

**Special Development Committee****31 August 2016****The Business Case for Promoting Shetland – Stage Two****Report Number: DV-42-16-F****Report Presented by Executive Manager –
Economic Development****Development Services Department****1.0 Summary**

- 1.1 This report has been prepared to present Stage Two of the Business Case for Promoting Shetland. This is the Outline Business Case which concentrates on a detailed analysis of the short list of options and recommends a preferred method for delivering promotional activities from 31 March 2017.
- 1.2 The Promote Shetland work is wholly discretionary which means that the Committee has a wide scope for making decisions on the future delivery of the service.

2.0 Decision Required

- 2.1 That the Development Committee RESOLVES to:
 - 2.1.1 Approve the changes made to the Strategic Case in paragraph 4.1.
 - 2.1.2 Accept Option 5 from the short list of options as the preferred method for delivering promotional activities after 31 March 2017.
 - 2.1.3 Accept that a five year contractual arrangement for the service, subject to severance clauses is the most effective way to operate promotional services.
 - 2.1.4 Approve delegated authority for the Executive Manager – Economic Development to conclude the full Business Case and the arrangements to tender the work.

3.0 Detail

Process

- 3.1 On 11 April 2016 the Development Committee resolved to review the promotional activities provided by Promote Shetland using the Building Better Business Case (BBBC) model and gave delegated authority to the Executive Manager – Economic Development to undertake the necessary survey work and to organise any workshops that were necessary to provide the information required for the review [Min Ref 20/16].
- 3.2 Stage One of the Business Case was approved by the Development Committee on 13 June 2016 [Min Ref 32/16]. At that time the Committee accepted the Strategic Case for changing the approach to promoting Shetland along with the Critical Success Factors and the long list of options. The Committee also agreed the short list of options for detailed scrutiny.
- 3.3 At Stage Two the Outline Business Case is presented to:
- Identify the spending option which optimises value for money
 - Prepare the scheme for procurement
 - Put in place the necessary funding and management arrangements for the successful delivery of the scheme

The Outline Business Case also provides an opportunity to review the Stage One assessment and to make adjustments following the decisions made by the Development Committee on 13 June.

- 3.4 The Outline Business Case is attached as Appendix A to the report.

Background

- 3.5 Shetland Islands Council has engaged in promotional activities since its establishment in 1975. This work has been done in a variety of ways since then, involving, at times, in-house staff, support to other organisations and contracted suppliers. Latterly, the main way the Council has promoted Shetland has been through contracting out the Promote Shetland format.
- 3.6 Promote Shetland is a Council inspired and owned concept for raising the general profile of Shetland as a place to work, live and to do business with. The idea was devised in 2008/09 following VisitScotland's decision to market tourism at a national level rather than a local level. While a need to promote tourism formed the basis for the work, it was recognised that the concept had to be much wider in scope linking with all aspects of living and working in Shetland. By developing Shetland's marketing activities in a collaborative way, using the brand style, the aim was to project a strong positive message about Shetland. The Promote Shetland concept was endorsed by the Scottish Government and a decision was taken by the Council to deliver the main elements of Promote Shetland by way of an external

contract. Following a tendering exercise, the Shetland Amenity Trust (SAT) was awarded the contract and began working on 1 September 2009. The initial contract was for a trial period of two years followed by three extended years. A decision was taken by the Committee in 2013 to retender the contract and, again, SAT was the successful bidder. The current contract, from 1 April 2014 until 31 March 2017, contains an option for further extending the contract until 21 March 2018.

- 3.7 In 2013, the Council decided to end its own dedicated in-house Marketing work, and stood the Marketing Team down at that time.

4.0 Review of the Stage One Assessment

- 4.1 Two changes have been made to the work approved at Stage One. The first is that the Outline Business Case includes an addition to the Strategic Case to emphasise the economic uncertainty that now exists in Shetland as the UK exits from the EU. Such uncertainty adds to the already strong case to continue promotional activities. The second change is the inclusion of a sixth option on the short list, Option 2a, which is a variation to Option 2. This option provides a high level of service with co-ordination of engagement activities being done in-house.

5.0 Outline Business Case Findings

- 5.1 Overall the conclusion from the BBBC exercise is that the promotion of Shetland continues to be valuable and makes an important contribution to raising Shetland's profile, especially at a time when there are so many adverse economic and social pressures that could have detrimental impacts.
- 5.2 The review also emphasises the need to make changes in the service to align what is done better with the development of the Ten Year Plan by the Shetland Development Partnership.
- 5.3 The main part of the Outline Business Case in Appendix A is the evaluation of costs and benefits under the Economic Case section.
- 5.4 The short list of options that were evaluated is shown below:

Option 1	High level of Service – Fully Outsourced – Status Quo option
Option 2	High level of Service – Fully Outsourced including additional engagement with the Community Planning process and local industry
Option 5	Medium Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
Option 7	Minimum Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
Option 8	Do nothing – no resources, no objectives

Option 2a	High level of Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
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- 5.5 Through the application of the BBBC methodology the finding is that a Council investment of £266,000 pa over a five year period and a largely outsourced delivery mechanism will provide the optimum level of core service to promote Shetland as a desirable place to live, work, study visit and invest from 1 April 2017.
- 5.6 In order to ensure continuity of promotional activities and to bring the promotional work into line with the development of the Ten Year Plan, it is suggested that the contractual period for the service is five years. That period would be subject to severance clauses for amending or ending the contract at specified notice should a need arise to do so.

6.0 Implications

Strategic

- 6.1 Delivery on Corporate Priorities – Promoting Shetland as a good place to live, work, visit, study and do business with helps the Council to deliver on its corporate objectives, particularly in the areas of Our Economy and Housing and Community Strength. Attracting more people to live and work in Shetland also has a positive bearing on service provision in all priority areas.
- 6.2 Community/Stakeholder Issues – Stakeholders with an interest in promoting Shetland were interviewed in the course of preparing the Stage One report.
- 6.3 Policy and/or Delegated Authority – This report has been prepared with regard to the aim of the Council's Economic Development Policy Statement 2013-2017.

“To improve the economic well-being of Shetland by promoting an environment in which newer industries develop alongside thriving traditional industries.”

The Policy Statement was approved by the Development Committee on 14 August 2013 [Min Ref: 37/13] and by the Council on 28 August 2013 [Min Ref: 65/13], and notably, Objective 5.1 fits - “Raise Shetland’s external profile as a place to live, visit, work, study and do business.”

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 does have delegated authority to make a decision.

- 6.4 Risk Management – Clarity over the costs, benefits and the wider impacts of promotional work is essential if the most effective investment decisions are to be made. A poor understanding could lead to ineffective or excessive resources being deployed, or decisions being made which are not based on a full understanding of the costs and benefits of this service/investment. It is also necessary to ensure that all the relevant State Aid Regulations are complied with.
- 6.5 Equalities, Health and Human Rights – None.
- 6.6 Environmental – None.

Resources

- 6.7 Financial – This proposal will deliver ongoing annual savings of £128k from 2017/18, which is required to assist the Development Directorate to meet its challenging budget target for 2017/18, and to ensure that the Council continues to work towards delivering its Medium Term Financial Plan. The Building Better Business Cases methodology has proven that the proposed option provides the greatest mix of service outcomes and cost, which therefore delivers best value for the authority.
- 6.8 Legal – The Council has a contract for the Shetland Amenity Trust to provide promotional services until 31 March 2017. Beyond that time the Council has full discretion on how a promotional service might be delivered.
- 6.9 Human Resources – There may be staffing implications depending on the preferred option selected to deliver the service or if the service is cancelled completely.
- 6.10 Assets and Property – There are Council assets used in the Promote Shetland contract that have been included in the detailed analysis of selected options.

7.0 Conclusions

- 7.1 The delivery of promotional services has been reviewed using the BBBC method. The exercise had involved a detailed evaluation of five options following the initial short listing of options at Stage One. A preferred method has been identified to outsource most of the delivery with more engagement with key stakeholders being organised by the Economic Development Service. Adopting the preferred option is expected to save £128,000 pa in comparison with the current Promote Shetland arrangements.

For further information please contact:
Douglas Irvine, Executive Manager – Economic Development
Phone: 744932, E-mail: douglas.irvine@shetland.gov.uk
Date Cleared: 25/08/16

List of Appendices

Appendix A A Delivery Mechanism for Promoting Shetland – Stage Two – Outline
Business Case

Background documents:

None

END

A DELIVERY MECHANISM FOR PROMOTING SHETLAND

STAGE TWO

OUTLINE BUSINESS CASE

AUGUST 2016

Contents

Executive summary	3
Introduction	6
Strategic Case	7
Economic Case	11
Commercial Case	16
Financial Case	17
Management Case	18
Next Steps	19

Executive Summary

The Council has called for a review of the Promote Shetland service as part of the drive to reduce costs in the current and continuing period of financial constraints. This work has been done using the Building Better Business Case (BBBC) method to identify the most cost effective way to progress, or not, with the promotional service. Following the Development Committee decisions on the Strategic Outline Case (Stage One) on 13 June 2016, the short list of options have been evaluated and this document presents the Outline Business Case. The purpose of the Outline Business Case is to:

- Identify the spending option which optimises value for money.
- Prepare the scheme for procurement.
- Put in place the necessary funding and management arrangements for the successful delivery of the scheme.

In summary, the Outline Business Case shows that there are strong reasons for continuing the promotional service, with necessary changes, and at a reduced level. The preferred option provides optimum value for money, it can be procured, it is affordable and can be managed within the existing resources of the Economic Development Service.

The Strategic Case

The Strategic Case to continue the promotional service and to make changes to the objectives was taken at Stage One. Twelve factors were presented and agreed. Since the Stage One decision another factor, relating to the need to promote Shetland in the context of the UK's exit from the EU, has been introduced.

The Economic Case

The following Critical Success Factors were approved at Stage One:

- Promote Shetland in terms of the priority areas defined in the Community Plan and the Council's Corporate Plan
- Contribute to developing the Shetland Brand
- Operate a successful Gateway that 1M+ people can access every year
- Locally controlled and accountable
- Value for money
- Affordable

A short list of 5 options was also agreed at Stage One.

Option 1	High level of Service – Fully Outsourced – Status Quo option
Option 2	High level of Service – Fully Outsourced including additional engagement with the Community Planning process and local industry
Option 5	Medium Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
Option 7	Minimum Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
Option 8	Do nothing – no resources, no objectives

Taking into consideration the possibility that there may be an even greater requirement to promote Shetland as a result of the UK decision to leave the European Union an additional option, has also been included:

Option 2a	High Level of Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry, through advisory committees
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These options have been evaluated using:

- a) Cost/Benefit Method expressed as Net Present Values (NPV)
- b) An assessment against weighted Critical Success Factors

The preferred option is Option 5 because it provides the best balance between deliverable service and the cost of delivering the service.

The Commercial Case

The preferred option is for a largely outsourced delivery mechanism combined with additional in-house engagement with key service stakeholders to bring the service provided into line with the development of the Ten Year Plan. For that reason it is strongly suggested that a contractual period of five years is agreed for the outsourced service. The detail for the tendering process has been developed in the Outline Business Case and needs to be finalised in the concluding part of the BBBC exercise.

The Financial Case

At an estimated annual cost of £266,000, the preferred option would cost £1.33m over a five year period. This is currently affordable as it is £128,000 a year less than current spending, saving £640,000 over the five year period.

The Management Case

This suggests that people involved with the development of the Ten Year Plan as part of the Community Planning process are brought into the advisory committee to oversee the promotional work. An annual event to explain the objectives of the service and the progress being made to the Shetland public is also planned.

The Next Steps

Once the Development Committee takes decisions on the Outline Business Case then a lot more work needs to be done on: completing the Commercial Case and tendering the service; and, finalising the management arrangements.

Introduction

This Outline Business Case provides a detailed analysis of options for delivering promotional activities for Shetland. The Outline Business Case uses the agreed standards and format for public sector business case assessment and will ensure that best value is achieved from the process for the use of future Council funds. Achieving best value is not just about financial factors. It also includes analysis of the widest benefits associated with the various options for the delivery of promotional services.

The approved format for conducting BBBC assessments is the Five Case Model, which comprises the following key components:

- The **Strategic Case**. This sets out the case for change, together with the supporting investment objectives for the use of the funds.
- The **Economic Case**. This demonstrates that the Council has selected the most economically advantageous option, which optimises value for money.
- The **Commercial Case**. This sets out the content of the required service and demonstrates that the preferred option will result in a viable procurement and well structured project.
- The **Financial Case**. This confirms funding arrangements and affordability for the Council.
- The **Management Case**. This details the plans for successful delivery.

In its Economic Case the document includes an assessment of Costs, Benefits and Risks for a short list of five options. It also presents information on Strategic, Financial, Commercial and Financial Cases. The work is a significant step towards completing a Full Business Case for the project with the final stage being undertaken by the Economic Development Service once key decisions on the Outline Business Case are taken by the Development Committee.

The Strategic Case

Strategic Context

Shetland Islands Council has engaged in promotional activities since its establishment in 1975. This work has been done in a variety of ways but for the last 7 years the Council inspired and owned Promote Shetland concept of “Working collaboratively to improve Shetland’s reputation as an attractive place to live, work, study, visit and invest using the Shetland brand style” has been contracted out to a single operator following a tendering exercise.

Against a background of diminishing resources reviewing our promotion of Shetland and specifically the core service funded by Shetland Islands Council is part of an ongoing review of all Council budgets to ensure best value. The timing of the review has been influenced by the fact that: providing a delivery mechanism to promote Shetland is wholly discretionary; and that the current Promote Shetland contract ends on 31 March 2017. Promotional activities were identified by the Council, in the 2016-17 Budgetary Exercise, as an area where potential savings could be made.

Links to Economic Development Policy

The effective and continuous promotion of Shetland continues to be important for Shetland and has been identified as a major component of the Development Partnership’s Ten Year Plan “to attract people to Shetland to live, work, study and invest” in order to maintain a healthy demographic balance.

Promoting Shetland helps the Council to deliver on its corporate objectives and has a positive impact on service provision to all priority areas, particularly in the areas of our economy and housing and community strength.

The Council’s Economic Development Policy Statement 2013-17 has an objective to “improve the reputation of Shetland as an attractive place to live, work, study, visit and invest.”

Reasons for Continued Investment in Promotional Activities and the Need to Change the Approach

The Strategic Case for continuing to promote Shetland and making changes to how promotional activities are carried out was approved at Stage One and is set out below.

- Shetland is currently a prosperous place, despite a number of economic and social issues, so carrying out a review of promotional activities at this time demonstrates that we are not complacent and understand fully the need to build on current levels of prosperity, and the importance of a high, positive, external profile.

