Month	Overtime Cost (£)																																		
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June 2013	£3,440																																			
Note		Short Trend	Getting Worse	↓																																
Service/Directorate	Development Services Directorate	12-month Trend	Improving	↑																																
Linked Performance	Overtime Cost - Whole	£179,484	Purpose & Guidance																																	

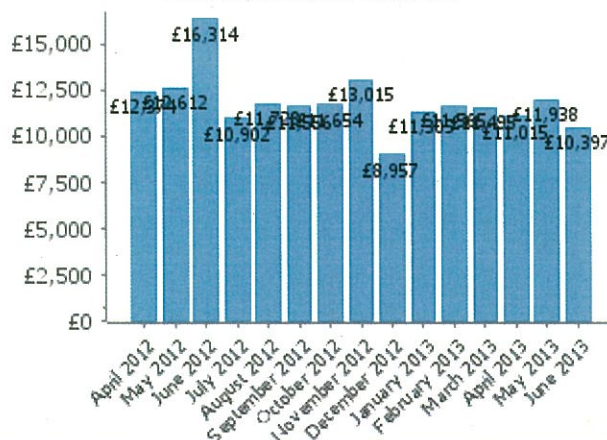
Indicators	Council		This PI measures non-contractual, time-and-a-half, overtime cost. It does NOT include any on-costs such as employer's NI contribution. It does NOT include hours worked beyond contract where these are straight time (e.g. a 20 hour per week person working 30 hours one week). It does NOT include contractual overtime (e.g. the 5 hours contracted overtime that most ferry staff have).
	Overtime Cost - Shetland College	£93	
	Overtime Cost - Community Planning & Dev	£0	
	Overtime Cost - Economic Development	£0	
	Overtime Cost - Development Services Director's Direct Reports	£0	
	Overtime Cost - Housing	£1,217	
	Overtime Cost - Planning	£0	
	Overtime Cost - Transport Planning	£2,130	

Overtime Hours in Directorate - Development Services (non-contractual)

June 2013 result 182	OPI-4E-G Overtime Hours - Development Directorate  <table><caption>Overtime Hours Data (from chart)</caption><thead><tr><th>Month</th><th>Overtime Hours</th></tr></thead><tbody><tr><td>April 2012</td><td>371</td></tr><tr><td>May 2012</td><td>279</td></tr><tr><td>June 2012</td><td>285</td></tr><tr><td>July 2012</td><td>247</td></tr><tr><td>August 2012</td><td>323</td></tr><tr><td>September 2012</td><td>342</td></tr><tr><td>October 2012</td><td>288</td></tr><tr><td>November 2012</td><td>312</td></tr><tr><td>December 2012</td><td>325</td></tr><tr><td>January 2013</td><td>209</td></tr><tr><td>February 2013</td><td>237</td></tr><tr><td>March 2013</td><td>259</td></tr><tr><td>April 2013</td><td>180</td></tr><tr><td>May 2013</td><td>109</td></tr><tr><td>June 2013</td><td>182</td></tr></tbody></table>				Month	Overtime Hours	April 2012	371	May 2012	279	June 2012	285	July 2012	247	August 2012	323	September 2012	342	October 2012	288	November 2012	312	December 2012	325	January 2013	209	February 2013	237	March 2013	259	April 2013	180	May 2013	109	June 2013	182
	Month	Overtime Hours																																		
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May 2013	109																																			
June 2013	182																																			
Note		Short Trend	Getting Worse																																	
Service/Directorate	Development Services Directorate	12-month Trend	Improving																																	
Linked Performance Indicators	Overtime Hours - Whole Council	7,823	Purpose & Guidance This PI measures non-contractual, time-and-a-half, overtime hours. It does not include hours worked beyond contract where these are straight time (e.g. a 20 hour per week person working 30 hours one week). It does not include contractual overtime (e.g. the 5 hours contracted overtime that most ferry staff have).																																	
	Overtime Hours - Shetland College	6																																		
	Overtime Hours - Community Planning & Dev	0																																		
	Overtime Hours - Economic Development	0																																		
	Overtime Hours - Development Services Director's Direct Reports	0																																		
	Overtime Hours - Housing	62																																		
	Overtime Hours - Planning	0																																		
	Overtime Hours - Transport Planning	114																																		

Employee Mileage/Vehicle Cost in Directorate - Development Services

OPI-4F-G Employee Mileage/Vehicle Cost - Development Directorate



June 2013 result
£10,397

Note

Short
Trend

Improving



Service/Directorate

Development Services
Directorate

12-
month
Trend

Improving



Linked Performance
Indicators

Employee Mileage/Vehicle
Cost - Whole Council

£78,187

Employee Mileage/Vehicle
Cost - Shetland College

£2,402

Employee Mileage/Vehicle
Cost - Community
Planning & Dev

£1,274

Employee Mileage/Vehicle
Cost - Economic
Development

£901

Employee Mileage/Vehicle
Cost - Corporate Services
Director's Section

£0

Employee Mileage/Vehicle
Cost - Housing

£3,136

Employee Mileage/Vehicle
Cost - Planning

£2,497

Employee Mileage/Vehicle
Cost - Transport Planning

£187

Employee Miles Claimed -
Development Directorate

9,364

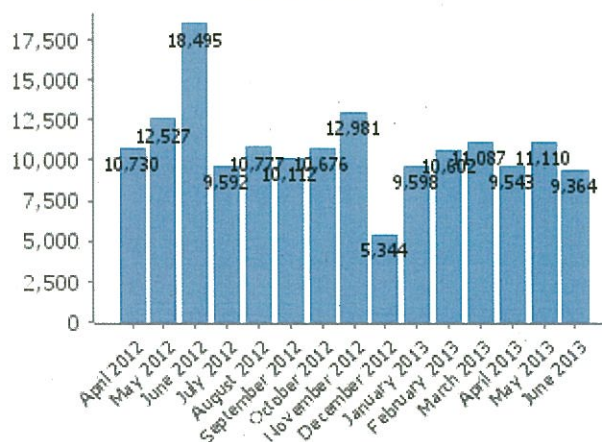
Purpose & Guidance

This measures the cost to the Council, of Car Allowances and mileage done in employee's own vehicles. This PI includes Essential Car Allowance plus the cost of mileage claimed. It does not include any "employers on-costs". There are some mileage/vehicle claims that are omitted from this indicator, these are usually trivial amounts and do not affect overall trends. It does not include any costs for Council owned vehicles.

Employee Miles Claimed in Directorate - Development Services

June 2013 result
9,364

OPI-4G-G Employee Miles Claimed - Development Directorate



Note

Short
Trend

Improving



Service/Directorate

Development Services
Directorate

12-month
Trend

Improving



Linked Performance
Indicators

Employee Mileage/Vehicle
Cost - Development
Directorate

£10,397

Employee Miles Claimed -
Whole Council

93,266

Employee Miles Claimed -
Shetland College

3,547

Employee Miles Claimed -
Community Planning & Dev

934

Employee Miles Claimed -
Economic Development

278

Employee Miles Claimed -
Corporate Services Director
Direct Reports

0

Employee Miles Claimed -
Housing

2,093

Employee Miles Claimed -
Planning

2,452

Employee Miles Claimed -
Transport Planning

60

Purpose & Guidance

This is the number of miles claimed by employees for mileage done in their own vehicles. Some mileage may have been done in earlier months, this is usually due to late mileage claims by employees.

**Development Committee****25 September 2013****Delegated Scheme for Loans to Purchase Whitefish Quota and/or Fishing Vessel Licences****Report Number: DV034-F****Report Presented by Project Manager****Economic Development
Development Services****1.0 Summary**

- 1.1 The purpose of this report is to seek approval for the continuation of the Whitefish Quota and/or Fishing Vessel Licence Loan Scheme until the conclusion of the current review of the future mechanism for economic development commercial investments.

2.0 Decision Required

- 2.1 That the Development Committee RESOLVE to:
- 2.1.1 Approve the Whitefish Quota and/or Fishing Vessel Licence Loan Scheme, attached as Appendix 1, as a delegated scheme.
- 2.1.2 Delegate authority to the Executive Manager – Economic Development, or his nominee, to administer the Scheme.