- Our remoteness presents barriers to economic growth such as cost of transport, high cost of living, distance to markets etc. These barriers continue to hold back the development of Shetland's economy and society. By contrast, our remoteness also offers us a unique selling point and promotional opportunity. Shetland can be clearly defined as a distinctive place, as a community of interest and for its distinct culture and heritage.
- Skills shortages prevail in the public and private sectors. If we are to attract the skills we need we must make the right people aware of Shetland as a positive place to live, work and develop a career.
- An ageing population brings with it different demands for services and more pressures on the more active members of the community. Sustainable growth can only come from the private sector in the current circumstances. If Shetland's private sector shrinks there is a threat that public sector services would be less viable.
- Our economic base continues to be very narrow with the main private sector employers being the oil industry and the fisheries (and aquaculture) sectors.
- There continues to be a fragmented approach to business development with few cross selling initiatives in private enterprise. Better pooling of resources is required in the private sector and, in the public sector, there is a need to extend the community planning ethos into our promotional effort.
- Better engagement with and across all sectors is required to determine how best to target our promotional effort especially in times of diminishing resources. We need to understand our customers' needs to build a more dynamic private sector, a strong community sector and a responsive public sector within the resources available.
- Eight years on from when the Promote Shetland concept was set up and 15 years after the Shetland brand project was initiated there is a need to consider how Shetland should be promoted to help achieve economic success and social stability for the next 10 years.
- The continuing need to foster innovation, ambition and higher quality in all that Shetland provides.
- We have to distinguish between the general promotional effort and the more specific promotion of sectoral products or events, which can confuse what our overall objectives and messages are. This switching between general and particular can make tendering of contracts difficult.
- There has to be a better understanding of where the public sector's role begins and ends, and where the private (and voluntary) sectors can be encouraged and supported to raise their promotional performance. Clear benefit of investment and the need to avoid duplication of effort is crucial when faced with diminishing resources.

- A real danger exists that, by continuing to concentrate Shetland's promotional effort largely into a single delivery channel, which has insufficient resources to meet all our promotional needs, we are getting further away from the shared approach, across organisations and businesses, that is essential to make significant progress. Promoting Shetland should be the shared responsibility of the whole Shetland community, with public resources being directed at the general promotion of Shetland and partnership working with industry, public services and the third sector to promote what they do and to celebrate the best of what Shetland has to offer on the back of the general Shetland message.

Significant Change since Stage One Decisions on 13 June

Since Stage One of the business case was presented the outcome of the EU referendum has resulted in significant change and uncertainly both politically and practically. It is impossible to anticipate all of impacts of this decision. However in all scenarios, having an effective mechanism to showcase Shetland to all its target markets will continue to be of value; and, may even be of increasing importance if we are to mitigate any damage and maximise any benefits which may arise locally, nationally and internationally.

Main Benefits Criteria

Identifying and measuring the full benefits from promotional activities is a difficult task given that the main impact is on the emotional response of anyone who interacts with the promotional material and activities. Promotion is a subjective rather than objective activity. Certain aspects of promotional work such as planned events are measurable but it is problematic to measure the outcomes from a lot of the valuable work that is done. A great deal of the Promote Shetland effort is internet and social media based and methods for assessing how well these types of promotional activity work have been developed in recent years. In order to provide as much quantifiable evidence as possible for this Business Case exercise, the Economic Development Unit engaged Highland Research Ltd , an internet specialist adviser, to undertake work on the effectiveness of Promote Shetland's activities, particularly the digital media output. This has proven to be a valuable exercise and is detailed in Appendix 1. The information from this research had formed the basis of the benefits assessments for the option appraisal. An up-to-date activity report by the Promote Shetland contractor is also included in Appendix 1. This shows the range of work that has been carried out in recent years under the contractual headings and needs to be read to understand how the contractual arrangements work.

Main Risks

A detailed analysis of Business, Service and External risks is included in Appendix 2. The three main strategic risks are described below:

Risk	Detail	Mitigation
Service is not fit for purpose	Poor service provision is most likely to occur if the purpose of the service is not specified properly or if the successful bidder for works does not have the requisite skills, equipment or experience.	We need to make sure that output and outcomes are detailed in the tendering specification, and also that shortlisted tenders have all the skills, experience and equipment to do the work properly.
Loss of capital already invested	If changes are made in the project and the direction changes then the investments in certain activities already undertaken or under development will be lost or devalued.	Every effort needs to be made in the evaluation phases to understand the impact on capital already invested in promoting Shetland.
Loss of valuable skills	A significant reduction in the service could result in the loss of valuable skills in creative sector activities.	Communication through digital media is a core part of the service and should continue, whatever service option is selected.

Constraints and Dependencies

The availability of Council finance will continue to be restricted for the foreseeable future. This means that there is additional pressure on services to demonstrate the value of discretionary spend, particularly for higher cost items of spending.

At the present time the Council continues to be the only organisation in Shetland with the ability to co-ordinate Shetland's general promotional effort. Ending the service would have a negative impact on Shetland's economy and service provision. A balance needs to be struck between the cost of the promotional service to the Council and the benefits derived from the service.

The Economic Case

Introduction

This part of the Outline Business Case contains the assessment of costs, benefits and risks. It provides evidence that the most economically advantageous option has been selected as the preferred delivery option. The process should ensure that the preferred option is best value for Shetland.

Critical Success Factors

The Critical Success Factors (CSFs) for the project were approved at Stage One by the Development Committee on 13 June 2016. These were drawn up to help the development of all five cases – Strategic, Economic, Financial, Commercial and Managerial. The overall investment objective is “To achieve a delivery mechanism to promote Shetland as a desirable place to live, work, study, visit and invest, within current budgetary limits”. The six critical success factors are:

- **Promote Shetland** in terms of the **priority areas defined in the Community Plan and the Council’s Corporate Plan** (as a place where people want to live, work, study, visit and invest). A remit which emphasises a general community approach, raising Shetland’s profile by providing the information that:
 - People need to help make the choice to live, work and study in Shetland;
 - Businesses need to make decisions on investing in Shetland; and
 - Assists potential customers to buy from or visit Shetland.
- **Contribute to developing the Shetland Brand** – continue to build on the strengths of the Shetland Brand (authentic, distinctive, creative, successful, and ambitious) by keeping information up-to-date, dynamic and relevant to changing markets.
- Operate a successful **Gateway** that 1M+ people can access easily every year.
- **Locally controlled and accountable** – a strong corporate structure and local mechanism that is understood, supported and shared by key service organisations, with community leaders being the main ambassadors; business and community involvement; and in-built transparency.
- **Value for Money** – an approach that maximises efficiency and effectiveness to achieve the agreed outcomes and can attract external funding to add value to core provision and related projects. Fit for purpose ie robust systems and procedures, relevant skills, reliable, consistent and adequately resourced to achieve objectives, with measurement of performance against objectives.
- **Affordable** – providing a service that is within the consistent sustainable means of all the stakeholders that will contribute financially.

Assessment of the Long List of Options

A long list of 12 options was presented to the Development Committee on 13 June. These options are shown again for reference purposes in Appendix 3.

The Short List of Options

The following short listed options were approved by the Development Committee for more detailed appraisal, including, as dictated by the BBBC method, the existing delivery method and the option to provide no service.

Option 1	High level of Service – Fully Outsourced – Status Quo option
Option 2	High level of Service – Fully Outsourced including additional engagement with the Community Planning process and local industry
Option 5	Medium Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
Option 7	Minimum Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry
Option 8	Do nothing – no resources, no objectives

When reviewing the strategic case for change, and taking into consideration the possibility that there is likely to be an even greater requirement to promote Shetland as a result of the UK decision to leave the European Union, an additional option was added to the short list which is a combination of Option 2 and Option 5.

Option 2a	High Level of Service – Largely Outsourced – Some services delivered in house including additional engagement with the Community Planning process and local industry, through advisory committees
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Economic Appraisal

This section provides the Cost Benefit Analysis of the short list options as described above. A Net Present Value (NPV) calculation has been undertaken to show the economic value associated with each option over a period of 5 years. This is followed by evaluating each of the short listed options against the CSFs approved for the exercise. Taken together, the NPV calculation and the evaluation against CSFs provide the basis for selecting the preferred option.

NPV Calculation

NPV is the sum of the net benefits over a defined period of time, in this case five years, with the view that a pound today is worth less tomorrow. The net benefits of each option are discounted over time, using the recommended UK public sector discount rate of 3.5%. Appendix 5 shows the full NPV calculation, detailing the benefits and costs calculations and setting out the assumptions used. The following table provides the NPV results:

Appraisal Period	5 Years 1 April 2017 – 31 March 2022					
	Option 1	Option 2	Option 5	Option 7	Option 8	Option 2a
Present value of costs	£2,024,150	£2,154,338	£1,470,350	£1,015,850	0	£2,134,650
Present value of monetary benefits	£3,632,314	£3,862,259	£2,705,750	£1,539,503	-£3,632,314	£3,881,266
Net present Value (NPV)	£1,488,414	£1,580,911	£1,144,427	£484,061	-£3,380,829	£1,617,117
Benefit per £ spent	£0.74	£0.73	£0.78	£0.48	-	0.76

In accordance with the BBBC framework the benefits considered extend to the wider benefits to Shetland and both monetary and non monetary costs and benefits.

A summary of the non monetary costs and benefits used for the appraisal is described below:

<p><u>Non Monetary Benefits of Promote Shetland</u></p> <ul style="list-style-type: none"> • Promote Shetland provides a neutral forum that allows parties to come together whether industry led or with the public sector; • Provides focus and supports targeted promotional activity featuring multiple players that may not occur otherwise; • Helps to consolidate effort and to form a more unified approach to promotion • Provides http://www.shetland.org/ the top ranking website for “Shetland” searches • Acts as Shetland’s primary tool for maintaining a strong online presence; and competing with other areas to attract talent and customers; • Creates platforms with strong brand consistency; a vital element in reassuring potential customers that they are dealing with a place that will meet their expectation; and • Builds and promotes a positive reputation for Shetland. 	<p><u>Non Monetary Costs of a Reduced Promote Shetland Service *</u></p> <ul style="list-style-type: none"> • Fewer communication channels for clients to use to deliver information to their target audiences. • A less unified approach to promoting Shetland: • Fewer opportunities to promote a strong brand and positive reputation for Shetland • Less awareness of Shetland ; and • Shetland performing less well when competing with other areas to attract talent and customers. <p><u>Non Monetary Costs of Having No Service</u> In addition to all of the negative impacts described above</p> <ul style="list-style-type: none"> • Loss of what has proved to be a very successful forum for bringing parties together to promote Shetland to all its target markets: and • a negative impact on Shetland strong brand and positive reputation
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* It should be noted that additional engagement and closer links with the community planning process and local industry is intended to ensure value for money while at the same time mitigating any negative impacts which could result from a reduction in core budget by working closely with partner organisations to develop and resource joint promotional initiatives and, by better targeting our promotional efforts, to achieve specific Council and Community Planning objectives.

The NPV calculation shows that Option 2a has the highest NPV at £1.6M, marginally ahead of Option 2 and Option 1 with Option 5 also showing a high NPV. In fact Option 5 has the highest benefit per pound spent. Option 8, the do nothing option, returns a particularly low NPV.

Evaluation Against Critical Success Factors

Appendix 4 is an appraisal of the short listed options using a weighted scoring system that places Affordability highest due to the continuing pressure on the Council's finances. A summary of these results is shown below:

Analysis of Options Against CSFs

	CSF 1 (20%)	CSF 2 (10%)	CSF 3 (20%)	CSF 4 (10%)	CSF 5 (10%)	CSF 6 (30%)	Total
Option 1	10	8	18	5	8	10	59%
Option 2	15	10	20	8	8	7	68%
Option 5	15	7	15	10	10	20	77%
Option 7	7	3	10	10	8	25	63%
Option 8	0	0	0	0	0	30	30%
Option 2a	20	10	20	10	9	10	79%

Option 2a is evaluated as the top Option with Option 5 being very slightly behind.

Conclusion

While Option 2a is evaluated as best in terms of NPV and is marginally better when evaluated against CSFs, it is estimated to cost the Council £132,140 more than Option 5. This would be a difference of £660,700 over a five year contract. Option 5 offers the most cost-effective solution in terms of benefit per pound spent. The conclusion is that Option 5 provides the best balance between achieving the CSFs, being the most cost-effective, having a reasonable NPV and demonstrating an estimated saving of £660,700 over Option 2a. It is the recommended preferred option. The "do nothing" option has a low NPV rating and would be detrimental to Shetland's economy.

Preferred Option Costs

The estimated cost to the Council of the preferred option (ex VAT) is as follows:

Cost	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	Whole Life £
Capital Costs (Set up Year 1 only)	6,250					
Contract Staff Costs	90,000	90,000	90,000	90,000	90,000	450,000
Travel and Subsistence	4,000	4,000	4,000	4,000	4,000	20,000
Internet Assets	24,000	24,000	24,000	24,000	24,000	120,000
Contract. Management	25,000	25,000	25,000	25,000	25,000	125,000
Online Gateway	50,000	50,000	50,000	50,000	50,000	250,000
Professional / Technical Services	3,600	3,600	3,600	3,600	3,600	18,000
Digital Media	16,000	16,000	16,000	16,000	16,000	80,000
Public Relations	6,800	6,800	6,800	6,800	6,800	34,000
Media advertising and promotion	16,000	16,000	16,000	16,000	16,000	80,000
Joint sector initiatives inc events	20,000	20,000	20,000	20,000	20,000	100,000
Community Engagement	2,400	2,400	2,400	2,400	2,400	12,000
Training	1,000	1,000	1,000	1,000	1,000	5,000
Monitoring and Evaluation	7,500	7,500	7,500	7,500	7500	37,500
TOTAL	£272,550	£266,300	£266,300	£266,300	£266,300	£1,337,750

The budget allocated to each activity could be altered by the Council in consultation with the Contractor to suit the opportunities and need for promotional activities during the life of the contact.

The review of the Promote Shetland activity was instigated by the Council as part of the wider review of services to identify where savings can be made. This work is discretionary and has no mandatory or statutory basis. It will continue as long as the Council accepts its importance in helping Shetland to be a prosperous place. Given the discretionary nature of this work it is important that any medium term contract has adequate in-built flexibility to end it or change it at reasonable notice. The current contract contains such a clause.

The Commercial Case

This part of the document considers whether the preferred option can be procured properly in a well structured manner.

There is strong evidence, from the past high standard of service delivered by the contractor and from the analysis done as part of this Outline Business Case that the service can be procured effectively.

Changes are needed in the service requirement to reflect the need for better integration with the Community Planning process.

An outline of the service requirements is set out in Appendix 6. More work needs to be done on the service requirements, as part of the Full Business Case, once decisions are taken on the Outline Business Case.

In order to provide continuity and alignment with the development of the 10 Year plan as part of the Community Planning process, it is suggested that the contract for specialist marketing and promotional work should be for a duration of 5 years. The contract would include a clause to amend or end the contract if there is a change in Council policy during the 5 year period.

The Financial Case

Introduction

This section assesses the affordability and funding requirements of the preferred option, in relation to the other five short-listed options.

Annual Budget Statement

A summary of the annual income and expenditure implications is shown below, with a detailed breakdown provided at Appendix 5.

Summary of Annual Income and Expenditure Implications:

	Option 1	Option 2	Option 5	Option 7	Option 8	Option 2a
	High Lev – OS – Status Quo	High Lev – OS – Additional Engage.	Med Lev – SIC and OS – Additional Engage.	Min Lev – SIC and OS – Additional Engage.	Do Nothing – No Service	High Lev- SIC and OS – Additional Engage.
Income	£78.00k	£81.90k	£56.00k	£36.75k	£00.00	£81.90k
Expenditure	£476.40k	£506.26k	£322.30k	£212.65k	£00.00	£480.30k
Net Cost	£398.40k	£424.37k	£266.30	£175.90k	£00.00	£398.40k

The table above shows that on a financial basis, Option 8, Do Nothing provides the best return on investment. The preferred option would cost the Council £266,300 a year in terms of core revenue expenditure as explained in the Costs Section of Appendix 5.

Annual Cash Flow Statement

There are immaterial Cash Flow implications for the Council with regard to any of the options under review.

Affordability

Capital

There are minor Capital implications for the Council with regard to any of the options under review. Therefore there are no affordability issues.

Revenue

There is provision within the Medium Term Financial Plan, to fund Option 1 (the status quo option), provided that the Development Directorate can meet their savings target each year. The preferred option is £128k less expensive, when compared to the standstill option, which would assist the Directorate in achieving their budget savings targets.

The Management Case

This part of the document concentrates on how the contract will be overseen and delivered to the satisfaction of key stakeholders.

With the wider community planning remit of the contractual arrangements it is important that the make-up of the advisory committee that oversees the work includes members that are actively engaged in achieving the objectives to attract people to Shetland to live, work, study, visit and invest.

It is also important that the Council considers running an annual event for the wider public to see the achievements made by promoting Shetland in the way that we do.

The Next Steps

After the Development Committee has made decisions on the Outline Business Case the next step in the development of the BBBC is to complete the Commercial and Management Cases and then put the Promote Shetland service out to tender. This involves:

- Final agreement of the objectives required to progress the Ten Year Plan. This will be done by the Development Partnership as part of the community planning process.
- Specification of all the required outcomes and how these will be measured.
- Finalise the tender document in conjunction with the Council's Procurement Service.
- Specification of the managerial arrangements for overseeing the progress of the contract to make sure that the critical success factors are met.
- Preparation of the Full Business Case.

EVALUATING THE BENEFITS OF PROMOTE SHETLAND

Contents

Executive Summary.....	2
Highlights.....	2
Assessment.....	2
About.....	2
Analysis.....	4
Measurable benefits	4
Non-monetary benefits.....	4
1. Current PS activities.....	6
2. Secondary effects	15
3. Areas to monitor.....	19



Highland Research Ltd

Author: Stephen Budd

P: 07905 789360

August 2016

Executive Summary

Highlights

- Promote Shetland's activities resulted in at least £760,000 of monetary benefit to the islands' economy in the last 12 months.
- It is directly responsible for 3.5 FTE jobs and estimates suggest at least 4 further FTEs as an indirect result.
- This is certainly an under-estimation as much of the value of other benefits are hard to quantify.
- Promote Shetland's activities resulted in a number of non-monetary benefits that will, in the longer term, contribute to measurable monetary benefits.

Assessment

Promote Shetland has successfully built and promoted a strong brand and positive reputation for Shetland.

This is most evident when considering Shetland as a place to visit, but there are also strong elements that promote Shetland as a place to work, live, study and invest.

Some of these latter aspects are more developed than others. For example, some of the work aspects are quite well developed whereas the study aspects are less obviously defined.

However, all these latter aspects can build on the present for future success.

About

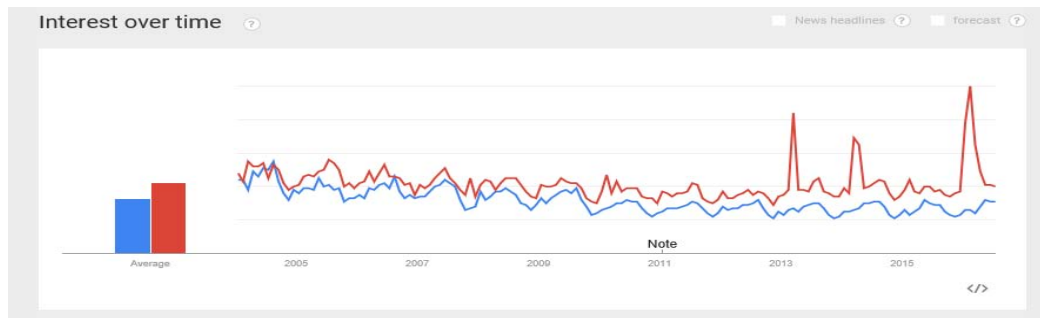
This research was commissioned by SIC Economic Development to:

- Evaluate the benefits (direct and indirect) and capabilities of the 'status quo' delivery of the promotion of Shetland through a Council funded contract to a single external organisation.
- Consider the potential impacts of different promotional activities when considering how Shetland is promoted from April 2017 onwards.
- Highlight ways to evaluate outputs more effectively in the future.

It is acknowledged that promotion occurs extensively outwith Promote Shetland's ('PS') activity but this document is designed to help SIC make an informed decision about the nature and scale of the benefits associated with the core promotional service currently delivered under contract and known as Promote Shetland.

Analysis

The promotion of Shetland punches above its weight compared to other areas. The following image shows how Shetland's share of the online search market compared to that of Orkney for the uses of the terms 'Shetland' (red line) and 'Orkney' (blue line). Note that these are not absolute volumes but rather how each term is holding up relative to all search terms. Put simply, 'Shetland' is retaining market share in a competitive world.



(Source: Google Trends).

Measurable benefits

- Shetland.org referred c.40,000 users to paying Shetland economy advertisers. It also referred a further 30,000 users to Shetland economy companies listed in various parts of the shetland.org in a number of industries. The value of this is estimated at £210,000ⁱ.
- We also estimate that shetland.org played an attributable role in recruitment worth £234,000ⁱⁱ.
- Wool Week brought in an estimated £316,000 to the Shetland economy.
- Through coordination with partners, PS can offer efficiencies of scale and breadth of reach unavailable to individual providers. It also eliminates the need for individual operator duplication of spend and effort.
- There is evidence that the close working relationship with suppliers has, in some instances, allowed them to grow as well.
- The current PS team contains skills that has enabled efficient contract negotiation to drive good deals.
- Effective acquisition of new customers alongside retention of warm leads for later conversion.

Non-monetary benefits

- Industry neutral body that allows parties to come together.
- PS have created platforms with strong brand consistency; a vital element in reassuring visitors that they are dealing with an area that will professionally meet their expectations.

- As well as being a visitor opportunity, events like Wool Week have helped consolidate an industry into forming a more unified approach which could promote growth beyond individual approaches.
- Skills development opportunities.

1. Current PS activities

The following activities relate not so much to exact projects, but to the activities required in the day-to-day delivery of promoting Shetland. A fuller overview of the activities of Promote Shetland can be found in Promote Shetland's internally produced document, "Promote Shetland: Measure of Performance"

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
Engage with the Shetland business community and the public and voluntary sectors to determine their needs and how best to target their customers.	Power in the North Taste of Shetland Wool Week Shetland Noir STA Schools Music Festival		<p>PS is perceived as an 'honest broker' that can provide a neutral forum to create partnerships, whether industry led or with the public sector.</p> <p>This has led to targeted promotional activity that features multiple players that would not have occurred otherwise. An example is the Oil and Gas promotion produced in conjunction with HIE and featuring a number of key players within the local oil and gas industry: (https://www.youtube.com/watch?t</p>

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
			ime_continue=5&v=KdldVfzMGnk)
Marketing advice, guidance and practical assistance.	Work, Live, Study and Invest (Client Specific Activities) Photography Writing Internet content Video production Examples; NHS (recruitment) HIE (Energy, Decommissioning and Renewables)		Placing targeted messaging within a context that helps prospective interested parties gain greater knowledge and make an informed decision. The table in Section 3 gives an overview of the current effects at broad levels. Possible effect of reduction of service: Fewer communications channels for clients to use to deliver full information to their target audience.
	Inspiring Shetland Training for promotional network development. Promotional activity occurs	Driving consistency among a network allows the promotion to be amplified in targeted channels. The value will be in acquisition of leads and retention of interest to those	PS identify and train potential social ambassadors to act as an authentic promotional voice for targeted activities.

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
	not just on Shetland.org but on many sites that PS does not control, such as someone's personal Facebook page. Together the content not controlled by PS but promoting Shetland is part of a wider informal network.	outside the immediate promotional circle.	<p>This is separate from the Digital Tourism Contract for HIE and is ultimately used to maximise the benefits of informal networks for promotional purposes.</p> <p>Note also that, while this has primarily been around place, this could be extended to work, live, invest and study.</p> <p>Perceived benefit and value: extension of promotional activities through trustworthy, targeted and authentic 3rd party leads.</p> <p>Possible effect of reduction of service: Fewer partner communication channels.</p>
Top ranking online portal for "Shetland" searches which creates, gathers and presents content in way that attracts engages, informs and inspires	<p>Work, live, study, invest and visit</p> <p>http://www.shetland.org</p>	<p>Estimates of the monetary value of outbound site referrals</p> <p>Tourism and Commercial referrals</p>	A one-stop shop that showcases all aspects of Shetland in a consistent, intelligent and engaging way, thus lowering the barriers to entry for

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
<p>Shetland's target audiences and signposts them to other relevant websites - with an objective to drive profitable customer action.</p>		<p>Total referral value: £210 ,000</p> <p>Work and Live referrals</p> <p>£234,000 retained or additional per year wages.</p> <p>Note that shetland.org plays an indirect role in live and work by also giving an honest image of the area, thus allowing potential applicants to self-select.</p>	<p>people wanting more information.</p> <p>Shetland.org has approximately 650,000 users between July 2015 and July 2016. Individual achievement relating to work, live, study and invest (e.g. current-vacancies, housing) is discussed in Section 3.ⁱⁱⁱ</p>
<p>Creating content for use online that attracts attention, raises awareness of what Shetland has to offer specific target groups; and encourages readers to share their knowledge and experience of Shetland with their contacts on social media.</p>	<p>Work, live, study, invest and visit</p> <p>Activities</p> <p>Shetland.org</p> <p>Videos and Webcams</p> <p>TV</p> <p>Radio</p>	<p>In terms of retaining market share, the search term 'Shetland' has markedly outperformed 'Orkney' in the last few years.^{iv} While this cannot all be attributed to PS, they provide the central platform with which to capitalize on this.</p> <p>Acquisition of new site visitors and retention and conversion of returning visitors. In a commercial environment, there would be a cost</p>	<p>Perceived benefit: Conveys the brand to appeal to target (primarily economically important ABC1) audiences.</p>

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
	<p>Publications/e-journals</p> <p>Blogs</p> <p>Social Media</p> <p>Examples: As well as the content mentioned in 'Marketing advice, guidance and practical assistance' there exists activity targeting specific user groups through each of these channels.</p>	<p>of acquisition associated with gaining new customers and retaining existing ones.</p> <p>Note: if the outbound links to significant sites such recruitment site were marked as a goal within google analytics, it would then also be possible to see which sources contributed to the traffic arriving on shetland.org in the first place. So it would be possible to track whether a newsletter or a post (for example) were driving this traffic.</p>	
Collect, meaningful data to inform the service and help guide decision making, measure performance, build loyalty and maintain relationships with external target markets.	<p>Data to inform PS activities</p> <p>Google Analytics</p> <p>Internal technical analytics</p> <p>3rd Party analytics</p>		<p>Accurate market intelligence</p> <p>With greater awareness of the market comes awareness of new economic opportunities open to</p>

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
	<p>Data to inform the market</p> <p>PS has an array of analytics products that help monitor their online activity. Aspects of this should be shared for monitoring purposes and how performance relates to the Critical Success Factors.</p>		<p>providers. This has not been part of the current remit.</p> <p>Technically, a data repository is easy to achieve. Collection and curation of content would require additional effort.</p>
<p>Joint working: Marketing and promotional campaigns in support of specific sector development.</p>	<p>Work, Live, Study and Invest</p> <p>Conferences, events, trade shows, video, website, publications.</p> <p>Examples:</p> <p>Textile (conference, events, trade shows, website, publication.)</p>	<p>Measurable investment in Shetland Wool Week 2015 caused £316,000 to flow into the local economy in 2015 and has built up over 6 years to this level.</p> <p>The economic value will also derive from efficiencies of scale and efficiencies of market spend allocation. PS has a broader reach that individual operators and also</p>	<p>Showcasing the variety of products and services at sector level to reinforce the awareness, credibility and values of the brand. Increase in awareness and desirability of 'Shetland wool' as a recognised marque product.</p> <p>Working collaboratively also brings in additional skills, knowledge,</p>

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
	<p>Food & Drink (events, video, shows, website, publication)</p> <p>Energy (events, trade shows, website, publication)</p> <p>Creative Industries (conference, events, trade shows, website, publication)</p>	eliminates the inefficiencies of individual operators competing for attention against one other.	<p>resource funding and, therefore, income.</p> <p>Section 3 gives an overview of the current effects at broad levels in terms of engagement.</p> <p>Possible effect of reduction of service: Specific events like Wool Week are driven almost entirely by PS, meaning it would need to be delivered by a different body. This is not to say that all future engagements of this nature have to be structured this way.</p> <p>Increased inefficiencies in promotional resource allocation.</p>
Print	<p>60N Magazine</p> <p>Shetland Pocket Guide</p>	<p>60N cost neutral.</p> <p>Typically, retaining a customer costs a fifth of acquiring them. 60N has at least 1,000 committed subscribers.</p>	<p>Retention of engaged readers (potentially a variety of roles from customer through to ambassadors).</p> <p>Engaging with Shetland has potentially a long sales cycle, with a</p>

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
			<p>long period between acquisition of a new customer and their conversion to doing something that has a positive economic benefit for Shetland. It is therefore important that Shetland is able to keep itself at front of mind in these potential customers. Initiatives such as 60N Magazine and Webcams are ways of doing this.</p> <p>As technology evolves, so PS will need to respond to customer demands, making sure that content is available in the forms that they want.</p> <p>Indirect benefits include the local production of aspects of this contributing to Shetland creative community</p>

Activity	Examples	Perceived monetary value	Perceived non-monetary benefits
Champion of examples of good practice and leading Shetland promotional 'Pride of Place' brand delivery and safety	All activities		A unified coherent brand is recognised, understood and trusted more than an incoherent applied one. This leads directly to perceptions of Shetland as a place to consider either as a visitor or as someone who wants to spend longer here.
Public Relations /Opportunist marketing	Work, Study, Live, Do Business and Visit Examples: Up Helly Aa Webcams International broadcasting Local (Shetland) broadcasting 'Shetland' TV tie-ins	New visitor acquisition. The ability to react to an opportunity that allows Shetland promotion to be communicated outside normal channels and appeal to new audiences.	