3.0 Detail

- 3.1 The Whitefish Quota and/or Fishing Vessel Licence Loan Scheme was established in 2006 by the Shetland Development Trust. In 2010 the Development Committee agreed to adopt the Scheme and delegate authority for its administration to the Head of Economic Development. On 5 September 2012 a review was presented to the Development Committee and the recommendation to continue the Scheme until 31 March 2013 was approved [Min Ref: 60/12]. This report seeks to renew the scheme until the end of the current review to identify the future mechanism for economic development commercial investments.

- 3.2 Delegated authority to operate the scheme allows applications to be processed quickly. This is important given that applicants will be bidding for licences and quota and need to have finance secured in advance.
- 3.3 The objective of providing finance to purchase Fishing Quota is to increase the amount of fish that can be landed by local fishing vessels. Every extra ton of quota which each vessel has attached to their licence is an extra ton of fish that can be landed on the market. Increased landings will lead to extra income for each vessel and improve the value of the individual businesses.

Over the last few years it has become increasingly difficult to source additional quota by either leasing, or swapping, for species that the boats do not catch. Therefore it has become more important for each boat to secure their own quota in order to maintain the same fishing opportunities and strengthen business performance.

- 3.4 The objective of providing finance to purchase Fishing Vessel Licences is to build up the days at sea allocated to fishing businesses in Shetland so that they can land more fish, improve profitability and be more resilient to changing economic circumstances. Ownership of an additional licence and days at sea will strengthen the viability of the local whitefish fleet.

In addition to strengthening the individual fishing businesses, there are other ancillary businesses that benefit from increased landings in Shetland i.e. the buyers, haulers, gear suppliers, ice suppliers and transport companies. Having extra fish on the market also helps maintain the image of the Shetland fishing industry as a place where European buyers should come to when they want to source high quality, fresh fish.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The operation of the Scheme helps meet the following pledge in the Corporate Plan 2013 – 2017:
- “continue to work with communities to identify projects which would be successful, achieve the highest possible return from community assets, strengthen communities and create jobs in remote areas”.
- 4.2 Community /Stakeholder Issues – The Scheme has the support of the Shetland Fish Producers’ Organisation.

- 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 2013-2017. The Policy Statement was approved by the Development Committee on 14 August 2013 [Min Ref: 36/13] and by the Council on 28 August 2013 [Min Ref: 64 /13].

There is a particular fit with Section 2.1 Encourage sustainable growth in the local economy through support for business development and social enterprises.

Commercial investments made under this scheme will improve the productivity of each of the businesses.

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

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

- 4.4 Risk Management – This scheme has operated to help the Council achieve specific objectives for the fish catching sector. Removal of this support measure would reduce the Council's ability to support the development of the fishing sector of the economy.

Delegated Authority has allowed applications to be acted upon quickly to secure quota/licence purchase. Opportunities to acquire quota and licences will be missed if delegated authority is not granted.

The Council must comply with State Aid regulations which govern the investment of public money in private enterprises.

Due diligence work will be undertaken to ensure that any loan granted is at an acceptable risk level to the Council.

- 4.5 Equalities, Health And Human Rights – None.

- 4.6 Environmental – None.

Resources

- 4.7 Financial – The scheme will be funded from the up to £3 million per annum allocation for investing Council reserves in Economic Development Loans provision within the 2013-2018 Medium Term Financial Plan.” The final paragraph should be amended to read “Approvals will be subject to due diligence to ensure that any loan granted is at an acceptable risk level to the Council.

The interest rate applied to whitefish quota and/or fishing vessel licence loans will be in line with the Interest Rate Policy which was approved by the Development Committee on 21 August 2008 [Min. Ref: 30/08] and ratified by Council on 10 September 2008 [Min. Ref: 113/08]. Each application will be assessed and an appropriate interest rate applied, in line with the aforementioned policy.

Approvals will be subject to due diligence to ensure that any loan granted is at an acceptable risk level to the Council.

4.8 Legal – The Scheme requires security for each investment by way of an assignation of the quota units/licence to be purchased, i.e. it is held outwith any existing Floating Charge, or security arrangements in place.

4.9 Human Resources – None.

4.10 Assets and Property – None.

5.0 Conclusions

5.1 The Whitefish Quota and/or Fishing Vessel Licence Loan Scheme involves the consideration of loans to fishing business engaged in whitefish for the purchase of whitefish quota and/or fishing vessel licences. It aims to improve the value of these businesses and make them more resilient to the short-term fluctuations in catches and price that prevail in the industry. Beyond the impact on individual businesses, the scheme seeks to achieve economic development policies that will strengthen the fishing industry and related ancillary activities in Shetland.

For further information please contact:

Name: Sheila Keith

Position: Project Manager

Tel: 01595 744966

Email: sheila.keith@shetland.co.uk

Date: 12 September 2013

List of Appendices:

1. Whitefish Quota and/or Fishing Vessel Licence Loan Scheme.

Background documents:

1. Shetland Economic Development Policy Statement 2013-2017, [DV025](#), Development Committee, 14 August 2013 [Min Ref 36/13]
2. Report approving [Shetland Islands Council Deed of Conditions for Lending](#)
3. Report approving [Interest Rate Policy for Economic Development Commercial Investments](#)

**Shetland Islands Council
Economic Development Unit**

Whitefish Quota and/or Fishing Vessel Licence Loan Scheme

Guidelines for Applicants

General

This scheme involves the consideration of loans to fishing business engaged in whitefish for the purchase of whitefish quota and/or fishing vessel licences. It aims to improve the value of these businesses and make them more resilient to the short-term fluctuations in catches and price that prevail in the industry. Beyond the impact on individual businesses, the scheme seeks to achieve economic development policies that will strengthen the fishing industry and related ancillary activities in Shetland.

Definition

In the context of this scheme, a “business” means a fishing partnership or fishing company that exists to fish for whitefish and is based in Shetland. The scheme is also open to the Shetland Fish Producers’ Organisation (SFPO).

The Measure

Based on fully commercial objectives, the scheme will consider applications for loans of up to 75% of the cost of whitefish quota, under a ceiling level of £250,000 per application. It is essential that the remaining 25% funding must be derived directly from the business and/or its shareholders.

Eligibility

Applications for loans are invited from businesses with whitefish vessels registered and operating from Shetland, that can comply with all of the conditions of this scheme, or from the SFPO.

Security

The Council will secure lending against the quota and/or licence. The quota and/or licence, once purchased will be ring fenced and held outside any existing securities involving secured creditors owed by the business. This will be done by the use of an Assignment and/or Deed of Release whereby any secured creditor must agree to the Council holding full security over the quota for the period of the loan. Once the loan is repaid in full the quota will fall under any existing Floating Charges and increase the value of assets of the company and security for any existing secured creditor.

Delegated Authority

Executive Manager – Economic Development has delegated authority from Shetland Islands Council to approve loans to businesses under the conditions of the Scheme.

Assessment

Loans will only be made to partnerships/companies that can demonstrate viability through the production of acceptable projections and historic data on the leasing of quota and/or days at sea. Loans will only be approved where the partnership/company can demonstrate a direct benefit to a named fishing vessel to which the quota and or licence will be attached. The quota must be held with the SFPO pool.

Repayment Options

Each loan will be repaid to the Council over a maximum period of 10 years but usually 5 years for the purchase of quota only. Shorter term loans will be offered where the partnership/company can demonstrate its ability to meet loan repayments.

The borrower will make monthly interest and capital repayments during the period of the loan.

How to Apply

In order to be considered for loan funding, businesses are required to submit development proposals for assessment using the Council's Economic Development Application Form for Financial Assistance.

In addition applicants will be required to submit the following details:

- Financial projections for a period of at least 3 years – including profit and loss accounts, balance sheets and cashflows.
- Existing businesses will also be asked to supply their accounts for the previous 3 years.
- Agreement in principle that other lenders are happy for quota/licence to be secured by an Assignment outwith existing security arrangements i.e. Floating Charge.
- Evidence that the applicant is a member of the SFPO or the vessel to benefit from the project is a member of the SFPO.
- Legal advisers details.
- Copy of the partnership agreement/business's incorporation certificate.
- Breakdown of quota or licence to be purchased.

Conditions

All loans approved will be consistent with Council policy and all conditions in the Deed of Conditions, where appropriate, will apply to each case. In addition the following guidelines have been identified as necessary for a loan release:

- Applicant must provide evidence that all other secured creditors have given approval for the Council to hold full security over the quota and/or licence to be purchased outwith any existing Floating Charge or any other security arrangement.
- Agreement in writing that, should the applicant wish to sell the quota and/or licence during the period of the loan, they must seek prior authorisation from the Council.
- The quota and/or licence must be purchased through a local fishing agent.
- Applicants must provide satisfactory written evidence that the quota will be held within the Shetland Fish Producers Organisation (SFPO).
- Applicants must provide evidence of the minimum 25% of the quota cost from existing business funds or from funds being introduced into the business by the applicants.