2. Secondary effects

Description	Value	Relationship to CSF and Strands	Could this be substituted?	What are the limits in the future?
Developing technical skills	<p>Example: students from the college have been involved in some technical work.</p> <p>Value: Unquantifiable. Would be related to their skills development.</p>	Work	Yes, although students would probably have different areas of opportunity	This is not a formal part of delivery so it is not an additional benefit at the moment. There is theoretically potential for this to encompass other areas.
Creative cluster effect	<p>Increased value in quality of output of Shetland creative providers (digital and traditional).</p> <p>Jobs: One supplier believes that the ongoing relationship with PS has been instrumental in their growth and ability to serve clients. Their team now</p>	Work Invest	<p>There is room for more than one player. PS influence will be felt mainly (of course) in aspects related to promotion and some aspects of digital technology.</p> <p>The development of an 'arts' cluster could potentially occur as a result of efforts and</p>	

Description	Value	Relationship to CSF and Strands	Could this be substituted?	What are the limits in the future?
	<p>currently employs 6 FTEs locally, a further number remotely and has recently opened a branch on the mainland to service clients there.</p> <p>Likewise, Shetland Broadband probably benefited from the BT roll out.</p>		patronage of (e.g.) Shetland Arts.	
Demonstration of connectivity	<p>The HD webcams are an example of the quality of communications within Shetland.</p> <p>Value: as an exemplar of best practice, it is difficult to quantify how influential the webcams are to a single specific outcome.</p> <p>Data does show that there is crossover traffic between webcam and live, work, study and invest page traffic.</p>	<p>Work, Live, Visit</p> <p>Gateway of +1 million</p>	Yes. The consequence would be a reduction in quality or volume streamed.	Probably budgetary. Choice between spending £x on webcams or £x on alternative activity.

Description	Value	Relationship to CSF and Strands	Could this be substituted?	What are the limits in the future?
Existing Team skills	<p>The PS team contains a range of skills outside of the core roles that bring value to the delivery of the service.</p> <p>Non-core team skills include:</p> <ul style="list-style-type: none"> • Negotiation of technology contracts • Knowledge and application of tech solutions • Editing • Event planning • Entrepreneurship <p>The value of these lies in efficient delivery of the service within budgetary requirements.</p>	Value for Money Affordable	Yes, but with a possible corresponding lack of efficiency or rise in costs.	Conversely there are probably specialisms that are lacking as the scope is widened.
Long term	Being able to plan for the long	Visit	Yes. Possible costs would be	Long term partnership

Description	Value	Relationship to CSF and Strands	Could this be substituted?	What are the limits in the future?
planning	<p>term means being able to invest longer term in activities (e.g. Wool Week) until they become successful.</p> <p>Value can be quantified as a return on investment on Wool Week (for example)</p>	<p>Invest</p> <p>Locally controlled and accountable</p> <p>VFM (assume positive return on investment)</p> <p>Shetland Brand</p>	<p>investment pulled too early before the actioned paid off.</p> <p>It is acknowledged that some promotional activities take generations (e.g. stopping smoking) while others require shorter time spans.</p> <p>Influencing decisions about <i>live, work</i> and (some aspects of) <i>invest</i> are probably longer term than <i>visit</i>.</p>	<p>building with sectors that have a looser current association with PS. This will require resources being dedicated to this.</p> <p>Additionally, initiatives will need to be resourced (unless self-funding).</p>

3. Areas to monitor

The following table lists activities that can be monitored and evaluated to determine how successful the focussed promotion of Shetland via shetland.org is. Note that this reflects the site structure as it exists at the moment and so the suggestions should be revised in the event of a major restructuring to recognise this change.

Figures quoted reflect www.shetland.org activity for the period 23/07/15 to 23/07/16 except where noted.

Area	Suggested monitoring	Current activity	Issues
Work, Live, Invest, Study	<p>While themes of live, work and invest are distributed throughout the site, the following pages represent the current 'sharp end' of their focus.</p> <ul style="list-style-type: none"> • All live-here • live-here/current-vacancies • live-here/do-business • live-here/housing • live-here/education • discover/creative-community • discover/food-drink • about/economy 	<p>Unique page views</p> <ul style="list-style-type: none"> • All live-here (60,646) • live-here/current-vacancies (18,149) • live-here/do-business (1,134) • live-here/housing (15,967) • live-here/education (1768) • discover/creative-community (2,606) • discover/food-drink 	<p>These figures will contain traffic from within Shetland. On the basis that retention of talent is as desirable as acquisition, this should not be a problem.</p> <p>Note that year-on-year comparisons for the year before 2015-2016 will not be valid owing to changes in the site structure.</p>

Area	Suggested monitoring	Current activity	Issues
	<ul style="list-style-type: none"> • blog/life-in-the-isles* • blog/power-from-the-north* • blog/taste-of-shetland* <p>These areas can also be expanded to show only new visitors (i.e. users who have not been to the site already).</p> <p>(* Includes top level and all lower level pages with similar file structure).</p>	<p>(8,490)</p> <ul style="list-style-type: none"> • about/economy (4,894) • blog/life-in-the-isles* (2,680) • blog/power-from-the-north*(1,433) • blog/taste-of-shetland*(4,599) <p>* Includes top level and all lower level pages with similar file structure.</p>	
Work, Live, Invest, Study	<ul style="list-style-type: none"> • Number of outbound clicks on the links on the housing', 'current vacancies', 'education', 'health' 'education' and 'do-business' pages <p>These could be configured as 'goals' (explained following this table) as they are examples of a successful interaction</p>	This is not currently monitored but can be in the future.	<p>This is a simple configuration fix.</p> <p>A potential value of a unique page view for the current vacancies page could be argued at £12.50.^v</p>

Area	Suggested monitoring	Current activity	Issues
	meeting the CSFs.		
<p>Webcams</p> <p>It is argued that the webcams provide a promotion role above and beyond the content they carry. That is discussed at in the section 'Demonstration of connectivity' in the table 'Secondary Effects.'</p> <p>This entry section looks at whether the content contributes to the work, live, study and invest users.</p>	<p>Compare year-on-year change in count of sessions to evaluate webcam contribution to work, live and invest themes.</p> <p>Method: Count of the number of sessions that included a webcam view and also individually the following:</p> <ul style="list-style-type: none"> • All live-here • live-here/current-vacancies • live-here/do-business • live-here/housing 	<p>Webcam plus <i>[item]</i>:</p> <ul style="list-style-type: none"> • All live-here (3034 sessions*) • live-here/current-vacancies (1116 sessions*) • live-here/do-business (104 sessions*) • live-here/housing (1329 sessions*) <p>*Samples data based on 12.7% of all sessions on the date range</p>	<p>Suggested segmentation template:</p> <p>https://analytics.google.com/analytics/web/template?uid=1B-VgXhESLCDRBMp7zAFOW</p>
Top ranking online portal	Monitor the amount of traffic	Most outbound traffic is	

Area	Suggested monitoring	Current activity	Issues
for “Shetland” searches which creates, gathers and presents content in way that attracts engages, informs and inspires Shetland’s target audiences and signposts them to other relevant websites - with an objective to drive profitable customer action.	shetland.org sends to third parties. This can be segmented into live, work, visit and invest streams as suggested above.	monitored and can be found in the ‘events’ report in Google Analytics. As mentioned, tracking needs to be enabled for some ‘discover’ pages.	
	Monitor metrics to see how users engage with content.		
	Count of ‘quality sessions’. ‘Quality session’ is defined here as a visit to the site lasting more than one minute. Although the issue of session duration is flawed in Google Analytics, it is still good enough to provide an indicator of the direction of user engagement	For the previous year, the count was 804,590.	The segment definition for this is as follows: https://analytics.google.com/analytics/web/template?uid=OJigVBUjRNenf5GaKJEi_g

Area	Suggested monitoring	Current activity	Issues
	<p>Bounce Rate</p> <p>Bounce rate indicates whether only one page was loaded.</p> <p>Again, flawed in some circumstances (e.g. people visiting a page they bookmarked like 'vacancies' only need to make a one-page visit) but at a high level it is a good indication of how successful the site at drawing people in beyond their entry point.</p>	Bounce rate for period was 27.45%	
	<p>Page completion rate</p> <p>This is how far down the page the user scrolls.</p>	This is not currently monitored.	<p>This describes an approach to doing this: http://www.blastam.com/blog/scroll-depth-tracking-analysis-google-analytics</p>
	<p>Campaign activity rate</p> <p>Online activities designed to pull people to the main site are tagged so they can be recognised in analytics reporting. This means the impact of (e.g.) an email to</p>	Campaigns (newsletters primarily) are already monitored as a source.	If campaigns are combined with goals, PS will be able to see the bottom line impact of their in-house efforts.

Area	Suggested monitoring	Current activity	Issues
	the mailing list can be assessed.		
	<p>Monitor Google Analytics to ensure that the site can be accessed by all devices</p> <p>Users access PS's online activity using a number of devices (e.g. phones, laptops). The activity levels for these devices can be monitored to assess whether a particular platform is not working well.</p>	<p>Current breakdown of traffic (1/06/16 - 23/06/16):</p> <p>Desktop (57% sessions)</p> <p>Tablet (27% sessions)</p> <p>Mobile (16% sessions)</p> <p>(figures rounded)</p>	<p>The site is already powered in a way that allows for it to automatically display well on any type of device. Ongoing analysis would reveal sudden changes which might suggest it is not working well on a particular device type.</p>
Creating content for use online that attracts attention, raises awareness of what Shetland has to offer specific target groups; and encourages readers to share their knowledge and experience of Shetland with their	Social Media Analytics		
	Interactions with Shetland promotion socially	<p>Most main social media platforms will contain analytics functionality to demonstrate the impact of users sharing social content that references the main promotion activity of Shetland (e.g. retweets and mentions).</p>	<p>(This is not content the author has access to as it would also give the ability to publish as PS on social media.)</p>

Area	Suggested monitoring	Current activity	Issues
contacts on social media.			
	Sharing of content that originates on Shetland.org	Although not currently configured, the 'addthis' buttons on the blog pages will report on levels of user sharing.	
Collect, meaningful data to help guide decision making, measure performance, build loyalty and maintain relationships with external target markets.	Monitor engagement metrics of specific content. There will often be the need to see how users are engaging with particular pieces or groups of content that are not already covered in this document. An example could be pages dedicated to a specific sector.	The most relevant metrics for monitoring performance will depend on the objectives set. For example, if new content had specific calls to action, counting the level of active engagements with that call to action (like clicking a link) would be the metric. For sharing information among commercial providers the	

Area	Suggested monitoring	Current activity	Issues
		<p>following metrics would be beneficial:</p> <ul style="list-style-type: none"> • Count of times specific content was viewed (e.g. industry specific report) • Number of returning visitors to that section/site • Degree of feedback 	
	Comment analysis	Analysis of the comments via Disqus.	This is included but the author recognises the difficulty analysing this. This is because text is more difficult to analyse computationally than numbers.
Joint working Marketing and promotional campaigns in support of specific sector development.	<p>Increase in online activity in areas that reflect the Critical Success Factors.</p> <p>For work, live and invest, this would be an increase in activity around the 'Discover' section.</p>	Metrics referred to in Row 1 of this table above.	

Area	Suggested monitoring	Current activity	Issues
Print	<p>PDF downloads could be a goal (explained below) and given a value, potentially as a cost saving over actual print.</p> <p>Ideally, PDFs should not be in preference to the normally rendered 'html' pages of the site.</p>	<p>Current year PDF page views: 797</p> <p>729 of these were '/ann-cleeves-jimmy-perez-visitshetland.pdf' referred via anncleeves.com</p> <p>Monitoring of 60N downloads/views is conducted outwith Google Analytics.</p>	<p>Current PDF reporting found here:</p> <p>https://analytics.google.com/analytics/web/?authuser=3#report/content-drilldown/a20592504w40963603p40776575/%3F_u.date00%3D20150723%26_u.date01%3D20160723%26explorer-table.plotKeys%3D%5B%5D%26_r.drilldown%3Danalytics.pagePathLevel1%3A%2Fassets%2F%2Canalytics.pagePathLevel2%3A%2Ffiles%2F/</p>
Showcase high quality "brand safe" Shetland products, services.	<p>Increase in activity around specific content groups</p> <p>Suggested content</p> <ul style="list-style-type: none"> • http://www.shetland.org/discover/food-drink • http://www.shetland.org/discover/creative-community 	<ul style="list-style-type: none"> • Discover all non-UK Users (19,239) • Discover New Non-UK Users (8,482) • Food Drink New Users 	<p>It is important not just to note overall levels of interest but also whether this is leading to increased awareness beyond the 'converted' hence the focus on new users as well as those from further afield.</p>

Area	Suggested monitoring	Current activity	Issues
	<ul style="list-style-type: none"> • http://www.shetland.org/discover/music • http://www.shetland.org/60n/video/1 • http://www.shetland.org/60n/radio/ <p>Suggested metrics:</p> <ul style="list-style-type: none"> • Total users per section • New users per section • Non-UK engagement 	<p>(1,099)</p> <ul style="list-style-type: none"> • Creative Community New Users (681) • Music New Users (2,635) • Video New Users (1,378) • Radio New Users (635) 	<p>Google Analytics limitations on correctly identifying the location a UK user's city means the data about UK new user location should be used cautiously.</p> <p>It is possible to determine the 'brand equity' of a destination. It is beyond the scope of this work to estimate what the current brand equity of Shetland is as a monetary indicator). A quicker form of this might be quick regular research to determine awareness of Shetland in specific markets.</p>
Public Relations /Opportunist marketing	<p>Measurable effect:</p> <p>Increase in activity around specific content or content grouping.</p> <p>Method: Monitor for an increase in</p>	<p>Within the Google Analytics data, it is possible to see (e.g.) the impact of an article in The Guardian on visitor numbers.</p> <p>There will be both an increase in</p>	

Area	Suggested monitoring	Current activity	Issues
	<p>traffic around the specific areas connected to the PR</p>	<p>traffic and increase in traffic from a specific source (if the article is linked from a publication)</p> <p>If the PR is more broadcast in nature, then the impact will be felt more generally on the site. For example, March 2014 saw regular spikes coinciding with the broadcast of the 'Shetland' TV series.</p> <p>However, it is not enough to note something that has happened, but the impact it had on specific section of the site should be noted. An employment article resulting in an increase in traffic to the 'work' section, for example.</p>	
Conferences and Events	<p>Accessing/downloading supporting collateral.</p>	<p>The online impact of an event such as Wool Week can be determined through analytics as</p>	

Area	Suggested monitoring	Current activity	Issues
	<p>The online impact of an event such as wool week can be determined through analytics as there is a dedicated site for it.</p> <p>If the event is more fluid but there is collateral associated with it (eg PDF fact sheets), then these can be monitored.</p> <p>Some downloads should be treated as a goal and attributed a value. Potential value could be the equivalent cost of acquiring a warm lead through 3rd party sources.</p>	<p>there is a dedicated site for it.</p> <p>Suggested approach: any PS supported conference site must have Google Analytics monitoring that can be accessed and assessed by PS.</p>	

Appendix 1: Google Analytics Goal Creation

<https://support.google.com/analytics/answer/1032415?hl=en>

Some visits are worth more than others. In e-commerce, a visit with a purchase is better than a browse. Shetland.org has points of interaction that define 'a good visit'.

If there is a point of interaction (e.g. a click, a download, a particular page load) this can be measured as a goal. The value of defining a goal is that a) you can assign it a notional monetary value, and b) you can understand the role in other parts of the promotion leading to that success.

The important thing to note is that although the action might not appear to be tied to a monetary value, it is often possible to give it one using the method outlined below.