Interest Rate

The interest rate applied to whitefish quota and/or fishing vessel licence loans will be in line with the Interest Rate Policy which was approved by the Development Committee on 21 August 2008 [Min. Ref: 30/08] and ratified by Council on 10 September 2008 [Min. Ref: 113/08]. Each application will be assessed and an appropriate interest rate applied, in line with the aforementioned policy.

Contact Details

Economic Development Service, 3 North Ness Business Park, Lerwick, ZE1 0LZ

Phone: 01595 744967

Fax: 01595 744954

Email: development@shetland.gov.uk

**Development Committee****25 September 2013****Economic Development Service – Financial Assistance Measures 2013-2017****Report No: DV033-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 guidelines and conditions for two financial assistance measures to be administered by Economic Development Service for the period 2013-2017 – the Economic Development Grant Scheme and the Business Start Up Grant Scheme.
- 1.2 The report also seeks approval for delegated authority for the Executive Manager – Economic Development to approve grants under these schemes and to engage with large-scale development projects at an early stage.

2.0 Decision Required

- 2.1 That the Development Committee RECOMMEND that the Council RESOLVE:
- 2.1.1 To end the seven schemes identified in paragraph 3.1 of this report.
- 2.1.2 To adopt the Economic Development Grant Scheme 2013-2017 as a financial assistance measure.
- 2.1.3 That the Development Committee RESOLVE to adopt the Business Start Up Grant Scheme 2013-2017 as a financial assistance measure.

- 2.1.4 To grant delegated authority to the Executive Manager – Economic Development to approve grant awards up to £25,000 under the Economic Development Grant Scheme 2013-2017 and up to £5,000 under the Business Start Up Grant Scheme 2013-2017.
- 2.1.5 To grant delegated authority to the Executive Manager – Economic Development:
- to engage on behalf of the Council at the early development stages of large-scale development projects, and,
 - to approve funding for the Economic Development Service's own research projects or for research projects shared with other organisations under a ceiling level of £25,000.
- 2.1.6 The above resolutions are taken forward in line with the approved policies detailed in the Economic Development Policy Statement 2013-17.

3.0 Financial Assistance Measures

- 3.1 The nature and scale of the Economic Development Service has changed radically over the past year, bringing the service into line with the Council's Medium Term Financial Plan. Economic Development budgets have been cut by around 70% and it is now essential that the remaining resources are focused to achieve maximum economic impact. As part of this process all economic development grant schemes have been reviewed and it is proposed that the following schemes should be ended:

- Discretionary Delegated Authority Scheme
- Business Growth Research Scheme
- Tourism Financial Assistance Scheme
- Rural Shops Improvement Scheme
- Financial Support for Childminders Scheme
- Marketing Development Programme
- Shetland Events and Festivals Scheme

The Shetland Business Energy Efficiency Scheme, which is part funded by the European Regional Development Fund 2007-2013, will continue until 31 December 2013. While the targeted schemes above will no longer be open to applications, certain key projects that would have been eligible for support under these schemes may still qualify for support under the new schemes that are detailed below, provided eligibility criteria can be met.

- 3.2 The Economic Development Policy Statement 2013-2017 was adopted by Shetland Islands Council as the policy framework for the Economic Development Service on 28 August 2013 [Min Ref 65/13], following assent from the Development Committee [14 August 2013, Min Ref 37/13] and the Executive Committee [20 August 2013, Min Ref 66/13].

- 3.3 In order to realise a number of the measures and targets detailed in the Policy Statement, the Economic Development Service have drafted two key financial assistance schemes under which businesses and organisations may apply for grant funding for eligible development projects. These schemes are the Economic Development Grant Scheme 2013-2017 and the Business Start Up Grant Scheme 2013-2017.

Economic Development Grant Scheme 2013-2017

- 3.4 The conditions and guidelines for this scheme are attached as Appendix I.
- 3.5 The purpose of this scheme is to encourage innovative projects which add value to the local economy, and to support local communities to generate economic activity, by providing grant support for development projects. Projects must demonstrate eligibility by meeting key criteria detailed in the scheme guidelines. These include broad project outcomes and target areas for assistance.
- 3.6 Applicants will be subject to strict scrutiny regarding the viability and eligibility of projects, and will be monitored following grant approval to ensure that scheme conditions are adhered to and to gauge the success of project outcomes.
- 3.7 The scheme incorporates a research element which will allow grants to be provided to individuals, businesses and organisations to carry out research with the potential to accrue economic benefits for Shetland. The scheme also allows for the support of community groups who are engaged in economic activity which is considered to be viable and sustainable.
- 3.8 The attached scheme guidance details the following criteria for applicants and projects:
- eligibility of applicants
 - priority outputs, targets and economic areas for assistance
 - specific guidance on projects for target areas
 - level and type of assistance available
 - conditions of grant assistance
 - guidance on how to apply
- 3.9 The scheme will be managed by the Economic Development Service, with delegated authority to approve grant awards up to £25,000. Applications for assistance at a level above £25,000 will be referred to the Development Committee for decision.
- 3.10 The Council currently has an EU notification in place to support marketing and promotional projects in the fisheries sectors. Applications for assistance under this scheme will now be assessed under the Economic Development Grant Scheme, and grant assistance may continue to be awarded to relevant projects providing eligibility criteria can be met.

Business Start Up Grant Scheme 2013-2017

- 3.11 The conditions and guidelines for this scheme are attached as Appendix II.
- 3.12 The purpose of this scheme is to encourage diversity and new economic activity in the local economy, and to improve the survival rates of small businesses, by providing small grant awards to new business start ups. Grant support would be available to new businesses within the first six months of starting up to aid the initial start up process.
- 3.13 People who desire to start up a business face any number of issues, particularly assessing the viability of their business idea, obtaining finance, getting the right advice and accessing suitable training. Currently it is difficult for start up businesses to obtain commercial loans or overdraft facilities until they have an established trading record. The Business Start Up Grant Scheme aims to combine the support already available through the Business Gateway with grant funding targeted at aspects of start up such as the first production run, equipment, marketing/promotion and training. Businesses are at their most vulnerable in their start up phase so the combination of professional advice and a targeted amount of capital should improve the number of businesses reaching a viable trading status.
- 3.14 In an average year around 70 new businesses start up in Shetland. Of these around half make use of the Business Gateway service and obtain some advice and guidance. The service estimates that the demand for grant assistance will be 10-15 applicants a year. 83% of all Shetland businesses fall into the micro sized category (under 10 employees). It is also important to understand that most of the businesses in Shetland with 10+ employees would have begun trading as micro sized businesses.
- 3.15 The attached scheme guidance details the following criteria for applicants:
- eligibility
 - target economic areas for new businesses
 - priority outcomes
 - level and type of assistance available
 - conditions of grant assistance
 - guidance on how to apply
- 3.16 The scheme will be managed by the Economic Development Service, with delegated authority to approve grant awards between £1,000 and £5,000 for businesses in the first six months of activity.

4.0 Delegated Authority

- 4.1 The Executive Manager – Economic Development will be responsible for the management of the above financial assistance schemes and the approval of grants under the schemes. Delegated authority is therefore sought for the Executive Manager to approve grants of up to £25,000 for the Economic Development Grant Scheme and up to £5,000 for the Business Start Up Grant Scheme.
- 4.2 The Economic Development Service is often the first point-of-contact for enquiries from industry regarding large-scale development projects, such as infrastructure development, workforce development or economic research. The scale of these projects means that the attached financial assistance schemes are unsuitable measures through which to engage. Therefore this report also seeks delegated authority for the Executive Manager – Economic Development to engage with large-scale projects that meet the terms of the Economic Development Policy Statement at an early stage on behalf of the Council. Decisions to proceed with any large-scale projects will be taken by the Development Committee.
- 4.3 The Economic Development Service will bring forward its own research projects and will work, from time to time, with other organisations on research projects. When these projects meet the terms of the Economic Development Policy Statement 2013-17, the Executive Manager – Economic Development should have delegated authority to approve the funding required up to a ceiling figure of £25,000.