An example

A hotel offers a wedding hire service. Unlike regular rooms, this cannot be booked online. But there is a PDF that can be downloaded if you are interested. What's the value of this download?

In this example, the analytics suggest that for every 100 downloads, 1 wedding is booked. The average value of the wedding is £10,000. In this example each download is worth £100 as $100 \text{ downloads} \times £100 = £10,000$.

This same approach can be used for job searches, housing enquiries or brochure orders.

Footnotes

ⁱ **Methodology for estimating referral value: Tourism and Commercial referrals**

Estimated 3% conversion rate from leads from PS site

Average conversion value £100 (this covers everything from taxis through to hotels)

Total referrals: 70,000 Total referral value: £210 ,000

ⁱⁱ **Methodology for estimating referral value: Work and Live referrals**

Estimate of job count:

Average count of economically active people in Shetland 13 000

(<http://www.nomisweb.co.uk/reports/lmp/la/1946157431/report.aspx?#ls>)

UK job churn: 8% (https://www.cipd.co.uk/binaries/labour-market-outlook_2015-summer-2015.pdf)

Resulting in Shetland jobs vacancies per year: 104

Average FT wage is £ 30,000 per annum so discounted a little to allow for Part time impact: £27 000

If PS involved in ¼ of these, referral value would be $104 \times \frac{1}{4} = 26 \times £27,000 \times \frac{1}{3} = £234,000$ retained or additional per year wages.

* ⅓ is part of an attribution model where the referring source (e.g. Google) get ⅓ share of the conversion, PS ⅓ and the final job site the final ⅓.

ⁱⁱⁱ It is worth noting some of the costs/activities associated with maintaining a busy website. The following are included for illustrative purposes only:

- Strategic and tactical management
- Information architecture design
- Content creation
- Design
- Search Engine Optimisation (SEO) activity
- Digital Marketing to drive traffic (e.g. from 3rd parties)
- Coding
- Technical service delivery 24/7 (e.g. maintenance of servers)

^{iv} Source:

<https://www.google.com/trends/explore#q=orkney%2C%20shetland&geo=GB&cmpt=q&tz=Etc%2FGMT-1>

Note that this is not about volumes but the terms in relation to **all** other search terms. The Google Trend chart suggests that, in a world of an ever growing number of searches and new search terms, Shetland is maintaining its position while Orkney is becoming diluted.

^v Assuming PS value of referrals to job sites is £234000, then Referral value/Unique page views = $234000/18642 = £12.50$.

Promote Shetland
Aims, Actions and Outcomes:

WHAT WE WERE ASKED TO DO

WHAT WE DID, and HOW WE DID IT

THE RESULTS

BEGINNING AGAIN

In April, 2014, Promote Shetland, an arm of Shetland Amenity Trust, won a second three year-contract from Shetland Islands Council to market the islands nationally and internationally. The Council contributes £394,000 per annum for this.

The general task set by the council was to promote local economic development opportunities, overcome barriers to attracting professional skills to Shetland, raise local economic confidence and develop specialised tourism opportunities.

With six months to go until the end of the contract, Promote Shetland believes it has more than met the terms of that contract, fulfilling it creatively, imaginatively and with concrete results that have brought considerable benefits to the Shetland community.

And the small, dynamic Promote Shetland team has done so while providing excellent value for money, raising almost £200,000 in additional funds in 2015/16 alone, all of which has been invested successfully in promoting Shetland.

Objective 1: Raise local economic CONFIDENCE

AIM:

Shetland has the people, skills, culture and natural resources to have confidence in our economic future. But we must convince companies and individuals from the UK and beyond to invest their money, time and indeed their lives in our islands. And we must persuade local folk they should stay and work here.

We want people to feel pride in living here, to feel good about Shetland and the things we produce. We want folk all over the world to share that pride. We aim to attract the skilled people we need to come and live in the isles.

ACTION:

The most economic and effective way of tackling this was first, by harnessing digital technology to traditional media such as billboards, print and journalists' visits.

Promote Shetland took on the huge task of bringing 11 different websites aimed at marketing and celebrating aspects of Shetland together into one, accessible, inspiring, user-friendly platform. So, the 100% re-engineered shetland.org was launched, a one-stop site giving access to everything from cycling holidays to oil platform decommissioning.

This walked hand-in-hand with the development of the 60 North media platform - from the successful quarterly print magazine 60 North, supported by its own worldwide subscribers, to our 60 North webcams, video and now interactive live radio.

We also developed Shetland's social media presence on Facebook, Twitter and Instagram, engaging on a daily basis with tens of thousands people across the world, in text, photography and video.

OUTCOME:

We have built a centre of excellence which has enabled individuals and companies to develop skills and income.

According to Cisco 76% of the internet traffic will be video and Mark Zuckerberg, Facebook founder, says video is the future of the internet. We are already in this space.

We have attracted worldwide interest from media and individuals. Shetland is constantly discussed on social media. Local confidence in the online presence of Shetland has been increased, and Shetland's image - both within the local community and in the eyes of the wider world - has been enhanced. We have showcased through video, audio, blogs, social media, webcams and print, just what an attractive place Shetland is to live and work in.

100% re-engineered shetland.org launched in July 2015.

Stats following shetland.org launch:

- 3.1 million camera plays
- 7 million page views
- Over 700,000 unique site users

Additional activity

- 10 issues of 60 North magazine published
- 760 active 60 North subscriptions
- 40 promotional videos created
- Over 15 audio packages
- Over 32,000 followers on Facebook
- Over 5000 Twitter followers
- Over 4200 Instagram followers
- 15 webcams reflecting life across Shetland
- Over 2000 daily visitors to the webcams
- Over 21,000 shetland.org newsletter subscribers
- Over 460 blog posts on shetland.org
- Over 56,000 comments made by website users
- Tesco & Shetland Transport deliver 9 mobile billboards
- Over 35 press and social media trips
- Over 60 printed adverts (including Lonely Planet, NG Traveler, Scotland in Trust, Historic Scotland and Flybe Flight Time)
- Up Helly Aa streamed live to over 15,000 people in 78 countries
- Associated Press introduced Up Helly Aa as news packages globally

Objective 2: ATTRACT professional skills and investment to Shetland

AIM:

Target people whose professional skills are needed by employers in Shetland, make them aware of vacancies and the benefits of living and working here, and help them decide to take up the vacant posts and move to Shetland. Encourage companies to move or invest here, or use isles industrial facilities and contractors.

ACTION:

Promote Shetland made formal agreements with NHS Shetland and Highlands and Islands Enterprise to produce online video, print, photography and social media campaigns aimed at recruiting medical staff and securing investment in Shetland's various industrial spheres.

These included video packages for NHS Shetland covering the working and leisure lives of dentists, GPs and junior doctors which in turn secured extensive media and social media coverage, notably in The Guardian, and were linked to print and social media campaigns.

For HIE, video packages were created for the energy sector on oil and gas, decommissioning and renewables. Support was offered and provided to the seafood sector, notably in video production.

Local events such as Shetland Wool Week, Up Helly Aa, Shetland Noir, Shetland Food Fair and various music festivals were also harnessed to the task of attracting investment and personnel, helping communicate Shetland's welcoming, vibrant community with great cultural depth and activity. The 60 North video and radio platform connects with individuals throughout the world in an effective and attractive way.

OUTCOME:

Medical staff have come to Shetland for 'taster' work experience and considerable interest has been provoked throughout the country and abroad. Long-term recruitment to NHS Shetland remains a priority. Shetland is no longer seen as a 'penalty' posting. This work is continuing.

HIE events using the videos produced for them have seen important energy industry executives brought together with potential suppliers and contractors in Shetland. These videos are still being viewed online and used in marketing our skills and facilities.

Power from the North

A subsidiary brand focusing on Shetland's energy industries - created and enhanced to deliver:

- Three energy-related videos (oil and gas, decommissioning & renewables)
- Power from the North print publication updated and refreshed
- Dedicated Power from the North Twitter feed and blogs

Proudly Supporting

A subsidiary brand focusing on people, place, passion

The following professions were identified and stories were created and promoted through print, video, audio, social and events. These assets can be used in dedicated recruitment campaigns.

- Dentist
- Junior Doctor
- GP/obstetrician
- Rural GP

Taste of Shetland

A subsidiary brand with the aim is to support to local food champions.

- Shetland Food Fair cookery demonstrations
- Partners in East of Scotland Seafood project
- Ongoing collaboration with Marian Armitage, including the production of Shetland seafood cookery programmes which aim to educate and inspire.
- Supporting Helen Nisbet's 'Shetland Night' in London
- 'Guardian Angel'; Raw Food; Milk Cafe; Seaweed Foraging and celebrity chef, Tony Singh's video stories
- Supporting fact-finding and sourcing trip by Aberdeen Hotels Association

Objective 3: Tapping into markets for SPECIALIST tourism

AIM:

Three years ago, with oil industry workers swamping some elements of tourism provision, our task was to develop and market the attractions within Shetland that were high value and specialised, which could be obtained nowhere else. These included wildlife, the outdoors, textiles, music, literature, food and drink.

ACTION:

The consolidation of the many different websites covering specific tourism interests into one at shetland.org, and rendering that in the style and at the level of a country, rather than a region, was crucial, and accomplished successfully.

There is now a single point of access for those interested in very specific things Shetland has to offer.

We linked our online offerings on the outdoors and wildlife to events such as the Telegraph Outdoor Adventure and Travel Show and visits by journalists and TV crews from all over Europe - notably Norway - as well as co-operating with major national and international TV series such as Ann Cleeves' Shetland and An Island Parish, plus print outlets such as Trout and Salmon and Cycling Magazine. We commissioned online video travelogues and reinforced these with blogs, print and social media.

Textiles were a point of huge growth and success. Our Shetland Wool Holidays and Shetland Wool Week enterprises were developed year on year and have proved enormously successful and indeed profitable, attracting huge online traffic and lengthy tourist visits to the isles in shoulder season. They have also focussed attention on one of the islands' most important pieces of cultural heritage, one that is also a living industry with vast potential.

Shetland Noir, the crime writing festival, established links with Iceland and further developed the Ann Cleeves/Douglas Henshall/BBC connection. It gained international coverage. The Shetland Food Fairs have showcased local produce and again via the internet brought an international audience for Shetland. Fiddle Frenzy, had events streamed live on the 60 North platform,

OUTCOME:

Despite the sometimes disruptive presence of large numbers of temporary workers, Shetland's very specific attractions have never had so much exposure, and have attracted growing numbers of 'niche' tourists. Visitor packages from the likes Shetland Wildlife Tours have proved popular, fuelled by increased TV and digital coverage and ease of access via the shetland.org site.

The success of the Shetland Food Fair concentrated local attention on Shetland's food producers, notably lamb and seafood, while the cultural power of literature and music was demonstrated through the likes of Fiddle Frenzy and Shetland Noir.

Textiles is one of Shetland's great industries and is part of the image people have of the isles, and the huge success of Shetland Wool Week and the wool holidays has proven that there is both a worldwide demand for Shetland textile products and for the craft skills that can produce them.

Promote Shetland, through the internet and through visits to the likes of Vogue Knitting in New York, has tapped into a powerful, wealthy and growing market of knitters who are keen to come to Shetland, holiday here, spend money and tell others how wonderful Shetland is. It is an area with huge potential. The proposed 'Shetland, Knitting Capital of the World' campaign, anchored in this year's Wool Week and looking beyond, is set to pay enormous dividends.

Textiles

Shetland Wool Week

A subsidiary brand focusing on the promotion of textiles and our crofting community:

- New website launched in May 2015
- Over 21,000 newsletter subscribers
- Over 10,000 Facebook followers
- Over 2500 Twitter followers
- Over 6000 Instagram followers
- Free pattern promotional campaigns (over 16,000 Baable hat and so far 11,500 Crofthoose hat downloads)
- Vogue Knitting Live 2016 attendance
- Edinburgh Yarn Festival 2015 and 2016 attendance
- Increase in visitors and how much they spend
- Bairns' knitting classes piloted successfully
- Wool holidays piloted successfully
- A new high quality collectible publication - Shetland Wool Week Annual
- Over 300 participants attended the event in 2015
- At least £316,000 generated for the local economy (increase of 59% on 2014)
- Invaluable promotional value of the event
- 1 FTE to support the development on behalf of the textile sector

Shetland Wool Week is a great example of destination marketing through niche events.

Outdoors

Through attending events, our presentation of video, audio, print, web content, plus press and social media trips, we promoted Shetland as a great destination for walking, cycling, kayaking, rock climbing, trout fishing, camping and caravanning.

Ann Cleeves

- Shetland Noir crime writing festival attracted 30 high profile crime writers from Scandinavia and further afield. The event was conceived by Ann Cleeves and Promote Shetland and it was delivered in partnership with Shetland Arts and Iceland Noir.
- Social media and press trips around 'Shetland' novels and TV series

Objective 4: Promoting and helping to develop the local economy

AIM:

To help, advise and enable local businesses and individuals, developing their skills and products, attracting investment, marketing them locally and worldwide and in turn, seeing Shetland benefit from the enthusiasm, commitment and expertise of those serving as ambassadors.

To enable and train creative people and provide outlets for their skills in writing, photography, film making digital technology and more. To market and share those skills beyond Shetland.

ACTION:

The launch of the 60 North platform across digital media and print involved the training and commercial use of professional film makers, broadcasters, writers, photographers and video artists, as well as the contracting of local printers.

We worked hard to develop Shetland Food Fair, and established the Taste of Shetland blog, focussing attention on Shetland's unique food and drink culture. We invested in bringing chefs such as Tony Singh north in collaboration with the Scalloway Hotel. Working closely with Shetland ambassadors resulted in increased publicity for Shetland whilst also benefiting them as individuals. These include:

Ann Cleeves and her publisher Pan Macmillan
Kate Davies, Donna Smith and Ella Gordon in the textiles field
Marian Armitage, Elizabeth Atia and Helen Nisbet in food and drink

We also determined to use the 60 North Platform, from print through digital media, as a tool to drive interest towards local businesses, and offer training and experience to local creative workers.

Our video production for HIE and the Power from the North brochure, blog and social media campaign was aimed at not only attracting energy business from outside Shetland, but helping to develop the local economy to make it more attractive and reactive.

OUTCOME:

Local businesses have benefitted considerably through the 60 North Platform's use of webcam technology to gain a worldwide audience for the likes of 'Puffincam' 'Auroracam' and Up Helly Aa.

In addition, coverage of various festivals and local investment in them has aided local

businesses associated with them such as our investment in Neilanell Design for the original Hjaltabonhoga Fiddlers attire worn proudly during their inaugural performance at the The Edinburgh International Festival.

Wool Week has seen yarn purchases increase massively from local businesses.

Interest and enquiries relating to energy concerns have been driven to the right contacts.

We have instilled a new confidence in many writers, film makers, broadcasters and photographers by providing mentoring and training and opportunities to practise their trades.

Power from the North has kept the energy sector's positive aspects to the fore at a time when falling oil prices may have instilled a sense of crisis.

Companies such as Shetland Broadband and NB Communications have benefitted both from Promote Shetland's custom but also, in meeting our own specific needs, they have been able to develop their businesses to expand and meet the needs of others.