5.0 Implications

Strategic

- 5.1 Delivery On Corporate Priorities – The purpose of these schemes is to realise economic priorities and targets as detailed in the Economic Development Policy Statement 2013-2017. This delivers on the following priority from ‘Our Corporate Plan 2013-2017’:

“Helping to build a healthy economy and strong communities.”

- 5.2 Community /Stakeholder Issues – Consultation with local industry representatives, community organisations and other relevant public sector and local authority representatives was undertaken during the drafting of the Economic Development Policy Statement 2013-2017, and this report arises from the approved policies detailed therein.
- 5.3 Policy And/Or Delegated Authority – This report is taken forward under the following objectives and actions from the Economic Development Policy Statement 2013-2017:

1. Link skills and knowledge development to economic need

1.4 Improve economic knowledge sharing with the commercial sector in Shetland

2. Develop the economic health of local communities and a more diverse business base, through encouraging innovation and sustainable growth
 - 2.1 Encourage sustainable growth in the local economy through support for business development and social enterprises
 - 2.2 Support communities and individuals to engage in economic activity and/or reduce the effects of peripherality and disadvantage
3. Encourage research and adoption of enabling technologies and infrastructure
 - 3.2 Support research and development projects which encourage innovation and growth in the private sector

In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Development Committee is responsible for advising the Council regarding the development of its strategic objectives, policies and priorities. While the introduction of the new financial assistance measures lies within the remit of the Development Committee, under the terms of the Economic Development Policy Statement 2013-17, the curtailment of the seven schemes is not covered by the Statement, and requires a decision of the Council.

- 5.4 Risk Management – The scheme guidelines contain strict conditions on the eligibility of applicants and projects which are designed to ensure that financial assistance from the Council will be directed towards projects which are most likely to achieve target outcomes. This is to ensure that the most value possible is derived from Council grant funding. Conditions within the scheme guidelines prevent the Council from providing funding to projects that are financially unsound, which may adversely affect local competition, which are not operated in accordance with prevailing legislation or which may cause harm to the reputation of Shetland in general and the Council specifically. Projects that do not achieve target outcomes will not be eligible for funding. Projects will be monitored following receipt of grant to ensure all conditions are adhered to and to measure achievement of target outcomes. Conditions and processes are in place to ensure that a breach of scheme guidelines can be met with a demand for repayment of the grant in full or part.
- 5.5 Equalities, Health And Human Rights – None.
- 5.6 Environmental – In order to comply with national public policy on the implementation of new schemes, strategies and policies put forward by public agencies, the draft Economic Development Policy Statement was submitted for Strategic Environmental Assessment pre-screening on 05 June 2013. Correspondence from SEA Gateway stated that if no correspondence was received from Consultation Authorities within 10 working days then it could be assumed that no concerns had been raised. No comments were received from Consultation Authorities in the period. As the attached schemes arise from the Economic

Development Policy Statement the schemes are considered to be covered by the same pre-screening assessment.

Resources

- 5.7 Financial – The proposals contained within this report can be met from within existing resources. Budget of £200k will be utilised for the Economic Development Grant Scheme, and budget of £50k will be utilised for the Business Start Up Grant Scheme. Remaining budget would be sufficient to meet the cost of any significant research work.
- 5.8 Legal – All grant awards are subject to a formal letter of offer, which is signed by the Executive Manager – Economic Development and the successful applicant. This letter of offer forms a contract which commits the Council to the offer of grant and the grant terms, and commits the applicant to the specified grant conditions.
- 5.9 Human Resources – None.
- 5.10 Assets And Property – None.

6.0 Conclusions

- 6.1 This report recommends that delegated authority be granted to the Executive Manager – Economic Development to approve grants under the Economic Development Grant Scheme and the Business Start Up Grant Scheme.
- 6.2 The report further recommends that the Executive Manager – Economic Development be granted delegated authority to engage with large-scale development projects on behalf of the Council and to approve funding for economic research projects.

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17 September 2013

List of Appendices

Appendix I – Economic Development Grant Scheme 2013-2017
Appendix II – Business Start Up Grant Scheme 2013-2017

Background documents:

Shetland Economic Development Policy Statement 2013-2017, [DV025](#),
Development Committee, 14 August 2013 [Min Ref 36/13]

END

Shetland Islands Council Economic Development Service



Economic Development Grant Scheme 2013-2017

DRAFT Scheme Guidelines

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Appendix I

Introduction

Shetland Islands Council is committed to improving the economic health and well-being of the isles by promoting innovation and diversity in the private sector, and supporting local communities in their efforts to generate economic activity. In the context of challenging economic conditions for local authorities, the level of funding available and the way in which it is distributed has been under extensive review, and the Council must ensure that the local economy derives the maximum amount of benefit from any public expenditure.

To this end, Shetland Islands Council Economic Development Service aims to stimulate local economic activity by supporting individuals, businesses and organisations to turn ideas into commercial reality. Through the Economic Development Grant Scheme, financial assistance is provided to assist applicants with the costs related to developing projects, where these projects meet key eligibility criteria and will result in extensive local benefits.

This document details the eligibility criteria for assistance under the Economic Development Grant Scheme, and aims to answer the key questions for applicants, as follows:

- Who can apply?
- What projects can be assisted?
- What assistance is available?
- What benefits and impacts are expected of projects?
- What conditions apply to grant awards?
- How do I apply?

The scheme guidelines should be read carefully. All applicants to the scheme are expected to discuss their project with a member of staff in the Economic Development Service before submitting an application.

The Council's work in this area is guided by the Corporate Plan and the Economic Development Policy Statement 2013-2017, which specifies target areas for assistance and key outcomes for all economic development activity. In order to realise these outcomes, assistance for eligible projects is also available from Shetland Islands Council Economic Development Service through the following targeted scheme:

- Business Start Up Grant Scheme 2013-2017

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1.0 Who can apply?

The following section details the criteria which applicants must meet before any application for financial assistance will be considered by the Economic Development Service.

- 1.1 Applicants, whether individually or as registered businesses/organisations must be located within Shetland.
- 1.2 Applicants must be able to demonstrate that the project for which they are applying is a commercial undertaking. Applications for assistance from businesses must be accompanied by a business plan containing the following information:
 - Background of the business/organisation
 - Overview of the relevant sector or area of activity
 - Company structure
 - Management structure
 - Description of the development project
 - Benefits of the project to the business
 - Details of current and proposed employment
 - Analysis of the market or area of activity in question
 - Description of the marketing strategy of the business
 - Details of current/potential competition
 - Project costs – include both capital and revenue expenditure
 - Funding sources identified – state whether or not applications have been submitted, any feedback received and/or any approvals
 - Financial projections for a period of at least 3 years – including profit and loss statements, balance sheets and cash flow. The cash flow should be prepared on a monthly basis and should be accompanied by detailed assumptions to justify the figures shown and the statements made in the projections
 - Justification for seeking funding from the Council
 - Impact on the business if the project does not proceed
 - Timescales
- 1.3 Where projects are being undertaken by community groups or individuals, the level of detail above may not be required; however, the commercial nature of the project must be clearly established. Applicants should consult with a member of staff within the Economic Development Service.
- 1.4 Applicants must be able to demonstrate evidence of need for financial assistance sought under the Economic Development Grant Scheme. Any offer on financial assistance will be based on the Council providing the minimum amount of funding required by the project, and applicants will be expected to pursue funding opportunities from other sources where available.

2.0 What projects can be assisted?

The purpose of the Economic Development Grant Scheme is to encourage stability and diversity in the local economy, to encourage economic activity within communities in Shetland and to promote an environment in which innovation and creative thinking are seen as core economic values. To that end, the Economic Development Service will prioritise the development of projects within certain key areas of economic activity in the local economy, and will require that projects seeking assistance will realistically achieve a number of outcomes relating to improving the local economy.

Priority Outcomes

2.1 Projects applying for assistance under the Economic Development Grant Scheme will be expected to demonstrate that a number of the following primary outcomes can realistically be achieved:

- Improved product quality
- Import substitution
- New market development
- Improved productivity
- Improved service delivery
- Introduce new or improved manufacturing processes
- Introduce new business activity
- Improve and/or develop marketing and promotional strategies outside Shetland

Projects which cannot demonstrate that they will achieve one or more of the above primary outcomes will not be considered for grant assistance.

2.2 Applications must also demonstrate which of the following secondary outcomes will be achieved by their project:

- Encourage inward investment from the private sector
- Encourage receipt of external grant funding
- Improve access to employment and economic opportunities in rural areas
- Improve local control of resources
- Improve the local skills base
- Improve local employment conditions
- Increase local wage rates
- Infrastructure and/or service development in remote and rural areas
- New job creation
- Promote more sustainable use of resources
- Reduce costs and/or improve efficiency
- Result in environmental improvements

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Projects which cannot demonstrate achievement of secondary outcomes may still be considered for assistance, but will not be regarded as a priority for funding.

Target Economic Areas

- 2.3 The following is a list of the target areas of economic activity which the Economic Development Service regard as priorities for development, which have a particular focus on innovation, diversity and growth:

- Creative Industries
- Food and Drink (inc. fisheries and agriculture)
- Manufacturing
- New Technology
- Renewable Energy
- Tourism

Projects generating activity within the above areas will be considered priorities for assistance. Projects outside of these areas may also be considered for support if strong links to the above primary and secondary outcomes can be demonstrated.

- 2.4 Projects which cannot demonstrate links to secondary outcomes and target areas of activity will only be supported under the Economic Development Grant Scheme in exceptional circumstances.

The following paragraphs detail specific conditions for grant assistance which will apply to projects taken forward under the target areas of economic activity as detailed in paragraph 2.3

Creative Industries/Manufacturing/New Technology

- 2.5 The development of new product lines and processes, the implementation of new technology to significantly improve business operations, and which will add value to the local economy and can demonstrate links to the primary outcomes detailed above, will be considered eligible for assistance.
- 2.6 Eligible expenditure for business development in the creative industries will include:
- Raw materials
 - Production of stock for first trade fair/exhibition
 - Purchase of design time and production runs on College textile equipment
 - Piece small production equipment
 - Specialist IT equipment and/or software (grant is not available for the purchase of PC's or laptops)

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- 2.7 Where appropriate, and where suitable justification can be provided, working capital funding may be considered for creative industry/manufacturing projects.

Food & Drink

- 2.8 The development of new products and production processes, the implementation of new technology to significantly improve production, and which will add value to the local economy and can demonstrate links to the primary outcomes detailed above, will be considered eligible for assistance.

Renewable Energy

- 2.9 The capital costs associated with the purchase and installation of renewable energy technologies along with energy efficiency measures will be considered eligible for assistance, where this will involve the commercial/community implementation of new renewable energy technologies, innovative methods of reducing energy consumption and/or the substitution of fossil fuel usage.
- 2.10 Applicants should be aware that since 30 May 2011 there have been changes to the UK's Feed in Tariff (FITs) scheme. Projects awarded grant funding towards the cost of generation equipment after 01 July 2011, and the renewable installation commissioned after 01 October 2011, will not be eligible for Feed in Tariff. Further information is available on Ofgem's website:

<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Pages/fits.aspx>

Tourism

- 2.11 The significant permanent improvement and upgrading of facilities for visitors, including existing and new accommodation, and the development of premises to form craft and souvenir retail premises, or to form restaurant, café or coffee shop facilities for tourists, will be considered eligible for assistance. Other developments not described here may be considered where it can be demonstrated that they would add significantly to local provision for tourists and have a commercial element. Projects located in Lerwick will not be considered for assistance under this scheme.
- 2.12 The accommodation/premises in question must be in a building and/or in a location which the Council considers suitable for tourist use. Applications for assistance towards new accommodation facilities will only be considered if there are to be a minimum of 3 letting bedrooms with en suite facilities.
- 2.13 Applications for assistance towards new build self catering accommodation will only be considered when it can be demonstrated that it is part of a wider development project and catering for a new and

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additional visitor market; or, no suitable alternative accommodation is available within a reasonable distance (e.g. outer islands).

Community Organisations and Development in Remote Areas

- 2.14 Community organisations developing projects to encourage economic activity in local communities are eligible to apply for funding under the Economic Development Grant Scheme. In such cases, applicants will be expected to meet the criteria for eligibility detailed in section 1.0, and projects will be expected to demonstrate strong links to the secondary outcomes detailed in paragraph 2.2.
- 2.15 Projects taken forward by community groups may not be expected to generate activity within the target areas for assistance detailed above. However, such projects will have to demonstrate the following:
- Community engagement, including consultation and demonstrable local need
 - Added value to the local area and/or service provision
 - An exit strategy and/or plan for such time as Council funding is not available
 - That the project has a commercial element that will lead to the generation of economic activity
 - That the project would not lead to the duplication of existing service provision and/or be to the detriment of existing commercial ventures
- 2.16 In general, retail projects solely serving the local market will not be considered for assistance (exceptions may include where there is a retail element to a manufacturing development). However, where a retail development is considered to be beneficial in terms of improving the economic health of rural communities, including the generation of economic activity and improvement of employment opportunities, this may be considered.

Economic Research

Through the Economic Development Grant Scheme, financial assistance is provided to assist applicants with the costs related to developing economic research projects which have the potential to generate significant benefits to the local economy. The following criteria will apply to research projects:

- 2.17 In general, assistance for research projects under the Economic Development Grant Scheme will be available for the following project costs, depending on the nature of the project:
- Fees, travel and subsistence for consultants, advisors or other experts
 - Costs related to experimental processes
 - Cost of equipment and materials
 - Costs of testing and quality control procedures

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- Investigation into markets and processes providing they form an integral part of an approved study
- Costs of obtaining literature and other research material of subject being studied
- Costs of producing reports or other published material

Each individual cost element detailed above will only be considered eligible as part of a wider research project.

Ineligible Projects

The following paragraphs detail the broad areas where projects will be considered ineligible for financial assistance. Decisions on whether projects are deemed ineligible will be made by the Economic Development Service according to the criteria below and should be considered final.

- 2.18 Projects which cannot demonstrate links to the outcomes and target areas above will not be considered for assistance.
- 2.19 Projects which are considered to have an adverse effect on local competition, or would be to the detriment of other local businesses, will not be considered for assistance. Funding will also not be available for specific cost items where this would have the potential to distort local market activity, such as the purchase of property on the open market.
- 2.20 Projects which would lead to the duplication of existing local service provision will not be considered for assistance.
- 2.21 Projects which are considered to be repair and maintenance, or direct replacement of existing business assets, will not be considered eligible for grant assistance.
- 2.22 Projects which are eligible for other Council grant schemes will not be considered for assistance under this scheme.
- 2.23 Where providing public assistance for a particular project would breach European Commission guidelines on State Aid, the project in question would be deemed ineligible for assistance. Guidance on State Aid issues can be sought from the Scottish Government's State Aid Unit:
<http://www.scotland.gov.uk/Topics/Government/State-Aid/SAU>
- 2.24 Projects which involve healthcare procedures, physical therapy and/or cosmetic personal procedures will not be eligible for financial assistance.
- 2.25 Research projects which cannot demonstrate realistic economic applications in Shetland, and the cost of pursuing patents and/or copyright, will not be considered eligible for grant assistance.

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- 2.26 Applications for assistance towards research projects must be able to demonstrate that research, experimentation and survey work are being undertaken using sound methodology and procedures. Projects which are considered to be using questionable methods will not be considered for assistance.
- 2.27 Businesses and organisations must be able to demonstrate a reasonable degree of financial health. Businesses which are deemed to be failing will not be eligible for assistance. Projects which have no intrinsic value other than as rescue packages are also ineligible.
- 2.28 Projects which intrinsically have the potential to bring the Council into disrepute or cause harm to the reputation of Shetland will not be considered.

3.0 What assistance is available?

This section details the level of funding that will be made available through the scheme for development projects, and what form that funding may take.

- 3.1 In general, assistance under the Economic Development Grant Scheme will be limited to 30% of eligible project costs, up to a maximum of £25,000. The minimum grant award is £1,000.
- 3.2 Assistance towards research projects will be limited to 50% of project costs, up to a maximum of £25,000, with a minimum grant award of £1,000.
- 3.3 Applicants must demonstrate that the award sought is the minimum required for the project to proceed.
- 3.4 The Economic Development Grant Scheme can provide financial assistance towards the following, depending on the nature of the project:
 - Capital expenditure – equipment, building and/or engineering costs, building improvements
 - Revenue expenditure – professional fees, marketing and promotion, office costs, travel costs
 - Working capital – in exceptional circumstances and as an element of a wider development project, working capital funding up to a maximum amount of £5,000 may be considered

Applicants will be expected to provide detailed justification for the inclusion of any of the above expenditure items in their project costs. Eligibility of any one element of the project costs for assistance does not presuppose eligibility of other associated costs.