- Wool holidays demonstrated there's a gap in the market - a baton taken up by the Unst Partnership
- Through our activity we've created work for and supported local professionals and companies (writers, photographers, videographers, designers etc.)
- We've invested in our own Telecom infrastructure
- We've encouraged hobbyists to pursue professional careers

HIE digital project

Promote Shetland is delivering the Digital Tourism Shetland project which is aimed at helping tourism businesses use opportunities offered by the internet to develop and grow their business.

Objective 5: Be FLEXIBLE. React quickly and effectively to particular opportunities

AIM:

To react dynamically to opportunities presented by unusual events or unexpected aspects of planned projects. Using our digital tools, to create international, positive attention for Shetland.

To be ready to increase our budget by the sensible and advantageous establishment of income streams, offering good value for money to our client.

ACTION:

Our webcams were available to feed huge worldwide audiences for the natural phenomena Shetland is most famous for. A stable, digital platform using the best, most secure broadband technology had to be reliable and we strove to make that happen.

The incorporation of a team of bloggers and social media connections into the unified shetland.org website was aimed at making us able to react quickly to events as they happened, including situations such as falling oil prices or delays in the completion of the Laggan-Tormore project.

We aimed to react to unexpected demand for events such as Wool Week by adding events or increasing capacities, publishing from a standing start the Shetland Wool Week Annual, which proved enormously successful, and the patterns for the 'Baable Hat' which again proved a worldwide phenomenon.

OUTCOME:

We were able to provide footage for international news organisations on Storm Gertrude, Up Helly Aa, unusual meteorological events such as cloud patterns and the aurora, as well as the Puffincam and more. In addition, we have over THREE MILLION individual viewings of webcam footage, and many regular followers who provide screenshots and share them on social media.

The various spin-offs from Wool Week have seen the commissioning of new patterns, more Wool Holidays, the broadcast of live, paid-for Wool Week sessions on the internet and the start of the Shetland - Knitting Capital of the World campaign.

We were able, at short notice, to provide live internet streaming and/or video production for events such as Shetland Reel Festival, Shetland Food Fair, Glusstonberry, Fiddle Frenzy and Heavy Metal Buffet. We also provided broadcast-quality live video and audio for, among others, BBC News Channel, Sky News, ITV and the Scottish Government in a live two way session directly linked to Holyrood.

Other spontaneous campaign opportunities seized and effectively delivered through social media were:

- The Baable Hat download phenomenon
- Shetland Wool Week Annual sellout
- Storm Gertrude red alert - worldwide TV coverage
- Northern Lights 'to your desktop'
- Up Helly Aa - 'a unique Viking Festival'

CONCLUSION:

We believe that Promote Shetland has:

- More than fulfilled the tasks set by its client at the start of the contract
- Done so in an imaginative, groundbreaking and cost effective way
- Enhanced the image of Shetland worldwide and the community's sense of itself
- Started a series of projects which will reap benefits for the isles for many years to come
- Established a small group of highly skilled, professional, motivated and creative workers able to carry the promotion and marketing of Shetland on to higher and higher levels
- Brought considerable economic benefits to Shetland as a community
- Helped in the recruitment of skilled professionals to the isles
- Trained and established the careers of several creative individuals
- Developed productive professional relationships with agencies such as VisitScotland, Scottish Tourism Alliance, HIE, UHI and NHS Shetland.
- Provided a set of essential resources for marketing, publicity and economic development which cannot easily be duplicated.

Promoting Shetland**Outline Business Case****Risk Analysis****Business Risks**

These are the strategic risks which remain (100%) with the Council regardless of the sourcing method for the proposed spending. They include political risks.

Risk	Detail	Mitigation
Poor connection between Council objectives and project objectives	Lack of clear links between the project and the Council's key strategic priorities, including agreed measures of success.	Ensure that the project's objectives are as SMART as possible and are tied into the Council's high level policy.
Lack of clear senior management and councillor ownership	Project buy in at senior level is essential for any large discretionary spending activity. If senior people are not behind the project it will be significantly weakened.	Project monitoring and development must include the Chair and Vice Chair of the Development Committee and the Director of Development Services.
Lack of understanding about the project within the Council	This will mean that members and staff will question spending on promotional activities at a time of continuing savings.	The objectives and subsequent outcomes from the project must be communicated to a wide audience within the Council.

Service Risks

These are the risks associated with the design, build, financing and operational (DBFO) phases of the proposed spending. They can be shared with business partners and service providers.

Risk	Detail	Mitigation
Inadequate project management skills	There is a high risk of failure if the people working in the DBFO stages don't have project management experience and don't understand promotional activities.	Make sure that staff do have project management training and are experienced in both developing projects and coordinating promotional activities.
Too much emphasis on cost pressures	If the evaluation of the project is just driven by keeping cost down there is a threat that longer term value for money outcomes will not be achieved.	Qualitative objectives need to be included in the project evaluation.
Poorly targeted promotional messages	Inappropriate material will cause the Shetland audience to question the project, with a high risk that the Council's reputation will be impaired.	The content and delivery of Shetland promotional messages and information must be informed by the sector, relevant to their target market and must be generally understood by a broad audience, including the local community.
Duplication of effort	All the activities must be value adding and must avoid any duplication with publically or commercially funded activities.	The promotional effort has to be planned properly taking full account of any other promotional activity from Shetland that might be linked.
Loss of capital already invested	If changes are made in the project and the direction changes then the investments in certain activities already undertaken or under development will be lost or devalued.	Every effort needs to be made in the evaluation phases to understand the impact on capital already invested in promoting Shetland.
Loss of valuable skills	A significant reduction in the service could result in the loss of valuable skills in creative sector activities.	Communication through digital media is a core part of the service and should continue, whatever service option is selected.

Service Risks (cont'd)

Risk	Detail	Mitigation
Inability to measure impacts on Shetland's economic and Social well being	Understanding the impact of promotional activities on Economic and Social well being is notoriously difficult.	The way that activities will be measured will be included in the tender specification for the promotional work
Service is not fit for purpose	Poor service provision is most likely to occur if the purpose of the service is not specified properly or if the successful bidder for works does not have the requisite skills, equipment or experience.	We need to make sure that output and outcomes are detailed in the tendering specification, and also that shortlisted tenders have all the skills, experience and equipment to do the work properly.
Funding risk	The future development of the project is put at risk by shortage of funding, leading to reduction of project scope and/or abandonment.	The best value for money delivery option needs to be identified and the terms of a medium term (3 to 5 years) contract need to be set to provide some continuity of funding.
Not meeting the requirements of external partners	Lack of effective engagement with community planning partners, local industry and the community. This will mean that there is a higher risk of missing the general promotional focus.	Set up procedures which involve the main external partners, to obtain early feedback and to help plan the activity.
Lack of understanding about the project in the community.	This will lead to members of the public questioning the project in the local media, with a heightened reputational risk for the Council.	The objectives and subsequent outcomes from the project must be communicated to the Shetland public.

External Environmental Risks

These risks affect all organisations regardless of whether they are public or private sector or in the broader Shetland community. They include secondary legislation and general inflation.

Risk	Detail	Mitigation
UK exit from EU	The uncertainties of the UK exit from the EU could have a negative impact on exporting and also on the European perception of the UK as a visitor market.	Research needs to be undertaken on likely impacts in the Shetland economy and our promotional effort needs to be directed towards achieving a positive profile for these parts of the economy.
Crisis in public sector funding	The Council settlement from the Scottish Government falls, coupled with poor Council fund management performance in the stock market. All this leads to pressure to reduce or end the Council's role in promotional activities.	Place a higher emphasis on communicating the reasons for Shetland maintaining a high profile to the Council and the Shetland community.
Continuing low oil prices	Oil related activity continues to diminish leading to a fall in direct jobs in Shetland and also to a crisis in supply chain activity.	Promotional activity needs to be directed at boosting what Shetland has to offer the oil and gas industry and also at sectors that can broaden Shetland's industrial base.

The Long List of Delivery Options

To clarify what the different options below will deliver, a list of what could be the ten most important elements of service is provided in appendix 4. A full service would deliver all of these elements of service, a medium service would deliver the first six only and a minimum service would deliver the first four only. The options marked with “ * ” do not involve formal community and industry engagement.

Option 1*	Council Funded Outsourced Delivery –This is delivery by a single external organisation following a tendering exercise. The Status Quo option.
Option 2	Option 1 with the added inclusion of engagement with the Community Planning process and local industry, through advisory committees etc.
Option 3	Council Co-ordinated Outsourced Delivery – Full service. This is delivered by multiple external organisations following rolling tendering exercises. Each tender is for specified elements of service.
Option 4*	Council Co-ordinated Outsourced Delivery – Medium service. This is mostly delivery by external organisations following rolling tendering exercises with some delivery in-house. Each tender is for specified elements of service.
Option 5	Option 4 with the added inclusion of engagement with the Community Planning process and local industry, through advisory committees.
Option 6*	Council Co-ordinated Outsourced Delivery – Minimum service. This is mostly delivery by external organisations following rolling tendering exercises with some delivery in-house. Each tender is for specified elements of service.
Option 7	Option 6 with the added inclusion of engagement with the Community Planning process and local industry, through advisory committees.
Option 8	Do nothing – no resources, no objectives.
Option 9	Council operated service – Full service. This would be in-house delivery of the current outsourced Option 1.
Option 10	Community Partnership approach – shared resource involving key organisations and business with an overseeing committee.
Option 11	Resource other organisations – 1980’s and 90’s approach, providing grants or commissioning bodies like the Shetland Tourism Board or the Fish Processors Association to undertake industry specific objectives.

Option 12	Industry led approach – Advice and event management for organisations/businesses. This is along the lines of Orkney's marketing work
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Appraisal of Short List of Delivery Options

The matrix below shows the six Critical Success Factors (CSFs) along the horizontal axis and the short list of possible delivery options along the vertical axis. At stage 2, after more detailed analysis, the critical success factors have been weighted according to their relative importance and percentage scores given for each option depending on how well it achieves each of the critical success factors.

	CSF 1 Achieving Community Plan/Council Objectives 20%	CSF 2 Developing Shetland's Brand 10%	CSF 3 Effective Gateway 20%	CSF 4 Local Control and Accountability 10%	CSF5 Value for Money 10%	CSF 6 Affordable 30%	TOTAL
Option 1 Fully Outsourced High resources	10	8	18	5	8	10	59%
Note: The status quo option continues to score highly on developing the Shetland's brand, providing an effective gateway and value for money but does not meet the requirement for additional community planning and industry engagement or assist the Development Directorate to save money in order meet its challenging budget target for 2017/18.							
Option 2 Fully Outsourced inc additional engagement High resources	15	10	20	8	8	7	68%
Note: Adding additional engagement to the status quo option and continuing to provide a high level of resource gives option 2 the maximum score for developing the Shetland brand and providing an effective gateway but because the engagement has been included in the external contract this option becomes the most expensive and therefore scores the lowest on the most heavily weighted criteria i.e. affordability. It also makes the contractor entirely responsible for engagement on the promotion of Shetland which is considered to be unrealistic and less effective than making engagement a core function of all partner organisations with a remit to link local provision to market need.							

	CSF 1 Achieving Community Plan/Council Objectives 20%	CSF 2 Developing Shetland's Brand 10%	CSF 3 Effective Gateway 20%	CSF 4 Local Control and Accountability 10%	CSF5 Value for Money 10%	CSF 6 Affordable 30%	TOTAL
Option 5 Largely outsourced Medium resource with community engagement	15	7	15	10	10	20	77%
<p>Note Reducing the level of Council funding will impact on Promote Shetlands ability to develop projects in its own right or to progress larger initiatives without attracting additional funding and resources from partner organisations.</p> <p>It is intended that some of the negative impacts of reducing promote Shetland resources will be offset by a greater emphasis on achieving specific measurable community planning and Council objectives for attracting people to live ,work, study, visit and invest in Shetland ; and on community planning partners and industry representatives taking a greater role in engagement and championing their own sectors.</p> <p>When considering value for money this option generates the greatest measurable benefit per £ spent.</p> <p>It will also save money and assist the Development Directorate to meet its challenging budget target for 2017/18.</p>							
Option 7 Largely outsourced Minimum resource with community engagement	7	3	10	10	8	25	63%
<p>Note: Further reduction in the budget limits Promote Shetland's ability to develop the Shetland brand, provide an effective gateway and, provide value for money.</p> <p>It does however increase Council funding saved and assists the Development Directorate to meet its challenging budget target for 2017/18.</p>							

	CSF 1 Achieving Community Plan/Council Objectives 20%	CSF 2 Developing Shetland's Brand 10%	CSF 3 Effective Gateway 20%	CSF 4 Local Control and Accountability 10%	CSF5 Value for Money 10%	CSF 6 Affordable 30%	TOTAL
Option 8 Do Nothing	0	0	0	0	0	30	30%
Note: This option does not achieve any of the critical success factors but it does score the highest for affordability by contributing the most to assisting the Development Directorate to meet its challenging budget target for 2017/18.							

Option 2a Largely outsourced High resources with community engagement	20	10	20	10	9	10	79%
Note : Adding additional engagement to the status quo option; fulfilling this requirement by making engagement a core function of all partner organisations and continuing to provide a high level of resource gives option 2a the maximum score for achieving community plan and Council objectives; developing the Shetland brand; providing an effective gateway; and, local control and accountability. This option scores lower than option 5 for benefit per £ and will not make any contribution to budget savings or contribute to assisting the Development Directorate to meet its challenging budget target for 2017/18.							

COST OF SHORT LISTED OPTIONS FOR DELIVERING A SERVICE TO PROMOTE SHETLAND

Estimated core revenue budget at Stage 1	£394,000	£416,500	£250,000	£150,000	£0	£394,000
Operational budget (core budget - staff costs)	£234,000	£234,000	£160,000	£105,000	£0	£234,000

Estimated Costs (Stage 2)	Ref No	Option 1	Option 2	Option 5	Option 7	Option 8	Option 2a
Core Revenue Budget							
Capital Costs							
Set up costs / stand down costs (Year 1 only)	1	£9,850	£10,413	£6,250	£3,750	£0	£9,850
Revenue Costs							
Contract staff costs	2	£160,000	£182,500	£90,000	£45,000	£0	£160,000
Travel and subsistence	3	£5,850	£5,850	£4,000	£2,625	£0	£5,850
Internet assets	4	£35,100	£35,100	£24,000	£15,750	£0	£35,100
Contractor costs ie management, admin, insurance etc	5	£39,400	£41,650	£25,000	£15,000	£0	£39,400
Online Gateway	6	£50,000	£50,000	£50,000	£50,000	£0	£50,000
Professional / technical services	7	£5,265	£5,265	£3,600	£2,363	£0	£5,265
Digital media	8	£23,400	£23,400	£16,000	£10,500	£0	£23,400
Public relations	9	£9,945	£9,945	£6,800	£4,463	£0	£9,945
Media, advertising and promotion	10	£23,400	£23,400	£16,000	£10,500	£0	£23,400
Joint sector initiatives inc events (core costs to Council)	11	£29,250	£29,250	£20,000	£13,125	£0	£29,250
Community / industry engagement	12	£3,510	£3,510	£2,400	£1,575	£0	£3,510
Training	13	£1,500	£2,000	£1,000	£500	£0	£1,500
Contractor monitoring and evaluation	14	£11,820	£12,495	£7,500	£4,500	£0	£11,820
Estimated core revenue budget at stage 2		£398,440	£424,365	£266,300	£175,900	£0	£398,440

Other Costs (Indirect)							
Contract Management (Council)	16	£4,420	£4,420	£4,420	£4,420	£0	£4,420
Enhanced industry; Council and Comm Plan engagement	17	£0	£0	£22,100	£22,100	£0	£22,100
Joint sector Initiatives inc events additional costs	18	£78,000	£81,900	£56,000	£36,750	£0	£81,900
Estimated Indirect Costs		£82,420	£86,320	£82,520	£63,270	£0	£108,420

Total Costs (Core Costs + Indirect Costs)		£480,860	£510,685	£348,820	£239,170		£506,860
Income	15	£78,000	£81,900	£56,000	£36,750	£0	£81,900
Total Costs less Income		£402,860	£428,785	£292,820	£202,420	£0	£424,960

BENEFITS OF SHORT LISTED OPTIONS FOR DELIVERING A SERVICE TO PROMOTE SHETLAND

	Option 1	Option 2	Option 5	Option 7	Option 8	Option 2a
Estimated core budget at Stage 2	£398,440	£424,365	£266,300	£175,900		£398,440
Staff costs	£160,000	£182,500	£90,000	£45,000	£0	£160,000
Operational budget	£238,440	£241,865	£176,300	£130,900	£0	£234,000

COSTS referred to in benefits analysis for each Option	Ref No	Option 1	Option 2	Option 5	Option 7	Option 8	Option 2a
Set up costs /stand down costs (Year 1 only)		£9,850	£10,413	£6,250	£3,750	£0	£9,850
Annual costs							
Contract staff costs		£160,000	£182,500	£90,000	£45,000	£0	£160,000
Operational budget		£238,440	£241,865	£176,300	£130,900	£0	£238,440
Enhanced engagement + joint initiatives costs - income)		£4,420	£4,420	£26,520	£26,520	£0	£26,520
ANNUAL COSTS		£402,860	£428,785	£292,820	£202,420	£0	£424,960

Whole life costs (set up + annual budget x 5 years)		£2,024,150	£2,154,338	£1,470,350	£1,015,850	£0	£2,134,650
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BENEFITS

Multiplier on start up cost saving Yr1 only	19	-£719	-£801	-£193	£172	£719	-£719
Multiplier on budget saving (public sector)	20	-£29,086	-£32,871	-£9,794	£3,405	£29,086	-£29,086
Measurable economic benefits to Shetland (online)	21	£444,000	£466,200	£310,800	£155,400	-£444,000	£466,200
Multiplier on economic benefit (1.2)	22	£88,800	£93,240	£62,160	£31,080	-£88,800	£93,240
Economic Benefit from PS jobs	23	£107,744	£123,136	£92,352	£61,568	-£107,744	£123,136
Multiplier on jobs (1.2)	24	£21,549	£24,627	£18,470.40	£12,314	-£21,549	£24,627
Economic benefit from joint initiatives	25	£78,000	£81,900	£56,000	£36,750	-£78,000	81900
Multiplier on joint initiatives (1.2)	26	£15,600	£16,380	£11,200	£7,350	-£15,600	£16,380
TOTAL ANNUAL BENEFITS		£726,607	£772,612	£541,189	£307,866	-£726,607	£776,397

Whole life benefits (see benefits calculations)		£3,632,314	£3,862,259	£2,705,750	£1,539,503	-£3,632,314	£3,881,266
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Public Sector Budget Benefit:

Loss of earnings because £ is spent on Promoting Shetland		-£29,086	-£30,979	-£19,440	-£12,841	£0	-£29,086
Earnings on £ not spent on Promoting Shetland		£0	-£1,893	£9,646	£16,245	£29,086	£0
NET BENEFIT		-£29,086	-£32,871	-£9,794	£3,405	£29,086	-£29,086

CALCULATING NET PRESENT VALUE OF EACH OPTION

Ref No	Option 1	Option 2	Option 5	Option 7	Option 8	Option 2a
Start up / stand down (yr 1 only)	£9,850	£10,413	£6,250	£3,750	£0	9850
Annual cost (exc set up costs)	£402,860	£428,785	£292,820	£202,420	£0	£424,960
	£412,710	£439,198	£299,070	£206,170	£0	£434,810

Discount rates	27	1	0.9662	0.9335	0.9019	0.8714
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		Year 0	Year 1	Year 2	Year 3	Year 4	TOTAL	Benefit per £
Option 1	Costs	£412,710	£402,860	£402,860	£402,860	£402,860	£2,024,150	
	Benefits	£517,088	£726,607	£935,407	£726,607	£726,607	£3,632,314	
	NPV	£104,378	£312,804	£497,132	£291,987	£282,113	£1,488,414	0.74
Option 2	Costs	£439,198	£428,785	£428,785	£428,785	£428,785	£2,154,338	
	Benefits	£552,571	£772,612	£991,852	£772,612	£772,612	£3,862,259	
	NPV	£113,373	£332,206	£525,623	£310,098	£299,611	£1,580,911	0.73
Option 5	Costs	£299,070	£292,820	£292,820	£292,820	£292,820	£1,470,350	
	Benefits	£394,275	£541,189	£687,909	£541,189	£541,189	£2,705,750	
	NPV	£95,205	£239,974	£368,815	£224,004	£216,429	£1,144,427	0.78
Option 7	Costs	£206,170	£202,420	£202,420	£202,420	£202,420	£1,015,850	
	Benefits	£231,178	£307,866	£384,726	£307,866	£307,866	£1,539,503	
	NPV	£25,008	£101,882	£170,183	£95,102	£91,886	£484,061	0.48
Option 8	Costs	£0	£0	£0	£0	£0	£0	
	Benefits	-£517,088	-£726,607	-£935,407	-£726,607	-£726,607	-£3,632,314	
	NPV	-£517,088	-£702,047	-£873,202	-£655,327	-£633,165	-£3,380,829	
Option 2a	Costs	£434,810	424960	424960	424960	424960	£2,134,650	
	Benefits	556438	776397	995637	776397	776397	£3,881,266	
	NPV	£121,628	£339,559	£532,727	£316,961	£306,242	£1,617,117	0.76

ANNUAL FORECAST

OPTION 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Multiplier on set up cost saving (yr 1 only)	-£719					
Multiplier on annual budget saving	-£29,086	-£29,086	-£29,086	-£29,086	-£29,086	
Measurable economic benefits to Shetland	£296,000	£444,000	£592,000	£444,000	£444,000	
Multiplier on economic benefits 1.2	£59,200	£88,800	£118,400	£88,800	£88,800	
Economic Benefit from PS jobs	£107,744	£107,744	£107,744	£107,744	£107,744	
Multiplier on jobs (1.2)	£21,549	£21,549	£21,549	£21,549	£21,549	
Economic benefit from joint initiatives	£52,000	£78,000	£104,000	£78,000	£78,000	
Multiplier on joint initiatives 1.2	£10,400	£15,600	£20,800	£15,600	£15,600	
TOTAL	£517,088	£726,607	£935,407	£726,607	£726,607	£3,632,314

OPTION 2	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Multiplier on set up cost saving (yr 1 only)	-£801					
Multiplier on annual budget saving	-£32,871	-£32,871	-£32,871	-£32,871	-£32,871	
Measurable economic benefits to Shetland	£310,800	£466,200	£621,600	£466,200	£466,200	
Multiplier on economic benefits 1.2	£62,160	£93,240	£124,320	£93,240	£93,240	
Economic Benefit from PS jobs	£123,136	£123,136	£123,136	£123,136	£123,136	
Multiplier on jobs (1.2)	£24,627	£24,627	£24,627	£24,627	£24,627	
Economic benefit from joint initiatives	£54,600	£81,900	£109,200	£81,900	£81,900	
Multiplier on joint initiatives 1.2	£10,920	£16,380	£21,840	£16,380	£16,380	
TOTAL	£552,571	£772,612	£991,852	£772,612	£772,612	£3,862,259

OPTION 5	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Multiplier on set up cost saving (yr 1 only)	-£193					
Multiplier on annual budget saving	-£9,794	-£9,794	-£9,794	-£9,794	-£9,794	
Measurable economic benefits to Shetland	£207,200	£310,800	£414,400	£310,800	£310,800	
Multiplier on economic benefits 1.2	£41,440	£62,160	£82,880	£62,160	£62,160	
Economic Benefit from PS jobs	£92,352	£92,352	£92,352	£92,352	£92,352	
Multiplier on jobs (1.2)	£18,470	£18,470	£18,470	£18,470	£18,470	
Economic benefit from joint initiatives	£37,333	£56,000	£74,667	£56,000	£56,000	
Multiplier on joint initiatives 1.2	£7,467	£11,200	£14,933	£11,200	£11,200	
TOTAL	£394,275	£541,189	£687,909	£541,189	£541,189	£2,705,750

OPTION 7	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Multiplier on set up cost saving (yr 1 only)	£172					
Multiplier on annual budget saving	£3,405	£3,405	£3,405	£3,405	£3,405	
Measurable economic benefits (online)	£103,600	£155,400	£207,200	£155,400	£155,400	
Multiplier on economic benefits 1.2	£20,720	£31,080	£41,440	£31,080	£31,080	
Economic Benefit from PS jobs	£61,568	£61,568	£61,568	£61,568	£61,568	
Multiplier on jobs (1.2)	£12,314	£12,314	£12,314	£12,314	£12,314	
Economic benefit from joint initiatives	£24,500	£36,750	£49,000	£36,750	£36,750	
Multiplier on joint initiatives 1.2	£4,900	£7,350	£9,800	£7,350	£7,350	
TOTAL	£231,178	£307,866	£384,726	£307,866	£307,866	£1,539,503

OPTION 8	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Multiplier on set up cost saving (yr 1 only)	£719					
Multiplier on annual budget saving	£29,086	£29,086	£29,086	£29,086	£29,086	
Measurable economic benefits (online)	-£296,000	-£444,000	-£592,000	-£444,000	-£444,000	
Multiplier on economic benefits 1.2	-£59,200	-£88,800	-£118,400	-£88,800	-£88,800	
Economic Benefit from PS jobs	-£107,744	-£107,744	-£107,744	-£107,744	-£107,744	
Multiplier on jobs (1.2)	-£21,549	-£21,549	-£21,549	-£21,549	-£21,549	
Economic benefit from joint initiatives	-£52,000	-£78,000	-£104,000	-£78,000	-£78,000	
Multiplier on joint initiatives 1.2	-£10,400	-£15,600	-£20,800	-£15,600	-£15,600	
TOTAL	-£517,088	-£726,607	-£935,407	-£726,607	-£726,607	-£3,632,314

OPTION 2a	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Multiplier on set up cost saving (yr 1 only)	-£719					
Multiplier on annual budget saving	-£29,086	-£29,086	-£29,086	-£29,086	-£29,086	
Measurable economic benefits (online)	£310,800	£466,200	£621,600	£466,200	£466,200	
Multiplier on economic benefits 1.2	£62,160	£93,240	£124,320	£93,240	£93,240	
Economic Benefit from PS jobs	£123,136	£123,136	£123,136	£123,136	£123,136	
Multiplier on jobs (1.2)	£24,627	£24,627	£24,627	£24,627	£24,627	
Economic benefit from joint initiatives	£54,600	£81,900	£109,200	£81,900	£81,900	
Multiplier on joint initiatives 1.2	£10,920	£16,380	£21,840	£16,380	£16,380	
TOTAL	£556,438	£776,397	£995,637	£776,397	£776,397	£3,881,266

ASSUMPTIONS

At Stage 1 (Strategic Outline Case) 5 options for delivering a core service to promote Shetland to all its target markets were identified for detailed analysis.

Option	Level of Outsourcing	Level of Service	Estimated Annual Core budget (at Stage 1)
1	Fully outsourced	High (status quo)	£394,000
2	Fully outsourced	High with enhanced engagement	£416,500
5	Some Outsourcing	Medium with enhanced engagement	£250,000
7	Some Outsourcing	Minimum with enhance engagement	£150,000
8	No Outsourcing	No service	£0

An additional option which is a combination of 1 and 5 has been included ref 2 (a) in order to consider the full range of possibilities with regards levels of outsourcing and levels of funding.

2a	Some Outsourcing	High with enhanced engagement	£394,000
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Note: Option 1 is considering the existing mechanism for delivering the critical success factors described above not the existing mechanism for delivering the existing activities.

ESTIMATING COSTS FOR THE ECONOMIC APPRAISSAL

The costs listed and reference No 1-18 are for fulfilling the core functions required to promote Shetland to all its target markets by different delivery mechanisms and with a high, medium and minimum level of core funding.

BUDGET

The future annual core operational budget requirement has been informed by the current annual core operational budget (£394,000) and as a starting point we have assumed this to be the benchmark for a high level of service. At Stage 1 a core budget for a medium level of service was estimated at £250,000; and for a minimum level of service £150,000.

The core service for promoting Shetland is currently fully funded by **Shetland Islands Council**. This is supplemented by other funders for specific projects developed in line with the contract requirements; and, by attracting additional income, subject to state aid regulations.

For clarity when estimating the costs, unless explicitly stated, it has been assumed that the core service provided by each of the proposed delivery mechanisms would be funded by the Council, supplemented and enhanced by, but not dependent on external funders and income generation, to achieve the level of service described (i.e. the objectives against which the success of activities to promote Shetland would be monitored and evaluated).

CAPITAL COSTS

Assumption No 1: Set Up Costs

All existing Promote Shetland contract assets including equipment belong to the Council and can be used to fulfil any future contract. However some set up costs are envisaged (e.g. equipment, internet; telephones; connections etc) and relative to size of the contract and number of staff required an approximate budget has been allocated based on historic data and calculated at 2.5% of the annual core budget, as an additional expense in year 1 only of a 5 year contract.

REVENUE COSTS

Most of the core revenue costs will be variable depending on the level of provision required.

Assumption No 2: Contract Staff Costs

Contract staff costs have been estimated based on current staff costs and assuming possible TUPE transfer for Options 1, 2, 2a, 5 and 7 but not for Option 8. Costs include wages, national insurance, pension contributions and allowances.

Option 1: (The status quo option) requires 3 members of staff for which the current actual costs have been used.

Option 2: it has been assumed that including greater levels of engagement with the community and industry but still using a single contract to carry out that engagement would require an additional 0.5 FTE member of contract staff

Option 2a: High level of service (i.e. current level of budget and existing core staff) In the contract budget and staff levels remain the same as described in option 1 while at the time achieving the requirement for additional industry and community engagement as described in Option 5

Option 5: Medium services (i.e. smaller core operational budget and less contract staff.) This option requires 2 members of contract staff. Any additional staff would have to be project funded.

Option 7: (Minimum service with a minimum core operational budget) This option requires 1 member of contract staff. In this scenario it has been assumed that the priority would be to maintain an online gateway for promoting Shetland as a place to live, work study, visit and invest which would signpost Shetland's target audiences to the best and most relevant information available to that audience. Developing content to drive specific audiences to the site would be dependent on joint initiatives, and project funding to generate additional income. Any additional staff would have to be project funded.