- 3.5 Project costs which have already been incurred or committed to will not be considered eligible for grant funding.
- 3.6 Businesses and organisations registered for VAT may not include the VAT element of their project as an eligible cost.
- 3.7 In certain circumstances, grant assistance may be given as *de minimis* aid as defined by the European Commission. In these circumstances, the applicant must inform the Council of the receipt other *de minimis* aid received in the three year period prior to submission of their application. If a grant award is deemed to be *de minimis* aid, the applicant will be informed and this will be specified on the letter of offer.
- 3.8 In general, businesses, individuals and organisations may only receive one financial assistance grant under this scheme in any 12-month period. However, the Council may exercise discretion in this regard if exceptional circumstances require it.

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- 3.9 Businesses and organisations may not receive assistance towards elements of their project costs that are a statutory requirement.

4.0 Project Benefits and Impacts

In order to measure the potential benefits that projects seeking financial assistance will accrue to the local economy, applicants must provide details of certain measures and impacts which their project will generate. These take the form of measurable benefits (jobs, turnover, new business start-ups, increased exports etc.) and non-measurable benefits (environmental improvements, impact on rural communities, etc.). These benefits and impacts are detailed below:

4.1 Measurable Benefits and Impacts

- Jobs created by project
- Jobs maintained by project
- Annual sales generated by project
- Annual sales maintained by project
- Is the project generating a new product or service?
- Will the project result in improved products or service delivery?
- Will the project be trading in a new market?
- Will the project improve productivity?
- Will the project improve or introduce new manufacturing processes?
- Will the project reduce costs?
- Is the business a new business start-up?
- How much inward investment and/or external grant funding will the project bring to Shetland?
- Will the project result in an increase in exports?
- Will the project result in fewer imports into Shetland?
- Will the project result in skills development?

Under 'Measurable Benefits', where any question can be answered positively, the applicant will be expected to provide estimated figures against the benefit or impact in question, and provide justification and/or evidence to support these estimates.

4.2 Non-Measurable Benefits

- Will the project impact on employment conditions?
- Will the project result in improved environmental conditions?
- Will the project result in development in a remote area?
- Will the project increase access to employment opportunities?
- Will the project result in more sustainable use of resources?

Under 'Non-Measurable Benefits', where any question can be answered positively, the applicant will be expected to provide details on what the benefit will be and how this will be achieved.

- 4.3 Applicants for assistance who cannot demonstrate that their projects will generate economic benefits and impacts will not be considered for financial assistance.
- 4.4 Applications for financial assistance will be subject to scrutiny to ensure that the delivery of specified benefits and impacts is realistic, achievable, consistent with the means available to the applicant and sustainable beyond the period of Council assistance. Achievement of projected benefits and impacts will be the subject of monitoring by Economic Development Service officials in the period following grant approval.
- 4.5 While the benefits and impacts listed above are the priority areas of improvement in the local economy, the list is not exhaustive, and projects which can demonstrate significant economic benefits not included on this list may be considered.

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5.0 Conditions

This section details the conditions that will apply to all grant awards prior to applicants receiving and accepting an offer of grant assistance. A breach of any of the conditions described below may lead to the Council seeking repayment of the grant in full.

- 5.1 All successful applicants must operate their business within Shetland for a period of 5 years from receipt of the grant award.
- 5.2 Any grant aided equipment or premises must be used for the purpose for which the grant was awarded for a period of 5 years from receipt of the grant award. If the grant is awarded for second-hand equipment, a certificate from an independent engineer must be produced to demonstrate that the equipment is in good working order and is fit for the purpose of the project.
- 5.3 Applicants will supply independently prepared annual accounts of their business to the Council within 9 months of the end of the financial year for each of the 5 years following receipt of grant. The Council may however require the applicant to supply professionally audited accounts.
- 5.4 Applicants for research projects must produce to the Council all findings, including written reports and studies upon completion, and any other records as requested. If documentary evidence of the research is found to be inadequate, the Council reserves the right to withhold grant payment and/or to seek repayment of previous instalments.
- 5.5 Applicants must be prepared to submit to the Council details of the projected benefits and impacts which have been achieved by the project. Where appropriate, applicants should keep records to show how the project has achieved the economic outcomes specified in the project application, and be prepared to submit these records to the Council. In general, monitoring of benefits and impacts will be undertaken not less than 12 months after receipt of grant funding.
- 5.6 Applicants **must not commit to any expenditure** which is the subject of an application for financial assistance **before receiving a formal offer of grant from the Council**. This includes the ordering of goods and services, the awarding of contracts and payment of invoices. Any expenditure so committed will be deemed ineligible for grant assistance.
- 5.7 Financial assistance must be claimed by the date specified on the letter of offer (generally 12 months from the award date). If, by the specified date, an extension has not been requested and approved, the offer of grant lapses and no payments will be made. If grant is still required at this time, a new application will be sought.

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- 5.8 Grant assistance for building work, etc., may be paid out in stages to assist cash flow; however, final payment will be withheld until appropriate certification (e.g., completion certificate) is produced to confirm that the project has been completed to the required standard.
- 5.9 All successful applicants must make their premises available for inspection by Council representatives at all times.
- 5.10 All applicants will maintain and operate their premises, machinery and equipment in such a way as to conform, to the satisfaction of the Council, with relevant Food, Health and Safety at Work and other trading legislation.
- 5.11 All applicants for assistance must keep all buildings, equipment and premises properly insured, and must have appropriate insurance to cover all public and employment liability. Applicants must be able to produce evidence of insurance if and when requested by the Council.
- 5.12 If the buildings, equipment and/or premises which are the subject of grant approval are sold, transferred or otherwise disposed of within the 5 year period, the new owner must accept the grant conditions for the remaining period, failing which the grant will be repayable in full at the date of sale or transfer.
- 5.13 The Council reserves the right to find out the amount of arrears of debt, if any, owed to the Council by applicants for assistance granted until such time as arrears have been cleared or satisfactory arrangements have been made to clear the arrears.
- 5.14 The Council will make details of all grant approvals under this scheme available to the public through regular local press releases.

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6.0 How to Apply

- 6.1 In the first instance, potential applicants should make contact with a member of staff at the Economic Development Service to discuss the eligibility of their development project and the suitability of the project for an application to the Economic Development Grant Scheme. At this point, the applicant will be taken through the Business Gateway process.

Business Gateway

- 6.2 Business Gateway is a government initiative which aims to provide a range of support measures to those who wish to start up a new business or to grow an existing business. This service is supported by local and national resources and includes:

- Access to training courses
- Business planning advice from an accredited adviser
- Advice on funding opportunities
- Access to national information services

The Business Gateway is operated in Shetland by Shetland Islands Council Economic Development Service and is regarded as the first point-of-contact for business enquiries.

Application for Financial Assistance

- 6.3 Potential applicants must be able to meet the eligibility criteria detailed elsewhere in this document. Once the Economic Development Service is satisfied that both the applicant and the project in question are eligible, the applicant will be required to complete an application form, which should include the detailed information described in paragraph 1.2. In some circumstances – such as a new business start-up or a major reorganisation of an existing business – the applicant will be required to submit a business plan to accompany the application form.
- 6.4 Detailed financial information will be required to accompany an application for assistance. All applications will be expected to provide financial projections for a period of no less than three years, accompanied by monthly cash flow projections. Applications from existing businesses will be required to provide their latest authorised accounts, including profit and loss statements and balance sheets.
- 6.5 Applications must be accompanied by evidence of the project costs in question. This may include quotations and/or tender documents. Any costs which are based on estimates must be accompanied by detailed explanations.
- 6.6 Applicants may at this stage be asked to produce evidence that any relevant permissions and consents have been granted, including

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planning permission and building warrants. However, the Council appreciates that applicants may be unwilling to commit to obtaining these before project funding is secured. At the discretion of the Executive Manager – Economic Development, applicants may be asked to submit these at a later date, on the understanding that no grant payments will be made until this evidence is presented.

- 6.7 Once all necessary documentation is in place, the applicant should submit this along with the completed application form, either by post or e-mail, to the Economic Development Service, for decision.
- 6.8 If the application is successful, the applicant will be informed by letter of offer, which will detail the terms of the grant, including the amount and rate of the award, eligible costs and the conditions expected to be met by the applicant. This should be signed and returned to the Economic Development Service to complete the offer of grant.
- 6.9 If the application is unsuccessful, the applicant will be informed in writing with an explanation of why the approval was not forthcoming.
- 6.10 Grants are not automatic and neither eligibility of a project for assistance, nor the submission of an application form, should be considered as a guarantee that assistance will be provided. No offer of grant is final until a formal letter of offer signed by the Executive Manager – Economic Development has been received, then signed and returned by the applicant to the Economic Development Service.
- 6.11 All decisions on assistance under this scheme will be made at the discretion of the Executive Manager – Economic Development and are subject to the availability of funds.
- 6.12 Applicants must be aware that the following UK and Scottish legislation applies to any and all information provided to the Council:

Data Protection 1998

The Shetland Islands Council is registered under the Data Protection Act 1998. Any personal information provided by you in this form will be used solely by the Council in connection with your application for grant assistance.

Local Government (Scotland) Act 1973

It is normal practice for reports on applications for financial assistance to be considered in public. Normally, the only information which is exempt from the public is personal and financial details. However, the information provided in the application form and in the supporting submissions may be made public in reports to the Council or any of its relevant Committees if the Council Members decide, without your approval.

Freedom of Information (Scotland) Act 2002

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Any information you provide with your application may be provided to the public under this Act. If there is any information contained in this application form or supporting documentation which you do not wish to be publicised, you should advise the Economic Development when you submit your application. Any requests for disclosure of such information may be discussed with you, however, it cannot be guaranteed that your information will be kept confidential.

Shetland Islands Council Economic Development Service



Business Start Up Grant Scheme 2013-2017

DRAFT Scheme Guidelines

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Introduction

Shetland Islands Council is committed to improving the economic health and well being of the isles by promoting innovation and diversity in the private sector, and supporting local communities in their efforts to generate economic activity. In the context of challenging economic conditions for local authorities, the level of funding available and the way in which it is distributed has been under extensive review, and the Council must ensure that the local economy derives the maximum amount of benefit from any public expenditure.

To this end, the Business Start Up Grant Scheme aims to stimulate local economic activity by improving the competitiveness, growth and survival rates of new small businesses by encouraging engagement with Business Gateway and assisting applicants with the costs related to starting up and developing a new business during the first few months of operation.

This document details the eligibility criteria for assistance under the Business Start Up Grant Scheme, and aims to answer the key questions for applicants, as follows:

- Who can apply?
- What projects can be assisted?
- What assistance is available?
- What benefits and impacts are expected of projects?
- What conditions apply to grant awards?
- How do I apply?

The scheme guidelines should be read carefully. All applicants to the scheme are expected to discuss their project with a member of staff in the Economic Development Service before submitting an application.

The Council's work in this area is guided by the Corporate Plan and the Economic Development Policy Statement 2013-2017, which specifies target areas for assistance and key outcomes for all economic development activity. In order to realise these outcomes, assistance for eligible projects is also available from Shetland Islands Council Economic Development Service through the following targeted scheme:

- Economic Development Grant Scheme 2013-2017

Depending on the size and scope of the project applicants for business start up funding will be given advice on which grant scheme would be most appropriate for their project.

1.0 Who can apply?

1.1 The following section details the criteria that applicants must meet before any application for financial assistance under the Business Start Up Grant Scheme will be considered by the Economic Development Service:

- Applicants may be sole-traders, partnerships, limited companies, co-operative groups, community enterprises or other legitimate trading entities
- Applicants must be located within Shetland
- UK residents and those 'granted leave to stay' in the UK are eligible to apply for support. Evidence may be required, e.g. a passport or a letter from the Home Office granting leave to stay
- Franchise businesses are also eligible to apply for the start-up grant. Franchises must be ethical and accredited by the British Franchise Association (BFA). A current list of accredited businesses is available on the BFA website www.thebfa.org

1.2 Ineligible Businesses

- Those wishing to become self employed solely to work full-time for another business
- Businesses that have been trading for more than 6 months
- Where the business is an acquisition of an existing business, a management buy-out, or buy-in

1.3 Applicants must be able to demonstrate commercial viability, employment creation and an additional demand for products and services, which is not already adequately served by similar existing local businesses.

In general, applicants for start up funding would be expected to generate at least one full time job. However individuals applying for start-up funding in rural and remote areas will be considered if they are seeking to establish a new sustainable enterprise that will generate a minimum of one third of their total annual income.

1.4 Applications for assistance must be accompanied by the following information:

- A business plan describing the business, i.e., ownership, set up, objectives, strategies, sales, marketing and financial forecasts
- Full details of the total costs of the project – where relevant two quotes will be required. If the lowest quote has not been accepted or only one quote has been provided a valid explanation/justification will be required
- Funding sources – stating whether or not applications have been submitted, any feedback received and/or any approvals
- Justification for seeking funding from the Council and impact on the business if the grant is not approved
- Timescales

2.0 What projects can be assisted?

The purpose of the Business Start Up Grant Scheme is to improve the competitiveness, growth and survival rates of new small businesses. To that end the Economic Development Service will prioritise the development of projects within certain key areas of economic activity in the local economy, and projects seeking assistance will be expected realistically achieve a number of outcomes relating to improving the local economy.

2.1 In general, financial support will target the following key areas of economic activity which the Economic Development Service regard as priorities for development, and which have a particular focus on innovation, diversity and growth:

- Creative Industries
- Food and Drink (inc. fisheries and agriculture)
- Manufacturing
- New Technology
- Renewable Energy
- Tourism

2.2 Projects seeking assistance will be expected to demonstrate that the following outcomes can realistically be achieved:

- New business activity
- Economic diversification
- Additional demand for products and services (which is not already adequately served by similar existing local businesses)
- New job creation

2.3 Applicants demonstrating that their project will achieve a number of the following secondary outcomes will be given priority over projects that cannot:

- Improve access to employment and economic opportunities in remote and rural areas
- Improve the local skills base
- Improved access to products and service development in remote and rural areas
- Promote more sustainable use of resources
- Environmental improvements

Ineligible projects

2.4 In general, the following projects will be considered ineligible for financial assistance under the Business Start Up Grant Scheme:

- Projects which cannot demonstrate links to the outcomes and target areas above

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- Projects which are considered to have an adverse effect on local competition, or would be to the detriment of other local businesses
- Projects which would lead to the duplication of existing local service provision
- Projects which are eligible for other Council grant schemes
- Where providing public assistance for a particular project would breach European Commission guidelines on State Aid, the project in question would be deemed ineligible for assistance. Guidance on State Aid issues can be sought from the Scottish Government's State Aid Unit:

<http://www.scotland.gov.uk/Topics/Government/State-Aid/SAU>

- Projects that involve healthcare procedures, physical therapy and/or cosmetic personal procedures
- Projects which intrinsically have the potential to bring the Council into disrepute or cause harm to the reputation of Shetland.

Decisions on whether projects are deemed ineligible will be made by the Economic Development Service according to the criteria above and should be considered final.

3.0 What assistance is available?

This section details the level of funding that will be made available through the Business Start Up Grant Scheme and what form that funding may take.

- 3.1 Assistance under the Business Start Up Grant Scheme will be limited to 50% of eligible project costs, up to a maximum of £5,000. The minimum grant award is £1,000.
- 3.2 Applicants must demonstrate that the award sought is the minimum required for the project to proceed.
- 3.3 In general, assistance for business start up projects under the Business Start Up Grant Scheme will be available for the following project costs:
- Equipment
 - Marketing and promotion
 - Training costs
 - Working capital (as an element of a start up project, up to a maximum amount of £500)
- 3.4 The following project costs are ineligible for assistance under the Business Start Up Grant Scheme:
- Securing intellectual property rights, i.e. patents and copyright
 - Property redecoration
 - Legal fees
 - Wage subsidy
 - Debt repayment
 - Purchase of property
 - Project costs which have already been incurred or committed
- Applicants will be expected to provide detailed justification for the inclusion of any of the above expenditure items in their project costs. Eligibility of any one element of the project costs for assistance does not presuppose eligibility of other associated costs.
- 3.5 In certain circumstances, grant assistance may be given as *de minimis* aid as defined by the European Commission. In these circumstances, the applicant must inform the Council of the receipt of other *de minimis* aid received in the three-year period prior to submission of their application. If a grant award is deemed to be *de minimis* aid, the applicant will be informed and this will be specified in the letter of offer.