Option 8: if no service was provided then there would be no contract staff

Assumption 3: Travel and Subsistence (Contractor)

The amount allocated for travel and subsistence has been based on previous contract submissions. It has been calculated at 2.5 % of the estimated operational budget (i.e. total budget less staff cost in each scenario).

Assumption 4: Internet Assets

It has been assumed that there would be a direct relationship between the internet assets used and the level of serviced provided therefore the status quo budget estimate has been based on the cost of internet assets in previous years and assumed that 15% of the operational budget would be allocated to internet assets in each scenario.

Assumption 5: Contract Management administration, insurance etc (Contractor)

The cost to the contractor, of managing and administering any contract related to promoting Shetland has been informed by previous submissions for Council contracts and calculated as a 10% of the total cost of the contract in each scenario.

Assumption 6: Online Gateway

The online gateway is considered to be a core requirement for all options except Options 8. The cost is therefore assumed to be the same and has been based on the historic costs of providing a core gateway service at www.shetland.org

Assumption 7: Professional and Technical Services

If the core service is outsourced as one contract the amount of subcontracting required for professional / technical services will depend on the core skills and resources of the chosen contractor so the estimate for this has been informed by historic submissions and calculated at 2.25% of the operational budget in each scenario.

It should be noted that Options 5 and 7 gives the Council the flexibility to engage directly with more than one contractor for the professional and technical services required to provide the core service if at the tender stage it can be shown that there is an advantage in doing so.

Assumption 8: Digital Media

It has been assumed that there would be a direct relationship between the digital media used and the level of service provided. The status quo budget estimate has been based on the cost of digital media assets during the current contract and calculated at 10% of the operational budget in each scenario.

Assumption 9: Public Relations

The amount allocated for public relations has been based on previous contract submissions and calculated at 4.25% of the operational budget in each scenario.

Assumption 10: Media and Advertising and Promotion

The amount allocated for media advertising and promotion has been based on previous contract submissions and calculated at 10% of the operational budget in each scenario

Assumption 11: Joint Sector Initiatives inc events

It has been assumed that the more relevant to its target markets, distinctive and dynamic the core and sustained service for promoting Shetland is the greater its ability to attract partner organisations to invest in joint initiatives to attract people to Shetland specific to their sector or community of interest. It is also been assumed that joint initiatives require some level of joint resourcing particularly at the development stage. The amount allocated to instigate and contribute to joint sector Initiatives including events has been calculated at 12.5% of the operational budget in each scenario

Assumption 12: Community and Industry Engagement

It is generally understood that attracting people to Shetland to live, work, study and invest can only be achieved through cooperation and partnership. Different sectors and subsectors require different approaches for different audiences and are at different stages of development.

Community and industry engagement is a requirement in all options and has been estimated at 1.5% of the operational budget in each scenario

Increased level of engagement has also been identified as critical if we are to better target our promotion of Shetland to meet community planning and Council objectives over the next few years. With this in mind the Development Partnership (a sub group of the Community Planning Partnership) has been tasked with progressing a ten year plan to “attract people to Shetland to live, work, study and invest” and is in the process of setting targets and agreeing the practical steps that will to be required if this objective is to be achieved. Setting targets for promoting Shetland will be an important and integral part of this process.

Option 1: assumes current levels of engagement under one contract.

Option 2: assumes current and additional levels of engagement under one contract (with an additional 0.5 FTE member of staff to carry out that additional engagement.

Options 2a, 5 and 7: assumes that wholly outsourcing the requirement for additional engagement puts an unrealistic burden of responsibility on the contractor; and, that It should remain the responsibility of each sector and sub sector to, understand and champion its own products and services; and the role of specialist Shetland branding and marketing contractor to advise on the best approach and vehicles for targeting particular target audiences and supporting sectoral initiatives that will contribute to achieving community planning and Council objectives.

Assumption 13: Training

An estimated average £500 per staff member per year has been allocated to training.

Assumption 14: Monitoring and evaluation (contractor)

Collecting and presenting meaningful data to help guide decision making and measure performance will be a crucial requirement of any contract but is particularly important when local control and accountability is a critical success factor. An estimated 3% of the total cost of the contract in each scenario has been allocated to monitoring and evaluating activities to promote Shetland in order for them to be presented to contributing agencies and the wider public.

Assumption 15: Income

It has been assumed that attracting additional resources and funding to enhance and develop the promotion of Shetland beyond providing a core service will be a requirement whichever mechanism is chosen. However it is also assumed that different levels of service and delivery methods will have more or less potential to attract additional project funding from other organisation and generate income to enhance the promotion of Shetland to specific sectors or target groups.

It has been assumed that there is also likely to be a direct correlation between the ability to be distinctive and dynamic and the resources available i.e. the more diverse and sub sector specific the promotion of Shetland is the more resources will be required.

Historic data from the existing Promote Shetland contract has been used to estimate the additional project funding that could be attracted with different levels of service and different delivery methods. It has been assumed that whatever level of core service is approved it will be targeted to meet the needs of its target markets and have the ability to attract an additional average 1/3 project funding on top of the operational budget provided by the Council, over a 5 year contract; and, that enhanced engagement would result in an estimated 5% increase in the amount of project funding and income that could be generated from partner organisations.

Assumption 16: Contract Management

The cost to Council of outsourcing and managing contracts of this nature has been informed by the Economic Development Service Review 2015 and equates to the total cost of 0.1 FTE of staff time at Project Manager level.

Assumption 17: Enhanced industry; Council and community planning engagement

An estimate of the cost of the Council and community planning partners engaging on the requirements for the promotion of Shetland in order to “attract people to live, work, study and invest” equates to 0.5% of staff time at Project Manager level .

Assumption 18: Joint sector initiatives inc events (cost to contributing partners)

It has been assumed that the major costs of any joint sector initiative supported by Promote Shetland would be met by the contributing partners. Therefore in each scenario the costs to contributing partners for joint Initiatives is assumed to be equivalent to the income generated

ESTIMATING BENEFITS FOR THE ECONOMIC APPRAISSAL

Attributing a monetary value to specific promotional activities and generated by Promote Shetland in particular required specialist skills, which were commissioned by the Council and are summarised in Appendix 1. (Highland Research Ltd was commissioned to carry out the work because of its previous track record in Shetland and specialism in web analytics and marketing)

Multipliers: Social Accounting Matrix Multipliers are used to measure the potential impact of an activity on the wider economy i.e. the sum of the direct effect of a stimulus in one sector and its indirect effect on other sectors through production independencies. **Different sectors have different multipliers.**

Assumption 19 and 20 multiplier on public sector saving: Reducing the Promote Shetland budget releases the money saved for some other purpose. – The Public Sector Net Benefit is based on the value which could be derived from investing or not investing funds with fund managers at the Council’s current long term average rate of 7.3%.

Assumption 21: Measurable economic benefits to Shetland (Online) It has been assumed that the same level of monetary benefit can be derived from promote Shetlands digital presence *under the status quo option for promoting Shetland through a Council funded contract to a single external organisation after April 2017 as has been generated under the existing Promote Shetland contract, ref Appendix 1 Evaluating the Benefits of Promote Shetland, Highland Research Ltd).

Using the status quo option as a bench mark and assuming that different levels of service and delivery methods will have more or less potential to generate economic benefits it has been

assumed that a minimum service will result in a third of the monetary benefits and a medium level of service will result in two thirds of the monetary benefits. It has also been assumed that enhanced engagement will result in a 5% increase in economic benefits to Shetland

Assumption 22, 24 and 26: Multipliers

Because Promoting Shetland impacts on a range of sectors and multipliers for different sectors vary e.g. 1.226 for retail and 1.342 for accommodation (Ref SAM Multipliers for Shetland 2110-2011), a generic multiplier of 1.2 has been used for all cost and benefits calculations in all scenarios

Assumption 23: Economic Benefit from Promote Shetland jobs

Only the jobs directly attributable to Promote Shetland have been included in each scenario

Option 1: 3.5 FTE Jobs

Options 2: 4 FTE Jobs

Options 5: 3 FTE Jobs

Option 7: 2 FTE Jobs

Assumption 26: Economic Benefit from Joint Initiatives

It has been assumed that in each scenario the economic benefit derived from joint initiatives will be equivalent to the income generated.

*Wool week is an example of a very successful joint initiative specific to the existing Promote Shetland staff and current contract which over a period of seven years has developed to the point where last year it generated an estimated £316,000 to the Shetland economy.

Shetland Wool Week will continue from 2017 onwards but regardless of which mechanism is chosen it will not be organised and managed as part of the Promote Shetland contract. This is because it would require a FTE member of staff to coordinate the event and, developing new joint initiatives across a range of sectors to achieve Council and community planning objectives, has to be the priority for 2017 -2022 and will preclude this level of resource being given to any one sector.

ESTIMATING NET PRESENT VALUE

Assumption 27 Discounting is a technique used to compare the costs and benefits that occur in different time periods. It is based on the premise that a pound today is worth more than a pound tomorrow. The discount rate used in public sector projects is stipulated by HM Treasury. It is currently set at 3.5% in real terms. The following table shows how the present value (PV) of £1,000 declines in future years with the 3.5% discount rate.

Discount factor	Year 0	Year 1	Year 2	Year 3	Year 4
	1000	0.9662	0.9335	0.9019	0.8714

Time sensitivity: Some costs and benefits may not be the same each year so for example set up costs are only incurred in year 1 and the economic benefit derived from a particular project or joint initiative may take more than one year to achieve the desired outcomes. For the NPV calculation all time sensitive costs have been adjusted assuming that any new contract with some existing assets but new objectives will only be able to generate 1/3 of the average level of benefits in yr 1 but will be able to make up the average figure by year 3 and for the remainder of the contract,.

PUBLIC SERVICE CONTRACT:

**PROMOTE SHETLAND SERVICE
OUTLINE SERVICE REQUIREMENTS**

SCOPE OF SERVICE

Role

- To support the collaboration between all those involved in building a strong place brand and reputation for Shetland particularly for quality, distinctiveness, authenticity and integrity
- To act as the vehicle to advice and support public authority, non-government organisations, private sector and educational stakeholders around a common vision for promoting Shetland as an attractive place to live work study visit and invest

Aim

- Build a strong place brand and positive reputation for Shetland as a place to live; work; study; visit and invest

Objectives

- To contribute to Community Planning and Council Objectives to attract people to live, work, study visit and invest in Shetland
- Operate an effective online gateway for promoting Shetland to all its target markets
- Develop Shetland's Brand as a distinct and positive place with a unique identity

Contribute to Community planning and Council Objective to Attract People to Shetland to Live, Work, Study, Visit and Invest

With more public sector cuts on the horizon; the prospect of exit from the European Union; difficulties in attracting skilled workers to Shetland and an ageing population there is an increasing need to promote Shetland to all its target markets as an attractive place to live, work, study, visit and invest.

Developing partnerships and playing to our collective strengths is understood to be the most effective way to achieve Shetland's marketing and promotional objectives. Therefore In order to manage expectation; avoid duplication and ensure value for money:

- It is contractual requirement that Promote Shetland provides specialist advice and support to community planning partners and industry representatives on the best approach and vehicles for targeting and promoting to a particular target market in line with Shetland brand values; and

- It remains the responsibility of each sector to lead on understanding, developing and championing its own products and services

The core responsibilities of all parties and the specific outcomes against which the Promote Shetland contract is measured will be formally agreed by the Promote 'Shetland Advisory Group'; and in the case of specific industry initiatives, between the contractor and industry partners.

40 % of the contractual effort needs to be on this activity.

Operate an Effective Online Gateway for Promoting Shetland to all its target markets

Shetland has had a high ranking online presence at <http://www.shetland.org/> which has been inspiring people with an interest in Shetland to engage online since 2008

The challenge for Promote Shetland from April 2017 is that it is still a requirement to provide a high ranking online portal at <http://www.shetland.org/> that attracts engages, informs and inspires Shetland's target audiences ; but there is also a much greater emphasis on adopting a broad cross sectoral approach to championing the best of what Shetland has to offer in terms of the priority areas defined in the Community Plan and the Council's Corporate Plan (as a place where people want to live, work, study visit and invest).

30 % of the contractual effort needs to be on this activity.

Develop Shetland's Brand as a distinct and positive place with a unique identity

It is generally accepted that having a distinctive and positive brand will increase Shetlands chances of appealing to its target audiences and achieving a sustainable competitive advantage in the longer term

Showcasing Shetland with honesty and integrity; and raising awareness of Shetland as a unique place with a distinct identity is considered key to building a positive reputation for Shetland as a place to live; work; study; visit and invest

This will involve:

- Playing to our collective strengths and showcasing high quality "brand safe" Shetland products, services; and
- Highlighting areas of weakness; gaps in provision and variations in quality which need to be addressed before a particular sector; product or service is of the standard required to be actively promoted

20 % of the contractual effort needs to be on this activity.

Promotion of Non-Specified Activities

It is important to build in capacity and a level of flexibility to the Promote Shetland contract to ensure that there is scope to be dynamic and to try new approaches.

A small part of the contract should be non- specific so that Promote Shetland can respond to events and opportunities which cannot be anticipated

10% of the contractual effort can be directed to this activity.

These percentages can be changed by the Client, in consultation with the Service Provider, to suit the opportunities and need for promotional activities in Shetland

ACTIVITIES

Subject to discussion with the Service Provider and informed by the specific outcomes agreed by the Development Partnership (Promote Shetland) Advisory Group the Council will be asked to approve a detailed plan of Promote Shetland's initial work programme.

Activities shall include

- Maintain, improve and operate the online portal for "Shetland" searches at <http://www.shetland.org/> providing or guiding all Shetlands target markets to positive; relevant; good quality; up to date; accurate information.
- Seek to maintain the high ranking position for anybody using search engines to find "Shetland" on the internet
- Advise community planning partners and industry representatives on the best approach and vehicles for targeting and promoting to specific target markets, particularly online.
- Contribute to strategic partnerships that are involved in opportunities for improving Shetland's reputation to its target markets including events organised by partner organisations
- Showcase high quality "brand safe" Shetland products, services
- Seek maximum benefit for the promotion of Shetland through the development of close partnership working with the public sector, NGO's, trade associations and other relevant agencies to improve positive working relationships and avoid duplication of promotional effort;

- Create content for use online that attracts attention, raises awareness of what Shetland has to offer specific target groups; and encourages readers to share their knowledge and experience of Shetland with their contacts on social media.
- Targeted use of current digital technology to drive users to the <http://www.shetland.org/> website and add value when promoting Shetland to particular client groups.
- Collect meaningful data to help guide decision making, and measure performance
- Manage service level agreements with all third parties engaged in fulfilling relevant service level agreements with Shetland Islands Council
- Any other activity deemed necessary in the pursuance of Promoting Shetland's aim, above.

Subject to discussion with the Service Provider, the Council will be asked to approve a detailed plan of Promote Shetland's initial work programme.

A more detailed list of specific tasks that need to be progressed by the Service Provider will be agreed by the client before the start of each financial year.

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