4.0 Project Benefits and Impacts

In order to measure the potential benefits that projects seeking financial assistance will accrue to the local economy, applicants must provide details of certain measures and impacts that their project will generate. These take the form of measurable benefits (jobs, turnover, new business start-ups, increased exports etc.) and non-measurable benefits (environmental improvements, impact on rural communities etc.). These benefits and impacts are detailed below:

4.1 Measurable Benefits and Impacts

- Jobs created by project
- Annual sales generated by project
- Is the project generating a new product or service?
- Will the project result in improved products or service delivery?
- Will the project be trading in a new market?
- Will the project introduce new manufacturing processes?
- How much inward investment and/or external grant funding will the project bring to Shetland?
- Will the project result in an increase in exports?
- Will the project result in fewer imports into Shetland?
- Will the project result in skills development?

Under 'Measurable Benefits', where any question can be answered positively, the applicant will be expected to provide estimated figures against the benefit or impact in question, and provide justification and/or evidence to support these estimates.

4.2 Non-Measurable Benefits

- Will the project impact on employment conditions?
- Will the project result in improved environmental conditions?
- Will the project result in development in a remote area?
- Will the project increase access to employment opportunities?
- Will the project result in more sustainable use of resources?

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Under 'Non-Measurable Benefits', where any question can be answered positively, the applicant will be expected to provide details on what the benefit will be and how this will be achieved.

- 4.3 Applicants for assistance who cannot demonstrate that their project will generate economic benefits and impacts will not be considered for financial assistance.
- 4.4 Applications for financial assistance will be subject to scrutiny to ensure that the delivery of specified benefits and impacts is realistic, achievable, consistent with the means available to the applicant and sustainable beyond the period of Council assistance. Achievement of projected benefits and impacts will be the subject of monitoring by Economic Development Service officials in the period following grant approval.
- 4.5 While the benefits and impacts listed above are the priority areas of improvement in the local economy, the list is not exhaustive, and projects which can demonstrate significant economic benefits not included on this list may be considered.

5.0 What conditions apply to grant awards?

This section details the conditions that will apply to all grant awards prior to applicants receiving and accepting an offer of grant assistance. A breach of any of the conditions described below may lead to the Council seeking repayment of the grant in full.

- 5.1 Any grant aided item must be used for the purpose for which the grant was awarded for a period of 2 years from receipt of the grant. If the grant is awarded for second-hand equipment, a certificate from an independent engineer must be produced to demonstrate that the equipment is in good working order and is fit for the purpose of the project. If a grant aided item is sold, transferred or otherwise disposed of within the 2-year period, the grant will be repayable in full, or part, at the date of sale or transfer.
- 5.2 Applicants will supply independently prepared annual accounts of their business to the Council within 9 months of the end of the financial year for each of the 2 years following receipt of grant. The Council may however require the applicant to supply professionally audited accounts.
- 5.3 Applicants must be prepared to submit to the Council details of the projected benefits and impacts, which have been achieved by the project. Where appropriate, applicants should keep records to show how the project has achieved the economic outcomes specified in the project application, and be prepared to submit these records to the Council. In general, monitoring of benefits and impacts will be undertaken not less than 12 months after receipt of grant funding.
- 5.4 Applicants must not commit to any expenditure, which is the subject of an application for financial assistance before receiving a formal offer of grant from the Council. This includes the ordering of goods and services, the awarding of contracts and payment of invoices. Any expenditure so committed will be deemed ineligible for grant assistance.
- 5.5 Financial assistance must be claimed by the date specified on the letter of offer (generally 12 months from the award date). If, by the specified date, an extension has not been requested and approved, the offer of grant lapses and no payments will be made. If grant is still required at this time, a new application will be sought.
- 5.6 All successful applicants must make their premises available for inspection by Council representatives at all times.
- 5.7 All applicants will maintain and operate their premises, machinery and equipment in such a way as to conform, to the satisfaction of the Council, with relevant Food, Health and Safety at Work and other trading legislation.
- 5.8 All applicants for assistance must keep all buildings, equipment and premises properly insured, and must have appropriate insurance to cover

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all public and employment liability. Applicants must be able to produce evidence of insurance if and when requested by the Council.

- 5.9 The Council reserves the right to find out the amount of arrears of debt, if any, owed to the Council by applicants for assistance granted until such time as arrears have been cleared or satisfactory arrangements have been made to clear the arrears.
- 5.10 The grant assistance offered to you is from public funds. The Council will make details of all grant approvals under this scheme available to the public through regular local press releases.

6.0 How to Apply

- 6.1 In the first instance, potential applicants should make contact with an Economic Development Service official to discuss the suitability of their project for an application to the Business Start Up Grant Scheme. At this point, the applicant will be taken through the Business Gateway process.

Business Gateway

- 6.2 Business Gateway is a government initiative, which aims to provide a range of support measures to those who wish to start up a new business or to grow an existing business. This service is supported by local and national resources and includes:

- Access to training courses
- Business planning advice from an accredited adviser
- Advice on funding opportunities
- Access to national information services

The Business Gateway is operated in Shetland by Shetland Islands Council Economic Development Service and is regarded as the first point-of-contact for business enquiries.

- 6.3 All applicants for a Business Start-Up Grant must register with Business Gateway. After registration applicants will be made aware of the products and services most relevant to them, as described above.

At the discretion of the Economic Development Service applicants may also be assigned a Business Adviser to advise them on specific business issues and assist them to develop their business plan. The services of the adviser will be provided at zero cost to the applicant.

- 6.4 Registration with the Business Gateway does not constitute approval of any application for financial assistance.

Application for Financial Assistance

- 6.5 Potential applicants must be able to meet the eligibility criteria detailed elsewhere in this document. Once the Economic Development Service is satisfied that both the applicant and the project in question are eligible, the applicant will be required to complete an application form, which should include the detailed information described in paragraph 1.4.
- 6.6 Detailed financial information will be required to accompany an application for assistance. All applications will be expected to provide financial projections for a period of two years, accompanied by monthly cash flow projections.
- 6.7 Applications must be accompanied by evidence of the project costs in question. Any costs, which are based on estimates must be accompanied by detailed explanations.

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- 6.8 Applicants may at this stage be asked to produce evidence that any relevant permissions and consents have been granted, including planning permission and building warrants. However, the Council appreciates that applicants may be unwilling to commit to obtaining these before project funding is secured. At the discretion of the Executive Manager – Economic Development, applicants may be asked to submit these at a later date, on the understanding that no grant payments will be made until this evidence is presented.
- 6.9 Once all necessary documentation is in place, the applicant should submit this along with the completed application form, either by post or e-mail, to the Economic Development Service, for decision.
- 6.10 If the application is successful, the applicant will be informed by letter of offer, which will detail the terms of the grant, including the amount and rate of the award, eligible costs and the conditions expected to be met by the applicant. This should be signed and returned to the Economic Development Service to complete the offer of grant.
- 6.11 If the application is unsuccessful, the applicant will be informed in writing with an explanation of why the approval was not forthcoming.
- 6.12 Grants are not automatic and neither eligibility of a project for assistance, nor the submission of an application form, should be considered as a guarantee that assistance will be provided. No offer of grant is final until a formal letter of offer signed by the Executive Manager – Economic Development has been received, then signed and returned by the applicant to the Economic Development Service.
- 6.13 All decisions on assistance under this scheme will be made at the discretion of the Executive Manager – Economic Development and are subject to the availability of funds.
- 6.14 Applicants must be aware that the following UK and Scottish legislation applies to any and all information provided to the Council:

Data Protection 1998

The Shetland Islands Council is registered under the Data Protection Act 1998. Any personal information provided by you in this form will be used solely by the Council in connection with your application for grant assistance.

Local Government (Scotland) Act 1973

It is normal practice for reports on applications for financial assistance to be considered in public. Normally, the only information which is exempt from the public is personal and financial details. However, the information provided in the application form and in the supporting submissions may be made public in reports to the Council or any of its relevant Committees if the Council Members decide, without your approval.

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Freedom of Information (Scotland) Act 2002

Any information you provide with your application may be provided to the public under this Act. If there is any information contained in this application form or supporting documentation, which you do not wish to be publicised, you should advise the Economic Development when you submit your application. Any requests for disclosure of such information may be discussed with you, however, it cannot be guaranteed that your information will be kept confidential.